Alfabet

MOKATE.



MOKATE's Alphabet

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Third edition - updated and extended.

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Foreword by MOKATE'S Owner

I wish to share my thoughts with Dear Readers, assisting the third edition of MOKATE's Alphabet. First of all, it gives me great satisfaction to notice that the premises underlying the previous, second edition still remain relevant. It regards both the fact that the book has gone out of stock earlier than anticipated, as well as changes undergoing in MOKATE itself. Again, the range of our products has expanded, the company has strengthened its market position and again, the number of companies forming MOKATE group has enlarged. It is for these reasons that I decided to include in this third edition my foreword contained in previous editions. Readers will find an exhaustive presentation of the extent and directions of changes in MOKATE's potential in A.D. 2011 in subsequent entries of the new Alphabet.

Over the past years the significance of certain issues has grown so much that authors of this edition resolved on including new entries. They add a wider dimension to certain attributes of an international corporation, as such MOKATE has become. What I have in mind here is

innovativeness, dominance of export in the sales structure and strengthening family nature of the company. The most latter is of particular significance for me and my husband, as it means taking on executive positions in the groups forming the company by our children – Sylwia and Adam Mokrysz.

I extend my most heartfelt thanks to the authors of MOKATE's Alphabet for their deep commitment and perseverance in continuing the tradition of the brand-name MOKATE's Alphabet. I am convinced that the popularity and usefulness of this editorial undertaking will be a source of their great satisfaction, just as it is for me. I do hope that as in the case of previous editions, this new Alphabet will reach a wide public, thus testifying to enormous potential and renown of the Polish brand and family entrepreneurship. With such thoughts and a request for a warm welcome, I give MOKATE's Alphabet 2011 to the hands of Dear Readers.

Teresa Mokrysz



To the second edition

The second edition of The Alphabet is a source of satisfaction for me, for a number of reasons. The previous edition ran out of stock sooner than we had expected. which was nice news to hear both for me personally and the Authors. I was also glad that The Alphabet published in 2004 received a warm welcome; we were showered with acknowledgements, and the innovative nature combined with an unconventional form of the undertaking was strongly emphasized. Equally deep satisfaction has been provided by the need of expanding the entries, as this need is a derivative of further strengthening MOKATE's position on the market. New products have been launched, new territories have been won and subsequent customers were added to our list. Besides, the family of enterprises coming under a blanket term: "MOKATE Group" grew bigger. Hence, a new edition of The Alphabet results from the necessity to update the content and to show the development we have achieved.

At this moment, I would like to extend my thanks to the Authors for their unflagging pursuit of excellence in their work over The Alphabet, viz. to Mr Jerzy Chrystowki, PhD for enriching the text with new interesting fragments and to Mr Krzysztof Chrystowski for an inventive graphic design – interesting photographs in particular. I would also like to thank a translator working for the Bielsko-Biała Translating Agency "Jakubowska & Jędrzycka", who has been faithfully accompanying us since the first edition, making the book available also to English-speaking Readers.

I wish to voice my sincere hopes that the new edition of The Alphabet will meet the expectations of Dear Readers and acquaint them with the long journey our Company has made – the journey which began at a small family business in Ustroń and led to the corporation of international range. I also trust that The Alphabet will have its contribution to contemporary history of Polish economy being formed "live", by adding to its records the history of the company, which, despite profound transformations, has retained its family character and Polish origin, the history of MOKATE company.

To the first edition

I have read The Alphabet with great pleasure. The collective hero of this text is the company which for me personally is not only the object of professional passion but also my occupation for many years, and may not be devoid of certain remarks and reflections.

Above all I would like to disclose to the Readers of The Alphabet that over the last dozen years or so I have never discerned in my activity nor in the life of the company any potential material for a feature material. However, some pages of The Alphabet seem to brush against a feature documentary. For me, this succession of events, sometimes arranged as a story, rounded off with an anecdote or at other times by some food for thought, was just a result of a series of decisions, followed by their realization, then verification of results and adjustment of intentions – as in business. This is one remark. The other is related to some comments made on changes that MOKATE has been undergoing, which occur here and there in The Alphabet. I am really glad to admit that in most cases they reflect the actual intentions behind our decisions.

Many a time my thoughts have wandered to the long forgotten events, which have been recounted in the entries revealed in this account. Then I reached a conclusion that it was worthy, that the whole effort yielded results and now they are eternally imprinted in the company's reality, which is quite often forgotten in a daily bustle of life. This is what helps to confirm myself in a conviction that the professional career I have chosen was the right one, it infuses me with spirit while planning the future. And this is why I particularly wish to express my special gratitude to the Author of the text and originator of The Alphabet, Mr Jerzy Chrystowski, PhD. Deep acknowledgements are also for the creator of the graphic design, Mr Krzysztof Chrystowski, who enriched the book with interesting illustrations and gave the final touch of proper atmosphere. Both men, taking the publishing initiative in a family circle, are especially appreciated at MOKATE, as the company still cherishes family traditions and intergenerational cooperation. I extend my sincerest thanks to a conscientious translator from Bielsko-Biała Translating Agency Jakubowska & Jedrzycka, thanks to whom also English-speaking readers may be acquainted with this book. In my acknowledgements I must not overlook the Authors of the photographs, who recorded a lot of facilities and moments memorable for MOKATE.

Finally, I would like to express my wish that The Alphabet presenting the company in an unconventional formula will strengthen your sympathy for us, Dear Readers and serve – in many cases – to maintain our mutual friendship. I can assure you that these issues are most invaluable for us.

Teresa Mokrysz

The branch-related structure of the assortment is a changeable thing in the company. It may and should be subject to changes, as customers' preferences are also changing.





This is the entry which, like a lens, converges the events of prime importance for the company. Thus, there is MOKATE's History which largely shaped the product range. There is also the present day when the assortment appears to be an indicator of MOKATE's innovations and potential.

The assortment poses dilemmas and problems, which in turn raise further questions, detrimental to the company's life. For example: what should be diversified and when, which products should be launched under MOKATE brand name and which should lead an independent market life, assigned a new brand name?

MOKATE entered the 1990 with an offer which when looked upon in line with the recent terminology, would account for a dozen or so "stock keeping units". At present, after twenty years, the company offers almost 1 200 stock keeping units. Looking back from such a perspective, the MOKATE of old days seems to have descended into the depths of almost prehistoric times. Yet, a number of facts testifies to the contrary. A lot has survived from those times and is still thriving quite well. For instance, people working in this company for all these years are not rare. Furthermore, some products from MOKATE's earliest days are still manufactured and a lot of elements have been retained on their packaging (Carmen Cream, MOKATE Cappuccino).

The branch-related structure of the assortment is a changeable thing in the company. It may and should be subject to changes, as customers' preferences are also changing. The obligations of a chronicler impose a duty to make a note of what this assortment looked like at the beginning of the second decade of the 21st century, defined according to the stock keeping units, grouped by product categories:

- *cappuccino*, with its renowned Maestro Renato Bonni in the lead, forms a group comprising almost 200 SKUs. MOKATE still reigns supreme in terms of figures, although the distance to the other groups has largely diminished;
- whole bean and ground coffee is a novelty in the MOKATE's offer. Distinct flavour, a powerful boost of energy, Italian recipe for roasting coffee beans these are just a few assets of a new series MOKATE tostato all'Italiana;
- *instant coffee* accounts for almost 70 SKUs. This group, however, is dominated by freeze-dried MOKATE Cafe Premium;

- *coffee mixes* 2in1, 3in1, NYCoffee are just a few basic products of this category, included in the wide range of 100 SKUs offered by MOKATE;
- **creams to go with coffee**, with first-rate Carmen, are still among the core items of MOKATE's offer and account for ca. 50 SKUs;
- **cocoa, hot chocolate** and **chocolate drinks** constitute 40 SKUs. Customers appreciate numerous extras which enrich nutritional value of the said products with magnesium and vitamins;
- **teas** hold a strong position in the MOKATE's assortment, encompassing 400 SKUs. Many of them have their separate brand names (Minutka, Loyd, Grandma Jagoda). Among them are absolute market novelties with regard to the composition and they take customers' hearts and palates by storm;

— **semi-finished products**, a category made up of whiteners, frothers, milk mixes, vending products, whipped cream powder and many others have formed a group of the largest dynamics of production and sale. They introduced MOKATE to the group of top exporters and gave a pass to the semi-finished products market in 55 countries. The offer comprises approximately 70 SKUs.

Each of the foregoing categories contains a substantial number of products whose innovative composition has been an absolute market novelty and which take customers' hearts and palates by storm. Such was the case with a series of Mulled teas, Latte Cha, wining an ever growing circle of connoisseurs. Despite changes in the range of products, there remained one aspect, common to the whole MOKATE's assortment – high quality, innovative composition and a ubiquitous motto, saying that customer's satisfactions has always been the company's lodestar.



The best managers in family companies are always the owners' own children, generation "substitutes" growing up at the owners' side and preparing for the role of a successor.

Business Unit

v a few fields of business activities,

Mr Adam Mokrysz, Board Member of MOKATE Sp. z o. o. Żory.

Success, inter alia, is the ability to manage simultaneously a few fields of business activities, even distant from each other. This is a predisposition to take advantage, at the same time, of the whole range of talents across various domains.

Adam Mokrysz, the creator of the Business Unit's success is perfectly aware of it. When he was taking over the position of the head of the department, he knew that it would not be easy. Yet, he did not suspect that he would have to go through such an ordeal – the test, as it turned out later, in which he and the whole department emerged victorious.

Behind a mysterious name "Business Unit" one of the key departments in the company is hidden. The Unit operates parallel in two fields – purchases of raw materials for the whole MOKATE group and management of intermediate products. They have a few things in common – monitoring raw material market and market trends, frequent business trips, participation in all most important branch-related events and fairs worldwide, scrutinizing verification of offers, taking into account logistics requirements and, above all, hard negotiations and product innovations. These are their common features.

Purchases for such a large company mean in practice procuring the best production base at the most

advantageous price. The stakes are high in this game – the transactions related to all raw material purchases for MOKATE account for tens of millions of euros and most importantly these transactions translate directly into production costs of the final products and consequently determine how competitive the whole MOKATE group is.

The second field of activities involving semi-finished products was transformed by the Business Unit during three years into a real motor force behind the sales. The duties pertaining to this Unit also entail supervision of production and implementation of new technologies. More attention to semi-finished products has been given under the entry starting with the letter "I" of this Alphabet. It is worth reminding that their range includes whiteners, frothers, toppings, milk mixes and vending products. 95% of the production is intended for export. Due to the activities carried out by a few-member team of sales managers of the Business Unit, semi-finished products reach almost all continents. Each and every trade fair event – be it Sial organized in different corners of the

world (Paris in 2009, Shanghai in 2009) or the world's leading food fair Anuga in a German town Cologne – ends up with establishing new liaisons, some of which soon bear fruit in the form of trade contracts.

Entering difficult markets, such as Israel, the United Arab Emirates, Indonesia, Russia or China, and the homeland of cappuccino – Italy is undoubtedly among the greatest successes of the department. Every achievement assisted by hard work and endless hours





Mr Adam Mokrysz

of negotiations provide the Business Unit an impetus for further work. It s no wonder that for the last few years in succession they have won the highest trophy – MOKATE Grand Gold Cup, awarded in an annual competition of MOKATE's organizational sectors.

The Business Unit has also become the place where Adam Mokrysz developed his managerial talent to the fullest. Upon taking up the position of the head of the department he would emphasize how proud he was of the function he was appointed to by the MOKATE Management and how glad he was that so much trust was placed

in him. Actually, his career commenced many years back. Mr Mokrysz had already known in his childhood that his future would be linked with MOKATE. When he was barely twelve years old, he insisted that he work during holidays. Under a watchful eye of a foreman he would stand at the packer's workstation. This is how he has gained his first experience. It was then that he made a decision to seek his future career in MOKATE, although, as he admits "From early years I haven't been given any preferential treatment and had to be better than others. In fact, the words "had to" are not quite true. Looking back, years later, I can say



Spray-drying plant inside, Ustroń

that already at the beginning I wanted to be good, to say the least, I wanted to be perfect in whatever I was doing." Similar determination marked Mr Adam Mokrysz's successes he achieved in his childhood and early youth in chess, the game which has remained his passion until today.

In the normal course of events he took up studies of economics, at the same university where his parents used to study – The University of Economics in Katowice. He combined studies with practical training in different MOKATE's departments, where he worked for several months at various positions. It taught him respect for work

and allowed to learn the ins and outs of the company's business. This swift admission to the company's structure was too simple for an ambitious young man, though. Having been awarded master's degree, he resolved on broadening his knowledge and took up subsequent studies at the University of London, where he completed studies at the faculty of International Trade. In the meantime, he acquired knowledge about markets of raw materials and laws governing their purchases.

Upon coming back to Poland, Adam Mokrysz was ready to take up the executive position at the focal point

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STILL DOES







of the company - Business Unit. As it turned out it was the ideal place for him. "Constant risk, never-ending negotiations and living on the edge are highly motivating for me. The more difficult the situation is, the more effort I put into it", admits Adam Mokrysz. "The real secret of success is enthusiasm. I believe that obstacles appear only when you lose focus and stop pursuing your goal." In 2009, in acknowledgment of his efforts he became a member of MOKATE Management Board. His ambitions go beyond his regular work, though. Quite recently, after a few years' postgraduate studies, the degree of Doctor

Kocierz, December 2006

of Economics was conferred upon him. As he admits, success for him means the ability to balance his life, which is the most difficult challenge among numerous assignments, adding that "The balance between your career and private life constitutes the fundamentals for maintaining integrity of mind and a clear view of the situation."

Research into family businesses has revealed that the best managers in family companies are always the owners' own children, generation "substitutes" growing up at the owners' side and preparing for the role of a successor. MOKATE seems to confirm this thesis.

Above all, it inspires respect. It is impossible not to show respect for this real phenomenon among beverages, with a tradition of one thousand years.





At this point we would like to distinguish between two notions: coffee and cappuccino.

The former boosts energy and power whereas the latter appeals to senses and feelings.

Cappuccino is treated as the apple of its parents' eyes, a real company darling. It is hardly surprising when one is familiar with the detailed history of MOKATE Cappuccino. It is different from coffee, though. Above all, it inspires respect. It is impossible not to show respect for this real phenomenon among beverages, with a tradition of one thousand years behind. So eventful was the last millennium with regard to coffee, so many dramatic turnabouts were recorded in the coffee chronicles that they would provide a sufficient material for a few thick volumes. Below are presented – in chronological order – only a handful of events written down in such chronicles.

As the 17th century legend has it, a thousand years ago, a certain Ethiopian shepherd called Kaldi, observed unusual friskiness among his herd of goats, which he tended close to bushes bearing small reddish berries.

Convinced that the goats' arousal was caused by eating those berries, the herder made up his mind to seek advice from monks in the nearby Coptic monastery. The monks, to be on the safe side, resolved to burn those dubious

MOKAT

berries brought by the herder. Somehow water got in and burning beans gave off an unusually fragrant aroma that permeated the monks' cells, upon which the most courageous monk cautiously tasted a sip of infusion and that was it. Such, presumably, may have been the beginnings of coffee's worldwide career.

Coffee as a beverage spread among Muslims countries extremely swiftly, which predominated the later fate of coffee, as it was identified with Muslim culture. But it was among the Arabs that the first problems and obstacles occurred. At the beginning of the 16th century a governor of Mecca closed down all coffee shops, which had already





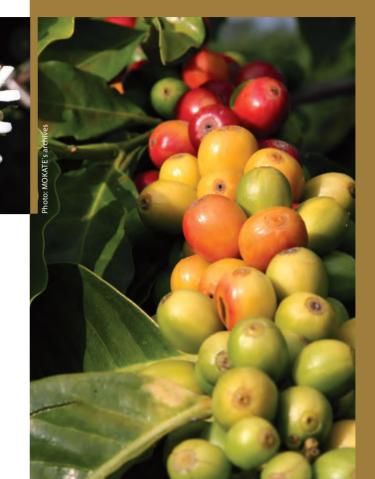
become a common landmark in the city of pilgrims. He acknowledged that drinking coffee constituted a violation of the Koran rules. Luckily, the sultan reigning at the time turned out to be a coffee-lover and restrictions were immediately lifted. Rumours of the first real café opened in Constantinople, the outskirts of Europe, reached the old continent in 1554. Slowly, the news of almost miraculous properties of that oriental beverage was spreading. Still, Arab countries took the lead in this glorification of coffee. When in the middle of the 17th century the first café was opened in London, widely-travelled people would say that in Cairo the number of cafés exceeded one thousand. After a couple of years, when the number of London cafés increased, the charges against coffee were brought before King Charles II by the matrons of that metropolis, who were convinced of the harmful effect of coffee consumption. Cafés closed down. Slightly earlier heavy charges against coffee had been made in Papal State. The controversy about its devilish origin had to be settled by Pope, Clemens VIII. Reportedly, a sentence to the advantage of coffee was passed after he personally tasted that beverage. There approached the year 1683. World annals were enriched with the entry about a Polish nobleman, Franciszek Kulczycki. Appointed as a secret agent of the king, Jan III Sobieski, he closely watched war preparations of the Turks. After the Vienna Victory, when spoils were to be divided, Kulczycki asked humbly for sacks full of strange beans (it was presumed that it was a kind of pasture). The agent was perfectly aware what his demand was. He also knew how to make use of those beans. Soon after the military campaign, he opened the first café in Vienna and, as befitted a Pole, he named it "Under a Blue Flask." Despite the lapse of time and growing popularity, the controversy around coffee did not subside. Swedes were particularly suspicious. In fact, not only coffee but also tea was accused of inflicting detrimental effect on the human body. In the second half of the 18th century, in order to settle the dispute, King Gustav III gave orders to carry out an experiment. Two brothers, who had been sentenced to death, were served the same amount of the alleged poison – one was administered tea, the other coffee. Experts observed the condemned. One fundamental question pervaded their minds – "which of the two liquids will ensure the execution of the sentence?" After a few years the first expert passed away, then the other. Soon, King Gustav III was a victim of assassination. As for the brothers - both beverages

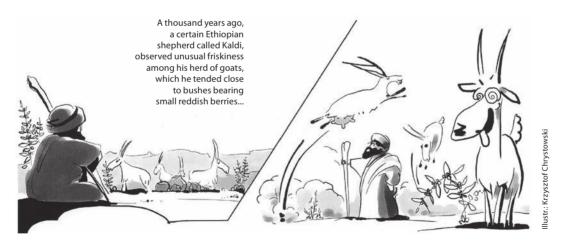
proved favourable to them. Now cafés also opened their doors in Sweden.

The demand for the outcome of coffee plantations was growing – both the seedlings and the beans were closely guarded. There appeared enormous plantations on Java and in Dutch Guyana, followed by those on French Martinique and French Guyana. Soon, there were serious disturbances along the frontier between the two Guyanas. Brazil – which as yet, could

only dream about coffee – was asked to mediate in that quarrel. And here again in the coffee plot there is entwined a story well worth a film script. The mediators were led by a Brazilian Captain, Francisco de Melo Palheta, who apart from diplomatic talents, stood out for his gentle manners and charm. The captain's values were highly appreciated by the wife of French Guyana's Governor. She appreciated them and duly awarded. As the story goes, when mediations were over, she hid a coffee seedling – the national treasure of Guyana and France – in a farewell bouquet the captain was presented. Brazil took advantage of it. The country soon grew into the power on the coffee market.

The attitude to cafés also underwent transformation. They became the centre of social life. Out of a huge multitude of cafés, there emerged places both fashionable and snobbish. The ones of the highest renown were located in Paris and Vienna. The café which also enjoyed great

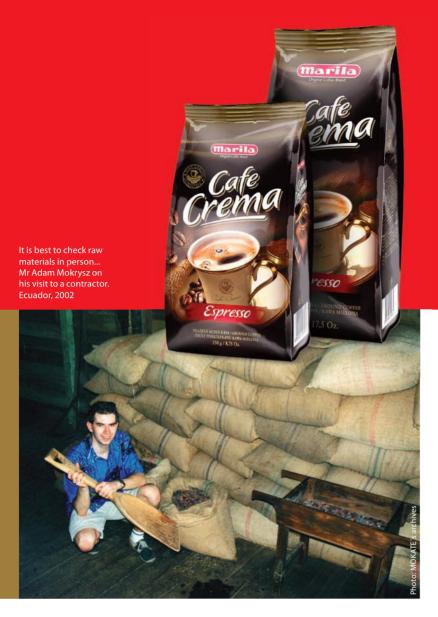




popularity was *Caffee Greco* in Rome on Via Condotti. It was frequented by Mickiewicz, Słowacki, Kraszewski and Sienkiewicz (which fact is supported by a suitable plate mounted inside the café). In Warsaw, towards the end of the 18th century, approximately 100 cafés were already prospering there. During the inter-war period among the most distinguished ones were, inter alia, *Ziemiańska* and *Europejska*. Cracow also had its own popular cafés, including *Noworola* opened in Sukiennice (Cloth Hall) before the first World War by Jan Noworolski and Cracow literary salon *Jama Michalika* on Floriańska St., named after its owner, a Lvovian confectioner.

A modern map where famous cafes are marked, looks slightly different. Let's restrict ourselves to the example of Rome. Needless to say that a contemporary inhabitant of the capital of Italy still considers coffee a drink vital to life but when asked to recommend the place with the best espresso, it is more likely than not that he will not propose *Caffe Greco*. In all likelihood he will direct us to a modest Via degli Orfani, close to the ancient Pantheon. He will instruct us to find a characteristic signboard with the inscription: "TAZZA D'ORO", viz. "The Gold Cup". And he will be right. The coffee there deserves recommendation, indeed. Although espresso is gulped down at the counter,

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standing, on sunny days this coffee shop puts out a few tables on an incredibly crowded street. Let's add that Italians also stock themselves in this establishment with coffee beans for their home cafés. It is hard to say whether this is the neighbourhood of a Roman temple that inspires customers of "The Gold Cup" to make such comparisons, but naming this café a "contemporary temple of coffee" is something that comes naturally to mind of the author of the text.

These all seem to justify the respect coffee inspires in MOKATE. However, there is another reason behind this deep respect for coffee. The coffee was an important commodity sold in the shop set up in 1927 by Alojzy Mokrysz. The shop, located in Goleszów (Cieszyn Silesia) was classified as the so called "colonial shop" and that was where the history of the Mokrysz family has its beginnings. Coffee was a rarity and the beans were bought rather in scanty quantities. Presumably, it was mocha, the brand of coffee considered to be most suitable for brewing strong, black coffee, the brand of coffee which was described by Mickiewicz in the Second Book of *Pan Tadeusz*, as the beverage as thick as honey. Let's have a look into an invaluable Universal Cookery Book by Maria Ochorowicz-

-Monatowa, whose successive edition edited in the Publishing House called The Połoniecki Bookshop in Lvov served as a sort of a guide for housewives. Upon her advice, housewives would ask in a shop for the beans of Ceylon brand, Golden Java or Pearl. The author considered them to be the most suitable for white coffee, obviously after they had been roasted. She writes on page 735, "While roasting coffee, you should slowly turn the roaster over the flame, so that it could be evenly roasted, shaking it from time to time. When the coffee beans start to crackle and brown, throw them onto a deep plate and cover with another so as not to let the flavour evaporate and to give the beans time to mature." Not easy was the work awaiting

the housewives on coming back from that colonial store in Goleszów.

When the "Mokrysz" firm transformed into MOKATE, coffee beans were also on offer, obviously already roasted and ground. But the significance of instant coffees was growing. They were time-saving and all of a sudden the world started to appreciate them (although in actual fact they had been known long before – they made their first entry in the state of New York as early as in 1901 as a result of coincidental discovery made by a certain Japanese scientist). The popularity of instant coffees spread rapidly. In Poland, MOKATE Cappuccino was already stepping onto the path of glory when the company launched Corona (Crown) coffee. It was the first series of MOKATE instant coffee, which appeared on the shelves of the shops throughout Poland. Presumably, it was the first Polish coffee to be tasted at the altitude of 7000 m - in the Himalayas. The name occurred to be befitting, as the most prominent Polish Himalayan climber who happened to place it in his backpack, reached the crown of the Himalayas, defeating all 14 eight-thousand-meter-high summits.

Talking about coffee it is not possible to ignore a phenomenon observed both in Poland and worldwide. It is growing popularity of the so-called coffee mixes. A set of instant coffee with cream and sugar (3in1) or only with cream (2in1) have conquered the market. They have also become an important part of MOKATE's offer, which in no time at all entered the group of national leaders in manufacture of mixes. The company even managed to launch a new brand - NYCoffee, based on the concept of a mix. Looking back from the perspective of the year 2006 it can already be concluded that the 90s of the previous century belonged to cappuccino but the first decade of the new century will become the decade of coffee mixes. This is a sign of the times, dominated by haste and streamlining our life. For MOKATE a real adventure with coffee commenced at the beginning of the second decade of the 21st century, which was due to the company's entering the whole bean and ground coffee market, along with the premiere of MOKATE tostato all'Italiana brand.

A cup became the most important constituent of the MOKATE's image campaigns. It was not an ordinary cup but porcelain and Rosenthal, beautifully ornamented with cobalt and gold.



MOKATE at the 10th edition of Torwar 2011 International Equestrian Competition

"The Empire of the Cup" – this is the title which constantly reappeared in the press after MOKATE bought out Consumer – one of the largest tea manufacturers in Poland.

Indeed, whatever left the production lines in Ustroń and Żory plants eventually ended up in a cup. That is instant coffee, cappuccino, hot chocolate and now also tea. Thus, the cup was associated with MOKATE products and MOKATE itself and somehow this "Empire of a Cup" become legitimately utilized in journalistic enunciations.

At this time, it is difficult not notice how long the journey has been, the path we all trod with MOKATE from that moment when, in the early 90s a certain hospitable cooperating director treated Mrs Teresa Mokrysz to a just-bought cappuccino (of Ustroń origin of course). The said cappuccino was served in a glass and the content of the sachet was poured over the layer of coffee grounds, brewed "Turkish style" in that glass. Let's forget for one moment the tragic effect of ground coffee and cappuccino... but a glass!? Such were the times. The era of a cup was yet to come.

It was this President's wish to identify the company with a cup from the very beginning. A cup became the most important constituent of the MOKATE's image



campaign. It appeared on the first boxes, filled with MOKATE Cappuccino sachets inside. It was not an ordinary cup but porcelain and Rosenthal, beautifully ornamented with cobalt and gold, borrowed from a friend who was a collector of old porcelain. It became the most precious object of the package photo session, preceding the stage of graphic design for the packaging. The packaging with a Rosenthal cup

proved to be successful and its market life long, in contrast to the actual cup, as it broke. We will not get into what happened next between the collector and MOKATE.



of cappuccino's components, somehow reach a cup. The author of these words is convinced that eventually there will occur something unsuitable for the cup. Perhaps it will happen through extension of the production range. But even without taking this step, the monopoly of the cup seems to be shaken and it is a result of changes in people's habits. Younger customers have developed a preference for a mug to hold coffee and tea. MOKATE could not stay indifferent towards this new craze; thus the mug commenced to accompany the image of Minutka, our most important tea brand produced in Ustroń. But it may be supposed that for the time being it is only an exception to the rule. The cup holds strong. The cup collection in our company is growing and these are cups from family sets as well as cups presented to us as gifts.

One of the most imposing items in this collection is a cup set with the national emblem of Poland. Mrs Teresa Mokrysz was given this unique gift by former President Aleksander Kwaśniewski during her visit in the President Palace. This "presidential" set is sometimes a source of confusion for our guests, who fix their eyes in surprise upon a gold eagle on a cup.

Top: original Rosenthal cup, which was first associated with MOKATE.

The cups that followed were equally elegant.

Anyway, this fateful breakage brought good luck to the company's flagship product.

Ms Sylwia Mokrysz

From time to time certain "cup problems" surface in the company's discussions. New issues are brought up: what cup design is to appear on the next packaging? What shape should new MOKATE brand cups have? A professional analysis ensues on the subject of basic differences between the coffee cup and the tea cup. There are raised subtle nuances between a classic cappuccino cup and a cup to serve hot chocolate. As it were, both the former and the latter are of cylindrical shape, yet the cappuccino one is slightly wider and shorter. A collection of the company's own brand-name cup sets for various drinks is growing, which is closely guarded by the company's office.

Is it, however, "Empire of the Cup" forever? It would seem that the breach was made by whiteners, which are shipped in half-ton bags. But even these whiteners, as one

In all segment markets supplied by MOKATE, the company is among the spearheading companies, taking, in some cases, the position of an absolute leader of the category.



Distribution

There is usually a lot of attention given to novelties, attractive packaging or surprising advertising campaigns. However, much less is being said about distribution. But it is distribution which has a fundamental role whether or not any products manufactured by any company will be sold and what sales level any company will reach.

What can be said about distribution at MOKATE? First and foremost, it has been exceptionally efficient since the beginning of the company's establishment. However, at first it was not a separate distribution department with an army of people. Salty sticks were the first to come on the market. They were distributed by Mrs Teresa Mokrysz herself, then the owner of a small family business. She travelled in a fiat 126p, popular "Maluch" ("Small Child") thousands of kilometres to win new customers, sometimes in very remote locations. A small digression can be added at this point. Until today Mrs President talks about that car with immense sentimental attachment.

When the adventure with Carmen started, initially Mrs Teresa Małysz added this creamer to salty sticks, encouraging to taste it as samples. Gradually the number of orders for that innovative product was expanding. Cappuccino shared a similar history, however, here, the début was much more difficult. In order not to stray away

too much from the subject, the readers are encouraged to read the entry "C – Cappuccino".

When the sales of cappuccino rapidly grew, more salesmen were required to be involved in its distribution. And this is how the first team of distributors selling products in the field was set up. Along with the company's development, that department was also expanding at various levels. First of all, there was a marked increase in employment, secondly, there were established specialized groups providing services to various market sectors - wholesalers, retailers, international agents. The sales services (quite often referred to as Sales Forces) allowed to cover the range of activities both in Poland and in the regions of Eastern and Central Europe. This structure has clearly-cut decision-making levels with the macro-region unit led by the director, which groups several regions (operated by sales representatives). Due to such division every organizational unit focuses on the area



"My city never sleeps"

it has been assigned to, which considerably improves work efficiency. Furthermore, there is an element of competition between the regions, which is also of great significance. Every year, during a festive Christmas party held at the company's premises, the best unit is awarded a prestigious MOKATE Grand Gold Cup, which goes hand in hand with appropriate financial awards.

MOKATE sales representatives have excellent communications skills and a professional approach to customers, as well as passion and commitment, thanks to which company's products can be found in almost every store. They also posses the ability to negotiate prices, sales volume, as well as location of MOKATE products on the store shelves, the latter of which is particularly important in view of strong competition the company faces.

Drawing up market reports is also included in the tasks assigned to people involved in distribution. Feedback from customers and shop assistants is attached particular importance. Such opinions obtained straight from the horse's mouth are an invaluable source of knowledge for the company. These are not only opinions about the products themselves – expressing positive appraisal or criticism; they also provide a number of precious observations regarding the competition and what should be done to boost the sale of MOKATE's products. Due to such a mode of communication it is easier to plan local promotional events which appeal directly to customers' expectations and boost sales.

The activities of people engaged in sales forces are supported by technology and means of transport. All MOKATE's production sites have at their disposal high storage warehouses and a modern product dispatch system (ramps are adapted to loading many trucks at the same time). MOKATE's fleet of vehicles include delivery trucks, as well as passenger cars used by sales representatives.



Furthermore, distribution services are supported by specialized forwarding agencies, and in the case of more remote destinations – also by sea and air transport.

Which attribute testifies best to the efficiency of distribution in MOKATE? Specialized terminology may be used here, referring to sales quota in terms of volume or figures. But what matters most is the fact that in all segment markets supplied by MOKATE (coffee, tea, semi-finished products), the company is among the spearheading companies, taking, in some cases, the position of an absolute leader of the category.

Vo.

Maintaining and development of business contacts, apart from attention to the offer, is one of the main priorities and indicators underlying the international success of the company.





Shanghai by night, 2009

Export became a priority for Madame President, Teresa Mokrysz already in the first few years of MOKATE's business operations.

Indigenous Polish family company selling its products all over the world? An ambitious plan, although only a secret dream at the beginning of the 90s of the previous century. MOKATE was just starting to enter the Polish market and it timidly looked at what was happening in neighbouring countries. However, the first

successful attempts to export products whetted the appetite for more.

At the beginning of this century, the export share accounted for just 15% of the total sales, yet, after a lapse of just ten years, it reached the level of 50% and what needs to be emphasized here is the fact that the total sales have also been constantly growing.



This rapid expansion is attributable to extending the retail offer and launching semi-finished products, which have taken by storm even the most demanding markets. MOKATE semi-finished products appeared in many countries all over the world as ingredients of powdered soups, instant sauces, ice creams, cookies and confectionery. Even kosher production, approved



New York – the city which never falls asleep

by the rabbi, was launched for Israel. The company's great success is a contract with an Italian manufacturer, to whom MOKATE sells ingredients for cappuccino production. The offer did not neglect other assortment products, also enjoying immense popularity among customers worldwide. Not only is this swift export expansion attributable to broadening MOKATE's offer but also, and above all, to hard work of the teams from the Export Department and the Business Unit. A number

of business contacts established at the fairs in all corners of the world have been skilfully transformed in sales success. Maintaining and development of business contacts, apart from attention to the offer, is one of the main priorities and indicators

underlying the international success of the company.

Export in its entirety is supervised by Adam Mokrysz, a member of the Management Board in Żory. He is responsible for the company's strategy and directions of expansion. He says proudly: "We fulfil our dreams with passion and commitment and it translates into results. We are glad that everything unfolds as planned. What is also important is that MOKATE's export achievements have been recognized by experts in this trade. The Association of Polish Exporters awarded MOKATE Sp. z o.o. the title of "The leader of Polish Export 2010" and Dziennik Gazeta Prawna [Daily Legal Newspaper] granted MOKATE the award "Export Leader to the East". It is a great distinction."

MOKATE's success does not only signify sales results. but above all, the afore mentioned ability to cooperate with the most difficult and demanding customers. Such was the case with China, Arab countries or Far East, where the company successfully managed to market its products and ensure consistent increase in the market share. Extensive exploration is also carried out in other Asian markets – MOKATE's products can be found, inter alia, in Indonesia, Malaysia, Saudi Arabia or Dubai.

MOKATE marks its presence also in Africa. The company's products appeared at both ends of this hot continent – in Algeria and the Republic of South Africa. In Algiers, the capital of Algeria located in the north of the country, the sale of MOKATE's brand products, e.g. cappuccino and various teas is thriving. In Durban,

Mr Adam Mokrysz

– a brief respite at a busy trade fair
"Ingredients Russia 2006" in Moscow.



one of the largest urban agglomerations of the Republic of South Africa, customers are offered instant coffees, cappuccino and... hot chocolate.

Equally intensive expansion is carried out by MOKATE in markets not so far afield. Remarkable progress has been achieved in southern markets (the Czech Republic, Slovakia, Hungary), where the sales are continuously rising. Similar situation is across the eastern border, mainly in Belarus and Lithuania, where MOKATE teas sell well.

MOKATE can boast its presence on almost 60 markets worldwide in total. This figure has been continuously growing and the company's plans are ambitious. As Mr Adam Mokrysz said in his statement quoted above: "Export will remain a priority for MOKATE's Group as a strategic direction of our development in the upcoming years. Currently, we are concentrating on Central and Eastern Europe and the Far and Middle East. Soon, the area of our interest will expand even more."

Some attribute the emergence of cappuccino to monks called Capuchins, which would explain the name. Others conclude that the name derives from the similarity between the pyramid of froth to a hood — cappucio in Italian.





It is because of MOKATE Cappuccino that Poles developed a liking for this beverage in the early 90s of the previous century. Strange as it may seem, in this field we have not been behind the rest of the world. The last decade of the previous century turned out to be the Cappuccino decade on all the continents. It was the result of the mass application of instant production technology. All necessary ingredients for the beverage were successfully processed into instantly dissolving powder, crowned in a cup with the characteristic pyramid of froth. The previously time-consuming drink was now possible to prepare quickly and easily in almost any conditions. The quality of instant cappuccino derives not only from the natural instant coffee, but also from powdered whiteners and frothers. Their mystery of production from the top quality milk is hidden in two twelve-storey spray towers, the landmarks of MOKATE in Ustroń and Żory. These are spray-drying plants with state-of-the-art technology, fully-automated, sterile, almost without a trace of a man. Only in the computerized control room will you meet scientists on duty, glued to their computer screens. Visitors to MOKATE usually express their admiration for the contrast, evoked by the sight of huge, complex plants and equipment, in stark contrast with the final product – a cup of delicious, fragrant beverage.

It has not always been like that, though. The history of cappuccino takes us all the way back to Italy. You need to go back many generations to become acquainted with the first cappuccino. Some attribute the emergence of cappuccino to monks called Capuchins, which would explain the name. Others conclude that the name derives from the similarity between the pyramid of froth to a hood – cappucio in Italian. Nevertheless, the fact remains that an attempt was made to obtain a beverage of exquisite taste. The foam of goat's milk was replaced in time with the foam of premium quality milk. The drink was garnished with cream, sprinkled with chocolate flakes or cinnamon, its taste was enriched with a variety of different extras.





Cappuccino became an intricate element accompanying elegant occasions. Sometimes it was even served with a platter of cookies and a small glass of liqueur. Renown cafés competed in inventing their own recipes; looking with jealousy at the *Café Florian* at 56 Piazza San Marco in Venice – because is there where the best cappuccino has been served since 1720. It is there where the best cappuccino has been served since 1720. You can still sample it today. It tastes best when served in the café garden by a waiter attired in an almost admiral-style uniform. A cup of cappuccino combined with the view of St Mark Square and the basilica on a sunny afternoon leaves behind an unforgettable impression, so does the bill.

You can enjoy it all in a much easier and cheaper way, availing yourself of the late 20th century's technological achievements and of... MOKATE's fine products. The offer encompasses over a dozen basic savoury cappuccino flavours and it is still extending. Among the most popular is nut, vanilla, with magnesium and chocolate cappuccino. The first flavoured cappuccinos appeared already in 1992. Initially, they did not meet with "Enter the Dragon" kind of reception. Introductory steps on the market were nothing short of unfulfilled drama for MOKATE owners. However, many years' popularity caused that the term "MOKATE" entered the colloquial language as a synonym for capuccino. "Could I have a MOKATE", says a customer in a shop and it is obvious what she means. What has been a privilege reserved for foreign brand names so far (Adidas, Kleenex, Levi's) now has also

become accessible to a Polish company. The cappuccino market has been continuously expanding and thanks to new experience gained by MOKATE owners, the range of cappuccino flavours is also expanding. Among the novelties, of which the company is most proud of, is a limited series of Ajerkoniak (egg nog) Cappuccino and Apple Pie Cappuccino. By the way, it is well worth a mention that our MOKATE Cappuccino has also entered the literary canon and by no means through the backstage door. It became possible due to the book by Monika Lipińska, entitled "All Flavours of Cappuccino" (published by GAJT, Wrocław 2006). The writer interlards her memories of voluntary work in Italy with numerous reflections on cappuccino. Hence, Madam President Teresa Mokrysz was asked to write the foreword to this book, the highest authority regarding this drink. The writer of this book also added his own contribution to the Supplement, in which he made an effort to write the history of MOKATE and Polish cappuccino. Obviously, this is not the only reason why the book "All Flavours of Cappuccino" is worth reading; it is an interesting account of a volunteer, unpretentious and vivid, without any prejudice but also without falling to the knees before everything that is Italian.

Finally, a practical tip for those intending to set off for a trip. Remember that the name "coffee cappuccino" is used mainly in Poland. In Italy, for example, it means two separate things; having ordered "coffee cappuccino" we can expect in all likelihood that a cameriere will serve us both coffee and cappuccino.



Mrs Teresa Mokrysz

"Grand" – it is a word which carries the meaning of excellence. Is the usage of this word justified? Let us explain it straightaway. MOKAE is "grand" from the perspective from which comparisons are made. This is a fundamental reason why we take the liberty to use this attribute.

Quoting a well-known 19th century phrase,

MOKATE products".

retaining at the same time all proportions and respect due to the former empire, one could say that "the sun never sets on the shelves with

When we move twenty years back, i.e. to the times when "MOKATE" brand emerged, we will find a small

family business, continuing business traditions anchored in the distant year 1990. It was the time when Professor Balcerowicz's reforms were beina implemented and Mrs Teresa Mokrysz was taking the business over mentioned above.

Twenty years ago the

company, occupying the area of ca. 400 sqm, was a manufacturer of a dozen or so assortment items. These two items of information allow us to make first comparisons to the present day, i.e. the year 2010. Now MOKATE is the owner of the property including

production and storage facilities of the total floor area in excess of 50 000 sgm. This is a hundredfold increase. The increase ratio would be even higher if the assortment range was compared, but as the common comparison criteria are impossible to find, we will only mention the figure of 1150 stock keeping units included in the present company's offer (cappuccino category itself covers 200 SKUs).

In 1992 the first MOKATE Cappuccino was packed by means of a few simple machines, acquisition of which was a kind of miracle, which were adapted to new functions by MOKATE. In 2010 cappuccino is produced on a number of highly-

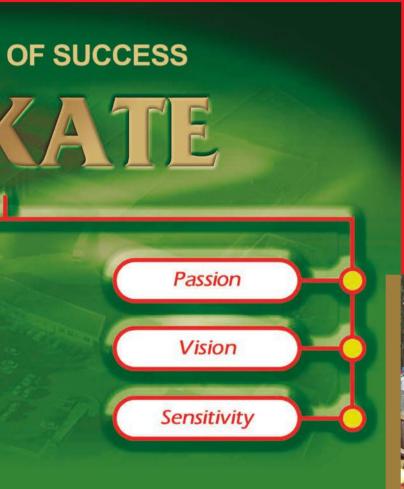


automated technological lines, ranked among the cutting edge technology worldwide. What is more, this flagship product is wholly manufactured on the spot in the Żory complex, with the use of components (e.g. whiteners and frothers) produced in one of the departments of the complex. This department is the best example of unusual technological transformations brought about over the years. The department consists of two 12-storey spray towers, hiding inside complicated, multi-million dollar equipment. Due to the computer-controlled manufacturing process each tower (of the daily capacity of a few dozen tons of finished products) is operated by just a few highly qualified employees.

While raising the issue of modernity of MOKATE production facilities, attention to the employment rate should be drawn as, under the circumstances, it is no longer a reliable exponent of the company's potential. Yet, despite the high level of automation and computerization

of work, during the last twenty years the employment rate has grown from a hundred employees to well over one thousand five hundred. It is an important contribution of the company towards the economy of Podbeskidzie and Cieszyn Silesia regions, where job vacancies have always been in deficiency.

An essential criterion for comparisons is the area and territorial range of the company's activity. In the case of MOKATE we encounter probably the most spectacular changes in this field. Taking as a point of reference MOKATE's début on the market, we will observe strenuous efforts of the company to come up with the offer beyond a local neighbourhood and establish "bridgeheads" in more distant areas of Poland. After two decades of business activity these efforts bear fruit not in Europe but also on all continents. The territorial range delineated by geographic names shows intercontinental-scale distances. Quoting a well-known 19th century phrase, retaining at the same



time all proportions and respect due to the former empire, one could say that "the sun never sets on the shelves with MOKATE products". New Zealand, China, Canada, the USA, Saudi Arabia, countries of the Black Africa – these are just a few places of the globe reached by export expansion. Let's add that in this way an image of a well thriving Polish company becomes ingrained in the awareness of customers coming from different cultures and countries.

In this quest for evidence justifying the name "Grand MOKATE", we will not use the turnover volume as it is obviously beyond comparison (it would exceed the number of times by which the floor usable area increased). However, a reference to organizational development is fully legitimate here. The company's organizational structure includes 9 business entities (as at 3rd quarter of the year 2010). Their spatial location confirms one of the strategic



They have been with us from the beginning
- Ms katarzyna Waszut,
Anastazja Kulik
and Adam Kłósko.
Twenty five years with
MOKATE...



priorities of the company, i.e. concentration of business activity in Central and Eastern Europe.

In this organizational structure presented below, with names and seats of companies, attention should be drawn to the fact that business entities located abroad are in majority:

MOKATE Spółka z o. o. in Żory MOKATE SA w Ustroniu FPUH in Ustroń Global Coffee Group in Ustroń Czech MOKATE Timex in the Czech Republic MOKATE Slovakia MOKATE Hungary MOKATE Ukraine



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Mr President Bronisław Komorowski with a cup of MOKATE tostato all'Italiana.



Standard Control Market Control Mark

Iran. A full spectrum of MOKATE products found in stores of a major trading company, still increasing its deliveries.

In the scenery of the presidential garden front-page celebrities relished the flavours of coffees and teas.

Among the laureates of the national ranking "People of Agro Success" were MOKATE's creators and owners – Teresa and Kazimierz Mokrysz.
On behalf of the family Mr Adam Mokrysz picked up the "Agro Success Laurels" along with a diploma and a splendid cup from the Vice-Marshal of the Sejm [lower chamber of the Parliament]
Jarosław Kalinowski.
The Column Hall of the Sejn of the Republic of Poland June 15, 2009.



Leaflets introducing GLOBAL COFFEE

– a new, recently marketed
top-shelf brand – to guests
of an exclusive "Baroque" cafe,
in the underground vaults
of the Market Square in Cracow.
Cafe's success guaranteed...



The company's strong position in the Czech Republic has been built over the years and takeovers have also served that purpose. Consequently, Czech companies such as Dukat, Timex and Marila have become MOKATE's property.

The same owners and wholly Polish capital is what all the nine entities listed above have in common. That is why they are identified as a group. But it needs to be clarified that it is only a conventional term used for publication purposes, without any legal validity, at least not yet. A similar reservation should be made in connection with the size of the "group of entities". At present there are nine of them. In very close future this situation may change, as MOKATE's territorial expansion and organizational growth will definitely not stop at this number.

Anyway, taking into account the foregoing measures of development in the past twenty years, the term "Grand MOKATE" introduced here should be acknowledged as fully justified.

The focus of this diary are events that happened after the year 1990. A reference to dates from that period seems to be well justified, as they are a record of events which substantially contributed to the latest economic history of Poland.



History of MOKATE

Probing into the beginnings of the company, we must go back in time a couple generations. The traces lead to a small settlement called Dobra.

It is a microscopic spot on the map of the Austro-Hungarian Monarchy, where the family with the Czech spelling Mokryš used to live. Two brothers, Alois and Josef showed the spirit of resourcefulness. Josef, the older brother set up a shop in 1894. That was the beginning of a family fortune, which swiftly gained in value. A few years later there appeared a workshop of knitwear production, a real novelty in those years. The brothers did not restrict themselves to business activities, though. Both became members of the "Sokol", an organization defying the process of Germanization. Having established the first fire brigade in that region, Josef took up the position of the head of the fire brigade, which he held incessantly for 43 years. When on the other side of the Beskid mountains the town of Goleszów was thriving on prosperity achieved thanks to the construction of a new cement works, the brothers perceived it as yet another chance. The ultimate decision to settle in Goleszów was made by Alois. With a handsome sum of money in his pocket he gradually entered the promising market; he invested in real property

and set up successive businesses. The more people were coming to settle in that area, the more money they wanted to spend. Not only did it provide a foundation to a new fortune of a stranger from Dobra, it also bound him to the new place. From that time on the two brothers went separate ways and the family split into two branches.

For us the more important story is the one of Alojzy Mokrysz (now spelled in this way), as it is him who the beginnings of the present MOKATE are connected with. But the Chech plot is worth finishing. The Czech Josef Mokryš – as today's Dobra lies on the other side of the border, was well remembered by the inhabitants. He established the reputation of a generous man, supporting cultural and educational undertakings of the region. He even became a member of parliament for the Party of Businessmen (in the thirties of the previous century). He enjoyed good health until his tragic death in a car accident on the day of his ninety-second birthday.

The Goleszów line of the family firm will be resumed in the calendar below. For reasons of space all stages

1





a veteran of WWII
Franciszek Mokrysz
(President Kazimierz
Mokrysz's paternal uncle)
in a conversation
with Prince Charles

of the history of the Mokryszes in Poland will not be unfolded with more detail.

Hence, an interesting inter-war period has been skipped here, the period which offers almost exemplary instances of family entrepreneurship. There has also been left out the period of the Great War, in which the late Mokrysz family members marked their presence in the battle field.

A post-war period is worth a separate mention, especially between the years 1948 and 1989 when the so-called "private initiative" was persecuted in the country's economy for doctrinal reasons in any possible way. The company managed to survive, although a number of family businesses collapsed at that time.

The focus of this diary are events that happened after the year 1990. A reference to dates from that period seems to be well justified, as they are a record of events which substantially contributed to the latest economic history of Poland.

1927 Instead of MOKATE there operates the MOKRYSZ



Company – named after the owner, as the tradition required. First, as the shop in Goleszów (Cieszyn Silesia), then a restaurant and also a concretemixing works. The family business flourishes for three consecutive generations under an unaltered name.

1990 Kazimierz Mokrysz, the grandson of the first owner, hands the company over to his wife. Teresa Mokrysz changes the company's name into MOKATE



The first premises of MOKATE Ustroń

(an acronym of **MO**krysz-**KA**zimierz-**TE**resa). She also changes the company's profile, which by now produces coffee creamers. These events already take place in Ustroń.

1992 MOKATE Cappuccino is launched, not without disturbances, though. For consumers it is a complete novelty. A breakthrough was introduced by the Autumn TV campaign with an instructional film how to prepare cappuccino.



Demolition works for MOKATE's new premises in Ustroń





Construction of a new plant in Ustroń

capacity is barely enough to meet the increasing demand. A decision to make further investments is made. In April the construction of a new plant starts on the nearby property.

1995 In March MOKATE holds a festive opening of its new seat. The area of 3500 sqm houses modern production sites, warehouses and offices. Within this year the production doubles. The offer accounts for over 100 items, including hot chocolate. The export covers 10 countries. Again the manufacturing area is insufficient.

1998 A new two-storey production facility is erected, occupying the area of 7500 sqm. The employment rate reaches the level of almost 500. Modern production lines enable enlarging the range of offered products to 200 items. MOKATE products reach almost 30 countries. Now, only the labs themselves occupy the area larger than the whole MOKATE from a few years' ago; they work on new recipes.



, 29°

2000 The turning year for investments. In Ustroń a "tower", housing the spray-drying plant in a 12-storey building is erected. It makes MOKATE independent of importing whiteners and froth topping. Now, the company becomes a supplier of these intermediate products for food industry also abroad. A state-of-the-art roll and slide warehouse is commissioned. The aggregate area of all facilities in Ustroń reaches the space 15 000 sqm. Simultaneously, in Żory (approx. 30 km away) the construction of another MOKATE site of the same size is under way.

2002 The Group of MOKATE companies strengthens its position as a supplier of semi-finished products. A new product conquers the market, i.e. MOKATE Cafe instant – the effect of thorough preparations in the lab and of marketing analysis. There appear new varieties of cocoa Biały Miś and hot chocolate. In October the company buys out the Consumer, one of Poland's biggest tea manufacturers. Furthermore, 10 years have elapsed since MOKATE Cappuccino was launched onto the Polish market. It is the source of great satisfaction for all MOKATE people.



Ms Sylwia Mokrysz. Historic view of Manhattan, New York, September 25, 2011. Two weeks before the tragedy...

2001 Start-up of the plant in Żory, also equipped with a tower. In both towns MOKATE employs 700 employees. Export reaches all continents. In the middle of the year there changes the organizational structure of the company. In Ustroń, apart from the previous F.P.U.H MOKATE, MOKATE S.A. (joint stock company) is incorporated. The Management Board is led by the President Marek Tarnowski, a well-known manager. In Żory, MOKATE Sp. z o.o. (LLC) is in operation. Abroad, there operates MOKATE International – in the Czech Republic, Slovakia and Hungary. In Moscow, the business activity is in the hands of MOKATE Agency.

2003 The assortment of MOKATE teas is expanding, new lines of teas occur: Bionatural followed by Perfection, which secures the company the top notch position among the teas of "premium" category. The design of packaging is changed into more functional and modern one. The company's tea production is based on recipes and supplies from the legendary London's Tea House, Thompson Lloyd & Ewart (present on the market since 1760). The shelves of shops are conquered by a new instant product called NYCoffee 2+1, i.e. whitened coffee and sugar in one handy sachet. The export share in the sale increases by almost 25%, with whiteners becoming an export hit. The Management Board of the company assumes a new expansion strategy for the period of EU accession.

2006 The company meets its strategic goals, MOKATE Group builds a strong position in the region of Central and Eastern Europe thanks to, inter alia, subsequent acquisitions of foreign companies. As of the year end, the group's structure encompasses eight independent entities subjected to commercial law, including five entities abroad. In the Czech Republic MOKATE International merges with Dukat company (tea manufacturer, taken over in 2005) into one entity under the name MOKATE Czech Republic. Timex (manufacturer of coffee and cappuccino, taken over in 2006) is the second company within the territory of the Czech Republic, owned by MOKATE. Furthermore, there operate MOKATE Hungary, MOKATE Slovakia and Kiev-based MOKATE Ukraine. MOKATE Moscow's Agency also continues its operations. Within Polish MOKATE a new organizational unit called the Business Unit Food Ingredients has been separated, whose purpose is raw materials management and finding markets for semi-finished products (including whiteners and frothers). The Unit, supervised by Adam Mokrysz, assumes the role of driving force of export. In the tea sector MOKATE SA establishes the second position on the Polish market with regard to production capacity. The largest production complex in the group, MOKATE Spółka z o.o. (LLC) in Żory is one of the foremost Polish manufacturers in the category of coffee mixes and efficiently competes in the sector of instant coffees, thanks to the stateof-the-art manufacture technology of freeze-dried MOKATE Café. The flagship MOKATE Cappuccino strengthens the position of an absolute domestic leader with 80% market share. The aggregate amount of sales in the MOKATE group reaches PLN 330 million, of which export to fifty five countries accounts for 34%. The employment rate slightly exceeds 1000 workers. The results achieved in 2006 have enabled the company to continue the strategy based on further export growth and expansion of production potential.

2007 MOKATE is becoming more and more international. Export has reached ca. 40% of total sales. Total sales have closed at around 100 million Euros. Semifinished products still show the most dynamic growth; whiteners and frothers reach 60 countries of the world, in addition to domestic customers. Employment extends to 1200 personnel, the largest production site remains MOKATE sp. z o. o. in Żory (the whole group still comprises eight entities).

2008 The ongoing cappuccino campaign brings effects. For the first time in several years a drop in the turnover has not only been curbed but a dynamic improvement in the sales can be observed. All credit goes to MOKATE, which, as an absolute market leader in this category (80% market share), feels responsible for the structure of consumption. Market observers report that the cappuccino trend is now back in vogue. In the instant coffee sector

the work of the Research and Development Centre produces excellent effects. Innovative drinks, such as MOKATE Latte, Macchiato and Mocca enter the market. The improved Carmen ("even creamier") has been received by customers with appreciation. MOKATE still continues its invasion on the tea market. Grandma Jagoda series conquers the tea market. A series of Mulled teas fights for its position on the shelves in stores. The latter teas are a totally innovative technology which blends tea with alcohol, placing the company among the forerunners in the European food industry. Tea products win umpteen awards and distinctions in prestigious trade shows. The company's foreign expansion does not relate only to export (which includes whiteners and frothers); at the end of the vear the company makes endeavours to acquire another (third) Czech enterprise. This time it is a coffee and biscuit manufacturer based near Prague. Domestic investments are continued, aimed mainly at development of machinery stock. The Żory branch has completed (environmentally-friendly) work connected with recycling of post-production heat. This facility has purchased about 3 ha of land, increasing its current size; the production plant will be expanded on this newly purchased land. The year closes with 10% growth in sales in comparison to the previous year.

2009 MOKATE establishes a fully integrated group of 9 companies, out of which six are based abroad. In Poland business activities are conducted by MOKATE Sp. z o.o. (LLC) in Żory, MOKATE SA (JSC) in Ustroń and F.B.U.H. The companies outside the country include MOKATE Czech, Timex (in the Czech

Republic), Marila (in the Czech Republic), MOKATE Slovakia, MOKATE Hungary and MOKATE Ukraine. The turnover of the group has exceeded half a billion Polish zlotys and export already accounts for 57% of the sales value.



Headquarters of MARILA company, the Czech Republic

MOKATE products are sold in places like China, Arabic countries and Africa.

MOKATE remains an absolute leader in the cappuccino market, whereas it holds the second place in the domestic tea market. MOKATE's offer is extended by whole bean and ground coffees, manufactured in a modern roasting plant in the acquired Czech company Marila. The top shelf in stores belongs to another MOKATE's product, i.e. Global coffee. Semi-finished products strengthen their position in foreign markets, for example, cappuccino ingredients are also supplied to Italian manufacturers. This way, a product made in Żory is a part of the market which is a traditional

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"homeland" of cappuccino. In total, the group has 1500 employees hired in all enterprises. The company continues making new investments. New storage facilities are being raised in Ustroń, and another production hall is under construction in Żory, on a 3.5 ha lot, adjacent to the existing plant.

2010 The group is still composed of nine companies, out of which four companies are based in Poland. These are:

MOKATE Sp. z o. o. in Żory, MOKATE SA in Ustroń, F.P.U.H. in Ustroń and Global Coffee Group in Ustroń. Abroad there operate such companies as MOKATE Czech, Timex Czech, MOKATE Slovakia, MOKATE Hungary and MOKATE Ukraine. The total rate of employment in the group exceeds 1 600 people. Export is still a dominating component of the company's turnover. Particularly high dynamics can be observed on the Southern Markets, covering not only the Czech Republic, Hungary and Slovakia, but also countries of the former Yugoslavia. Other areas

shaped assortment range allow the company to gain advantage over competitors. A number of positive changes affects the company's position, in particular domestic branch sectors. The share of MOKATE as the runner up in the tea market increases, with Minutka breaking a popularity record. A new quality is introduced to the offer of ground coffees and coffee beans by MOKATE tostato all'Italiana, the product based on specific Italian methods of roasting coffee. The company's growing significance on the market of ground coffees and coffee beans may be testified by a contract with Lavazza, which appoints MOKATE to the position of the authorized representative of this global brand in Poland - commencing from the beginning of the year 2011. Warehousing and production facilities are also developing. The complex of buildings in Ustroń expands as a high-storage warehouse (surface area 2200 sgm) for tea raw materials is erected. In Żory subsequent buildings emerge on the surface, which should enhance the production capacity of the Żory



MOKATE SA in Ustroń. Production hall under construction, spring 2010



MOKATE SA in Ustroń. 2010

where MOKATE's expansion is particularly strong are the countries of the Near East. Furthermore, the year 2010 brings about strengthening the export destinations on two ends of the African continent – in the north (Algeria) and in the south (the Republic of South Africa). The dominating role contributing to the export success belongs to semi-finished products, the high quality of which and the flexibly

production site. The production plant of the former Marila company based near Prague (MOKATE Chech) also undergoes substantial renovations. All the foregoing activities follow MOKATE's strategic line, which enables MOKATE to emerge unscathed from the conflict affecting the whole world and, despite unfavourable circumstances, to ensure the company further development in the year 2010.

Going beyond the present and an unceasing quest for new opportunities in every field of activity have been yielding notable results for years and bode well for the subsequent stages of the company's development.

Innovations

One may encounter the above catchphrase almost at every turn.

Innovation, innovativeness, innovative or innovatory — these words have entered the language for good. But what do they really mean?

GRZANIEC

The term derives from the Latin word "innovare" and in a simple translation it means introducing something new. In our case, the word applies both to the product concept itself, as well as to its content, packaging or marketing.

This issue must be brought up in any presentation of the company, as innovations at MOKATE are its integral part. On the one hand, it is the result of activities targeted at enhancement of the company's competitiveness. On

the other hand, though, it is the company's philosophy of doing business And this is the aspect we wish to explore at greater length.

Innovation means challenge. A challenge, in turn, is one of these elements which add sense to work and trigger creativity. Creation of something new – these are hundreds of

projects, umpteen hours spent on discussions and tests, consumer samplings and statistical research. Everything is done with faith and hope for success, leaving a margin, though for a failure, which at times acts as an efficient brake for unbridled imagination.

Creation of novelties started at MOKATE already with the introduction of Carmen creamer, followed by cappuccino. Those products, obscure at that time on the Polish market, in no time at all turned out to be hits and gave the company the green light to subsequent projects, such as, e.g. flavoured varieties of cappuccino.

Along with the extension of the product range, customers' expectations also rose. MOKATE, perceived so far as the company continuously offering novelties, could not rest on its laurels. When teas and semi-finished products were incorporated into the product range, it became obvious that groups of specialists, engaged only in their own areas, had to be isolated. And thus the tea team was established in Ustroń, the coffee team in Żory and the Business Unit involved in semi-finished products.







recently launched novelties, such as cocktail version of Mulled Tea based on red wine. Microcapsules are also applied in MOKATE coffee-based products, for instance Cafe Cafe Liquerino, produced as a 3in1 formula with an addition of alcohol.

A Latte Cha series, created by the Research and Implementation Centre in Żory is an example of an innovation which, in a way, goes beyond flavourblending boundaries. It is a combination of coffee extract, tea, milk, sugar and flavours. Its roots go back to a traditional Indian drink called Masala Chai. In Poland, the first drink of this kind is offered in an instant form. Latte Cha comes in two versions, i.e. Green with green tea and Black with black tea.

One of the most recent proposals on offer is a Cappuccino One Cup series. This innovative product is targeted at young women. It is the first functional-type cappuccino. Every sachet serves a different purpose – it boosts your energy, strengthens or supplements vitamins. A visual aspect of this product is also unique. Bright colours and an interesting form *do* make the product stand out in the market of single-use sachets.

The power and significance of innovations at MOKATE is best noticeable in the case of semi-finished products. The recipes concocted in laboratories are the effect of work put in by the top specialists. The whole secret

lies not only in combining the ingredients in proper proportions but also in selecting appropriate parameters of the spraying tower. One of the new products marketed recently is an semi-finished products – topping, assigned the name MOKATE Cremijo. It is an absolute market novelty, the base for whipped cream. Its recipe is protected under a patent granted by the Patent Office.

Innovative nature of MOKATE semi-finished products is appreciated by a number of customers. The company approaches every contractor on an individual basis. The Research and Implementation Centre supervised by Katarzyna Mokrysz creates recipes tailored to the needs of particular contractors by modifying the base recipes.

This search for new solutions does not relate only to the production areas. Vending – a new distribution channel was launched in 2010. The channel is swiftly gaining in popularity. MOKATE, in cooperation with a national vending operator, provides ready products straight to the hands of final customers from modern vending machines. Hot, aromatic coffee? Here you are. Tea or perhaps chocolate? The choice is wide, and what is important, it is available round the clock. MOKATE's vending machines stand out due to their visual aspect but also due to their functionality. They offer paper cups, not plastic ones, of the capacity of 300 ml, which is twice as much as can be held in standard cups. For the first time Polish customers receive a lid for





their drink, dispensed automatically. They can drink it while travelling or walking, without the risk of spilling. A large LCD screen located in the upper part of the machine shows the instruction of use in a clear way and

draws attention to the movable image. MOKATE vending machines may be found in a number of public places, such as railway stations, airports, offices, shopping centres or universities. For the purpose of this kind of distribution channel unique recipes have been worked out, as well as preparation instructions to ensure that you customers receive a top quality drink with full aroma. Due to a special heating system, vending machines may work outside all the year round, regardless of the weather, which makes it possible to enjoy a MOKATE drink even in freezing weather.

Founding business on innovations on such a large scale can be exemplified not only by changes in the product offer. For MOKATE it is also important how the company alters its immediate and external environment. With every increase in the number of MOKATE enterprises, the company faces new, greater challenges. They usually end in success, for instance, a successful attempt to incorporate family values inherent in a small company into modern corporate structures.

With regard to the company's attitude towards the external environment, actions aimed at environmental protection deserve special attention. Production waste management meets this purpose. Production waste

subjected to segregation facilitates recycling on a regular basis. Mineralized communal waste is, in turn, is further utilized for economic purposes. The system of recovery of heat generated in the production processes has also met its purpose. Management of waste heat before it is released into the atmosphere not only makes it possible to utilize it at technological lines but it also protects the atmosphere against the effects of industrialization (at least to the extent that may be controlled by the company).

The technology taking advantage of ground-coupled heat exchangers has also found its application. From the point of view of ecology, it is a particularly valuable means of employing natural temperature "reservoirs". The investments made by the company allowed utilization of the temperature of ca. 12°C prevailing at the depth of 5-6 m under the surface of the ground for the purpose of heating the company's facility in winter and cooling them in summer.

Initiatives undertaken by the company are appreciated, which can be evidenced by distinctions awarded to the company, e.g. in 2009 the company was distinguished in a regional edition of the competition "National Leaders in Innovation" organized by the Innovation and Development Foundation based in Warsaw. The title of "Innovative Product" went to MOKATE for two products – Latte cha coffee and tea mix and MOKATE Cremijo topping. The title of "Innovative Company" was another distinction awarded to the company for its heat recycling system (obtained from the spraying tower) which reuses it to initially heat drier air and process water.

Going beyond the present time and unflagging pursuit of new possibilities in every field of activity bring about measurable effects and bodes well for the subsequent stages of the company's development.

The company is different from any other, the whole families are employed here and that is why it is just like one large family.



Almost 1 600 employed – it is like a population that may be an object of statistic research. It is made up of employees who work in two large production plants – one in Ustroń, the other in Żory and all those

who have found employment abroad — in Hungary, Slovakia, the Czech Republic, in Ukraine and Russia.

Such diversification as to the territory causes that this population is far from homogenous. This variety is also a derivative of many other factors, but this issue will be discussed later. Now, in view of mean personnel statistics, my



intention is to present a very generalized description of a MOKATE's employee. Thus, he, or rather she is in her early twenties to mid thirties, with vocational education, living not further than 20 km away from her workplace and she commutes to work. But this image is not a very reliable one, as is often the case with mean values.

First of all, the structure of employment in Ustroń and Żory has been shaped by totally different conditions.

Ustroń had the opportunity to employ the staff made up of "veterans", i.e. people who worked for "Mokrysz" company - the former name of MOKATE. The workforce in those times was at the level of 100 employees. At the MOKATE in Ustroń today, there are 74 people who have been working here for longer than 10 years (according to the data as at the end of 2003). This figure accounts for 15 % of the total number of workers, who remember pretty well those cramped rooms where they worked before the year 1975. Among them are also workers with over twenty years' work experience. This is a significant percentage. Hence, there is more than just one explanation to be taken into account to assess the difficult labour market in the Podbeskidzie region at that time. This issue has been raised elsewhere, but let's recapitulate what has been a recurrent element in the thoughts of the oldest workers: the company is different from any other, the whole families are employed here and



that is why it is just like one large family.

The profile of employment in Żory was shaped by different factors. The factory, built from scratch, attracted people to work mainly in the years 2000 and 2001. Hence, much shorter work experience, apart from individual cases

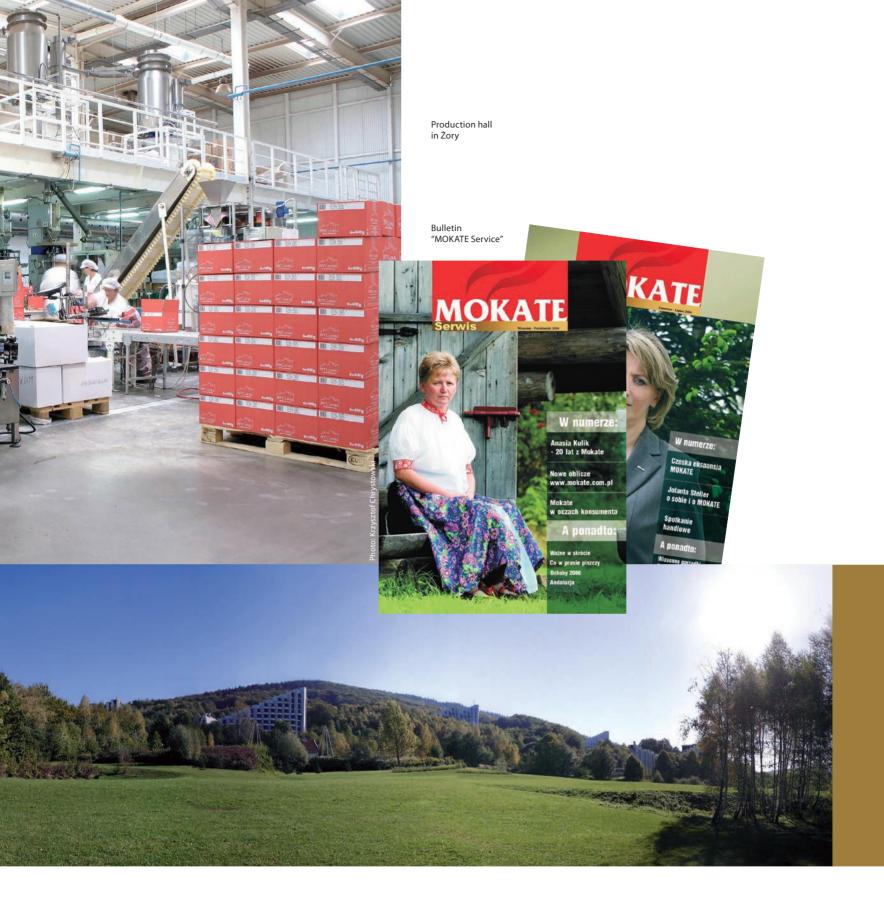
of people who, on account of their professional expertise, were transferred from the Ustroń branch of MOKATE. The structure of employment is also somewhat different here. In Ustroń women account for 53% of the total workforce, here in Żory the number reaches 60%. The number of workers under 35 is also bigger here, i.e. 72 %, whereas in Ustroń this age-related rate of employment is at the level of 69%. In Żory the percentage of people with secondary education is also higher (52%), but Ustroń dominates with regard to the number of employees with higher education (12% vs. less than 4% in Żory). Urban surrounding and the vicinity of huge urban agglomerations of Upper Silesia, characterized by specific demographic proportions, explicate this difference in the Żory pattern





Open-air event for employees in Istebna

of employment. In order to expound a high coefficient of people with higher education in Ustroń, it must be noted that young people have been encouraged to broaden their education at extramural or evening university courses, hence in the "old" company there gathered quite a numerous group of young people, whose personal files were supplemented with master or engineer diplomas. Education status is also influenced by the "sales forces", located in Ustroń. Higher education of people working in that department is quite a common attribute.



Another feature characteristic of a MOKATE's employee is the place of residence, far away from the company's seat. The statistics are influenced by Ustroń's location and the personnel working here. What does commuting entail? Perhaps not everyone is aware what it means having to commute to work in the conditions created by this mountainous town and its surrounding. Dozens of villages and hamlets are scattered on the hills and valleys around Ustroń and nearby Wisła. It is a real expedition to reach a shop or church, especially in winter,

let alone the company's headquarters located over 7 km away from the centre of Ustroń. The foreman of production department, an employee of a long standing, comments: "I live in Istebna, luckily close to the bus stop. It is very important as the village runs for kilometres on end and it is not possible to get where you wish. MOKATE's bus takes the employees who do the first shift at 4:45 a.m. and arrives at its destination at around 5:40. We start work at six. It isn't so bad for us from Istebna, but those who live in Laliki, for example, have to be at the bus stop already at 4:20



The said foreman has been working in the company for 15 years and it is not his intention to change it in any way. His sister has been employed at MOKATE for 14 years, his wife for 12 years. As other highlanders, they are not even considering moving home. They think that they live in the most beautiful region of Poland, they cherish tradition and have been accustomed to coping with adversities of life in the worst possible conditions. Such villages as Istebna or Koniaków are like living museum – the heritage park – still captivating ethnographer's attention,



Tower in Ustroń. A part of the technological line

as the coach leaves for Istebna at that hour. On its way to the company, in Koniaków or Jaworzynka, the bus also takes those workers who have to descend from the mountains, sometimes even 4-6 kilometres away. They must get up already at 3 o'clock. After work, the bus takes people home at 2:10 p.m. I get home at around 3:15, in actual fact a bit earlier now as I have a car", he adds.

Almost half of the employed at the MOKATE in Ustroń are highlanders by birth. Difficult life conditions on hardly profitable small farms cause that full-time employment and fixed wages are a real value in itself.

but perhaps they are even more attractive to a sociologist, who cannot pass indifferently next to this day-to-day migration of hundreds of people who not only cover a certain number of kilometres during one or two hours, but they also cross the borderline of two different worlds. They leave behind their households – quite often real enclaves of mountainous folklore – to take a stand in front of modern machines and to apply advanced technology of the 21st century. They treat it, however, as part and parcel of their lives. They are MOKATE's employees, a usual thing. And this is a truly optimistic constatation.

Work on the visual aspect of the MOKATE's offer is equally intense as involvement in the development of new product lines. But, as frequently mentioned in The MOKATE's Alphabet, both elements are important in business — it is a positive effect of synergy.

Key to Communication through Packaging

Contemporary marketing perceives packaging as an integral part of the product.

Taking into consideration functional aspects of packaging, it is an important element used, among others, to maintain the product's life, protect it for transportation and sometimes to improve its usable values. From marketing point of view, however, packaging is an important tool in communication with customers, as well as in establishing the position of a product in the market. Packaging should stand out among a multitude of products on the shelves, it should encourage buying. What is more, it should be directly associated with a particular brand, even if the product is a market novelty.

At MOKATE, from the very beginning a lot of attention has been attached to the appearance of packaging. On the one hand it is a result marketing approach, while on the other hand it is an effect of management under a female rule of Madam President Teresa Mokrysz, for whom the form and aesthetics of the products being sold have been equally important as the content.

Packaging basic products has frequently changed its look, however, it has always retained the crucial elements of the image. Both Cappuccino Maestro Bonni and

Carmen follow graphic trends prevailing in the world. It was not only graphic design on packaging

modified. There were sachets in the shape of "fingers" packed into boxes, containing one portion of drink, or grip seal bags - a comfortable alternative when opening or closing. Minutka tea is also a good example of packaging transformation. When it appeared in the MOKATE offer, it was just one of many tea brands in its own category,





occupying store shelves. Today, after radical changes of graphic design on the packaging, it attracts attention with its modern look and it has become the leader in the tea bag segment, packed in cartons.

The character of products can also be expressed through packaging, which can be illustrated on the basis of coffee mixes, such as NYCoffee or Latte Cha. Dynamic, bright colours, eye-catching graphic design are a sign that the product is addressed to active people, not afraid of taking up challenges. Such products break up the monotony prevailing on a store shelve and are the best example of the so-called "mute shop assistant". Thanks to their look they become effective persuaders.

When talking about packaging, one must not forget about its educational and informative function. Although the law imposes on manufacturers a requirement to specify the content and directions of use, MOKATE goes further. Mokate packaging also contains sundry curiosities or practical tips. Guideline daily amounts (GDA) stated on packaging are also highly appreciated by consumers. Simple and clearly noticeable graphic symbols, combined with a text informing about the type and amounts of basic nutrients help them properly select products.

Leaving aside its graphic aspect, packaging comes in a wide variety of forms, made of consumer friendly materials. Apart from grip seal bags or cartons, which have





already been mentioned, there are also plastic tubes, multipack cartons of the display type or handy bags containing single portions of drinks. Glass containers feature original shapes and so do caps or covers.

While keeping up with the times, MOKATE does not forget about one fundamental formula used in marketing – the "AIDA" formula. The function of the first element of this mechanism was to attract the consumer's attention by means of an image or shape ("Attention"), which in turn raised the consumer's interest in the text on the packaging,





Classic

as it encouraged taking hold of the product and eventually the decision to buy it was born. In this way the consecutive stages of "AIDA" mechanism ("Interest", "Desire", "Action") were efficiently realized.

Work on the visual aspect of the MOKATE's offer is equally intense as involvement in the development of new product lines. But, as frequently mentioned in



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The company without its logo appeared to be in a way incomplete, even without probing into the complexities of marketing identification theory.

Logo

A number of years ago, when the name MOKATE became a fact, there emerged a problem of a logo.

The company without its logo appeared to be in a way incomplete, leaving aside the complexity of marketing identification. Mr and Mrs Mokrysz gathered in a family circle, imbued with creative intentions (there were hardly

any advertising agencies at that time). On a Sunday morning pencils were set in motion and towards the dusk one of the pencils (the family unanimously stated that it belonged to Mrs Teresa Mokrysz) drew more or less such a shape:



Gold seemed to be the most suitable colour to fill in the outline. Soon, a colourful sign brightened the first boxes and MOKATE Cappuccino sachets. Then, the company commenced an organized campaign to build an image and establish a high position of their products. The role of the logo was considerably strengthened. Graphic design

studios and professional advertising agencies joined in. Simplicity of form and the possibility of synthesis was the target. The logo underwent an ultimate metamorphosis in the year 2001, when the aesthetic canon prevailing in modern form of graphic expression moulded it to a terse form of a logotype. The direction of changes to which the logo was subjected may be illustrated as below:





Presentation of "The Gold MOKATE Award", crowning the official part of the New Year's meeting of employees from the enterprises of the MOKATE group with the owners and the boards of management.

Park Hotel Vienna, December 2010

From the left: Messieurs Presidents Bartosz Żelazny and Bogusław Kotula in the company of the Owner

Irrespectively of the role it played in promotional campaigns, the logo has been deeply treasured in the memory of MOKATE's employees thanks to the Gold MOKATE Award, a small badge made of gold, which has been awarded to the most distinguished employees since 1997 - of course to the employees most dedicated to the company itself, but not only to them. In the company's few years of history that special acknowledgement was earned also by those not connected with the company. However, in each case that little logo attached to the lapel of a jacket, was presented in an exceptionally dignified way. During the company's "Christmas Eve" party, celebrated before the real Christmas Eve at the company's headquarters, when all the staff traditionally gather around a giant, two-storey Christmas tree put up in the hall, Mrs Teresa Mokrysz, accompanied by the closest management, awarded moved employees, and supplemented this gold badge with a special certificate officially granting that distinction. Then there were congratulations of colleagues, followed by sharing consecrated wafer, dainties, presents and carols. And the next November the managers of organisational sectors and departments were to submit to Madam President new applications designating employees who should be granted the Gold MOKATE Award.



The distinction itself the accompanying ceremony went down as an essential element of the company's convention, facilitating the process of identification with the company, especially those freshly employed. After 10 years' of the badge award ceremony taking place, the only thing that had changed was a new venue outside the company for Christmas Eve celebrations as the hall simply turned out to be too small to hold

the invited guests totalling a few hundred. It should be added that the Award was and still is only an honourable recognition, not connected with any financial gratification. But it serves as a determinant in designating a certain stage of professional career, the stage to be attained in order to be eligible for the distinction of a higher level. What is meant here is "The MOKATE Gold Laurel", to which is assigned a substantial financial reward. But it is another story.

The name "MOKATE" was coined on an impulse that came as a bolt from the blue, which seemed to harmoniously combine the need for the new with the love of tradition.

The word itself is an acronym based on the surname and forenames of the co-owners.



Madam President was presented the emblem by an outstanding cardiac surgeon – Prof. Zbigniew Religa. "Now Poland" Gala, 1999

MOKATE Brand

This is the brand firmly established in the consumers' consciousness, one of very few Polish brand names created totally from scratch in the post-war economic history of the country. The brand name is an equivalent of a business entity, i.e. the MOKATE group.

Both official acknowledgements and survey results have affirmed its strong position. Thus, MOKATE is officially acknowledged as brand name company by the Academy of Brand Names, highly respectable Polish institution, acting under the MOKATE

auspices of the Ministry of Commerce and the National Chamber of Commerce. MOKATE also enjoys the status of a founding member of this Academy. Concurrently, for many years public survey results have invariably testified to a high awareness of MOKATE brand in the consumers' consciousness, be it spontaneous or assisted. This ranking is firm enough not to allow for any fluctuations caused by advertising campaigns organized by MOKATE themselves or by their competitors. A visible sign of popularity is immersing the MOKATE brand into informal

language, Firstly associated with cappuccino, it became a synonym of this coffee drink. In practice it means an obvious response that if you ask a shop assistant for a MOKATE, a lady behind the counter will give you cappuccino. In all likelihood it will be MOKATE Cappuccino, however, it may also be a competitive brand. If MOKATE, you will get cappuccino and that's it.

The birth of the name "MOKATE" was

explained on a number of occasions. Just to recall it, it was at the time when new companies were mushrooming, nourished by a wave of enthusiasm bursting into the country where market economy was just taking off. The owners of those new-born entities made every effort to create them in a most interesting and attractive manner. It happened somehow that a significant number of those names ended in "-ex". The growing number of "-ex" family names discouraged the owners of an Ustronian company from copycatting. In fact the company had already had its name since 1927

– it was "Mokrysz" and the plant – employing at the end of the 80s almost a hundred workers – did not seem to be in need of any support in the form of a fashionably-sounding name. Yet, certain alteration was advisable, just to mark the borderline in the history of family business, when in 1990 Teresa Mokrysz took the company over. On many occasions the owner emphasised her wish to maintain the tradition and underline the continuity of the enterprise, which in itself constituted a real asset in the world of Polish business – in the state of infancy at that time. And so, on an impulse that came as a bolt from the blue the name "MOKATE" was coined, which seemed to harmoniously combine the need for the new with the love of tradition. The word itself is an acronym based on the surname and first names of the coowners:

MOkrysz – KAzimierz – TEresa

which was even justifiable due to the case that just the word cappuccino conjures associations with Italy and could be a result of trade names assisting MOKATE Cappuccino, such as Maestro Renato Bonni or Capuccino Milano. A side effect of those misunderstandings were spelling problems. There were people who were convinced that in correspondence the company should be addressed "MOCATE". Luckily, now these are rare occurrences, even among foreigners, who are becoming partners in business negotiations more and more often. They are certain that MOKATE has Polish roots. With slightly different interpretation of the word came up one Frenchman during the welcome ceremony, who addressed Madam President as "Madame MOKATE". It was not really taken for a faux pas.



The exhibition of Mark Seliger's photographs forming
The 2011 Lavazza Calendar was assisted by our "mobilek", a successful combination of a tricycle and a coffee bar, serving Lavazza, of course.
The Coast, Przymorze Gallery, 2011

In no time at all did a new name meet with appraisal of experts. Its obvious marketing undertone was underlined. Evoking subconscious, positive connotations, the name was ideal for the company wishing to build its future with the emphasis on coffee; "MO" was somehow associated with "MOCHA" and "KA" was linked with coffee ("KAWA" in Polish). Besides, the name was easy to remember and even rhymed smoothly, as in one of many advertising catch phrases: "MOKATE – in Winter and Summer". But there were also some misunderstandings, caused mainly by the foreign-sounding name. It happened that the company had been attributed an Italian origin,

"Madame Mokate"

- it was not really taken
for a faux pas when
a certain Frenchman
addressed Madam President
as "Madame MOKATE" during
the welcome ceremony...





It is a real satisfaction for me", said Mrs Teresa Mokrysz in one of the interviews, "that I can talk without any complexes about the success of Polish women in business and of enormous potential of the whole Polish economy".

No Woman in the World More Entrepreneurial

Mrs Teresa Mokrysz

On a memorable February day of the year 2000 unexpected news arrived. The International Foundation promoting women entrepreneurship all over the world, sent a notification of nomination of MOKATE's owner, Mrs Teresa Mokrysz, to the title "The Leading Women Entrepreneurs of the World".

When the first shock wore off, there began collecting information about the sender of that message. It transpired that the Foundation, based in the United States, was a dynamic and wealthy organization, in operation for a couple of years and its purpose was to form a unique club of women entrepreneurs. At present this club consists of 200 women, however, the target membership is aimed at 500 women leaders of the world business. Every year, an outcome of Selection Committee's work is read out at a festive gala. Then, among the nominees are appointed the most entrepreneurial, most successful ones. It was also discovered that the happy title holders are entitled to nominate the candidatures for the upcoming election. The procedure is an imitation of an Oscar Award ceremony in Hollywood, which is not surprising as the organizer of the whole event is The Star Group, the body responsible for Oscar Award ceremony preparation. Each gala is based on a detailed scenario, adorned with entertainment. Every year, the Foundation chooses a different venue in the world to hold this ceremony. There were already such venues as London, Monaco, and now in the Millennium year Venice was picked out.

When at the beginning of April the nominees arrived at their destination, everyone's attention was focused on one lady. Compared to the others, surrounded by a pile of suitcases and chests, she only had a holdall and one suitcase. "Will your luggage be arriving by car? Hasn't it been lost", they inquired

intrigued. That person was of course Mrs Teresa Mokrysz. The ladies assembled again on 11th April, when the verdict was announced. The atmosphere was solemn and apprehensive, slightly intimidating, as the gala was held in an imposing Palazzo Pisani Moretta, the seat of a patrician family, dazzling with the splendour of the décor. It was



The Crystal Star

– a memento
of the Business Women's
Gala in Paris, 2002

there that a birthday party had been thrown a year before by the richest person in the world, Bill Gates. Now, not only were the nominees waiting with apprehension for the announcement of the verdict, but also the invited guests – top celebrities of the international business, politics and culture, as well as mass media, for whom the gala is well worth giving publicity.

When next to the title "The Leading Women Entrepreneurs of the World" resounded the name Teresa Mokrysz from Poland, followed by justification of the verdict – the audience applauded. The applause did not die down when she was presented a certificate of title award and a gold brooch, the insignia of the distinction.







After congratulations expressed by Anita Alberts from Los Angeles, the Chairman of the Foundation, the floor was taken by the Laureate. Thanking for the privilege she was awarded, she talked about the courage of many Polish women who had committed themselves to hard, stressful work on the free market, just emerging in the Polish environment, adding that the number of such women was growing and that they would certainly be successful. Mrs Teresa Mokrysz came back to her seat, accompanied by enthusiastic applause. Presumably, not only her achievements were admired. The looks cast on

Business Women's Gala.
The Leading Women Entrepreneurs
of the World



The certificate awarding the title of "The Leading Women Entrepreneurs of the World"

her were full of warmth and recognition for that charming lady with a beam on her face, attired in a smart evening dress (somehow it managed to be squeezed in that only suitcase).

What was she reflecting upon then? Perhaps upon a long way covered by a little girl who, on frosty mornings would cross-country ski to primary school in Istebna, along the forest paths. Perhaps she was recalling the strict discipline of a dormitory at the Secondary School of Economics in Cieszyn. It might have been the period of studies, not devoid of adversities, at the University of

Economics in Katowice. Perhaps her thoughts took her back to the office desk in the Town Council of her dearest Ustroń situated in the mountains. It will never be known. She was definitely deeply moved, to which she now confesses.

Excitement and emotions assisted her in the succeeding gala meetings, although of a different nature. Now, in the role of a nominator, Mrs Teresa Mokrysz made every single effort to introduce to that exclusive club other laureates of Polish origin. Bound by secrecy, she has never disclosed her nominations, but it is generally known that the "Polish circle" has expanded by a few prominent



names. Not every year was fortunate, though. Especially the year 2003 turned out to be inauspicious. But there were wonderful celebrations in the year 2001, followed by those in Paris, equally propitious.

Madrid was noted for a large number of candidates to the title "The Leading Women Entrepreneurs". Finally, out of 700 women the number was shortlisted to 40. Inquisitive media stated that during one year the laureates' firms reached a turnover of over 5 thousand million dollars. Between April 29 and May 2 there were many attractions awaiting the laureates of that year and of previous ones. They met King Juan Carlos, they participated in the presentation of insignia in Castillo de Vinuelas, which was also honoured by the presence of Royalty, they admired the Prado Museum, an immense collection of masterpieces painted by Goya. In the year 2002 the spring meeting of jury members and nominees took place in Paris. April in Paris and the stay in the legendary Ritz Hotel formed a superb frame for the celebration. The official gala and the parties that followed were not all that Paris offered. Equally important turned out to be a business aspect of the stay. Numerous meetings in renowned estates and in the City Hall were a good platform for promotional meetings and taking the floor in front of representatives of opinion-making circles. "— It is a real satisfaction for me", said Mrs Teresa Mokrysz in one of the interviews, "that I can talk without any complexes about the success of Polish women in business and of enormous potential of the whole Polish economy. Today, businessmen from other



countries as well as media representatives know pretty well that those were not empty words".

A significant share of women business leaders coming from outside Europe, and above all from the United States caused that in the year 2003 the old continent was abandoned and Bermuda was chosen as the venue for the celebration. It's closer to the United States, isn't it? The distance – just about 1000 kilometres. The owner of MOKATE recalls this meeting as symptomatic for the development of the trends in the world economy; out of a few hundred candidates only 18 women managed to overcome the barrier of requirements set up by the international jury (unfortunately, without the participation of a deceased not long ago chairman, Mrs Anita Alberts). It is worth noting that in all press reviews devoted to business leaders, their authors do not forget to mention this honourable title in Madam President's biographical notes.

This graceful name, is somewhat reminiscent of the opera, somewhat of Spain. Maybe just a random connection, since nothing indicated that a new product would have anything to do with Southern Europe.

Outstanding Carmen



Ms Sylwia Mokrysz as Carmen, 1995

It was born in Ustroń in the year 1990. It is thanks to Carmen that MOKATE launched its international career.

We are referring here to powdered creamer, which was given the graceful name somewhat reminiscent of the opera, somewhat of Spain. Maybe just a random connection, since nothing indicated that a new product would have anything to do with Southern Europe. The idea of implementing a new creamer was given to the owner of the



company by a lady sitting next on her flight to London. The lady later appeared to be a sales representative of a well-known Dutch instant creamer manufacturer, and that is where her first product sample came from after the approval of Mrs Teresa Mokrysz. Therefore we see that the action was taking place far away from the sunny south.

The company was soon to experience a painful struggle; getting all the necessary approvals and certificates took a lot of time and energy. In order to pack the first batch, an old but appropriate machine was found, left on a barn, on the far edges of Poland. It worked. CARMEN took off in Poland. First it was attached



as a tester to other MOKATE products in the stores, such as salty sticks. The new product was given thumbs up by the consumers. Soon Mr Mokrysz, the husband of the owner of MOKATE, designed several other packing machines and a brand new and versatile product line was born. The sales of the creamer boosted after a TV commercial was broadcast. Soon the sales growth was so fast that the Dutch company encouraged MOKATE to introduce powdered cappuccino as well, and they offered to support its production. The company went for it and soon in the stores appeared the first MOKATE Cappuccino, a future star and its export flagship product. But CARMEN creamer has not lagged behind and until today it keeps up with cappuccino on Polish and foreign markets. This product is exported to a few dozen countries worldwide.

Due to practical and comfortable packaging it has become a fundamental necessity in the offices of prestigious companies. For years, the creamer has been entirely produced at MOKATE from Polish milk. The twelve-storey spray towers in which it is produced became instantly recognizable landmark of the two major production sites – in Ustroń and in Żory.

What is advertising?
It is certainly a skill, quite often
a craft for their makers.
It is also an adventure.
Such an adventure was experienced
and is still experienced by MOKATE.

Promotion & Advertising



A shot from a TV commercial "MOKATE Cappuccino"

Before saying a little bit about advertising at MOKATE, it seems proper to interpose a few sentences about advertising itself, perceived as a cultural phenomenon. Advertising has always stirred up emotions or in some way revolved around emotions, of a different nature, though...

It is not a coincidence that visual advertisement in ancient Pompeii was a common feature in a street full of houses of iniquity. After two thousand years those ancient advertisements are still intelligible and highly suggestive,

although not necessarily addressed to an onlooker below certain... age. For us, people totally immersed in the noise of global information, contemporary advertisement is associated, above all, with the so called "hot media", and rightly so, because as the researches reveal, what we remember best is just this audiovisual communication. A brilliant career of advertising took off when the era of the radio, cinema and TV began, thus not so long ago.



The radio was used for the first time for advertising purposes in the USA in 1922, and a TV commercial made its début on TV screens through a national American channel, which broadcast a boxing match (arousing umpteen emotions) between Louise and Cohn, on a memorable day 19th June, 1946. The object advertised was, of course, a Ford.

When advertising marked its presence in every walk of life and started to be identified with "an advertising industry", many prominent people

from the artistic and scientific circles, as well as intellectual elite dissociated themselves from it. Marshall McLuhan said, "Advertising is a cave art of the 20th century". A well known co-creator of controversial Benetton series, Oliviero Toscani entitled his book: "Advertising is a Smiling Carcas" (translated into Polish by Michał Misiorny). On the cover of this book, the following words expressed by the writer can be found: "I make use of the potential, of the force to appeal



A shot from a TV commercial "MOKATE Cappuccino",

and of opportunities to present art, despised and not taken advantage of – advertising. I scratch public opinion in their itchy spots" (O. Toscani: "Advertising is a Smiling Carcass", DELTA Publishing House). In both opinions there appears the word "art." So – perhaps advertising is an art, although not necessarily written with a capital "A." It is worth noticing that the same people who – from the pedestal of artistic vision of the world refuse to acknowledge advertising as art, end up as unintentional (or intentional) participants of advertising, e.g. when they lend their image to TV campaigns promoting this or that product.

What is advertising? It is certainly a skill, quite often a craft for their makers. It is also an adventure. Such an adventure was experienced and is still experienced by MOKATE.

It has been like that since the first advertising campaign introduced cappuccino on Polish tables. The campaign, which devoured all the family savings, turned out a great success and launched further development of the company.

Despite a few dozen TV commercials, produced and broadcast for MOKATE over the past twenty years, strong emotions invariably assist each new production. This is the area of advertising activity in which routine is out of place. Each time everything done so far is forgotten and new,

more enthralling and more creative solutions are searched for. How will it be received? Will it meet expectations? Such gueries occurred already at the preparatory stage, or even at the stage of formulating a marketing brief, laying out a framework of the company's expectations and guidance for advert creators. Each time, however, when the moment to select a proper screenplay arrived (usually in the form of a storyboard or a cartoon version of the plot or just an idea), the most brilliant heads were put together. Discussions or even heated arguments would last for hours on end before the selected advertising agency eventually heard the most awaited phrase, "OK, on you go with it!". Another equally fervent moment was the time of approval. The results of advert creators were assessed by a similar panel. Now, emotions were equally shared between nervous agency representatives (usually appearing with not less stressed film makers) and MOKATE management, trying (to no avail) to repel a haunting thought "What if it turns out a total disaster? The TV time has already been paid for with a horrendous sum of money!" Admittedly, there have been failures but there have also been dazzling successes, lauded with applause following a presentation of the film on a TV screen. At such moments everybody



sighs with relief, but not for long. The third time for a battle of emotions would occur when the commercial was broadcast and what followed afterwards. "Are they increasing or not?" Sales, of course. They usually went up.

TV campaigns conducted over the past few years are not only one of advertising forms; above all, they provide support for other activities undertaken by MOKATE. What is meant here are competitions for consumers, the scale of which is increasing with each new edition. These competitions enjoy growing popularity. This specific form of a dialogue with consumers causes that, when preparing new competitions, everybody in the company does their utmost and excel in creating concepts. Competitions must bewilder, draw attention and, of course, bring about measurable results. The last competition "MOKATE's

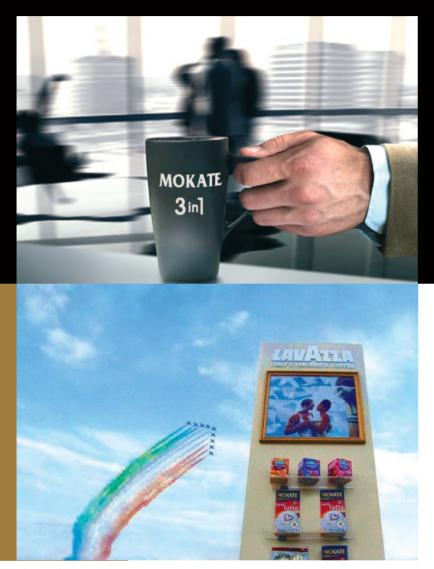
Great Accumulation" has been one of the largest consumer promotions recently organized in Poland. The prize pool contained 33 stylish Fiat 500, a hundred Piaggio scooters and 1000 MOKATE product sets. The competition was run in the form of



Ms Sylwia Mokrysz with the winner of "MOKATE Great Accumulation" lottery

"Mobilek" – a vehicle for tasting MOKATE tostato all' Italiana coffee

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The Radom Air Show, 2011

a text message lottery. Apart from TV commercials, that large-scale promotional campaign also included a wide range of other activities. There were press adverts, interesting window displays grabbing the attention of customers, as well as a multitude of promotions offered directly in the places of sale.

The advertising spot promoting "Great Accumulation" was shot in Bielsko-Biała and Cracow. Its production was coordinated and supervised by Sylwia Mokrysz. Recalling work on the film set, she said, "A film set is like battling the elements. Seemingly simple – a good screenplay, a well-proven film crew, yet, a number of unforeseeable events unfolded along the way and they either hampered or slowed down work. Nonetheless, the final results compensate all the inconveniences. While some additional shots were being taken in Cracow, Cardinal Franciszek Macharski

happened to be crossing the film set. He became interested in what was happening and when he was acquainted with the details, he blessed everybody. We all took it as a good omen." The commercial was directed by Piotr Lenar, a cameraman who participated in such film productions as Magda M, Kryminalni or Pitbull (popular TV series)

After a lapse of just a few months, the team from MOKATE, supervised by Katarzyna Mokrysz, was on a film set again. This time it was because of MOKATE tostato all'Italiana whole bean and ground coffees. A new TV spot was made for the needs of a campaign supporting marketing that line of coffees. This dynamic commercial, truly Italian in style and temperament, matched the motto of the new brand, "CMOKATE! It awakens the senses" ("cmok" is a Polish word for a "kiss"). The nature and stimulating properties of the new coffee were evocatively

rendered. Thanks to Katarzyna Mokrysz, one of MOKATE's employees became involved in the acting part of the project and played the role he had been cast in with charm and humour. It is worth noting that the campaign comprised over one thousand insertions in the transmissions of major Polish TV channels.

Advertising spots are not only means of promotion through television, employed by MOKATE. A different form of advertising appeal was chosen for Minutka tea. It appeared as a sponsor of popular TV programmes. The tea also made its début in a form of product placement, embedded in TV series hits, such as *Klan* (Clan), *Blondynka* (The Blonde), *Ranczo* (Ranch), *Dom nad Rozlewiskiem*, (The House by the Pool), *Ojciec Matuesz* (Father Matthew).

Parallel to the mass media-related activities, a number of activities are being undertaken in other spheres. Attention is drawn here to in-store promotions, also called in-store marketing, addressed directly to customers at a retailer's location. According to findings in psychology, 60% of purchasing decisions are made by customers in the store, on an impulse, responding to stimuli they are exposed to. You must only become the originator of these stimuli and what is more, they must be stronger than others. Hence, the company attaches tremendous importance to local consumer promotions, be it a supermarket or a corner shop. Special stalls displaying MOKATE products are growing in popularity. Product tasting and other forms of promotion are an often sight. They are quite often innovative and surprising, as was the case with the campaign promoting MOKATE Great Accumulation Lottery.

Activities related to public relations take up the position on the borderline of promotional activities and



their derivatives. The company's constant presence in the press must not be forgotten, either. Information about MOKATE may be found both in branch-related publications, as well as in national daily newspapers or weekly magazines. Cooperation with the local press is also vivid. MOKATE is even a co-editor of certain magazines. In AGRO Magazine for Entrepreneurial People the whole page is devoted to "A Visit at Mokate". The "Ustroń Magazine" also contains a similar page.

The Minutka contest, organized by the Marketing Department in Ustroń in the first half of the year 2010. is an example of how sales promotions can be given publicity. Announced under the aegis of the favourite tea of Polish families, the purpose of the contest was to select "Super Mom". The effects were staggering. As many as 3000 candidates from all parts of Poland were selected by their children, who ardently explained what they loved them for and why they thought their moms were special. The main award winner received diamond jewellery and participated in professional sessions with a stylist, a make-up artist and a photographer. In addition, there were 30 runner-ups who were awarded gifts in the form of diamond or pearl jewellery and received invitations to "Beauty Days" in renowned hair and beauty salons. The contest sparked widespread interest, which activated PR connected with MOKATE. Information about the contest itself and about its winner ran through a number of press titles, even in so remote from the branch-related press as "Gość Niedzielny" (The Sunday Guest, Catholic weekly magazine).

Upon her own initiative, the prize winner made a clip promoting Minutka, which can be watched on a popular

Internet service YouTube. It does not diverge much from a professional production.

Books published under the imprint of MOKATE deserve a mention here. It is not their promotional value that matters most, though; they are an invaluable tool in building the company's image. A reference is made here to the book "All Flavours of Cappuccino" by Monika Lipińska, guides to the world of coffee and tea and MOKATE Service bulletin. On the surface they seem not to be connected with the core activity of the company, yet, their subject matter

Minutka contest

Minutka contest

announced in 2010 under the aegis of the favourite tea of Polish families selected "Super Mom'

invariably remains within MOKATE's range of interest. "All Flavours of Cappuccino", a début of a young writer, was published due to MOKATE's support. MOKATE's publications also include literary works, for instance a poem "Fortepian Szopena" (Chopin's Grand Piano) by Cyprian Norwid, including critical review, enriched with a manuscript reproduction. The booklet was co-edited with Cedro and Synowie Publishing House.

Every now and then the company dealing in coffee and tea was asked questions about history and origin, cultivation and other curiosities concerning those products. It sparked off a new idea to compile that knowledge in



The stars of the first MOKATE Cappuccino advertising campaign



One of the first MOKATE's spots with the participation of... a plane.

one place and in an attractive form and that is how two guide books came to life, one – to the world of coffee and the other to the world of tea, edited in cooperation with Pascal Publishing House (Coffee with Success, ed. 2008; Tea with Success, ed. 2009). It is not only a compendium of knowledge about these popular beverages; it also contains various curiosities and recipes.

It was MOKATE Service, however, already mentioned on a number of occasions, that paved the way for those publications. Issued for the first time 10 years ago, the company bulletin was initially a tool of communication with sales representatives and clients, mainly wholesalers and retailers. Over time, it turned into a family-type magazine, focused mainly on what was happening in the company and among employees. One may read here about unusual passions and interests of people connected with MOKATE. There is also room for travel recollections or interesting recipes and, what is most important, the most significant events for the company. Thanks to its family-like attributes, the bulletin perfectly conveys the company's philosophy, according to which strong family values constitute one of the pillars of success.

Another trend in publishing activity is MOKATE's Alphabet, whose third edition you are just holding in your hands. It is a unique publication, as in one place you can find a compendium of information about the company.

Thanks to it, in no time at all, the reader may become convinced of the size and a wide spectrum of undertakings carried out by the group of MOKATE enterprises, even if he has never heard of MOKATE before.

The realm of promotional activities also includes a corporate image film presenting, in a very evocative manner, production potential and product attributes, which make the company different from competitors. It was made upon the initiative and under the supervision of Adam and Katarzyna Mokrysz, wishing to take advantage of this promotional tool in view of export expansion of the company. Regardless of this function, the film is also an efficient tool used by the MOKATE's sales forces also in Poland.

When talking about promotional activities, attention should be also drawn to occasional events organized in different corneres of Poland and in any season of the year. To name just a few, MOKATE was present at the World Cup in Zakopane, on the sunny beaches of the Baltic Sea, it participated in students' holiday called Juvenalia in Cracow or "Music Teatime" at the Silesian Concert Hall.

Although the scope of promotional activities is broad, they are planned with the aim to achieve the synergy effect – each activity enhances other activities and causes that MOKATE will not be forgotten.

It is a response to the growing customer demand, which can be confirmed by a motto often quoted by MOKATE's owner Madam President Teresa Mokrysz in her interviews -"may the customers return to us, not our products."



A display cabinet in the main hall of the MOKATE management headquarters in Ustroń

Doing everyday shopping we want to be sure that what we buy is manufactured with the greatest care and that it is safe for us.

Certification symbols placed on the packaging inform us about this accordingly. However, not everyone knows

that being granted this type of certification is one thing but maintaining it is a horse of another colour.Thereareanumber of restrictions imposed food production, relating to the assurance of the highest quality of products. This also applies to the procedural

requirements, applicable at each stage of production. These requirements have become much stricter when Poland became a EU member. The EU standards find a wider application in international agreements and trade contracts, they are a kind of a guarantee for contractors and customers alike.

The situation is similar at MOKATE. In Żory operates the company's Research and Implementation Centre

> with Katarzyna Mokrysz in charge. The tasks of the unit involve not only creation of new ideas and products, but also continuous assurance of the highest quality of production. Perfectly educated staff of professionals specialize, inter alia, in chemical analysis, issues related to quality and quality systems, in microbiology or food technology and implementation of new projects.

Quality control already begins at the stage of accepting raw materials for production. This is one of the most important stages in the company's

operations. During quality acceptance of deliveries, the risks associated with raw materials can be significantly reduced. At subsequent stages of production, quality is supervised by inspectors as well as by employees themselves. It is mainly thanks to their involvement and awareness that the high level of production quality can be maintained.



Employee awareness of the importance of quality has raised thanks to a number of trainings. They have had a significant impact on the effectiveness of the actions taken, and in consequence increased their involvement in work aimed at making sure that products are manufactured in compliance with the accepted requirements. All the goals established by MOKATE's employees have been included in the QUALITY POLICY. Their efficient accomplishment requires involvement of the whole staff, regardless of the position.

The situation is pretty much the same at the Ustroń production site. The Quality Management System has also been implemented here. As part of the system, all the employees have been trained, so that each and every one of them is able to maintain, consciously and with

full responsibility, the highest quality of the final products at their workstations. The quality assurance procedures are similar to the ones in Żory. Inspections take place during acceptance of deliveries and they are strictly observed at each stage of production.

Quality management is one of the most important elements building MOKATE's competitiveness. An effectively implemented quality management system opens up opportunities for the company and its future success. It guarantees a consistent interpretation of quality assurance rules and procedures, which, in turn, is a response to the growing customer demand. It can be confirmed by a motto often quoted by MOKATE's owner Madam President Teresa Mokrysz in her interviews – "may the customers return to us, not our products."

Katarzyna Mokrysz, Director of the Research and Implementation Centre:

- "The whole base, raw materials and packaging, is under constant control, to ensure that the ingredients are of the highest quality. The final product is also covered by the quality control processes. It is comprehensively dealt with by the employees of the Quality Department and the Laboratory. Technologists supervise recipes, and the production plant specifications drawn up by them include all the technological quality requirements. Such diversification of operations makes it possible to detect non-compliant products and to separate them from the products compliant with the standards. Safety of production and high quality are, without doubt, very strong arguments on the path to the market success. Over the last few years several steps, vital for the company, have been made. First of all, there have been introduced transparent, repeatable and effective quality systems: EN ISO 9001:2000, EN ISO 22000:2005 (including a HACCP plan), BRC, IFS. What is more, our plant follows the rules of Good Manufacturing Practice (GMP), Good Hygiene Practices (GHP) and Good Laboratory Practice (GLP). All the systems are integrated and have current certifications, which are a key element ensuring food safety in the production chain."



Ms Katarzyna Mokrysz, Director of the Research and Implementation Centre



Ladies from the Laboratory preparing trays loaded with miniature cups filled with product sets

QUALITY SYSTEMS AT MOKATE

STANDARD EN ISO 22000:2005

The standard EN ISO 22000:2005 (Polish version PN-EN ISO 22000: 2006) – Food Safety Management Systems lay down the requirements for each organization in the food chain and define the supply chain as separate stages and processes occurring during production, processing, distribution, storage and handling of food and its components, ranging from primary production to consumption. The standard ISO 22000 contains instructions on how to combine the HACCP rules with the rules of Good Manufacturing Practice and Good Hygiene Practices with regard to the processes carried out. All requirements of this standard are generic and are

intended to be applicable to all organizations wishing to implement an efficient food safety management system.

STANDARD EN ISO 9001:2000

The quality standard EN ISO 9001:2000 currently effective in Poland – (Polish version PN-EN ISO 9001:2001), is a collection of requirements to be fulfilled by a company implementing a quality management system. Functioning of the system is subject to its documentation, including such elements as: supervision of documentation and records, non-conformities, internal audits, corrective and preventive actions.



QUALITY POLICY

Quality Policy is one of the fundamental documents of the quality management system (QMS). It defines the direction of the company's growth by presenting its mission with regard to quality-related actions. It was created in order that our employees could become acquainted with the company's goals and strategies (in view of issues related to the broadly understood term of "quality") and the procedures in order to jointly implement and maintain them on a daily basis, in different processes and at different levels of the organizational structure of the company. By implementing common goals, we create an internal culture of our company, promote commitment to quality throughout the whole organization, thus adding invaluable marketing elements to the corporate image.

BRC (British Retail Consortium) and IFS (International Food Standard) – valid for only one year. The IFS and BRC are international quality and food

safety standards aimed at commercial chain suppliers. The BRC requirements are applicable to management areas in the HACCP system and quality management, technical and sanitation conditions, product supervisions, process and personnel control. The IFS standard is substantially based on the BRC requirements; it lays down the requirements for such management areas as: a quality management system and the HACCP system, executive responsibility, management of resources, product performance, measurement, analysis and enhancement. Implementation of these rules assures customers that the products sold in commercial chains are manufactured and delivered in accordance with the applicable provisions of law and under conditions safeguarding maintaining high quality. Certification of conformity to the IFS and BRC standards also entails a cost reduction, transparency in the whole chain of supplies and an increase of customers' trust towards the company.

Each business trip to the trade show venue brings about measureable effects in the form of new contracts, yet a favourable first impression remains unaltered during the entire period of cooperation



Food Ingredients, international trade fair in London

Richness of Fairs

Although trade shows are only one of marketing tools, their importance in contemporary business is still on the increase. Nothing can replace a peaceful face-to-face conversation, be it a phone call or an e-mail. This is undoubtedly one of the greatest assets of trade shows.

Adding to that a vast number of visitors, it is easy to imagine the multitude of established contacts. Trade shows enable presentation of the company's offer. They also provide an excellent opportunity to exchange information, determine the current situation on

a particular market, check customers' expectations or present the company's novelties.

In a nutshell, these events fall into two categories – the ones addressed to both contractors and consumers and the specialized ones – targeted directly at trade cooperators. Participation in trade shows of either category



is equally important as it it creates a possibility of expanding distribution channels and acquaint customers (both business and individual) with the full offer of the company. It is also an element of building the position of the brand and raising brand awareness.

MOKATE has been participating in trade shows for years. Although it might seem that the company's representatives will have a chance to visit many interesting spots, in fact, participation in trade shows is hard work, as widened offer

means more visitors to the MOKATE's stands. Quite often there are queues of people wishing to learn more about the offer of a Polish manufacturer, which sometimes arouses feelings of jealousy among other exhibitors.

Apart from the products, the visitors are attracted to the exhibition stand also by its modern and dynamic

The Trade Show Asia's Food Marketplace – Sial China strengthened MOKATE's position in the Central Kingdom, Shanghai, 2009

Gulfood in Dubai



appearance. They can watch a corporate image film presenting the whole Group of MOKATE Enterprises, while a wide range of promotional materials allows them to become initially acquainted with the the company's offer.

MOKATE appears at such annual events as Sial or Anuga. The company's stalls could also be visited during Food & Hotel Asia 2010 in Singapore, Food Ingredients Asia in Indonesian Jakarta, Food Ingredients in Frankfurt and London or Gulfood in Dubai. Specialised events embracing private brands are not disregarded, either. Their main customers are large distribution channels. The largest event of this type is the PLMA Trade Show in Amsterdam. Needless to say that MOKATE participates as an exhibitor in Polagra-Food Trade Fair, the largest food industry exhibition in Poland, held in Poznań.

Trade shows are also a wonderful opportunity to establish new contacts – it is no wonder then that each business trip brings about measureable effects in the form of new contracts. Some of them are obviously finalized upon coming back to Poland, yet a favourable first impression remains unaltered during the entire period of cooperation.

It is just inconceivable that when we were making our first steps in this sector, the Dutch, who were the tycoons of semi-finished products in those years, strongly dissuaded us from that investment (...) However, within the span of just a few years we have grown into a strong and demanding competitor.

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The tower in Ustroń. An overwhelming facility of cylindrical shape, the so-called "cyclotron"

Semi-Finished Products

Although MOKATE is generally associated with cappuccino and coffee products, among food industry manufacturers the company is better known as the supplier of high quality semi-finished products in almost the whole world.

How did it come about that a Polish family business has grown into one of the most important European players in this field? Just like in many other situations – out of passion.

To make this image full, a short reference to the history of semi-finished products at MOKATE needs to be made. A direct impetus for the development of that category was obviously triggered by cappuccino. After a few years, during which components were exported from external suppliers, there arose a question – "could we become independent?" And that was how the largest investment in the company's history began. Within a few years – first in Ustroń, then in a newly erected facility in Żory – there emerged one of the most modern spray towers

in the world. It is worth mentioning that in respect of technological advancement there are just a few towers of this kind in Europe, two of which belong to MOKATE. Mr Adam Mokrysz, who has been in charge of this department almost from its birth, ensures its dynamic development.

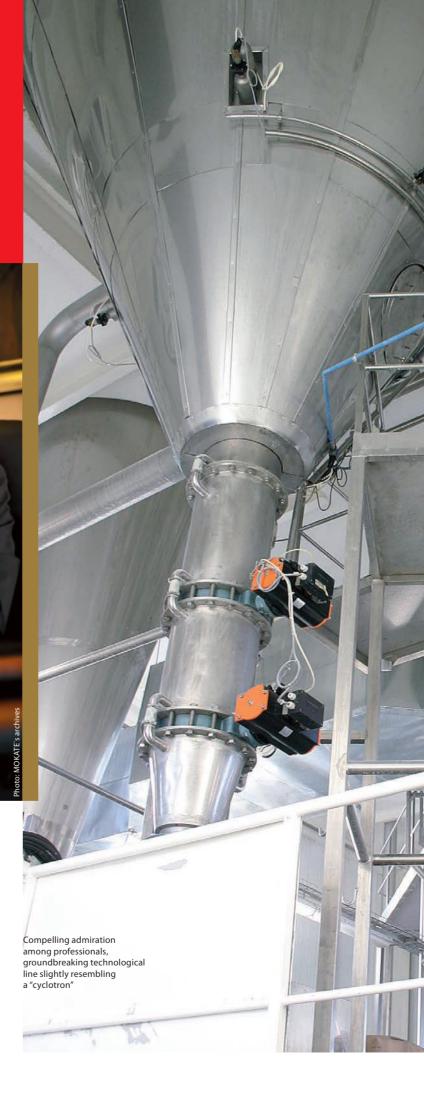
Looking from the outside, there is nothing particular that makes these dozen-storey towers stand out, perhaps apart from the fact that they are an instantly recognizable landmark visible over a large distant. Inside, however, they look like a space station rather than a production facility. Almost a five-storey fraction tank makes the greatest impression. To complete this image of technological advancement, it needs to be emphasized that the whole



Semi-finished products are the apple of Adama Mokrysz's eye...

production is based on a closed system – the product undergoes certain cycles without human contact. The line is operated by just a few employees and the production process is controlled by computers, thanks to which it is possible to change any parameters at any time, e.g. temperature or pressure, without having to stop the work of the plant.

Although high towers and cutting edge technologies make tremendous impression, for business partners it is the final product and its quality that matters most. MOKATE products comply with the most stringent quality standards. An interesting fact may be added here – the







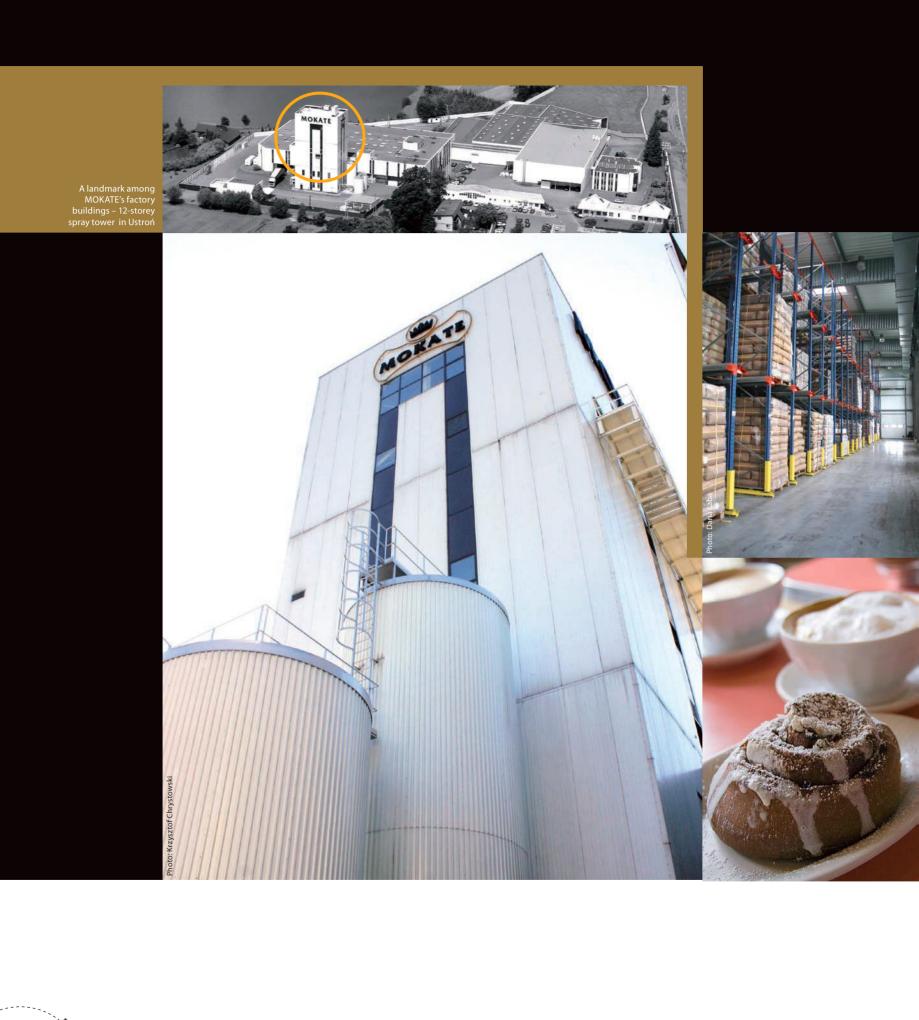


A fully computerized control room of the production line

plant also runs a cyclical kosher production. The offer of semi-finished products comprises the following:

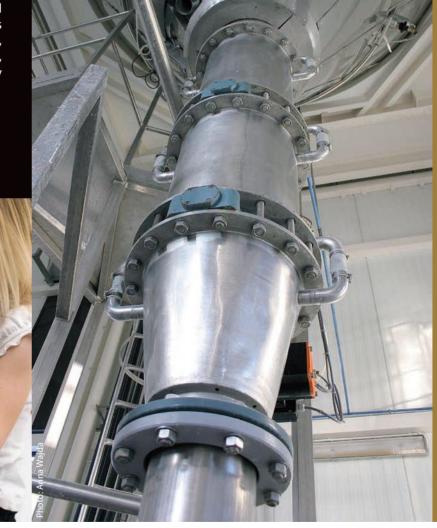
- whiteners for sauces, soups and drinks,
 toppings used for various kinds of desserts based on whipped cream,
- **vending products** for popular vending machines dispensing hot drinks,
- *frothers* used for drinks topped with froth,
- *milk mixes* used in baking and confectionary industry.

Each of the above categories represents various applications, differentiated by the percentage of base products, e.g. fat or milk content. The scale of the production



may be illustrated by the average annual milk processing capacity. Each year over 12 million litres of milk turn into the final products and, what is important, this is the milk delivered by Polish suppliers. A feature distinguishing MOKATE is its customized production, which means that a particular application is tailored to individual needs of customers.

Semi-finished products are supplied to a wide range of contractors, both in respect of assortment and territory. A group of industrial contractors comprises mainly manufacturers of drinks (cappuccino, coffee mixes, cocoa, chocolate), concentrated foods of the instant type, ready meals, vending products, confectionary and bakery



One might get the impression of MOKATE's omnipresence...



A room in the spray tower. Żory production site

products, ice-creams. Over 90% of the whole production is intended for export. MOKATE's products reach over 50 countries worldwide, including far-off destinations, such as Scandinavian countries or Indonesia.

The team from the Research and Implementation Centre is worthy of particular recognition. It is them who are responsible for designing new concepts of products, developing existing procedures and for their implementation. As already mentioned in MOKATE's Alphabet, the Business Unit handles sales. Although the Unit has been broadly described under the letter "B", it must be noted that the sales efficiency of this group, composed of just a few employees, is exceptionally high. Adam Mokrysz, who is in charge of the Business Unit, emphasizes, "Passion and a close-knit team, high quality, advanced technology and a number of innovations are the most important factors allowing MOKATE dynamic development within this category. Sales figures showing

growth year after year only confirm it. It is just inconceivable that when we were making our first steps in this sector, the Dutch, who were the tycoons of semi-finished products in those years, strongly dissuaded us from that investment. They warned us that we would not manage, that we did not have the technology or trained personnel. However, within the span of just a few years we have grown into a strong and demanding competitor. We do have a reason to boast about; yet, our greatest source of satisfaction is the fact that a list of satisfied regular customers is continually extending."

In the light of the foregoing, a thesis may be advanced the the future of semi-finished products looks bright for MOKATE. The development of semi-finished products is under way and will be dynamically continued. While expanding the existing offer, the MOKATE team was guided by the same goals as so far — to deliver top notch quality products with the flavour profile responding to customer preferences.

Taste of Tea

Ms Sylwia Mokrysz, Board Member of MOKATE S.A. Ustroń

If 10 years ago somebody had come up with a slogan — "in the year 2010 we will be among the leaders in the Polish tea market" — he would certainly have been taken for a harmless lunatic. But just a few years later he would be called a visionary.

The takeover of Consumer, a tea manufacturer and its two brands, i.e. Minutka and Loyd Tea, opened a new page in MOKATE's history, the one connected with dynamic development of the tea sector in the company – the development relating to a steady increase in the market share and continual product innovations. At present MOKATE comes second in the Polish tea market, both with regard to its quantity and total value. This is an immense success.

Within the span of just a few years, Minutka, a popular tea brand, hardly noticeable on the shelves in stores, transformed in a real star, almost in the literal meaning of this word, as it appeared in popular TV series. At present it is the leader among economic tea bags packed in a carton. Modern look of packaging, improved taste and recipe combined with strong marketing support guaranteed an unqualified market success. The tea team

did not rest on their laurels, though and expanded the Minutka family by adding such versions as raspberry, lemon and popular Earl Grey. A great novelty which has been taking the market by storm is a series of Minutka fruit teas with real fruit juice.

Preparing new offers, the company focuses on innovativeness. During a short history of tea

under the MOKATE brand, a number of products appeared on store shelves, some of which were absolute







market novelties. It was MOKATE which was the first to market teas with real fruit juice – black tea with raspberry juice and green tea with lemon juice.

Over the past few seasons a line of Mulled Teas has become a hit - the first teas in Poland

with an addition of powdered alcohol, marked by unique flavour blends of popular alcoholic beverages and liqueurs. The range of flavours includes Grzaniec Zbójnicki na ogniu (mulled tea highlander's style), Śliwkowy Palony (plum mulled tea), Kozacki na miodzie (mulled tea Cossack style based on honey) or, the youngest in the family – Grzeszny Malinowy (raspberry sinful mulled tea).

Currently, the category featuring the swiftest growth in the tea sector are fruit teas. Here, MOKATE can also boast about its successes, as the line of fruit tea coming under a blanket brand name Grandma Jagoda was awarded a prestigious distinction - "Teraz Polska" ("Now Poland") Promotional Emblem and "Poznaj Dobrą Żywność" ("Try Fine Food") quality mark, attesting to the high quality of the product. What satisfies most, however, is the fact that a wide range of flavours, starting from raspberry, through Williams pear and ending with strawberry vanilla, appeared on Polish tables to stay there for good. The second line of Grandma Jagoda, comprising herbal teas, is an alternative to fruit teas. While expanding the existing offer, the MOKATE team was guided by the same goals as so far - to deliver top notch quality products with the flavour profile responding to customer preferences. Original flavour blends are one of the elements which make products stand out on the market. The seven-flavour line includes such combinations as Mint with Apple, 7 Herbs Enriched with Echinacea or Melissa with Orange.

Exquisite flavour and aroma sensations are induced by products belonging to Loyd Tea Green series – red and green teas assigned one common name Sense. An innovative addition is the PAX system included in these







teas – a rich source of antioxidants which reduce the negative impact of free radicals, protect DNA and have beneficial effect on proper functioning of the body. This group contains two categories of teas – Rooibos, African red tea and Green Aromatherapy. Green tea with an addition

of white tea and lavender – a true rarity for connoisseurs – deserves a particular mention.

Although a great majority of consumers prefer handy tea bags, MOKATE has not forgotten about a group of connoisseurs, for whom the real and full taste of tea is inextricably linked with whole leaf teas. It is them that the whole range of top quality products has been addressed to, including such tastes as Ceylon, Madras

or Assam. This series also embraces green teas with a tea blend combining lavender and white tea in the lead.

Over a span of just 10 years MOKATE managed to achieve success on a demanding and difficult tea market, which seemed to be highly unlikely to achieve in such a short period of time. What is more, our products are highly appreciated both by customers and food industry specialists. Each year it is reflected by the number of prestigious awards, granted to products representing various lines of assortment.

As announced by the representatives of the Tea Department, "we are just beginning to get going". Ms Sylwia Mokrysz, who is in charge of the department, adds, "We have a number of ideas waiting to be put into action. Successes of our innovations we have achieved so far and favourable market feedback give us a boost. With every product we are becoming better and better".

All signs indicate that prognosis for MOKATE teas is more than optimistic.

There are thousands of secrets of a good beverage. It is like reading a book of magic.

Magic recipes, secret details of processing tea leaves provide countless possibilities to create new flavours.



Sylwia Mokrysz in charage of the tea team

Tea

Many a time MOKATE has become convinced that passion and commitment transform even the most daring challenges into success. The team responsible in the company for the tea sector have vast knowledge on the subject.

The team is responsible for the whole process – starting from the purchase of raw material, through arranging new flavour compositions, marketing and finishing with plans for the development of the category. Luckily

for MOKATE, the "Tea Team", as this is an official name assigned to the Department, is a group of people for whom tea and everything connected with it is a real passion. Before things took such a turn, there had occurred a few events, which led MOKATE to the position of the second player on the tea market in Poland.



Everything started in Autumn 2002, the year of taking over the Consumer, one of the biggest Polish manufacturers of tea with a dozen years' experience behind. The MOKATE assortment was then expanded by

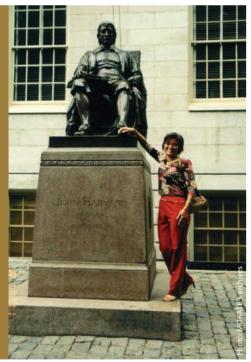
two brands – Minutka and Loyd Tea. Although already known on the market, it was then, under MOKATE's wings, that they became real market hits.

The next step involved MOKATE's expansion abroad. In spring 2005 the company took over DUKAT company from Zlino, the Czech leading manufacturer of teas. It meant broadening the range of experience. Preferences of our southern neighbours are completely different from ours as their consumption is based mainly on herbal, fruit and green teas, whereas in Poland the reign belongs to black teas. This take-over bore fruit and in literal meaning of this term as fruit and herbal lines of tea appeared in the MOKATE's offer.

Taking over Dukat company involved another essential change. The technologists from Zlino took up employment in Ustroń. Polish experts cooperated with them, thus building the grounds for setting up a flourishing modern laboratory. Today it is one of the most important places in the company – here new tea compositions or innovative

M





Ms Sylwia Mokrysz. By the Harvard's monument, London, 2001

concepts are developed. Ultimately, the plant in Ustroń, famous for the production of cappuccino so far, has become one of the largest tea production facilities in Poland.

From the very beginning supervision of the tea team in MOKATE has belonged to Ms Sylwia Mokrysz. She has been attached to the company almost since her childhood. The company, just like school and studying, became a part and parcel of her daily life. She would translate business correspondence, conduct talks with contractors. During her studies she

supervised the work of an advertising agency established by MOKATE, whose aim was to provide marketing services for the company. When the agency was incorporated in the company's structure, she continued her involvement in the image building and marketing of the flagship cappuccino. For her the world of coffee had no secrets to hide, however tea still remained a mystery.

Entering a new field of business activity posed an enormous challenge for her, as it meant education from scratch. In the interview for the company bulletin MOKATE Service from 2006 she said, "In order to get to know this branch, not only did I have to learn about all market players but I also had to acquire thorough knowledge of the product itself – tea. Learning to distinguish between particular tea brands and to appraise their quality proved invaluable."

Today, after a few years' experience, tea has no secrets for Ms Sylwia Mokrysz. It has become her great passion, to which she devotes all her professional energy. Although, as she admits, "There are thousands of secrets of a good beverage. It is like reading a book of magic. Magic recipes, secret details of processing tea leaves provide countless possibilities to create new flavours."

This "book of magic" has been perfectly mastered by the team of technologists working in the Tea Department. In top-notch laboratories research is being continually carried out into new combinations and flavour blends so as to be ahead of the competitors and offer customers something new and unique. This passion shared by the whole "tea team" has led to a number of market successes, e.g. Mulled Tea series or a new line called Green Senses Aromatherapy, to name just some of them.

As Ms Sylwia Mokrysz emphasizes, the success of her team lies in their flexibility and creativity, and – what is of greatest significance to her – the values of the Mokrysz family, i.e. the ethos of hard work and persistence in pursuing your goals, the features which are deeply ingrained in the tea team.

It is the most important spot on the map for MOKATE, the spot veiled in an aura of sentiment.



Ustroń

The image of the company without its surrounding would be incomplete.

These relations are very close, almost symbiotic in nature. MOKATE's surrounding is the town Ustroń.

After all, these relations go beyond the company itself, as the town is also the place of residence of Mr and Mrs Mokrysz, the company's owners. Thus, its entry in

MOKATE's Alphabet is fully justifiable, as for MOKATE it is the most important spot on the map, the spot veiled in an aura of sentiment. Talking about the map, Ustroń was marked there as early as in the year 1558 (the first mention of Ustroń dates back to the year 1305, though). Guidebooks of

Ustroń, published by the Municipality with meticulous care, with texts prepared by Grażyna Winiarska, a great lover and an expert in the town's history.

In this short tale about Ustroń attention should be drawn to the name of the town. In the Polish language

this name means retreat, hence it has always been associated with the spot nestled off the beaten track, submerged in tranquillity. Such perception of Ustroń

influenced the future course of history of the town – also a health spa (the only one in the Beskid Żywiecki mountain range). However, before Ustroń became a town, its health-beneficial properties had been widely known. As Grażyna Winiarska mentions, the first clients came here in the middle of the 17th century when Ustroń, the property of a noble family, was taken over by the Habsburgs. Therapeutic influence of the climate supported by a famous "whey treatment" paradoxically won renown due

to the development of... industry in Ustroń. When, after the discovery of iron ore, a steel foundry was established here, people learnt that water heated by furnace slag beneficially soothed rheumatic pains. Soon, iron spring water and layers of therapeutic mud were found and then





Ustroń really sprang up as the place in which it was proper and fashionable to undergo treatment therapy.

Accommodation facilities where deteriorating health could be restored were plentiful. Exactly 200 years ago, thanks to endeavours undertaken by Archduke Albert, the Treatment Hotel equipped with a bath was erected. At the end of the 19th century Ustroń already enjoyed the status of a health resort, granted by Austrian authorities. Successive health recuperation centres mushroomed and in the year 1901 the community set up its first health centre called *The First Austrian-Silesian Peloid Baths in Ustroń*. After World War II Ustroń was granted the Charter (1956) and in 1967 – the rights of a health spa.

The Ustroń of today is a huge recreational and treatment complex. Not long ago the author was a witness to a reply given to a visitor, "Are there any hotels?", he asked. "Solely!" – was the answer. This is a largely justified answer.

The town offers a high standard of accommodation for 6000 visitors. Magnificent buildings, quite often in the shape of characteristic pyramids perched on the slopes of neighbouring hills, in the district called Zawodzie - these are mainly hotels, sanatoria, rehabilitation hospitals. Both in the town centre and on the outskirts there are numerous catering facilities, cafés, local highlander's inns. The attraction of the region are the mountains, with Czantoria Mt (995 m above the sea level) being in the lead. The mountain may be accessed by a chair lift. Also, the Vistula River is captivating with its multi-kilometre long waterfront. These factors cause that during holiday time and at weekends Ustroń – especially in certain spots - is no longer a quiet, serene place. There are crowds by the Vistula River and caravans of people heading for the mountains. The problem of "how to manage this human deluge for the benefit of the town" is a recurrent subject

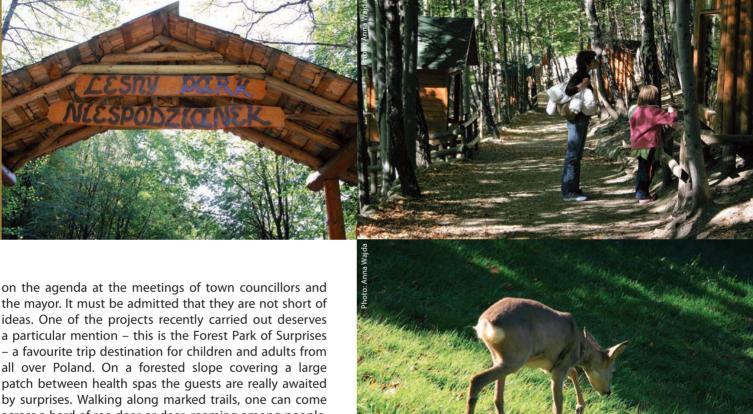


"Wedding", Museum in Ustroń

surroundings. The voungest visitors to the park walk further, though - to the alley of fairy tales, where in the hollows, caves and other strange places characters from the most popular fairy tales found shelter. This is great fun for children when at a touch of a button the characters come to life and an invisible voice-over starts his tale.

And the industry in Ustroń? Iron foundries are a thing of the past now. The remnants of historical forges are housed at the Museum of Metallurgy and Smithery. But there is MOKATE – an imposing state-of-the-art production establishment. The truth is that it is about 7 kilometres from the centre of the resort, but still it is within the health





the mayor. It must be admitted that they are not short of ideas. One of the projects recently carried out deserves a particular mention – this is the Forest Park of Surprises - a favourite trip destination for children and adults from all over Poland. On a forested slope covering a large patch between health spas the guests are really awaited by surprises. Walking along marked trails, one can come across a herd of roe deer or deer, roaming among people. One can also admire feats of predatory birds taught by a trainer or observe a few families of wild boar walking near at hand or - from a slightly larger distance - one can watch European bison (also known as wisent) in their natural

> spa limits. Is co-existence and even symbiosis possible in this situation? It turns out that yes by all means, provided that certain conditions are met within the factory itself. All visitors to MOKATE (frankly speaking the number of groups wishing to visit MOKATE is too large to be received) may find out what these conditions are. They are visible with the naked eye. Above all there prevails sterile cleanliness, there are filtering and absorbing devices, sewage treatment plants and incinerators, in a nutshell an environmental regime. All these speak in favour of co-existence. But other factors testify to a harmonious cooperation between the company and the town. Some



are personal decisions of the owner, Mrs Teresa Mokrysz, the decisions which support local initiatives and provide funds for a number of benefits. This subject will not be continued upon a direct request of Madam President. Let us recall that the position of Ustroń, its environmentally friendly infrastructure had been her passion long before there was even a mention of MOKATE. On Mrs Teresa Mokrysz's desk in the Municipality Office there were piles of projects (and problems) related to revitalization of the health resort and improvement of its image. This line of interests has not died out. Attention will be drawn to just one trace, visible on a modest tablet placed under the



Trips from all over the country heading for Ustroń Park

MOKATE SA in Ustroń, 2010





painting "Wedding", the pride of the Ustronian Museum. This immense painting (measuring 9 by 2 m) by the late Ludwik Konarzewski (junior), painted in 1975 and inspired by the folklore of the mountains was saved from destruction thanks to renovation sponsored by... explains the tablet.

Another collection of facts in support of mutual relations between Ustroń and MOKATE is the company's time-sheet and payroll. It is a bulky collection, with the names sounding familiar in Ustroń and its surroundings. It is self evident that the town-dwellers need the company and the company willingly employs people living in the

nearest neighbourhood. It is also to the advantage of the Municipality – in its balance of assets these workplaces are of significant value, especially that the number of other workplaces in the closest vicinity is sparse. One more optimistic accent well worth mentioning is the development of another big establishment called "Ustronianka" – a well known manufacturer of mineral water and soft drinks, which also has its large contribution to the fight against unemployment.

Many more examples could be added to prove the existence of strong ties between Ustroń and MOKATE. Yet, leaving this issue to some later time, let me recall a catchphrase which appeared during one of the events promoting the town: "USTROŃ – THE CAPITAL OF CAPPUCINO!". It would be difficult to find better proof of symbiosis between the town and the company. Anyway, it already belongs to the past. Cappuccino moved to Żory and in Ustroń-based MOKATE there reign different substances. It turned out, however, that even this radical change does not dissuade one from public demonstration of ties. In support, let me quote the newest promotional catchphrase: "USTROŃ, THE TOWN OF SPAS AND TEA".

V

Italian roast features dark brown, almost black coffee beans with an oily surface.

Viva Italia!



MOKATE's bonds with sunny Italy have never been so strong before.

The launch of whole bean and ground coffees has opened a new chapter in the company's history. It was MOKATE's premiere in this market sector. In March 2010 one of exclusive hotels in Bielsko was the venue for the presentation of MOKATE

tostato all'Italiana, the company's new "child". Sundry attractions accompanied the conference. There were Latte Art pattern shows presented by the best baristas in Poland, light displays and superb Italian music.

This new coffee line includes two types of coffee – Classic and Premium, both available in whole beans or as ground. MOKATE tostato all'Italiana is produced from selected beans of excellent robusta and arabica species,



grown on plantations in Africa, Asia and South America. Such blend ensures the optimum flavour, colour and froth. What is most important, though, is the Italian style of roasting. Coffee beans are roasted until dark brown, almost black and they have an oily surface. This is the reason why this coffee is richer in aroma and has a distinctive flavour. It can be brewed traditional style or in coffee makers, percolators or pressure machines.

Cooperation with Lavazza launched in 2011 is equally important as introducing the company's own coffee offer. Lavazza is the world's coffee market leader, unceasingly setting new trends in the coffee market. MOKATE has been an authorized representative of Lavazza brand for Poland since January 2011.

Its history starts at the end of the 19th century when Luigi Lavazza set up a grocery shop in Via San Tommaso in Turin. At the beginning it was a shop typical of those times, Vernissage of Seliger's work, dedicated to The 2011 Lavazza Calendar Mr Jerzy Chrystowski, PhD talked about MOKATE and the company's links with coffee, Italy and Lavazza itself. MOKATE was represented by Ms Sylwia Mokrysz, while the exhibition gallery of the Municipal Textile Worker Cultural Centre was represented by Mr Andrzej Batura





selling a bit of everything. The situation started to change, however, when its owner came up with an innovative idea to brew coffee using a blend of different beans. Since that time a dynamic development of the company has started. As early as in the thirties of the 20th century Lavazza was among the top ten coffee manufacturers in Italy. Today the company is operating in 80 countries worldwide. The Lavazza brand has been invariably appearing the taste



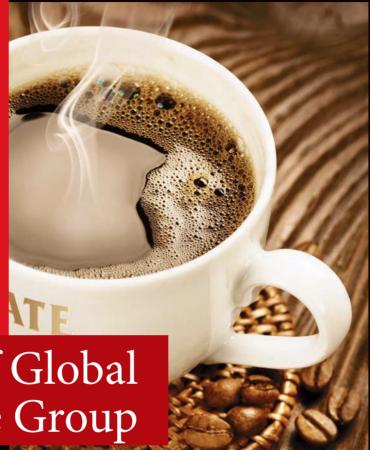
buds of the most sophisticated coffee connoisseurs for years. It is also associated with art. It has already been fourteen years since the first "Lavazza Calendar" appeared, featuring the works of the world's leading photographers.

As an experienced and strong market partner, MOKATE will undoubtedly have its contribution to further development of Lavazza cooperation with Polish customers due to many years' experience in the market, combined with efficient work organization of the "sales forces" employing highly professional personnel. They are ready to provide expert advice. Their knowledge of the coffee market and sales activation methods is outstanding. "Cooperation with Lavazza adds an additional impetus to actively shape the

coffee market. I am convinced that MOKATE, a distributor of this brand of products, will win recognition of all of our commercial partners", says Teresa Mokrysz, the owner of the MOKATE Group.

Looking at history of both companies, one may easily find some analogies: over one hundred years of tradition, 100% family capital and successive generations of owners who threw in their lot with the family business. Shared values, with professionalism and innovativeness taking the lead are yet other common feature characteristic of both companies. Such background provides firm foundations for further development of the companies and optimist outlook into future, both under the Polish and Italian skies.

The offer of the Global Coffee Group also comprises Blue Mountain coffee, one of the most expensive coffees in the world, grown in the Blue Mountains of Jamaica.



Wonders of Global Coffee Group

In 2008 the Global brand was incorporated into MOKATE portfolio, getting a chance for further dynamic development. Although the owner has changed, traditions of the brand have remained intact, i.e. always offering customers top shelf coffee.

It is taken care of by a team of high-class specialists employed in the Global Coffee Group, one of the entities within the MOKATE Group. Due to their efforts, MOKATE has been consistently enriching its range of whole bean and ground coffees.

Today the offer comprises a few premium series addressed both to coffee connoisseurs as well as to all those who love this rich flavour



of a high quality beverage. Coffee beans grown in various corners of the world are used. Their country of origin might be different, yet their quality is invariably high. An original eye-catching design of packaging makes

them stand out on a store shelf. A careful choice of coffee beans and packaging to form a harmonious whole is one of the ideas aimed at emphasizing uniqueness of the Global Coffee Group.

A series of "Coffees from Plantation" in characteristic



jute bags comprises coffees originating straight from Columbian plantations. The series is composed of *Supremo Colombiano* and *Cafe Organic*, both 100% arabica coffee beans. The plantations where they were cultivated were first carefully checked by a MOKATE expert. During his visit to Columbia, he became

acquainted with the whole coffee production process, from the proverbial coffee bean to the final effect. Therefore the best suppliers were selected, who guarantee unchangeable high quality of raw material.

The "World Coffee" series comprises coffees from different parts of the world. A high position on the ranking list of the most recognized coffee producers is the main criterion for selection of the place of origin. One may find here coffee beans from renowned plantations in Indonesia, Ethiopia and Costa Rica. The coffee is packed in decorative tins, marked with an accent characteristic of a particular region.

The packaging of the series "Occasional Coffee" looks even more interesting. The series, comprising Thank You, Love You, Happy Birthday Coffee, has been prepared for special occasions. The packaging, apart from a theme-related dedication, features a unique texture of velvet and paper.

The offer of the Global Coffee Group also comprises *Blue Mountain* coffee, one of the most expensive coffees in the world, grown in the Blue Mountains of Jamaica.

Coffee shrubs grow at the bottom of the mountains, in the shadow of the so-called "protecting trees" at an altitude of up to 2000 m a.s.l. The quality of this excellent coffee can be attributed to exceptionally favourable weather conditions. The plantations occupy the area of just 6-7 thousand ha. The harvest and initial selection is done only by hand. Then coffee beans are selected with the use of a laser and a computer according to their size, shape and weight. Blue Mountain coffee is exported only in wooden barrels, certified with a stamp. In the Global Coffee Group this coffee is a part of a "Special Coffee" series, which is also supplemented with Maragogype coffee with characteristic large beans called elephant beans, valued by real connoisseurs.

The last in the series – "Cafe Colombiano" – is a composition of coffee beans from Colombian plantations.



The collection includes a mild and subtle classic version, gold coffee rich in aroma and 100% arabica *espresso negro* – full-bodied strong coffee.

The Global Coffee Group also has a rich offer for the HoReCa sector (hotels, restaurants, cafés). It comprises top quality coffees "for exceptional people and exceptional places". One of such places is the Market Square in Cracow, its underground part to be precise. The Underground Market Square Museum, opened to the public in September 2010 is one of the most recent attractions in Cracow. Apart from tourist trails and numerous exhibitions, one may find here a charming café called "Baroque", where Global brand coffee is served. This place is certainly worth a visit.

More and more Polish coffee lovers are attracted to premium coffees. In this sector the MOKATE offer allows the company to make optimistic forecasts, especially due to the fact that the Global Coffee Group is still working on subsequent, attractive offers which will soon appear on the market.

The "XY" unknowns not only trigger the decision-making process. They also provide fuel for the media, thirsty for sensation in the realm of economy.

XY – the Unknown



A surprising sampling stand ... with a drive

In mathematics (in colloquial language) these two letters stand for unknowns.

What do they mean in the case of MOKATE? Also unknowns,
but to be precise — this margin for uncertainty which is inherent in any strategic plans.

This margin encompasses both risks that have not been identified before, as well as chances that may arise. A marketing-oriented company should respond decisively to both and verify the assumptions of the adopted strategy ad-lib. This swift-response capacity combined with flexibility in the approach to your own plans underlie the market success.

A number of examples shows that MOKATE has this feature. Already in the early 90s of the previous century two product-related decisions were made on a "seize the opportunity" basis, diverting the company onto a completely new path. What is meant here is coffee creamer and cappuccino, which initially had not been scheduled for the years 1990 and 1992. The creamer turned out to be a proverbial "hitting the nail on the head", however the first experience with cappuccino posed the threat of a financial disaster. More information on this subject is available in MOKATE's Alphabet under the entries devoted to product categories. The following years also brought

situations requiring considerable flexibility and prompt decisions. They can be easily found in other sections of this edition, but two situations, most distinctive for the thread under discussions, will be presented here.

The takeover of "Consumer" company in Środa Wielkopolska came as a shock for all the tea market players. It also changed the company's strategy which, after taking over that large tea manufacturer, joined a league of tea tycoons just overnight. Consequently, the company was converted into a tea and coffee manufacturer and a series of investment-related decisions followed. Another acquisition was made in the Czech Republic where Dukat company, manufacturing a few popular tea brands, became MOKATE's property. As a result, the production facility in Ustroń was transformed into the tea complex, whereas coffee production was transferred to a new facility in Żory.

When the technology of alcohol production in a form of capsules was developed in one of western

countries, MOKATE instantly realized that it could be applied for its own purposes. A relevant patent allowed the company to add a few new products to their offer of teas and coffees, containing microcapsules which dissolve in hot drink and release aromatic content. Due to that decision a technological breakthrough in the alcohol production, difficult to foresee, was incorporated into the company's plans of development. Product lines taking advantage of this innovation include famous MOKATE "Grzaniec" (mulled tea), conquering not only the Polish market. Let's add that this patent made the company the only in the world manufacturer of drinks containing alcohol in this original form.

The "XY" unknowns not only trigger the decision-making process. They also provide fuel for the media, thirsty for sensation in the realm of economy (or financial status of celebrities). MOKATE experienced such phenomenon on a number of occasions. Some time ago the press released a message that the company had acquired a coffee plantation in Ecuador. It still remains unknown what the authors of that press announcement were guided by. Two pieces of information appeared to be true, though:

firstly - that MOKATE deals in coffee and secondly - that the company's representatives visited Ecuador. The remaining part of the announcement was just a mere speculation of its authors. The company did not issue a denial. In another case a decent journalist thought it fit to ask the company for confirmation of some news he had heard among stock market analysts. It concerned an alleged purchase of a land property in Kenya, specialized in tea cultivation. A firm denial prevented another newspaper hoax. On some other occasion, without the company's knowledge, the media released news that MOKATE intended to take over one of the largest "Polmos" companies in Poland (Polmos spirit distillery). That time there was a grain of truth in that message. It was the time when MOKATE was implementing an innovative technology of combining products with alcohol microcapsules.

A margin for uncertainty – this is an obvious challenge for the company. So far, MOKATE has solved all the equations with unknowns to their best advantage. On the basis of available knowledge and past experience it can be boldly assumed that this ability will remain the company's permanent attribute – also in future.



When faced with a challenge to conquer successive markets in the world, it is a real satisfaction to have an awareness of being respected at home.



MOKATE Sp. z o.o. in Żory. A bird's-eye view

The media must have overlooked it. It seems strange — the Polish capital of cappuccino has been transferred but on TV, radio or in the newspapers there have been no protests, no speculations. Nobody has even made any conjectures about political implications hidden behind this event.

But the fact remains unquestionable. The new capital is Żory. Since the early months of the year 2003 it has been

the seat of the greatest manufacturer of cappuccino in Poland – MOKATE. Now in Żory a delectable aroma of cappuccino is drifting around. And what about Ustroń, the ex-capital? Comparing to Cracow, the ex-capital of Poland, it is history that counts. As experts would say, it is Ustroń where the origins of cappuccino started and the town will never be deprived of this privilege. Irrespective of the previous dominance and historical precedence, there emerged another reason to be proud of. Now Ustroń is the kingdom of tea, and that's it.

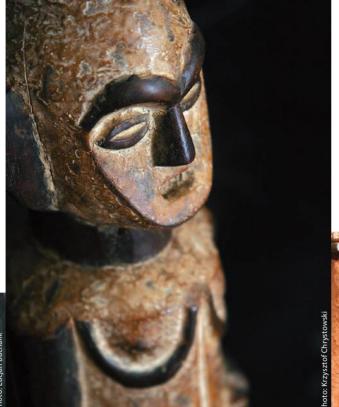
Lack of response by media

in connection with the transfer of the national centre of cappuccino might have been caused by a small distance

between the two towns – just a half-an-hour drive along a convenient dual carriageway situated along the axis

> running from the north to the south. Another half-an-hour drive but with traffic congestion getting worse and worse and you reach the borders of a few-million urban agglomeration of Upper Silesia. Despite the close vicinity of this urban giant, the town itself has retained its clearly distinctive character. The reasons behind this individuality are rooted in historical traditions that the town rightly takes pride in - Żory has recently celebrated its 750 anniversary of being granted the Charter. Ages of existence shape the oldest guarters of the town. The market square and the adjoining streets, solicitously restored, bear witness to the original mediaeval architecture. The town's embellishment is the coat of arms with the Piast Eagle and a sword, moreover, the person

of St Jan Nepomucen, whose monuments can be found in a few locations and an ancient statue stored with pietism



Mr Lucjan Buchalik, director of the Żory Museum



in a wayside shrine located in the place called in Polish "Kościółek" (Small Church), Lushness of greenery adds to the charm of Żory. Almost one guarter of the area is taken up by well preserved patches of an authentic forest with numerous old oaks and lime trees. Enclaves of modern housing estates are also surrounded by greens, which next to architecture pleasing to the eye - influences the quality of life. It is not surprising, though, as the Society of Zory Lovers, who draw enthusiasts of the town history and who are convinced of the future perspectives of the town, do not stay inactive. The Society enjoys strong support by the Town Council and the Municipality and has initiated many original undertakings, such as the European Square, which is to further develop the town and region. This project has been executed by the Municipality. In the vicinity of the recently constructed United Europe Avenue a living monument has been established there, which is a dendrologic curiosity and recreational area for the town dwellers. Dendrologic – because the Square is a concentration of trees, the species of which are to symbolise all 25 European countries, forming the European Union after May 1st, 2004. The Guidebook of the Square informs, inter alia, that Lithuania is proudly represented by a birch *Youngii*, Slovakia by a larch, the Czech Republic by a certain variety of a maple tree and Poland – by a willow, of course (in the pleasant company of a native whitethorn shrub).

The thriving Municipal Museum can testify to the aspirations of the town. This establishment can boast a multitude of unique collections. The African section, full of exotic exhibits, captures particular attention. All credit goes to the Director of the Museum, an indefatigable



The western side of Żory Old Town, a real pride of the new Polish apital of cappuccing."





A few valuable exhibits acquired thanks to donations made by MOKATE

traveller, who explored the most remote spots of Black Africa, even the area occupied by the mysterious Dogon tribe. In display cases holding ethnographic exhibits, a visitor will certainly notice plates with information about MOKATE's support provided for the activities of the Museum. This is the company's contribution to a wideranging programme of the Town Management in the sphere of culture and education.

Żory, with a population of 65 000 people and the official seat of the poviat authorities (a unit of administrational division that may be compared to a county) has also some large-scale achievements. They are connected with the Katowice Special Economic Zone, in particular – with Jastrzębie-Żory Sub-zone. On the outskirts of the town many enterprises targeted at modern development have found favourable conditions. It is difficult to overestimate



their role – they enhance economic potential of the town, providing new workplaces.

Among them is MOKATE, one of the largest enterprises of the Zone. The Main Facility of the Company (LLC), based in Strażacka Street, did not take even a year to erect. In the year 2002 production was already in progress, with the level of employment steadily increasing. MOKATE in Żory, seven years younger than its sister company, is distinctively different, both inside and outside. The feature which particularly draws attention is the compact settlement of the company. In fact, it is one architectural piece, without the array of facilities scattered, gradually extending and then bridged together as in Ustroń. Even a new production facility, built in 2004, has not altered this situation, either, as it is perfectly set into the whole complex. The colour scheme is also different. Green and white are the dominating colours of the façades. The feature common for both enterprises is the sight of the towers. The Żory tower, being also the highest facility in this area, is a landmark for the whole Zone. The aggregate floor area occupies ca. 20 000 sgm and has already exceeded the area of Ustron's development.

The most significant differences are hidden under the roof, though. The forefront technology of production facilities, installation solutions applied in the spray tower younger than in Ustroń, warehouses fitted with equipment facilitating the dispatch process (including loading bays furnished with wind sleeves, protecting the products to be loaded against weather conditions) – these are the features which delight the eyes of the management. Above all, they draw the customers' attention. Contractors, domestic and foreign alike, do have a subject to talk about. They are also offered a wide variety to choose from. Żory, apart from cappuccino, its flagship product, offers instant coffees of many sorts, hot chocolates, cocoas, coffee creamers and semi-finished products intended for food industry - i.e. whiteners. Products leaving production lines, successfully stand the tests of all quality controls and do not give way to products manufactured by world tycoons. The company has been acknowledged not only by customers. A run of good luck that Ustroń has enjoyed, has now been continued in Żory. Glass cases have been filled with trophies. At the beginning of 2004 there appeared a reward of a particular value, as it was granted by the town authorities. The company was honoured with a "Phoenix Sariensis" statue in acknowledgement of an outstanding contribution to the development of Żory. Mrs Teresa Mokrysz once said, "When faced with a challenge to conquer successive markets in the world, it is a real satisfaction to have an awareness of being respected at home".





St Nepomucen's monument in the Market Square in Żory



The entry "Żory" closes MOKATE's Alphabet. The formula of MOKATE's Alphabet has been selected on purpose. with a wish to provide our Dear Readers with relevant information in a convenient form - without having to go through a few dozen pages. Should an attempt to embrace it as a whole be made, it may turn out that different entries can form yet another tale, non-existent in the present table of contents, one more or even a few tales more or less serious. Everything depends

on the reader's imagination, as is the case with every medley "from A to Z". Let me draw the readers' attention to one such options. It regards the history of the Mokrysz family approached from the perspective of geographical space. With such criterion taken into account it is easily noticeable that the points on the map related to the history of this family form a clearly marked shape of a triangle. Everything that has been most important over the span of over a hundred years closes within the area designated by the names of such locations as Dobra, Goleszów, Ustroń and Żory. A simplified map illustrates this observation. So, in future there may arise an opportunity to introduce a new entry to MOKATE's Alphabet and search for deeper meanings underlying the relations between the place and man. Then, the entry to be considered would be entitled "A Golden Triangle of the Mokrysz Family".

That is all with regard to the possibilities that MOKATE's Alphabet itself offers by adding additional entries. As results from the above, one suggestion for the next (possible) edition has already been put forward. However, it is almost certain that ideas for further entries need not be searched for on the pages that have already been written. As usual, life itself will add them, with considerable help on MOKATE's part.



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