

Interview

“You just have to speed up and jump.”

In the space of just a few years, **Wanda Rapaczynski** has taken a start-up newspaper and transformed it into Poland's leading media enterprise. Today, the former professor of psychology and banker is widely considered one of the most influential corporate leaders in Europe and her company, Agora, one of the best managed in the business.

PHOTOS: RÜDIGER NEHMZOW





RESUMÉ Wanda Rapaczynski



Wanda Rapaczynski was born in Poland in 1947 but left her home country in 1968 after the government of the day initiated an anti-Semitic campaign, stirring resentment against the few remaining Polish Jews who had survived persecution by the Nazis. She obtained a doctorate in Psychology from the City University of New York in 1977 before working in research and as Project Director at Yale University's Family Television Research and Consultation Centre. In 1982 she embarked on a course of management studies at Yale, culminating in a master's degree in 1984. She then moved to join Citibank in New York and in the following eight years advanced to become Vice President responsible for new products. After advising the team running the Polish opposition newspaper *Gazeta Wyborcza* by telephone and during her vacations for a period of two years on a voluntary basis, in 1992 Rapaczynski resigned her job at Citibank to join the Management Board of the newspaper's recently founded parent company, Agora. She became President of Agora in 1998. To this day, this highly successful and award-winning manager continues to maintain that, while she likes to work – and work hard – she still cooks far better than she manages. Wanda Rapaczynski is divorced and has a grown-up daughter.

WHEN WANDA RAPACZYNSKI decided to give up a secure job at Citibank in New York to move to Poland and help the fledgling Agora find its feet, her 15-year-old daughter was astonished: “Mom you must be crazy,” she said, “how are we going to make a living?” “Let’s just give it a try,” came the reply. That was typical of the mixture of optimism and confidence that characterizes all her decisions, says Rapaczynski. It’s a blend that has served her well. Today, Agora returns outstanding double-digit growth and is one of the most successful companies in the booming Polish economy.

The Focus: Mrs Rapaczynski, as CEO of a media group you have to make a wealth of different decisions. When you think about your personal approach to decision-making, would you call it more analytical or intuitive?

Wanda Rapaczynski: First of all, and this is a very important distinction for me, in life generally and in business certainly, there are two kinds of problems: First there are mathematical problems. They have one unique, correct answer. You analyze the problem, you solve the problem, you come up with the correct answer. Then there are choices – whether it is a decision to invest in something or to go in a certain direction, or decisions about the people that are crucial for an organization. You make choices and get unique, not mathematically correct, answers. In business, as in life, most decisions are of the second category. Put very simply, they are right if they turn out right. If they turn out wrong, then in retrospect you appear to have been stupid. These are typically the kind of decisions we make. Analysis is, of course, important, but at best it gives you directional answers. Sometimes it doesn’t give you any answers. So the way I approach the decision process is to say to myself: Do an analysis, but then you must have the courage to make a choice. And you have to have a sense of urgency about making that choice. I know many people who drag decisions out endlessly in the hope that the more they grind the data, the more likely it is that the answer will miraculously appear. Well, it won’t. And even if it does, it is usually a stupid answer.

The Focus: Let’s talk about that sense of urgency: How do you tell when you have done enough analysis and the time is right to make a choice?

Rapaczynski: You have to understand what is going on. You have to understand the risks and whether you can handle them. Because if you can’t handle them, then don’t make the decision. I do analysis first and foremost

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in order to understand the risks – the risks inside my own organization and the risks outside. Then I look for ways of attenuating those risks within my own resources, or seek additional resources or shift them around. That said, I prefer to make a half-baked decision in good time, before a competitor starts something, than to make a thoroughly researched but useless decision two years too late. Timing and a sense of urgency are of preeminent importance. I see people, even in my own organization, being so reluctant to make a choice, hoping that if they give it more time the need to make that decision will disappear. Which is often exactly what happens, because by then it's too late.

The Focus: How do you overcome such obstacles, both personally and as a role model for others? Or in other words, what would you say is the quintessence of decisiveness?

Rapaczynski: First of all you have to be an optimist. You have to have confidence that things will turn out right. As a pessimist you always decide against doing something. But if you as a leader are an optimist, then your confidence will always be contagious. People will back you up because they see this smiling face, all confident that jumping over a ditch 20 yards wide is child's play. You just have to speed up and jump. The organization

will back you up because it starts believing that this is doable. And things that are believed to be doable turn out, by and large, to be doable.

The Focus: What about the relationship between confidence and risk? Nobel Prize winner Daniel Kahneman once said that people tend to be over-confident with regard to the positive outcome of an investment and to underestimate the risks of the engagement.

Rapaczynski: Actually it is not that simple. It's a bimodal distribution. Some people tend to see the downside not the upside, others only see the upside. It is my contention that in order to lead an organization and to make decisions, you have to be a risk optimist; the upside has to be more salient for you than the downside. That doesn't stop me losing sleep over some of the decisions I have to make. But basically I have the confidence that what I decide will be doable.

The Focus: How far ahead do you look when you make decisions?

Rapaczynski: I can see things three years ahead very clearly. I have more trouble with the details today. I tend to look three to five years ahead, and I can see a path from now to then. I just have to fix a point in time that I want to go to. Maybe it's also a question of experience.

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The Focus: How do you rate experience with regard to decision-making?

Rapaczynski: Experience helps to emulate, to manage risks and thereby increase managerial success. That is the positive side of experience. Experience also gives you confidence. It is knowing: I have been there, I have seen this, we can do it. Experience also tells me that everybody makes mistakes and that there is life after mistakes, which is good to know. But experience also has a negative side. It is the basis for attitudes that hold you back, like the not-invented-here syndrome, or statements like: “We tried this 10 years ago and it didn’t work.” It clips the wings of the imagination of young people. So there can be such a thing as too much experience.

The Focus: How do you unleash the imagination of young people?

Rapaczynski: By devolving power to them. On the board, we take only the big critical decisions, and business is an accumulation of a million decisions every day. So we give our people a certain scope for decision-making and let them go ahead on execution.

The Focus: How important is it to include different views in the decision-making process, maybe even views opposed to your own?

Rapaczynski: This is something that I cannot live without. I am addicted to consulting with people. Everybody has some sort of psychological structure – I’m good on strategy and not so good on detail. So, I need people to fill in this deficit. I particularly like to consult with people from outside the organization, because they are not emotionally involved and have some distance. They don’t believe in the same phantoms and offer outside-the-box thinking. Those of us who have been working here for a long time are now a close team and we show symptoms of tacitly making certain assumptions, which may be wrong.

The Focus: Leaving aside all team processes for a moment, you often have to make the final decision and stand by it. So is it lonely at the top?

Rapaczynski: How lonely it is depends on you as the leader of an organization. But of course there is a limit. If at some point there is a difference of opinion, somebody has to cut through and say: “This is what we are going to do.” So there are lonely moments. When we went public it was on my head, with all the positive and negative consequences. Things were difficult. Just like a lot of personnel decisions are difficult. With my background in psychology I am often expected to have X-ray vision and understand people. But the longer I recruit people, the less I understand the recruitment process. How am I to judge a person based on four hours of meetings when it takes me 15 to 20 years to verify if somebody is a true friend?

The Focus: Turning to the ethical dimension of decision-making: As a leader of the media industry in a country that has gone through such dramatic political change over the last 20 to 30 years, have you ever been challenged by the political establishment in Poland?

Rapaczynski: Let me answer that with an old Jewish joke. A little boy asks his father: “Dad, does a snake have a tail?” The father answers: “Exclusively.” Have we ever been challenged? Exclusively. We have daily pressures and we have had spectacular issues that ended in parliamentary investigations. Right now we are heading in a very bad direction: The government already has the tools to take over the public media and it will not stop there. The government – the Members of Parliament ultimately – are talking about the “demediatization” of politics. It is going to be a long, hard struggle.

The Focus: Looking at the history of Agora – you converted an opposition newspaper into a media giant – what was the most challenging aspect of this process?

Rapaczynski: We did not convert anything; we created a newspaper from scratch. But we did so with a team of people who had gained their experience in the forbidden opposition, which means a very special kind of experience because underground newspapers are not run like businesses. So the most difficult thing to do was to run

the newspaper as a business; to teach people who came from an incredibly idealistic background to run it as a business. This was when we developed the thesis that in order to do good, you have to do well. If you want to keep the wolf from the door, you have to keep politicians from the door. And this means getting profitable fast because that is the only possible guarantee of independence.

The Focus: That all had to happen so quickly, taking account of multiple dimensions, and decision processes in a small company are very different from those in a major corporate group ...

Rapaczynski: There was a huge number of small decisions to make but all within a certain framework. The mission of this newspaper – which is our core business – was always of primary importance. On the business side, our work focused mainly on the profitability we needed to support our mission. That meant financial discipline; that meant putting a lot of effort into developing advertising, because we did not have media advertising here before 1989. We had to start from scratch. So we invested heavily in developing selling skills. To this day we are still an open, learning system. But because the newspaper business is mainly local or at most national, it is in a way non-competitive. So we asked other media companies for help. We also made the decision early on to sell a small portion of the company to a strategic investor – for several reasons. The first reason was that we wanted someone as a friend who would scream very loudly if “they” suddenly put us in jail – just in case, because we were not sure how long the new freedoms were going to last. But we also wanted somebody with a lot of experience in the media sector. Another important set of decisions we made was to go public. We now have a broad ownership structure. Everybody in the company, for example, is basically a shareholder of the company.

The Focus: As you transitioned from the family-type company where everybody knew everybody else into a giant corporation, what were the key decisions along the way?

Rapaczynski: This company was built by a handful of incredibly dedicated people who worked 24 hours a day, seven days per week. They are still on board, but as the company grew the sense of family got disrupted by size. There is nothing unusual about that. One of the reasons why we are still, in some ways, family-like is that we back emotional ownership with financial, economic



Agora SA, Warsaw/Poland From idealist to realist

In 1989, under pressure from growing opposition forces, Polish leader General Jaruzelski decided to permit relatively free elections and authorize publication of an opposition newspaper for the electoral campaign. That marked the birth of *Gazeta Wyborcza*, the first legal and independent daily newspaper in the entire eastern bloc. Prominent dissident Adam Michnik was editor-in-chief, with Helena Luczywo, former editor of a political underground newspaper, as his deputy. The *Gazeta* rapidly became Poland's most important political force, but to match the strength of its contents the newspaper needed strong commercial foundations. With this in mind, early in 1990 Luczywo turned to her friend Wanda Rapaczynski for help and advice. Under Rapaczynski's leadership, *Gazeta's* newly founded parent company, Agora, rapidly became the country's leading media group. Today, along with its flagship, *Gazeta Wyborcza*, the group owns several other publications, 14 radio stations, as well as activities in the Internet, billboard advertising, and cable TV. Rapaczynski acquired the necessary funds by attracting investment from the U.S. media company Cox Enterprises Inc., Atlanta, and taking the company public in 1999.



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ownership. We decided to give people an actual stake in the company or the chance to get one. This is a fairly unique structure and researchers from outside are always amazed how strong the bonds between this company and its employees really are.

The Focus: What are the main values that influence your own decision-making?

Rapaczynski: My highest authority is my conscience. I don't want to be ashamed of myself, which means I will never do certain things. Quite apart from personal aspects,

I am convinced that while a lack of integrity may pay short-term dividends, in the long term it is a recipe for failure. Then I have a kind of obsession: I will not tolerate anyone in the company being badly treated. Respect for people is paramount – no matter what they do or who they are in the organization. Whether they are the lady in the cafeteria or a senior manager, the same rule applies. That doesn't mean I won't have people dismissed – I will if they don't do their work. But even tough decisions have to be carried out with dignity and respect for others.

The Focus: How do you ensure that your people not only accept your decisions but actually help drive them forward?

Rapaczynski: In order to influence people you have to be in dialogue with them. So I spend a lot of time with our managers – meeting with them, sending messages, explaining things. It takes a lot of time and effort, but sending down a directive based on fear or blind obedience won't work. An organization can sabotage every single decision that it doesn't like or doesn't understand. If I care about something being done, I have to do the footwork. I have to realize that where I succeed or fail is in the execution of an idea – and that is out of my hands. It is in the hands of the organization.

The Focus: So the success of any decision will depend on how well you have chosen your people and prepared the ground for the execution phase?

Rapaczynski: Right. Ultimately it's not about my decisions; it's about how the organization executes them – with a firm belief in the rightness of what they are doing, and with the sense that, if things go wrong, they know where and how to apply the remedy. Our people have responsibility and the authority to make decisions. They are measured by their results. How they attain these results is up to them to decide, although our common values provide the framework. Along with the values I already mentioned, these include solidarity. During the recession, for example, we had no salary increases. Nobody got a salary increase, regardless of who made money and who did not.

The Focus: When you recruit people, how do you rapidly assess these entrepreneurial skills?

Rapaczynski: I want to see that people are hungry to go forward. I want to see a certain ambition to start with. Some people just like to have their hands on the world – to change things and move them around. I don't think we should encourage people to take responsibility when they don't want to. That is talking somebody into something that doesn't really fit.

The Focus: Is the courage to make decisions something you can learn or is it part of your genetic make-up – something you either have or you don't?

Rapaczynski: I think it's more a question of your individual personality and temperament. Sometimes you can't tell initially if someone has decision-making talent or not, particularly with very young people who have

been brought up in a restricted environment. They have to be taken out and shaken, and then you can see after a while. But in my experience, the more passive people – the ones who feel that the world has its hands on them, rather than them having their hands on the world – do not make good decision-makers.

The Focus: For you personally, what has been the most challenging or toughest decision you ever had to take?

Rapaczynski: I don't know. Maybe the toughest decision is still ahead of me. One thing is for sure: I have never encountered a decision connected with my professional life that I have regretted. I have changed my profession twice, and I have changed where I lived several times, and I haven't found any of these decisions difficult. I once had a business professor who taught "entrepreneurship", but it was really a course on how to take companies over. He had done a lot of these leveraged management buyouts himself. One day I asked him how he could handle taking all these risks. And he said: "I never take a risk. There is no risk. I always know it is a sure-fire solution." That is how I always felt with all my decisions. There is no risk.

The Focus: Not even a risk of over-confidence?

Rapaczynski: I prefer to call it a little recklessness, which is something I recommend as a very important and positive feature of corporate life. You have to be a little reckless.



The interview with Wanda Rapaczynski was conducted by Marta Kowalska-Marrodan, Egon Zehnder International, Warsaw, and Magnus Graf Lambsdorff, Egon Zehnder International, Hamburg.