

NEWSLETTER

INTERNATIONAL

 ENGLISH VERSION

RUSSIA



## INTERNATIONAL SPECIALISTS IN RUSSIAN COMPANIES



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## RUSSIA: INTERNATIONAL EXPERTS ARE IN DEMAND

Since the 1990s, thousands, if not tens of thousands of foreign managers and specialists came to Russia to work in the subsidiaries of international companies. Here they were involved in the set-up of local daughter companies, guaranteed the transfer of technology and the implementation of international standards and procedures.

However, many Russian companies have used the services of foreign experts and are keen to benefit from their knowledge.

The obligation of expatriates is due to various motivations, as we have seen in discussions with our clients. The following reasons for employment of foreign specialists can be distinguished:

- **Expats as a carrier of international “best practices”.** Many Russian companies have made the leap onto the international stage of economy over the last 20 years. Especially companies, whose shares are traded on stock exchanges such as New York, London or Hong Kong, had to bring their internal processes to the required transparency and efficiency standards.
- **Expats as cultural mediators in international interfaces.** Wherever Russian companies need to work closely with international partners, foreign specialists could be of interest. This is why there are many foreigners located especially in the export departments of Russian companies, where they are representing the company in the markets. But there are also foreigners in the departments of international business development. Another important interface is the financial sector – companies with global capital base insure themselves to interact with banks, lenders and investors often supported by international experts.
- **Experienced managers as members of the Supervisory Board.** The foreigners in the Supervisory Board not only represent the interests of foreign shareholders, but are also appreciated by Russian shareholders for their international perspective and the global network. They can also compare the local enterprises with the market companions in other countries and based on this they give recommendations. In fact, almost 30 percent of all supervisory board members in Russia are foreigners – in comparison with European companies this is a very high number.
- **International experts as know-how carrier.** Most expatriates who are currently coming to Russia are sought as specialists in well-defined technologies, production processes or even financial and regulatory issues. The current economic situation and the political accentuation on import substitution favored companies that want to expand their vertical integration in Russia. However, quite a few do encounter technical limits that they can break through the targeted acquisition of knowledge carriers. ►



**Christian Tegethoff**  
Managing Director,  
CT Executive Search

The companies we surveyed have consistently had good experiences with international experts, as can be seen in the reports in this newsletter. Seeking companies engage in the recruitment of international specialists on their own contacts or contact recruitment consultants who are familiar with the special requirements of such projects. CT Executive Search provides consulting services both for recruiting companies, as well as for specialists who are interested in employment in Russia.

For most foreigners who have chosen an employment in Russia the conclusion was positive. Problems in the foreign cultural environment have been compensated for the most by positive elements - examples provide the interviews in this newsletter.

## "INTERNATIONAL SPECIALISTS CAN IMPROVE ORGANISATIONS AND PROPERLY SET UP A COMPANY"

### **How has business developed for Uralkhimplast in 2014 and 2015?**

We are neither directly affected by the sanctions, nor by the events in Ukraine. We achieved good results in 2014 and announced for dividends. Following an efficiency program, business looks better in the current year; our results in Q1 were better than budgeted.

The volatile rouble exchange rate does not impact us too much as we do not import or export significantly. There are even positive implications: Many of our customers increase their production volumes due to reduction of import. Moreover, we increased our customer base as many companies now look to buy locally, rather than import and bear the currency risk.

### **Does Uralkhimplast employ international specialists?**

We do not employ foreign specialists in Russia at the moment. But we do benefit from the international management in Uralkhimplast's holding company located in Vienna, which owns nearly 97% of the company shares. The European directors actively take part in business and strategy development. If we were not able to use these resources we probably would need to attract foreign managers to work in Uralkhimplast. The directors' impact is especially valuable in connection with international issues, e.g. new projects, supply chain or financing.

For our plant operations in Nizhny Tagil we usually look for Russian managers and specialists who have gathered experience in multinational companies in Russia or abroad.

### **For what reasons do Russian companies usually employ international managers?**

Foreign managers are valuable wherever a technology transfer shall be made, or international standards and procedures are to be introduced into a Russian organisation. I used to work as a CFO in Patra, a Heineken brewery in Yekaterinburg, which I helped to integrate into the Heineken group. There were many expatriates involved in the process back then. ►

## INTERVIEW



### **Dmitry Vorobyev**

is the CEO of OAO Uralkhimplast, one of the largest Russian producers of synthetic resins and plastics. The company is headquartered in Nizhny Tagil in the Sverdlovsk region and employs more than 1.100 people.

## **Are there any specific challenges for Russian companies with international specialists?**

Yes, as they usually require a high degree of support and assistance in daily life and specific matters. Some cannot cope with living in extreme situations – and as we know, living in Russia is always an extreme situation. They do not always understand where it makes sense to apply pressure and when it is better to follow negotiations. But all in all, foreign specialists can be of high value for improving organisations and setting up a company in a systematic way. However, I would tend to attract a foreign specialist rather in a consulting or project management role than in a line position.

## **Why could working in a Russian company be attractive for a foreign specialist?**

Remuneration is an important factor, Russian companies often pay well. Moreover, Russia is interesting for people looking for a challenge and who are motivated by showing good results in a difficult environment. And Russia still provides opportunities to implement international best practices on a new market.

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## “WE HAVE VERY GOOD EXPERIENCE IN HIRING FOREIGN SPECIALISTS”

### **How many foreign specialists work in your company, and what are their roles?**

Our company currently employs three foreign specialists. One is Lithuanian, he has several years of experience in mid-sized businesses in the UK. The other one is Swiss and the head of production. The third one is from Poland, he is not employed full-time but working as a consultant in our sugar business. We also had an American expat, but he has already left.

### **For what reasons do you employ foreign specialists?**

Mainly we hire foreign specialists because of their experience in international companies. The foreign consultant for example is seventy years old and worked all his life in the sugar business in Poland. He helps us to renovate the efficiency of our sugar plants. We hire them depending on their tasks for short or long term. The Lithuanian specialist is hired for three years to help us with our start-up business concerning slaughter.

### **What is your experience with them? Are there any specific problems employing foreigners?**

We have very good experience in hiring foreign specialists. We are very lucky that they all speak very good Russian. This is very helpful for the communication because knowing the language lets you connect on a more personal level with the native speakers. That again is good for the business environment. Once we had an expat from the USA, he didn't learn the language and this made working with him quite difficult. ►



### **Yulia Baranova**

is the Head of Recruitment and Personnel Development at Rusagro, one of Russia's largest food-processing companies active in the sugar, meat, agriculture and oil and fat industries. The company is headquartered in Moscow and employs more than 10.000 people.

We suggest our foreign employees to visit language courses, it is not a matter of money or time, but you have to be interested and motivated to learn the language and see the benefits of communicating with people in their own language.

### **For which reasons do foreigners join your company?**

I think it is always a different motivation. In general it is the challenge to gain experience working on a new market. The Russian market is not as stable as the European. Some of the expats want to be some kind of a mentor. But what I think triggers them the most is the high salary and the low taxes.

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## "YOU HAVE TO BE CURIOUS AND PATIENT"

### **Why did you decide to work at Sberbank CIB after working and living for six years in Zurich?**

I had been working over ten years on the EMEA region including Russia at USB Investment Bank, so I was already familiar with the Russian market. A former colleague and CFO of Moscow branch called me one day, knowing I was looking for a change, a new adventure, and convinced me to come to Moscow and join him at Sberbank. So basically I took the job because I was ready for a new challenge, flexible enough and enthusiastic about being offered such an opportunity.

### **What did Sberbank expect from you and why do you think they did not place a Russian into this position? Are there more foreigners in your office?**

Sberbank needed know-how from international professionals who are highly experienced in financial control to help them lift Global Market Finance up to international standards. The position I filled was especially created for me. It is preferably a position for a foreign specialist, who is able to create a link between the administrative side of Finance and the front-office teams, typically composed of Sales and Traders who are also mostly foreigners; being fluent in French and English makes it much easier to communicate and improve relationships between the different areas. My line manager for example is from New Zealand but most of the people in the team are Russian.

### **What characteristics are most important for a foreigner to work successfully in a Russian environment?**

You have to be curious and patient. Lifestyle and language are so different that you have to get used to it. People are quite sensitive here, being too harsh does not get you anywhere. But these are things you can easily learn, with patience and optimism. Also you should learn the language, it makes both day-to-day communication and career developments much easier. ►



### **Samuel Tricot**

is a French expat working as Global Markets Business Area CFO at Sberbank CIB in Moscow. At end of January 2015 he started his job in Moscow after having worked for thirteen years at USB Investment Bank in Paris and Zurich. Sberbank CIB is a subsidiary of Sberbank, the largest, and state-controlled, Russian bank with headquarters in Moscow and employing 260.000 people.

## Is Moscow compared to other metropolis a livable city?

Moscow is very close to any large European city. You have a wide range of cultural attractions. Being French in Moscow it is particularly nice, the French culture is quite popular in Moscow. It does not look like Paris but has its own charm and its own vibe. The city center feels quite western-style but the further you go out of the city center the less you will be familiar with the architecture and the lifestyle. All in all I would definitely recommend to live the Moscow experience!

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## "THE DECISION-MAKING PROCESSES IN RUSSIAN COMPANIES ARE DIFFERENT"

### How did you come up with the idea to work for a Russian company in Russia?

#### What triggered you to take this job?

I worked at Accenture before going to Russia, and the firm was looking for someone to manage a supply chain management project at Sibur. I had led a similar project at Sabic in Saudi-Arabia before. The task at Sibur was very interesting – the installation of a new organization within Sibur - so I accepted the job in Russia and started working here full time.

After closing this project, Sibur was looking for someone to manage the task of the "continuous improvement". They were looking for a long time for a suitable candidate, then they offered me this position. It occurred to me just right, because I had met my present wife during the Accenture project and wanted to stay in Russia.

### What did Sibur expect from you, and why didn't they place a Russian on this position?

There was no Russian with fitting qualifications to do this job. The requirement was for an international understanding and holistic definition of supply chain management. My mission was to build SCM as a function and to bring it as an internal project to success.

After closing the project Sibur send me internally to Nizhny Novgorod to start working at the joint venture Rusvinyl.

### Is there anything specific working for a Russian company, compared to a European employer?

From my point of view the decision-making processes in Russian companies are different; the style of leadership seems like a mixture of American and Soviet handling, which is driven by emotions. One can engage the people, if they feel comfortable with the decisions. In Europe decisions are less contested, in Russia you have to convince the people, otherwise there is an "Italian strike".

The internal politics are very important. You can enforce your goals if you are internally linked. Of course you can also order "top-down", but that only works with smaller decisions, and only for the short term. ►



### Kai-Uwe Gundermann

is Supply Chain Director at Rusvinyl, a joint venture of the Russian chemical company Sibur with the Belgian company Solvay. Prior to this, the German led the department for continuous improvement at Sibur.

Russians have a strong focus on income and bonuses. If anyone can increase his bonus with a decision, he will endorse the decision. Generally the people are loyal, but if they cannot develop, they quickly leave the company. In Germany, for comparison, people start a job and do not think about leaving for the first 20 years. Communication is more complex in Russia than in Germany. Everyone has to be personally convinced, it is not enough to go only via their superiors. This is why matrix organizations don't work here in Russia. Someone has to be the boss, the one who makes the decisions.

Something like burnout syndrome doesn't exist in Russia. People exert themselves much more for a health work-life balance. You don't bring your work-related stress into your private life. They can reduce stress with the help of their family very well. Sometimes you have to yell at work and it gets quite loud, this relieves tension and afterwards you continue working as usual.

### **What characteristics are most important for a foreigner to work successfully in a Russian environment?**

You must be able to speak Russian. When I started, everybody on the project spoke English because it was connected to the board level. The common staff do not speak English. Because communication in Russia is so important, you have to be able to speak the language. Maybe not perfect but at least substantial.

You should be open and definitely not closed-minded. There are some typical Russian decisions that are not always easy to understand if you are European. But when you have been around longer, you will see that these decisions will function. You have to be open to get to know your colleagues beyond work-related subjects, you need the personal contact in order to be successful in Russia.

The "Russian Soul" ticks not much different from the German; anyway they are much closer to us than, let's say, China or Saudi Arabia. Russian negotiating tactics are very similar to the way Italians negotiate.

### **Are Moscow and Nizhny Novgorod livable cities?**

My life centers in Moscow, but I also have an apartment in Nizhny Novgorod, where I live three days a week.

In Moscow you will be welcomed, the environment is friendly with foreigners. Because I live in the city center I often don't realize the extent of the city. The traffic and the opportunities in the city remind you of London. It is also just as expensive here as in London. Moscow is a regular cosmopolitan city, but don't expect that the waiters speak English in every restaurant.

Nizhny Novgorod is located at the Volga and the Oka and its architecture is very nice. The city has over one million inhabitants, but not even one luxury hotel, although a lot of international visitors come to the city because of its industry. There are good restaurants, but you can still tell that the city is provincial.

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