

Q&A WITH JANEZ ŠKRUBEJ

# A GOOD WORD FROM AN INVESTOR WITH POSITIVE EXPERIENCE GOES A LONG WAY

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**ased on your experience, how would you estimate the Slovenian business environment? What is that one thing that attracts investors to Slovenia and what drives them away?**

**J.Š.—** In many respects, the Slovenian business environment is positive for foreign investors: for example, the fact that we are an EU and eurozone member state, we have an educated and well-qualified work force, especially in the field of technical engineering, a good work ethic, we have an excellent geostrategic location, etc.

Somewhat less attractive are, as we well know, the taxation environment, also labor legislation, the lengthiness of various administrative procedures (e.g. obtaining a building permit), lengthy court proceedings, and recently, also poor flight connections, especially in the central part of Slovenia. There is also the question of other infrastructure that investors check, such as international schools.

**What do you think Slovenia should do to become more competitive and attract more investments and funds?**

**J.Š.—** In the past, some of the privatization procedures reflected poorly on Slovenia, since some investors spent considerable means, and especially a lot of time, on transactions which were then, for one reason or another, closed unsuccessfully. In recent years, these problems have subsided and we now have some very positive investment stories that we need to continue. Naturally, investors swap stories and “a good word” from an investor with positive experience can go a long way. As far as the competitiveness of the business environment is concerned, the things I’ve already mentioned as currently



less attractive should be improved.

**Which branches are currently 'on trend' for investment in Slovenia?**

J.Š.— Considering the present COVID situation in Slovenia and around the world, investors are seeking out branches that have proven to be resistant to COVID or which will be able to adapt appropriately to the changed circumstances. Currently, the most sought after are, for example, technological companies, certain niche producers with global potential, etc.

**What about Slovenian companies and their employees in comparison to the region? What is the situation regarding qualified staff and innovativeness? Where does the competitive advantage of Slovenian companies lie and where is there room for improvement?**

J.Š.— Considering the size of the Slovenian market, investors are mostly interested in companies which have succeeded with their products or services on the wider European or global market and, luckily, many Slovenian companies meet this requirement. As I like to say: in Slovenia, every valley has at least a couple of such successful companies. In these sectors, there is a lot of knowledge and plenty of qualified workers on the highest level. Improvements are possible with better connectivity between the educational system and business and industry as well as in better connections and help between business entities as such.

**Why is it good to have a foreign investor in a company? What, besides money, can they bring? What kind of companies does your fund invest in? What are your criteria for investment?**

J.Š.— Our Invera Fund, headquartered in the Netherlands, has 60 million euro available for investment. The biggest investors into Invera are, in addition to other institutional investors, the EBRD and EIF. Our intention is to invest in smaller and medium-sized companies which have already proved their worth on the market, but at the same time need a partner which is strong in terms of capital; in addition to financial means, this partner also brings other global skills and necessary contacts in the region and beyond, which might be lacking in the company. If we do not have the skills that we judge the company needs, we source them on the market through our contacts. We, as the investor, become a partner to the existing owners, with whom we then pursue business goals set when we entered the company. Unlike some other funds, the management structure of our fund, which includes three partners (one in Bosnia and Herzegovina, another in Croatia, and me in Slovenia), enables a good insight into the happenings on these markets and thus the possibility of regional consolidation in certain sectors. Besides the three countries mentioned, we can also invest in Serbia and Montenegro.

**What will the investment trend be in the future?**

J.Š.— We expect it to be "lively" at the beginning of next year, when the impact of COVID will become more apparent on the future of certain branches and the global geopolitical situation. In Slovenia, we expect that owners of family companies and other enterprises in our focus will continue to recognize that, at a certain point, the entry of a financial partner is appropriate, since they can relieve the owners of specific risks to a certain extent and simultaneously provide a boost to the company's development.

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