

SUCCESS BEHIND THE “Iron Curtain”

John Lynch, a New Jersey native, founded Lynka in Poland in 1992. He has since grown it into the largest apparel supplier in the region, and he isn't planning on slowing down any time soon.

BY SARA LAVENDUSKI

Lynka Promotional Solutions, based in Poland, is celebrating 20 years of business this year. Founder and president John Lynch, who got his MBA from Wharton, took a gamble in 1992 and decided to establish an apparel supplier company in Eastern Europe. At the time, Poland was only two years out from under the heavy thumb of an authoritarian Communist regime and still lacked basic infrastructure. Now, two decades later, the country's economy is thriving and Lynka is the largest apparel supplier in the region. Here, Lynch shares his insights into the challenges of a start-up business, the company's critical milestones and his predictions for the struggling European economy.

Supplier Global Resource: Please give us some background on Lynka. Where are you located, and what were some of your first product offerings?

John Lynch: Lynka is located in Poland and does business throughout Europe – we currently service promotional distributors in 22 European Union (EU) countries. Lynka was founded in Krakow in 1992, shortly after the fall of communism in Eastern Europe. We were literally one of the first companies in Central and Eastern Europe to offer promotional clothing, corporate apparel and workwear to the business community. We started with T-shirts but quickly



John Lynch, owner, Lynka Promotional Solutions

expanded to polos, fleece, shirts, jackets, caps and bags.

What makes us unique is that we're first and foremost an apparel supplier – we became the first Central Europe-based authorized distributor for Jerzees and Russell in 1994, and soon afterwards added Fruit of the Loom, Hanes and a little later Gildan. While most other suppliers stick to the big box model – wholesale of blank apparel mostly to screen printers – Lynka has focused on supplying to promotional distributors and advertising agencies. And the best way to supply to promotional distributors is with a full-service, decorated product model. That's been our approach since the beginning.

Thanks to this model – and 20 years of hard work – we have grown to become the largest apparel supplier in our part of the world.

SGR: What are your current areas of expertise?

JL: Since the beginning, Lynka has specialized in promotional clothing and accessories, with a full-service model that includes award-winning screen printing, embroidery and other forms of embellishment. We are widely regarded as one of the leading decorators in Europe: We've won 40 awards for the quality of our printing and embroidery, more than any other European company. Just recently, we won the EPPI 2012



For this decorated tee, the company was also awarded an SGIA Golden Image Award for best-quality full-color print on a T-shirt.



Lynka recently won the EPPI 2012 Promotional Gift Award for this T-shirt design created for a client in Finland.

Promotional Gift Award for the quality print we did for a Finnish client.

We specialize in very high-quality, complicated decoration, including special effects, for the advertising and sportswear world. While the vast majority of our business is with promotional distributors, we are also the only company in our region that was chosen by NIKE as an official apparel vendor. To do so, we needed to pass rigorous compliance standards in environment, safety, quality control and employee treatment.

SGR: You started Lynka as a young Wharton School graduate from New Jersey. What was it like founding a company in a relatively infertile country that had just been freed from a repressive Communist regime?

JL: It was an extremely exciting time, with things changing at lightning speed. Lech Waleza became the first freely elected President of Poland a few months before we arrived. It was also extremely challenging. The problems most entrepreneurs face are formidable: lack of capital, no established client base, tough competitors, not to mention all the other usual headaches of any start-up. In our case, you had to add a lack of infrastructure, highways and telephone lines; an undeveloped legal system; rampant corruption; and literally no market of trained employees. To top it all off, we were doing business in a foreign language that we barely knew.

On the other hand, our business education and experience in the U.S. helped us to be extremely disciplined and well-organized from the very start. Even when Lynka was just a year old, we had a clear business plan, financial projections, written SOPs and even a little org chart. We also had a big vision of where we wanted to go.

When we launched Lynka I was 30 years old. The average age in the company was 23; basically, the employees were all inexperienced kids. That also presented unique dynamics to running a business, but it was great fun. My title could have

been “head teacher” since that's how I spent most of my time.

SGR: What are some significant steps you took to build your company over the last 20 years?

JL: I think there were three critical milestones in our development. First was our decision to become a really top-class decorator in 1996. We often attended U.S.-based trade shows such as SGIA and ASI, where we tried to learn as much as we could. In 1996, we met some of the absolute premier U.S. decorators, including Mirror Image of Rhode Island. At the time, we entered into a technology sharing agreement whereby Mirror Image taught us all they knew about printing. The result was that, in 1997, Lynka became the first non-American company to win the prestigious SGIA Golden Image award for the best-quality full-color print on a T-shirt. Lynka enjoyed a PR bonanza, and as a result, accelerated growth.

Second was taking on a private equity investor in 1999. That provided the fuel we needed to really grow from the smallish company we were to the company we are today. With those funds, we built our modern facility, improved our IT systems, financed our inventory growth and added new product categories. Within five years we almost tripled the size of the business.

Third was our strategy to expand across Europe. In 2003, Lynka was 97% domestic sales within Poland and only 3% export. In 2004, Poland joined the EU, which provided us with an opportunity to export our products to neighboring countries such as Germany, Austria and Sweden. We attended the PSI show in Düsseldorf in 2005 for the first time with a huge stand, and printed live on a 16-color automatic screen-print machine. We were the hit of the show, and won hundreds of new clients all over Europe. In 2011, export accounted for 50% of our total sales, growing at 45% annually for five years running. Export has been the engine of growth for Lynka, and certainly the most important move in our history. But needless to say, it wasn't easy.

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SGR: In light of struggling economies across Europe, how are Poland and your company faring?

JL: Extremely well, knock on wood. A little-known fact is that when the global crisis hit in 2009, Poland was the only one of 27 EU countries that didn't experience a recession. In fact, in the 21 years I have been living here, Poland has never once experienced an economic contraction, although at times things slowed down to a crawl. But that has certainly helped our company.

However, since export is now more than half of our sales, the rest of Europe counts more than Poland alone, so we carefully watch what's going on around the Old Continent. We don't sell much in the southern countries, such as Italy, Spain and Greece, so we aren't very exposed to the economic troubles there. Our sales in northern and middle Europe are quite strong, mostly because of one-pretty much the only game in town offering a one-stop, full-service solution to promotional distributors. I think 2012 is a tough year for most EU suppliers, but Lynka will emerge stronger for sure.

SGR: What are some business challenges you've recently had to face?

JL: We face many challenges all the time, but there are two that stand out. Our biggest internal challenge is making sure that our operations and systems keep up with our growth. With average order size the same everywhere (rather small), high growth implies a large number of small orders. And as any supplier who provides decoration knows, the operations challenges are the most painful, and the most important to overcome.

We have six project teams within the company constantly working on our internal systems and procedures to make sure that we will always deliver great-quality, on-time service, exactly as promised. We don't always get it right, but when we do make mistakes, we dig in deeply to analyze and solve the problem so it doesn't happen again. Continual improvement is much more than a buzzword for us.

Our biggest external challenge is low-end price competition, particularly in Poland, but also in several other EU markets. Lynka promises the best solution, but not always the cheapest one. In tough economic times, clients shop around more, especially on the Internet. We need to carefully communicate our value proposition so that clients understand that

in the end, Lynka is really the best deal, all factors combined: price, quality, product assortment, speed and ease of doing business. That message is a bit more complicated than “Always Low Prices.”

SGR: What are your predictions for the coming year for the industry as well as the European economy?

JL: I regularly read *The Economist*, *Financial Times* and a few other European newspapers, and I don't think anyone knows for sure. The mood was quite pessimistic earlier this year, especially after the problems in Greece, and later in Italy, Spain and Portugal. Today it's a little more hopeful. Either way, promotional companies that have a large exposure in these markets are certainly having a hard time. I heard reports that some suppliers are 30% to 50% down in Spain and Greece, for instance.

However, German-speaking countries (DACH), Benelux and Scandinavia are holding up quite well, and I think the UK, although not booming, is doing fine. So net-net, many European promotional companies will likely shrink this year, but a few well-positioned ones may even experience 5% to 10% growth. Overall, I suspect EU industry sales will be 5% down.

SGR: What are your plans for Lynka in the next year?

JL: Our Big Hairly Audacious Goal is to become one of the top five apparel distributors in Europe within five years. That means continued growth, which will come from an increased footprint across Europe, more sales reps, more trade shows and entering new markets, which we will do carefully and profitably.

We want to be the favorite apparel supplier of European promotional distributors and agencies. We will provide more creative and better solutions to their needs. We are close to launching a new e-commerce platform which should be one of the best in the EU. We will continue to improve our internal operations and the quality of our decoration, and train our employees so they are the best in the business, providing expertise to our clients in product and decoration. To do that we will continue to invest in our people, and build the best team possible. I think that will keep us pretty busy next year and beyond. 🌐

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