

SYP International (B)⁽¹⁾

After many difficulties, Francisco Lavao contacted an enterprise that was already building a shopping centre. It was agreed for Francisco to buy 24% of the shares, which involved the management of the centre (rented) and the setting-up of a 4500 square metres supermarket with exit to 22 streets under the anagram SYP.

Everything was very fast: in June 1991 the deal with the promoter enterprise was done and in December the first supermarket with Balearic capital opened its doors to the public in the Chodov district in Prague.

The expansion

Francisco, encouraged by the evolution of his shop, would not stay at that point. It was necessary to expand and invest more in the business to optimize the tasks of purchase, of storage, of distribution and also of management.

In April 1992 he started the negotiation for the buying of an old shop coming from the privatisation.

In June he chose to acquire it despite it had only 2000 square metres.

With the same philosophy as in the previous case, Francisco decides to give to his shop the structure of a shopping centre; this time 100% owned by his company. Small rooms were rented from other enterprises and the supermarket was placed in the preferable site.

For this new centre it was created a new society, independent from the previous one in management and in results.

(1) Case prepared by the Research Division of the Institute International San Telmo of Seville, Spain. Written by Mr. Antonio Agustón Justribó, and Professor Iñigo Moreno Lara. April 1994.

This case was prepared as a basis for class discussion rather than to illustrate, effective or ineffective handling of an administrative situation.

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In June, his second shop on czech land was inaugurated in the Prosek district. The success was similar to the former.

Not happy with the available surface, after many meetings and negotiations he could buy the adjoining sites and reinaugurate SYP with 4500 square metres.

In a parallel way he began, some times due to necessity and some times due to be clear chances of business, the creation of different societies.

1. FURNITURE AND COMPUTER MATERIAL (HARDWARE AND SOFTWARE)
2. TOUR OPERATOR (which took tourists from Prague to Palma –Majorca- weekly)
3. SECURITY (for his own supermarkets)

Francisco Lavao continued thinking that commercial distribution was the business he wanted to work in, so he planned to carry on investing; he was reluctant to miss good chances.

In March 1993 he reached a level of personal saturation: Palma and Prague are too much for a single person to achieve a good management. The expansion to the east requires a number of managers, Francisco thought, who devote themselves directly and intensely to locate the shops appropriately and to detect, with more time, another possible businesses.

Then he called his good friend Raúl Antequera, who a few weeks before had quit his General Manager position in FRTD (Food Retail Traders Union), an important group that united organizations of the food business in Spain.

Raúl was delighted with the idea, and in April 1993 Francisco designated him General Manager of SYP International, whose majority shareholder is MERCAT DISTRIBUTIONS, but reports functionally to its own board of directors. This fact gives it an operative autonomy from the Balearic distribution enterprise.

Raúl took over the management from Francisco with a motto which he made a principle: “the SYP must be shopping centres with supermarkets”.

And with this idea he organized and planned the enterprise strategy for the next years.

Always inside the new born Czech Republic the expansion continues, with plans for a new centre in Pisek (May 1994), very near eastern Germany; and he also bought some sites in Liberec, foreseeing its opening at the end of the same year.

He built a head office of distribution in a store –until then they were in a rented building in very bad conditions- where meat, bakery and icecreams are also processed.

At the same time and following the course of action established by Francisco, he has created new societies: an advertising company which hires signs (litter bins, showcases, billboards) to sell publicity; another one dedicated thanks to the obtained know-how to the distribution of products for other enterprises; and finally, a real-estate company specially dedicated to the creation and promotion of industrial estates, almost non-existent in this country.

The SYP shops

Francisco and Raúl think that it is necessary to provide their shops with the most modern image, that is why they have an absolutely western look in everything.

The street exits of the shop are equipped with optical reading scanners which allow to control sales and goods movements.

The different departments are practically the same as in the Mercat supermarkets in Majorca: fruits, vegetables, meat (in whose department they have innovated offering selected pieces, and not chopped ones; in this last case the customer had to buy the portion to be cut at that moment), cheese... They make and prepare themselves bread, bakery, cooked pork products (sausages, salami and hamburgers), icecreams and ready-to-serve meals. The dried-food department is very similar to those in Spain with the exception that there are almost no trademarks in SYP.

Barring the big multinational companies, one of the few trademarks with presence in Prague and the republic is Berechovka (a popular liquor) The exposed products are basically czech (80%) The german ones suppose 3% or 4% of the whole, and the spanish ones (the rest) are basically wine in carton (of great acceptance), juices, canned vegetables and fish, cookies, chocolate and oil. Almost all fruits and vegetables, besides, come from Spain. Altogether 6000 references are used.

SYP decided from the beginning to have the appearance of a modern and innovative business. And not only in the use of management technology and 'shop arrangement' (nearly all the pieces of furniture and the fridges were bought in Spain), but even in the use of every promotional form: they were the first ones to make mailshot (with great results and acceptance); they make and organize tastings, raffles, and several activities also promotional of spanish products and prices. "Above all", says Raúl, "promotional of prices".

Everything has helped SYP to have very well known shops.

When in 1993 the Czech president was in Barcelona he said: "I do my shopping in SYP".