

I had just finished my usual rah-rah speech on the wonders of the entrepreneurial spirit to 125 young students and their professors in Sofia, Bulgaria, at the former Karl Marx Higher Institute of Economics. It's now called the University of National and World Economy, but I like the ring of the former name, especially since you can still make out its shadow on the walls of the buildings. Call me arrogant, but I get unusual pleasure out of beating the drum of capitalism to crowds of converts in former Communist countries. The thing

After that conference, he became very interested in the power of entrepreneurship as an economic tool, and by the time of the changeover, he was ready to share his new outlook. "We held the first seminar on entrepreneurship at the university in 1990, at a time when our political and economic future was still unclear. In any event, we forged ahead."

In 1995, Todorov established the entrepreneurship institute as an autonomous center within the university's school of economics. He calls entrepreneurship the number-one interest of bus-

ness and managers of international companies. She started the business with a staff of seven and has grown HP Bulgaria into the country's top computer company, with 1,100 employees. "When the big political changes started in 1989, my generation believed that in two or three years Bulgaria would be equal to the rest of Europe and the United States," she says. "We were working 24/7 to make that happen. We were a bit naïve, of course, but it was a huge opportunity for all of us." She and other young Bulgarians made fast progress as entrepre-

Scoring High Marks After Marx

BY LARRY FARRELL



Ex-Communist nations are the new hot zones for start-ups.

I most appreciate about them is that they don't take their new economic freedoms for granted, as many of us do in the West. Eastern Europeans are the most enthusiastic entrepreneur wannabes I've come across yet.

Kiril Todorov, the director of the university's Institute for Entrepreneurship Development, is no exception. His interest in entrepreneurship began before the fall of communism. "I attended a conference on entrepreneurship in 1987 in Austria," he explains. "Up to then, about all we had ever taught students about capitalism was that it was an economic system designed to make a few people rich and keep the masses poor."

business and economics students in the former Communist world, especially in his native Bulgaria, as well as Poland, Slovenia, Hungary, Estonia, and Romania. Milena Stoycheva, the CEO of Junior Achievement Bulgaria, confirms that entrepreneurship is *the* hot subject for JA students across Russia and the former Soviet-bloc countries. (Colorado Springs-based Junior Achievement Worldwide, which educates young people on how to economically succeed, is a client of mine.)

I was also able to get a corporate view of the state of free enterprise in Bulgaria from Sasha Bezuhanova, who founded Hewlett-Packard Bulgaria in 1994 and

neers and managers of international companies. Bezuhanova took a job with a German software company, leaving eventually to start HP's new computer business in Bulgaria.

With start-up experience thrust upon her, Bezuhanova's views on Bulgarian entrepreneurship are upbeat. "Young Bulgarians, most of all, want to be international entrepreneurs," she explains. "I believe this entrepreneurial enthusiasm is what Bulgaria and the other Eastern European countries can contribute to Old Europe, which we see as a bit tired and complacent. Actually, we want to be more aligned with U.S. ideas on business. The United States is the world leader in

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both democracy and the entrepreneurial spirit, which we very much want to be a part of here in Bulgaria.”

I next visited Romania, the European Union’s seventh-largest country and, along with Bulgaria, its newest member. It’s also a nation bursting with new, young entrepreneurs, more than 150 of whom I met at my presentation on global entrepreneurship in Bucharest. One of the most interesting was a thirtysomething woman named Rada Sonea, who founded a booming “mystery-shopper” consultancy that sends undercover shoppers into retail outlets—a business idea unheard of in Eastern Europe five years ago. Her company, Phantom Shopping, has contracts with major national and international firms, bringing to Romania a Western customer-service technique that must be making Marx and Lenin spin in their graves. “Anyone who ever visited a Communist country in the old days, when service was completely unheard of, will understand why my business has been so successful in Romania,” says Sonea.

I say bravo to this—I recall shopping at the monstrous GUM mall in Moscow years ago, trying to buy a raincoat during a rainstorm, eventually giving up and trudging out because I couldn’t find a single salesperson to pay.

Another indicator of the country’s appetite for free enterprise, according to Junior Achievement Romania CEO Stefania Popp, are the 320,000 schoolchildren taking JA courses on business and free enterprise. In other words, after only fifteen years in operation, JA Romania enjoys a market penetration rate equal to the one it has in the United States—where JA has been working since 1919!

It’s impossible to discuss entrepreneurship in former Communist countries without noting the lingering dark cloud of the half-century of economic dictatorship they all endured and the chaos that followed the collapse of the various Communist states. In my travels, I haven’t actually come across anyone with a positive word to say about the

For young entrepreneurs, the entire Soviet era is fast becoming a dark childhood memory.

“good old days” of economic socialism, where everyone contributed according to his ability and took according to his needs. But what happened in the years immediately following Communism’s collapse was in some ways even worse. It’s common knowledge that there was a stupendous fight over control of economic resources during and after the fall of the various governments. As Tomas Sildmae, Estonia’s former economic minister, put it to me a few years ago, “The people with the inside track on all this were in fact the former party and KGB officials. They knew what was happening before the rest of us, and they tried to take great advantage of their inside knowledge.”

So in some cases, the new entrepreneurs may not exactly be the classic entrepreneurial types we all admire: the guy who invents the world’s next great product in his garage. Kamen Stoychev, a brilliant young doctor who founded a health-supplement company in Sofia, put it best: “When you see that the former manager of a big factory in Bulgaria, a former Communist party member who made a modest salary all his life, ends up owning the factory, you have to wonder: How did that happen? Where did he get the money to buy that big factory? This is why the younger generations in East-

ern Europe are so suspicious of all these so-called entrepreneurs running the factories and businesses that used to belong to the state.” It’s a common thread among the under-40 entrepreneurial class I met. The attitude seems to be, Let’s move forward and make free enterprise work, but, at the same time, let’s not forget how easily the system was—and still can be—corrupted.

Of course, corruption is not just a problem in Eastern Europe—it’s a pandemic in developing economies worldwide. But it does seem to be particularly harmful in the former Communist states that are trying to create new democratic and political and economic systems at the same time. As *The New York Times* recently reported, corruption has an especially damaging and long-term negative impact on the world’s emerging markets. The *Times* quoted Alice Fisher, head of the U.S. Department of Justice’s criminal division, charged with enforcing the Foreign Corrupt Practices Act, as saying: “Corruption undercuts democracy, stifles economic growth, and creates an uneven playing field for U.S. companies overseas.” The article went on to note that Boeing and Lockheed had to formally withdraw from the bidding to sell American jets to the Czech Republic because the “competition for the contract was not aboveboard,” while the companies also lost a large contract to supply jet aircraft to Hungary because they refused to pay the requested “broker fees.”

Regardless of the abuses by the old guard during the post-Communist period and some lingering corruption today, it is the young entrepreneurs of Eastern Europe who are truly exciting to a visitor. For them, the entire Soviet era is fast becoming a dark childhood memory. They take it for granted that they can become the next Richard Branson or Oprah Winfrey of their respective countries. Besides being wildly enthusiastic about entrepreneurship, they are strongly pro-United States. Fortunately for all of us, they, not the old guard, represent the region’s economic and political future. ■