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## Jelez Jelyazkov, the resourceful merchant



Eleonora Tarandova editor at Forbes

Industry, manufacturing, transport and agriculture.

*With the listing of "Elmark Invest" on the beam market of the BSE, the CEO and owner of "Elmark Holding" Jelez Jelyazkov is making a move to expand the business of manufacturing and trading electrical equipment in Western Europe.*

Since the shares of "Elmark Invest" appeared on the Sofia stock exchange in the segment for small and medium enterprises (beam) in February, Jelez Jelyazkov has been extremely excited. The CEO and owner of "Elmark Holding" has long considered this strategic move, which would ensure the long-term development of his business related to the production and trade of electrical equipment for low voltage and industrial lighting under the Elmark brand.

For months, Jelyazkov has been meeting with investors with the idea of presenting his plans to expand the market for Elmark in Western Europe and, above all, to present a "completely new market concept" registered under the Home Finishing brand. With extreme enthusiasm, he spoke about his decision to create a complex service related to finishing works, repair and furnishing of homes, offices, restaurants and cafes, and to offer it in Bulgaria and in six other countries in Europe through a specialized online portal [homefinishing.com](https://homefinishing.com).



The CEO and owner of Elmark Holding, Jelez Jelyazkov, knows no bounds in his desire to grow his business with lighting products | **Picture: Elena Nenkova**

In the portal, he explains, anyone can design the project, order all the necessary products for electrical and plumbing installation, air conditioning and heating, bathroom equipment, including accessories, flooring, paints and plasters, even furnitures.

Delivery is guaranteed, as is the ability to choose a contractor from a marketplace for designers and installers. Jelyazkov tries to convince investors that Home Finishing is "not a crazy project" because it is based on an established infrastructure with a sales and distribution network in Europe.

In addition, the two huge objects in Varna and Burgas, which are used for showrooms, will be transformed into commercial ones. The model of the futuristic building in Varna, which unites the showroom and a neighboring property purchased for BGN 1.5 million, has already been uploaded to the "Elmark" website.

He is not surprised when one of the potential investors tells him that it is not very clear how Home Finishing will turn into a good business. "I understand you completely, because in the end we are talking about a project - explains Jelyazkov . - But would you have invested in Elmark 20 years ago if I had told you that I had an idea to import some electrical products from China under my own brand and sell them in 10 countries with subsidiary companies and through distributors in another 60 countries?"

The man pauses as if thinking, and replies, "Of course not." All big things seem a little impossible at first, Jelyazkov commented passionately to Forbes: "If they were elementary and simple, everyone would do them."

He proves it with the success of Elmark as a leading European supplier of electrical engineering and lighting solutions. The consolidated revenues of "Elmark Holding", which includes 10 subsidiary companies in the Balkans and one in Dubai, plus the listed "Elmark Invest" and "Elmark Trade", amount to BGN 46 million for 2022, of which BGN 5.7 million BGN profit. Only in the logistics center with an area of 11,000 square meters, the goods are stored worth over 20 million euros.

## **ON THE STOCK EXCHANGE JELEZ JELIAZKOV COMES OUT WITH HIS FIRST COMPANY,**

registered in 1994, with the name "Elektrik". He created it at the age of 25, while he was a student at the Technical University in Varna. During the building construction boom, he rented a 27 sq.m. shop in the center of Varna and began to offer electrical materials and lighting to construction companies. Trading and the ability to communicate are in his blood. "Being a good salesperson requires intelligence, a sense of people and integrity," he likes to say.

In times of increased scarcity, trade flourishes. His small business grew rapidly. Construction companies pay in advance for the goods, and suppliers begin to respect him because he sells well. In his desire to earn more, Jelyazkov contacted the manufacturers directly and agreed to become their representative. Including the French Schneider Electric. He managed to take maximum advantage of the hyperinflation situation in 1997 in Bulgaria, when one US dollar was exchanged for BGN 3,000, and make "a lot of money".

He buys goods from the state factories at the old prices in BGN and sells them in DEM. But the competition is doing the same, and the market is becoming saturated with small trading firms chasing quick profits. As a reseller, he sees that he won't get very far and starts thinking about something bigger. Friends advised him to visit an exhibition in Cologne and look for suitable German goods to import. With his knowledge of German at the level of a language high school in Dobrich, he can freely communicate with the local representatives. From them he understands that German companies take the goods from China. Why should he buy Chinese production and pay for a German brand, when he can import whatever, he wants under his own brand, he thought.

The problem is that Chinese goods are the "lowest quality in the world", especially in electrical engineering. The risk of losing money is high, but he feels that this is his way. Jelyazkov rushes forward into the Chinese adventure in 2002.

First, he registered the Elmark trademark for Bulgaria and several countries in Europe, after which he ordered electrical equipment and automatic circuit breakers from China for 27 thousand dollars.

He calculated that if nothing was sent to him or the goods were not of good quality, he would still survive without this money. With beginner's luck, he finds the right partner.

However, customers, who are mostly electrical shop owners, do not trust Chinese goods. They take something only because of the good relationship with Jelyazkov. Fortunately for him, the devices show good quality, and when a trader sees that something works and brings him a profit, he starts asking for more and more. Orders grow in geometric progression. Elmark became a leader in the low-price segment, which irritated many competitors. Some even "spread rumors that the circuit breakers were of poor quality and caused fires in hotels and houses.

Any rumor about a low-quality product can undermine the brand's reputation, which is a significant risk for a dynamically developing company. To guarantee security and stability in the years to come, Jelyazkov invested in a test center in 2004 with the idea of obtaining international quality certificates. This can only happen if there is real production, and he sets up a factory for low-voltage electrical equipment in his hometown of Dobrich.

He buys parts from China, and the workers in Dobrich only assemble, adjust, and test them.

"The most difficult part was to convince our partner in China to send specialists and give the know-how to the engineers in Dobrich. We paid for our peace of mind, but we guarantee quality, which has opened many doors," he says.

## **THIS IS HOW "ELMARK" STANDS OUT AMONG FEW MANUFACTURERS**

in Europe of automatic circuit breakers and contactors, and Jelyazkov has no limit in his desire to grow the business. The only way to make it happen is by expanding the territories. He targets the nearest big market – Romania. Bucharest is 280 km from Varna. Even then, he chose the model of working abroad with subsidiary companies. It is much more expensive than looking for partners, but he does not believe in the form with local representatives: "Everyone promises sweet turnovers, so you give them exclusive rights, invest in marketing, and at the same time they sell competing brands." In Romania, it is the most difficult market for him because of the prejudiced attitude towards Bulgarian companies in that period, but the most successful abroad. He tries not to dwell on the daily problems with customs, which automatically disappear with Bulgaria's entry into the EU in 2007, and looks only forward.

I Its main goal is to expand the borders to Serbia, Croatia, Greece, Bosnia and Herzegovina and Hungary. In the factory in Dobrich, he began to invite representatives of commercial companies that resell to installers, construction companies, end customers and industrial enterprises, with the idea of impressing them and gaining more trust in the brand:

"Traders only trust their eyes," he says from his own experience.

„Elmark" offers 30% better prices than the big conglomerates and provides quality service with a warehouse base and on-site delivery. Six own trucks travel along a route and load the Balkan markets with goods. The development of the products, the logistics and distribution network, as well as the good service raise the popularity of the brand.

Even during the difficult times of the financial crisis in January 2009, when sales fell by 30%, Jelyazkov found a way to grow his business. He launched a rescue plan with the import of industrial and street lighting from China, Italy, Turkey under his own brand, which the very next year gave results. The variety of products creates more opportunities for profit. By 2015, Elmark was already generating business in the Middle East, Africa and Asia through its subsidiary and showroom in the Dubai Silicon Oasis area, which fosters advanced technology industries in Dubai's urban development community.

The accumulated profits help the company to go smoothly through the technological revolution in 2016, with the replacement of traditional lighting with LEDs. Jelyazkov is forced to sell off technologically outdated products and replace them with new ones, which is not so quick and easy. Factories in China adapted the technology for nearly two years, during which time they produced substandard goods before starting to offer better and cheaper solutions. In addition, fierce competition from new commercial lighting companies started.

The situation closely resembles the fierce competition in the market for solar systems now, where E where Elmark is also involved. Many new companies are emerging to import solar panels and inverters from China. In Elmark Holding, they can also wholesale solar systems without profit to have more product variety. In 2020, Jelyazkov established an engineering unit for solar installations. He is far from looking for funding under the new EU programs aimed at green energy. He doesn't believe in these programs. He considers them too complicated. "They require a lot of energy and gamble too many unknowns, and when you draw the line, you don't know what you've lost from that free money. I don't like anything for free. I like to earn my money in a market way."

### **THAT'S WHY IT CHOOSES BEAM AS A SOURCE OF CAPITAL,**

And after some time it doesn't rule out going to an initial public offering (IPO). With the funds from the market, he plans to increase the share of "Elmark Invest" in "Elmark Holding", a European company with a capital of over 18 million euros.

In his plans until 2027, he envisages Elmark setting foot in 10 more countries in Western Europe. The beginning has already been made with Italy. The goals are Austria, Germany, the Netherlands, Belgium, France and Spain in the next ones. This time Jelyazkov looks at things rationally. He does not plan to invest big money in showrooms and warehouses, but only in training salesmen to bring business. According to him, in Western Europe, they are used to planning their needs early and can wait up to five days for delivery from Bulgaria, unlike merchants in the Balkans, where they want the goods the next day.

The holding has funds to continue the development of the project Home Finishing, in which BGN 8 million has been invested. "There is no problem to realize it because it is just one trade. And we understand trade. We may never have sold white and black appliances, nor bathroom tiles and furniture, but as a public company we will get to the best suppliers."

If with "Elmark Invest" he raises another 8 million euros of capital from the stock market, the goal he has set for himself will happen more quickly and efficiently. It is ready to launch shares to increase the capital when a demand of at least 4 million euros is recorded. At the end of this year, he intends to move the headquarters of "Elmark Holding" to Germany and attack the Western markets from the position of a German company, whose sales team and factory are positioned in Bulgaria. "The factories of major competitors, such as Schneider Electric and ABB, are also in Bulgaria," he points out as proof that his plan is well thought out. After five years, he even intends to list "Elmark Holding" in Germany.