

# BIGMOSCOW

OCTOBER – DECEMBER 2016

ENGLISH VERSION



**Silvia  
Mandruzzato:**

**“Starting a business  
in Moscow is cheaper  
and easier than in Europe”**

**Frenchman  
Galavtine**  
baking bread in  
Russia's capital

**Briton  
Fitzpatrick**  
active in  
advertising

**Italian  
Mandruzzato**  
teaching her  
native tongue

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OCTOBER-DECEMBER

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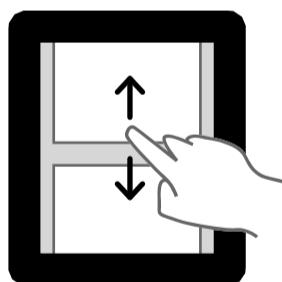
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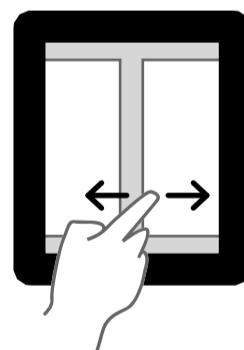
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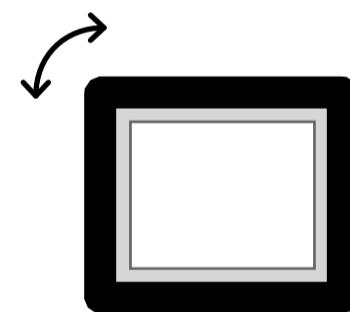
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*The Italian  
**Dario Iannetti**  
thinks sanctions  
are an obvious sign  
of an imbalance  
between politics  
and business*

# **The Door Between Italy and Russia Should be Open**

BY: NIKOLAI MIROSHNIK | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JASON J SHAW



**Dario Iannetti** is the executive director of the Confindustria Russia Association. He knows about the work of Italian industrialists in Russia not just by hearsay. His organization links enterprises working in the RF. Confindustria Russia sees its main aim as providing assistance to fellow countrymen in doing business in the RF and improving relations between Italy and Russia. What are the work prospects for foreigners in Russia today? **Dario Iannetti** talks to a BIGMOSCOW observer on this subject.

– Your Association is quite young. What was the reason for creating it, and in extremely unfavourable conditions, when relations between the West and Russia are going through difficult times?

– Confindustria Russia is a non-commercial organization, a subsidiary of the main Confindustria Association, which is in Italy and represents Italian industry. It includes more than 150,000 companies. They provide 99% of the trade turnover of all the enterprises in the Appenines.

Of these, 75% are medium and small businesses.

As for your question, It contains its own answer. Confindustria Russia was created precisely because we have entered “difficult times”. Sanctions were introduced, the crisis made itself felt. Relations with Russia became difficult, including for Italy. In this situation a positive impulse was needed, because we think that the door between Italy and Russia should always be kept open. Forming the Association produced such an impulse,





Moscow is the leading economic centre of Russia.

aiming to develop relations between our countries and to support Italian industrialists, including those working in the Russian Federation.

Our position is very simple: we are against sanctions because they are harmful to entrepreneurship. There is of course a political component in the question of sanctions, but we are on the side of the entrepreneurs, so we shall not support such measures.

***– In the brief period of its existence, has Confindustria Russia managed to achieve any specific results?***

– It has. The association of Italian industry Confindustria Russia, is spite of being quite young, represents the interests of the main association of industrialists in Italy, Confindustria. It creates an opportunity for Italian businessmen to communicate with the institutions and authorities of the RF at virtually all levels. Suffice it to say that only three months after it was born, Confindustria Russia has managed to sign memoranda of cooperation with all the leading Russian associations



of entrepreneurs, and also with many regions of the Russian Federation (on 10<sup>th</sup> June 2015 with “Delovaya Rossiya”, on 29<sup>th</sup> July 2015 with “Opora Rossii” and on 2<sup>nd</sup> July 2015 with the Association of Industrial Parks).

Obviously, after memoranda, actions are required. But simply in themselves, such steps show that both sides have a common interest in specific business relations. The greatest achievement at Federal level in 2016 was a meeting with Denis Manturov, the RF Minister for Industry and Commerce, in which representatives of 20 major Italian companies doing strategic business in Russia took part. During this meeting, a memorandum on cooperation in

**There are indeed very favourable conditions for investment in Russia today.**



## About the Confindustria Russia Association

ИТАЛЬЯНСКИЕ  
ПРЕДПРИЯТИЯ И  
ПРОМЫШЛЕННОСТЬ



УЧРЕЖДЕНИЯ

РОССИЙСКИЕ  
АССОЦИАЦИИ  
ПРЕДПРИНИМАТЕЛЕЙ



РОССИЙСКИЕ  
ПРЕДПРИЯТИЯ И  
ПРОМЫШЛЕННОСТЬ

the field of localization of production and on future business development strategies was signed. This was undoubtedly a key moment for Italian entrepreneurs.

**– Your Association recently joined another powerful organization with similar aims – the Russian-German Chamber of Foreign Trade. Why?**

– We want to consider ourselves an international association and to

be open for contacts with other such associations. Joining the RGCFT was a first step in this direction. We proceed on the basis that it is necessary to study the economic strategy of the RF and to seek out partners. The Germans, due to their excellent economic relations with Russia, know the Russian market very well, including much that concerns questions of the localization of production and setting up joint ventures. Therefore we decided that they are not our competitors, they

are our friends; we cooperate very closely with them. We are interested in working together to study the Russian market and Russia's economic strategy.

**– Experts like to talk about broad opportunities for business in Russia. They mention in particular low tax rates and various benefits. What advantages of doing business in Russia are the most obvious to you?**

– There are indeed very favourable conditions for investment in Russia, for example, in the framework of industrial parks or special economic zones. The tax rates are very good. Take profits tax at about 15%, or property tax, which the Russian authorities may reduce to zero for the first 5-10 years of investments. You have to bear in mind that things may be different depending on the region: each one has its own rules and particular features, since not all questions are decided at Federal level. The regions compete with each other, and as a result, conditions for doing business improve literally every year.

If you take a wider view, looking at strategy and the organization of production, the RF Ministry of Industry and Commerce has produced a Special Investment Contract (SPIC) for foreign investors, which is concluded between RF institutions and entrepreneurs. It guarantees the investor stability and good conditions for implementing his plans, getting credit at favourable rates, and protection against possible legislative acts, the adoption of which in the future might be an obstacle to the concluded special contract. Of course, such a contract is not signed with everyone, there are certain conditions involved. For example, the minimum sum of investments for a foreign entrepreneur is 750,000,000 roubles for a period of five to ten years. Furthermore, it must be borne in mind what is expected of foreign entrepreneurs in Russia itself. There are three forms of SPIC altogether: for setting up or modernizing industrial production, for the introduction of the best available technologies, and finally for assimilating the manufacture

**The creation of joint ventures may be a very good way of moving business forward.**



of products having no analogues in Russia.

**– *How many Italian companies are operating in the RF at the present time? Where are they concentrated? Which field of business do they choose most frequently?***

– There are more than 400 Italian companies operating in Russia at present. But the main thing is not how many there are. The percentage of joint ventures is far more important.

Most Italian companies are concentrated in Moscow province – 44 per cent. They operate in those fields in which Italians are traditionally very strong: oil and gas equipment, engineering, construction, pharmaceuticals, power generation and the food and light industries.

It should be noted here that Italy is not just high fashion and tasty food, it is not only a country of the arts. Italy should not be associated only with fashion. Italian technologies, science and research have always been present

in the Russian market. For example, few know that Italy was the third country, after Russia and the USA, to put an artificial satellite into Earth orbit.

**– *In your opinion, what is needed for the effective support of small and medium entrepreneurship, including foreign, in Russia?***

– Small and medium business will suffer if the major companies do not integrate it. This means that they must work together. The major companies have greater opportunities to enter a market and conclude contracts. These “heavyweights” can give work to many other smaller enterprises, in particular on outsourcing principles. It is quite hard for a small firm to enter the Russian market on its own, to conclude contracts and find a reliable partner. It is much easier to do this in cooperation with powerful partners.

**– *In general, is it difficult for a foreigner to open his own***

**The Special Investment Contract (SPIC) is of interest to foreign investors.**





## ***business in Russia? Different opinions are expressed...***

– I wouldn't say it's very easy. However, good studies of the Russian market do exist, and Confindustria Russia too is engaged in producing them. The main thing is that you must try to think like Russians, and you must have a presence in the Russian market. In any case, it is always necessary first to take steps which will

cost virtually nothing from the point of view of financial costs. You can ask advice from our Association without spending a single kopek. You should come to Russia more often to initiate and maintain relationships. Of course airline tickets and living expenses cost money, though this does not constitute investments. On the other hand, you will be "in the swim", you will begin to understand the rules of the game. and

it will be much simpler for you to open a business.

Sometimes foreign companies cooperate for years with Russian partners, and then suddenly, without warning, export to Russia falls by 50% and no-one has any idea why. The fall in total trade turnover between Russia and Italy has fallen 43.17% since 2013! And not because the products or technologies of Italian enterprises have become worse. The point is that Russia's economic strategy and the situation itself have changed. And then the crisis had its effect, the rouble

greatest danger is that right now, our competitors could occupy the available niches and become established in certain segments of the market, and if we lose these segments, they will never return to us...

**– *When people apply to you for consultation, they probably ask: where is it preferable to establish yourself in Russia? In Moscow or in the regions? What is your advice?***

– That depends on the company, on its needs and requirements. Of course,

**There are more than 400 Italian companies operating in Russia at present.**

fall in value, and this suddenly made Italian products twice as expensive.

Today you have to work independently in the Russian market, not act through any kind of local offices or agencies. The Germans, the Chinese, the French – those with the greatest presence in the RF economy – can hold onto their niche in the market more firmly. You can of course take a wait and see position, but at the same time, others are not waiting. And the

Moscow is the leading economic centre of Russia. There are many well qualified personnel here. But on the other hand, do not forget the costs. Moscow requires considerable investments. Furthermore, the rapidly developing Russian regions compete with each other, creating conditions for profitable capital investments.

**– *Foreign companies are working in Russia in the new current conditions, connected***



***mainly with sanctions. How do they affect business?***

– Sanctions have created a negative attitude to Russia, including from the psychological point of view. They made investors think: is it worth while investing in this country? Will my products or technologies be liable to sanctions? In such a situation, most potential investors will decide it is not worth the risk, and will not invest money in the RF. Alas, that's the way things are. However, the point is that we are losing Russia this very day, therefore I repeat: the door must be kept open. Do not leave the market, on the contrary, win it. You need a thorough analysis of what sanctions cover and what they do not. The opportunities for interacting with Russia must be studied. Confindustria Russia does not only face the job of convincing investors of the need to invest money just in the RF. But we must explain what opportunities and prospects exist here for doing business primarily in the interests of Italy.

– ***Is it right to believe that one of the reserves for the development***

***of foreign business in Russia is the localization of production and the creation of joint ventures? Incidentally, why are there so few Italian-Russian joint ventures. compared, say, with German-Russian ones?***

– The creation of joint ventures may be a very good way of moving business forward. They can be set up both with financial and industrial partners. The latter option is preferable. because industrialists know the market well. The foreign company provides the know-how, the technologies, the competence and possibly a small part of the investments. Thus Russia receives new technologies, and we are fully entitled to claim a share of the market. It must be best to work along these lines, and do so right now, not let it drag on for years. Russia has tremendous potential of long-term stable resources. And this tremendous potential must not depend only on such financial parameters as the rouble rate or the price of oil.

**The danger is that right now, our competitors could occupy the available niches.**



**– You have been living and working in Russia for almost two years now. How do you find the Russian capital? What changes have taken place in this time?**

– Before Moscow, I lived for some time in St. Petersburg. Russia is a very advanced dynamically developing country. I think that Russia is a splendid place to do business, particularly for young businessmen.

As for Moscow, the infrastructure is constantly improving here, and

transport works well. Over the past two or three years, traffic jams have been considerably reduced. The people are changing too. Now they are thinking in terms of improving their way of life. I am convinced that Moscow will also become a leading world site for the introduction of new future technologies in the field of innovation in power generation, transport and IT. ■

**The creation of joint ventures may be a very good way of moving business forward.**

PIECES OF ADVICE  
FROM **DARIO IANNETTI**  
FOR THOSE WHO WANT TO START  
**A BUSINESS IN MOSCOW**



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

DON'T LOOK FOR  
PROFIT THIS VERY  
MINUTE. WORK  
WITH THE LONG  
TERM IN VIEW.

Russia is interested  
in long-term cooperation.



A BUSINESS IN NOW



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

INVEST SOME TIME IN STUDYING THE RUSSIAN MARKET.

Not all investments in establishing yourself in the Russian market incur financial costs, and that goes for mental ones.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

**"BECOME RUSSIAN":  
THINK AS RUSSIANS DO,  
MIX WITH RUSSIANS, STUDY  
THE LANGUAGE AND SPEND  
TIME ON RUSSIAN SOIL.**

This will bring an understanding of Russian society and business in the RF. You can't have dealings with Russia while sitting at home.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

ESTABLISH LONG-TERM RELATIONSHIPS WITH RUSSIAN FINANCIAL AND INDUSTRIAL PARTNERS.

Russia is not an "amusement park", and it is not just a matter of pure commerce: Russian business develops in a different direction.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

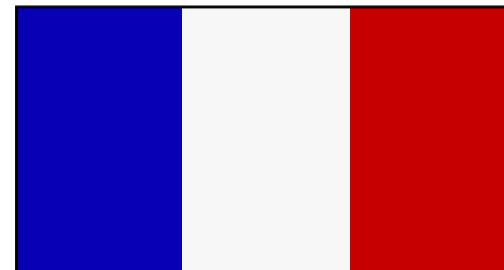
PHILOSOPHICAL ADVICE, BUT POSSIBLY THE MOST IMPORTANT: BELIEVE THAT YOUR BUSINESS WILL CHANGE RUSSIA FOR THE BETTER.

If the main thing for you is not just commerce and sales, if you are confident that your business will play a key role in the Russian economy, good will surely come of it.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

## PERSONAL EXPERIENCE

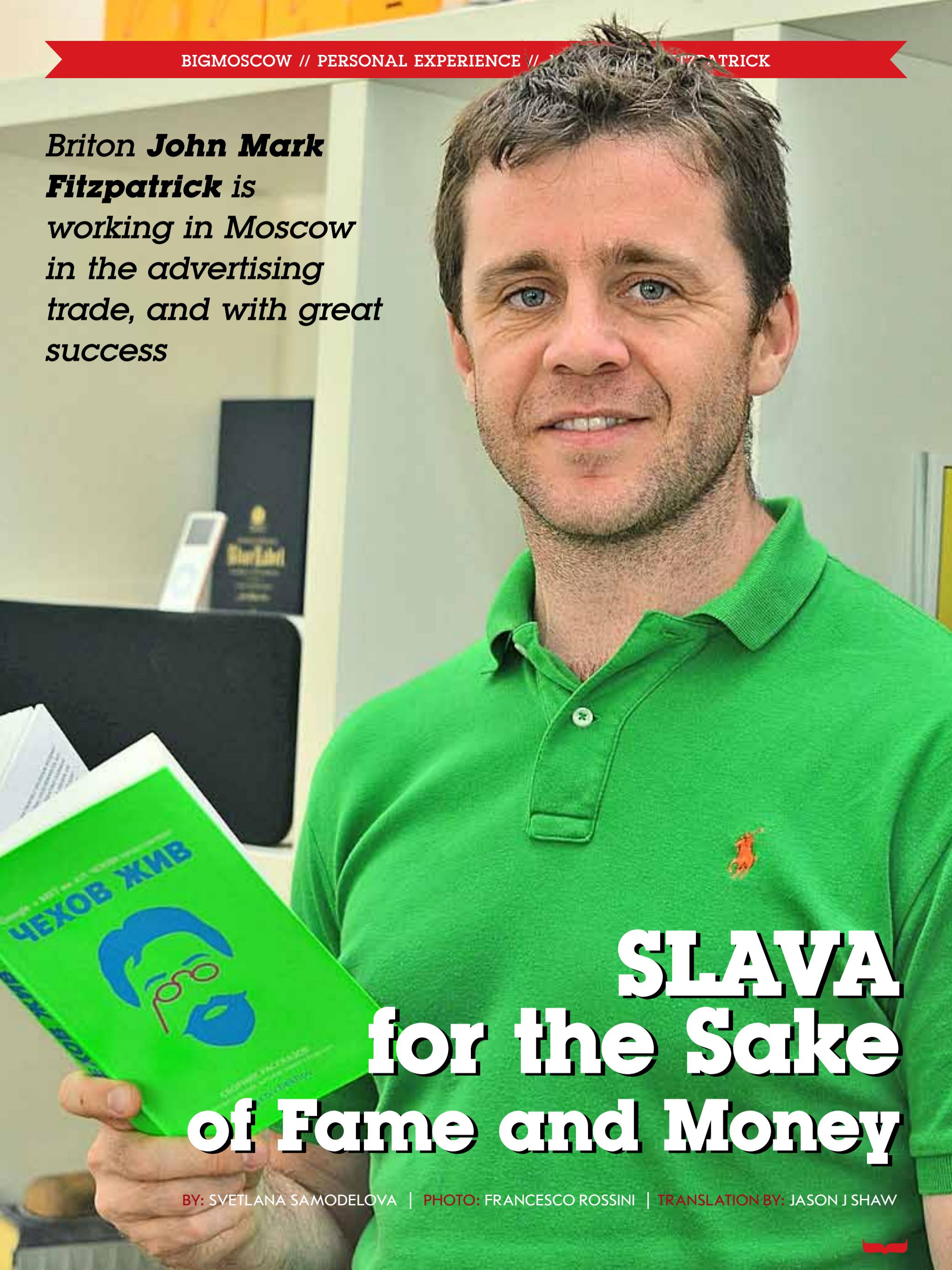


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**Briton John Mark Fitzpatrick is working in Moscow in the advertising trade, and with great success**



# SLAVA for the Sake of Fame and Money

BY: SVETLANA SAMODELOVA | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JASON J SHAW

**John Mark Fitzpatrick**, as a true gentleman, has never looked for an easy way. Which is why, on graduating, he decided to leave his home country behind and go... to Russia. Having been employed for a time as an expert in the advertising business, he was soon starting his own company SLAVA. And standing at the helm of an independent creative collective which made a name for itself in Russia with the "Get Reading" campaign. Today **John Mark** lets BIGMOSCOW in on what it is like working with big business, big goals, and a budget to match.

– I was studying Russian and Spanish at university. I wanted to go into banking but someone I know, who was working as a senior manager at one of the world's biggest international advertising agencies called me from Russia. He himself couldn't speak a word of Russian. So he invited me to join his team.

After an interview by Skype, I arrived in Moscow at the age of 23, intent on building a career.

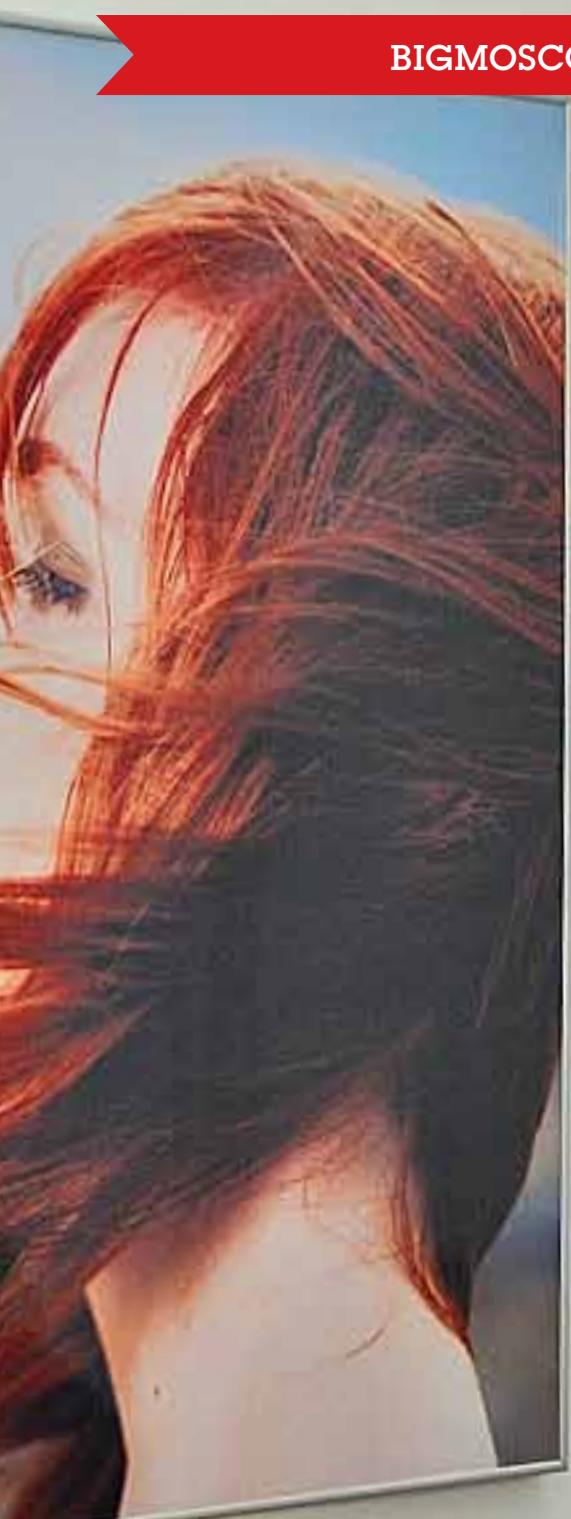
In Russia, I experienced an overwhelmingly uplifting feeling, a kind of pleasing, positive energy. My salary wasn't much: about 20,000

roubles. My room cost 10,000, and I just about managed to get by on the rest of it.

Every day brought something unexpected. It was a surprise to me that when I was in a café and I asked them to bring me something that wasn't on the menu, like butter, I always heard the same "No".

And it was only after the third time of asking, having got the manager involved, that I got my butter. But, before then, I had been refused three times. People in





**In Russia, I experienced an overwhelmingly uplifting feeling, a kind of pleasing, positive energy.**

Russia are used to keeping up a certain way of behaving, staying in a certain mode and, to break through this barrier requires you to stand up for yourself.

But then, at the same time, it was when I was in Russia that I was first able to manage my finances on an iPhone, buying a plane ticket, in particular. You could only do this in England six months later.

I am still struck by the breadth of the Russian soul. Russians are very hospitable; they are interested in everything. I, for my part, love attention, I'm a real extrovert.

something of a complex: it seemed to me that if someone started talking to me in English that it meant that my Russian wasn't good enough...

At the large advertising company, I had a regular client: Procter & Gamble. From the point of view of marketing, it was, of course, a very good training-ground.

**– *Why did you decide to leave the company and set up your own agency?***

– After work, we often used to socialize with one of the partners,

**From the very start, we laid an especial emphasis on the quality of the work.**

**– *What difficulties were there in the early stages of living and working in Moscow?***

– Although I had been learning Russian for 6 years, I didn't speak it well enough. Which meant that I couldn't get a proper sense of people or of the Russian culture. So I steadfastly kept on learning it. I asked colleagues and acquaintances to speak to me only in Russian as, at the time, my colleagues wanted to practice their English with me. I even developed

Viktor, a creative. And we were of the same opinion that we would be able to do bolder work if it weren't for certain restraints. These conversations went on for about six months. And there came a point when we realised that something needed to change, and we decided to set up our own agency. I became the Managing Director, and my partner Viktor Sokolov the Creative Director, with responsibility for the product.



**– Was it difficult starting your own company in Moscow?**

– No. I did it myself. It was important to me to go through all the stages myself. I had to get together a large number of papers. It was a fairly lengthy process. I spent three months doing it. If you pay an agency that specializes in it, then the process can be done several times faster.

That's how our agency was born. The name was thought up by Denis Lapshinov, my second partner. It is to do with the motivation of our colleagues and clients. Every one of the creatives wants recognition. The same goes for our clients.

**– How did you recruit the necessary people?**

– Part of the team from my former agency left with us. For six months we worked as a four. This set-up was sufficient to service the first client. Now there are over 20 people working for us.

From the very start, we laid an especial emphasis on the quality of the work. Our first promos became adverts for us in their own way: our calling card.

One of our first jobs was the promo “Paratroopers are Reading Pasternak”, which, in just the first week, got over 200,000 views on the net (!). We knew

**Opinion**



**Maxim Stepanov,  
Managing Director  
of the full-service  
advertising agency  
GRAD M**



In terms of the development level of its advertising services market, Moscow is in no way behind European and global capitals insofar as it is a multi-million-strong city, and the economic and cultural centre of Russia. Indeed, Moscow, in its own way, is Russia's engine. By various estimations, the overall size of the advertising market in the Moscow region at the present time, allowing for periodic fluctuations in macroeconomic conditions, is between \$20-30bn a year, and is on a steady upward curve.





that every year on the 2<sup>nd</sup> of August in Gorky Park the paratroopers celebrate their commemorative holiday. They have a few drinks and splash about in the fountain. In the meantime, the open-air book fair “Bookmarket” was supposed to have moved on after a couple of weeks. The park in those days wasn’t as developed as it is now. There was reconstruction going on: everything was being improved and finished off. We came up with the slogan: “Culture returns to the Park of Culture”. Our paratroopers were

reading the Pasternak poem: “In everything I want to reach...”

The promo was covered extensively on the radio station *Mayak*, and Viktor Sokolov was invited onto the TV station *Dozhd* (Rain TV) to tell them how the film was made. Everybody really liked the product. And straight afterwards, three creatives approached us and asked: “Can we come and work for you?”

But overall the hardest thing in our business is recruiting people. We need talented people to work with who can

come up with good ideas and know how to think in an interesting way, who can bring something new to every project.

Statistics say that 90% of small companies, startups, are not very successful. Many of them fold after the first year. Which is why even our job applicants had a certain lack of belief which we had to contend with.

### **– How much are your employees paid?**

– Assistants (those who are just starting with us) are paid from 40,000 roubles. But if an employee gets a result, their salary can be much higher.

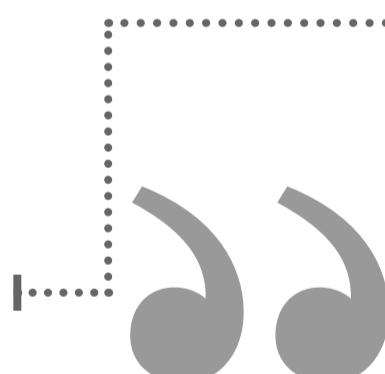
### **– Was it hard finding a place for the office?**

– Surprisingly so, but in Russia, what is important for employees is not just how much they are getting paid but also where they happen to work. In England, for example, the location of the office for workers is not of fundamental importance. Therefore, we made a concerted effort to find premises in the centre of Moscow. And we only found them after three months. It's a very old detached house on Vlasevsky Lane, next to the Arbat, which was built in 1903. Here, so the story goes, lived Bulgakov's heroine, the enigmatic and fateful Margarita.

*Expert*



**Ekaterina Selyavina,**  
President of the MOVIE  
Communication Group



The Russian advertising market is comparatively young, but it is already structured, and has no significant differences from Western ones. Players of different sizes are present in it: major communication holdings, both online and local, communications marketing agencies, mediasailers, media, creative and digital companies, design studios and so on. Today most companies in all fields of business have their own advertising departments. Resources representing freelancers also exist. The state of the market may change somewhat because major mediasailers have





**On the whole we compete for various tenders with the big agencies.**

It is also known that in the house's Blue Hall danced Isadora Duncan herself. We cleared out all the bits and pieces, carried out repairs, and put in a new parquet floor. We ordered a big table made from a single piece of wood.

***– And how much is the rent for this office “with history”?***

– For 150 square metres we pay 300,000 a month. I consider that to be quite a lot of money. But, on the other hand, it is right in the centre of Moscow. Image has a lot to do with it.

As for a flat, I rent a “two-roomer” near Novokuznetskaya metro station. My “Stalinist” building is not far from the iconic “House on the Embankment”. Before, I was paying 65,000 roubles a month for a two-room apartment, but then I told my landlord that I wanted to substantially reduce my costs. He thought about it for a day and then said: “Alright, pay me 50”.

***– Did you find your place in the market straight away?***

– As regards the creative advertising market, there are big players in it: networks of agencies and independents, as well as media agencies. The network agencies are part of a large group with the head offices located in either Europe or America. And these agencies have the exclusive contractual right to work with certain clients. So, we first look at who we can't work with, and only then we know that we can try to arrange

cooperation with this company and that one.

At the same time, there are companies who think that global contracts don't work when it comes to original and creative work. We definitely try to work with those kinds of companies.



ABOUT JOHN MARK FITZPATRICK

**“Better to be a big fish in a small pond rather than a small fish in a big sea...”.**

**– So the competition is stiff?**

– There are 4–5 independent creative agencies of our level who we sometimes compete with. But on the whole we compete for various tenders with the big agencies.

**– When creating a product, do you factor in the local mentality?**

– Definitely.

**– Which work are you particularly proud of?**

– The projects we did for Google. in 2013, we shot a large-scale TV campaign for them. Two promos on the theme “Get Reading”. One of them was “Chekhov Lives”. We were largely trying to appeal to young people. In Chekhov there are a large number of characters you could meet even today. We came up with an online test where you could answer a few questions and find out which of Chekhov’s characters you were most like. And you could read there an extract from the text about the character, read it out on camera, upload it to social media and take part in a casting in order to participate in an online recital which went on continuously for 36 hours.

**– If a client asked you to bring to life an idea, but it goes against**

***your moral principles, would you take it on?***

– We have never taken on tobacco advertising. Even though I think that everybody has the choice whether to smoke or not.

**– Your company is “in the black”?**

– This is the second year now that we have been “in the black”. In 2014, our turnover was 200 million roubles. And it has stayed at that. We want to increase it but we haven’t been able to as yet due to the crisis.

**– You have now been in Russia for 10 years. Have Russians changed in that time?**

– Before, Russians looked more to the West for inspiration or fashion trends. But now they have become patriotic to a greater extent. Here people are more emotionally involved in their country and try to change things around them.

**– Is it worthwhile now for foreigners to go to Russia to start a business?**





– If you can overcome the language barrier, then I would, of course, advise going to Russia. If there is something you can do here to a good standard, you can earn decent money.

There are a lot of talented people in Russia in technology; a lot of excellent programmers. One of the areas with prospects is developments in virtual reality. That is games, films, series, TV broadcasts, various kinds of entertainment which aim to immerse the viewer in a virtual world and make them a participant in the events on the screen. That is the future.

Of interest to foreigners might be the banking sector. You could invent something in financial technology, maybe open a new kind of bank which hasn't existed before.

***– Do you find Moscow to be an expensive city?***

– It can appear to be expensive to the tourist. If you go to restaurants and live in hotels. But if you buy food from the supermarket and rent a place to live in the suburbs, then you can live in Moscow reasonably cheaply.



The hardest thing in our business  
is recruiting people.

– ***What do you have planned for the future?***

– We would like to open another couple of offices in other countries. I, for example, am tending towards Iran. My Russian colleagues are looking into The Netherlands. But I don't

think that that is a particularly sound idea from a business point of view. The advertising market there is pretty saturated. In England we have a saying: “Better to be a big fish in a small pond rather than a small fish in a big sea...”.

**It was when I was in Russia that I was first able to manage my finances on an iPhone.**



*Italian Silvia  
Mandruzzato  
is teaching her  
native language  
to Muscovites*



# Teaching is not the Same as Selling Potatoes

BY: STANISLAV KOMAROV | PHOTO: EVGENY DUDIN | TRANSLATION BY: JASON J SHAW

**Silvia** was still a child when she became acquainted with Russian literature and started to learn the language. It was already the case that in her family there was, and still is, a special attitude towards Russia, Russians, and Russian culture. And now, many years later, her childhood dream of living and working in Russia has come true. Now **Silvia** and her colleagues teach Muscovites Italian in a cultural centre set up for that very purpose by her and her partner.

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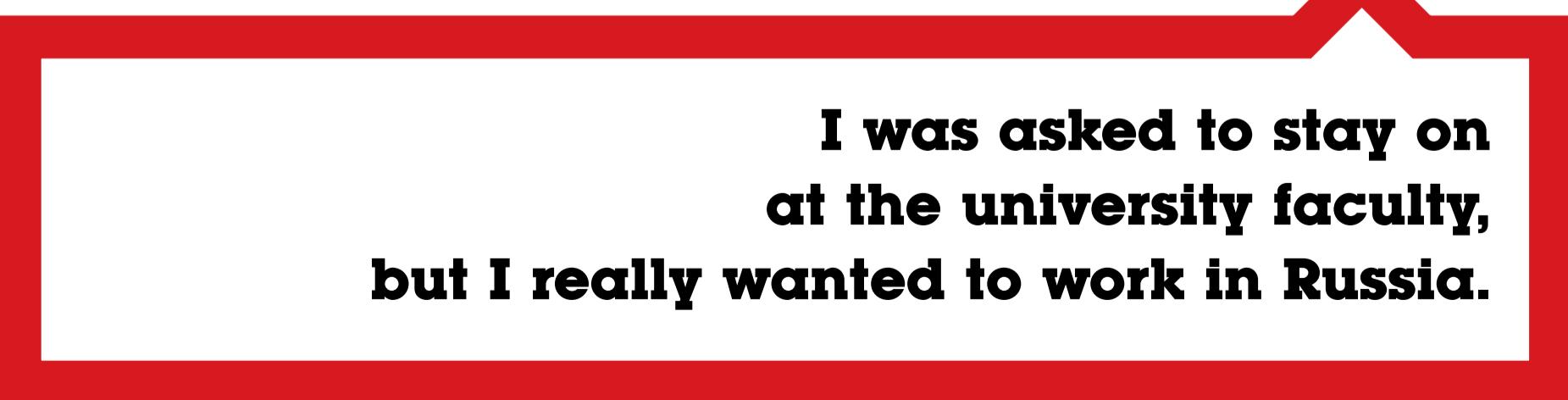
– **Silvia, your educational background is that of a political scientist: you studied the economic and political transformations of the countries of Eastern Europe. And then, suddenly, at the beginning of the noughties, you moved to Moscow. Why was that?**

– I haven't been working in my specialized field for a long time now. At the start of my journey I wrote several works on Russian politics and

economics during the transitional period. I was asked to stay on at the university faculty, but I really wanted to work in Russia. Luckily, my dream has come true.

– **And where did such an interest in Russia come from?**

– I was ill once when I was eight. I stayed at home and found in our library the book “Heart of a Dog” by Mikhail Bulgakov in Italian. You see, my dad



**I was asked to stay on at the university faculty, but I really wanted to work in Russia.**





I already had experience teaching in Italy,  
and I decided to do this in Russia.

is a great lover of Russian literature: his library also contains those books which were banned in the USSR but had been translated into Italian. At that age I, of course, didn't understand all of the subtext. I just felt sorry for Sharik, the hero of the book, whom Professor Preobrazhensky transformed from a dog into a human being. He didn't, if you remember, turn out very well as a human, so Poligraf Poligrafovich became a dog once more...

I then decided to learn Russian so that I could read it in the original. But after school I realised that to just study Russian literature and to know the Russian language would be boring – I could learn that myself – but that to be a political scientist would be interesting! So I entered the university and received my degree.

**– After university, did you move to Russia straightaway?**



– What? No!  
While I was still at college, I had a student internship in Russia with the Italian oil and gas concern Eni. And when I finished university, I was offered a job with an Italian

company that supplied Russia with packaging material. So I turned up here. I spent some time living and working now in Italy, now in Russia. And at the beginning of the noughties, I moved here permanently. I started working for a furniture company which sold high-class fabrics and interiors. It was a golden period for that kind of business.

**– And how did you come to start your own business?**

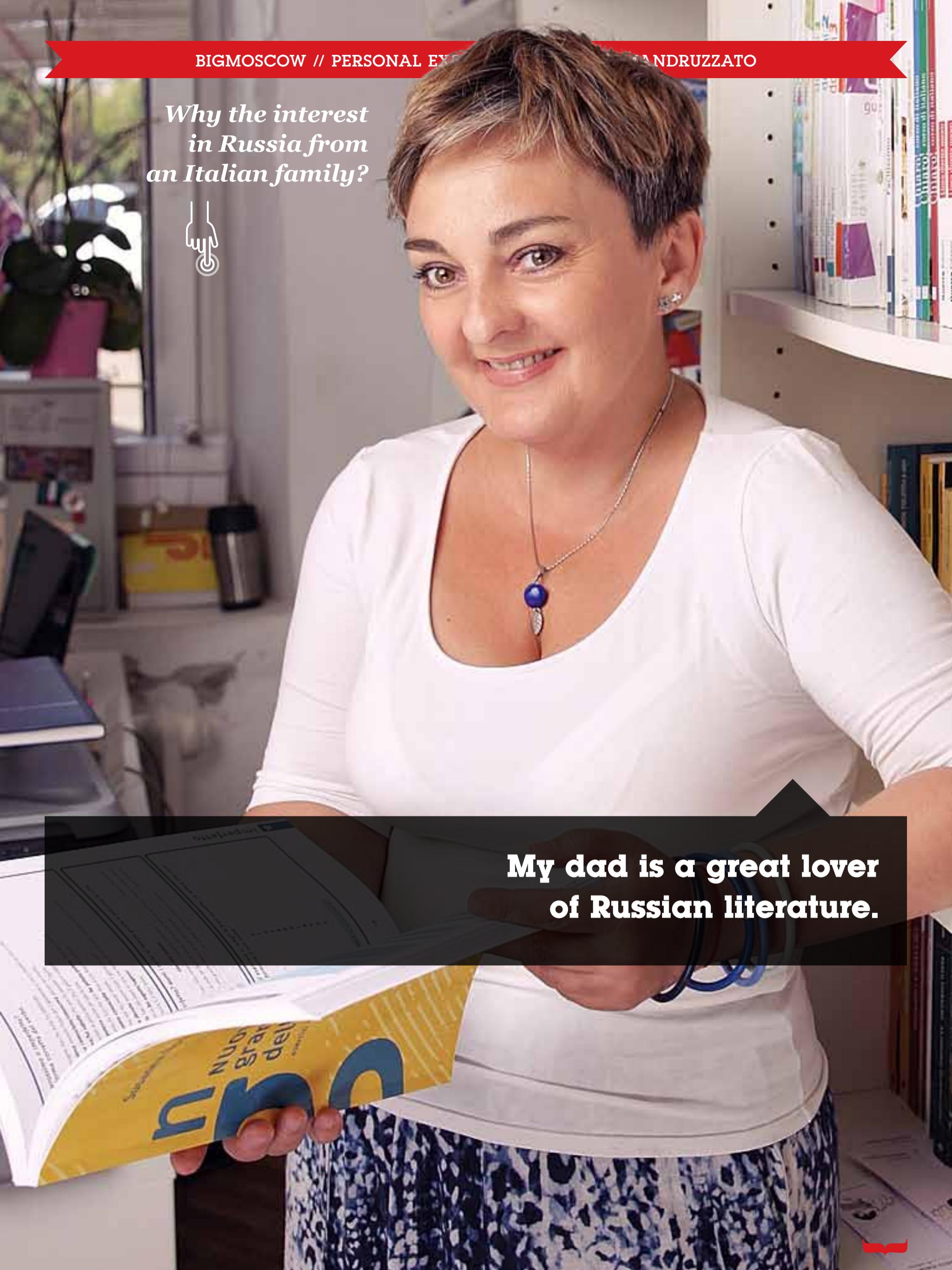
– I already had experience teaching in Italy, and I decided to do this in Russia in my spare time. At first

**Moving from Italy to France, Germany or Britain is one thing: but to Russia, that is something else entirely.**

*Why the interest  
in Russia from  
an Italian family?*



**My dad is a great lover  
of Russian literature.**



I taught friends and anyone who wanted to learn Italian for free, getting some practice. Then I taught at the Institute of Culture at the Italian Embassy in Russia for two years, where I met my future friend and partner. She is a professional educator and she came to Russia with the sole intention of teaching people Italian. In 2005, evaluating our strengths and professional experience, we decided to start our own business. Thus our Italian Cultural Centre was born.

**– How did you divide up the duties between you?**

– My partner is responsible for the whole learning and teaching process,

for recruiting the teachers, and training them professionally. I took on the commercial side and a few of the management chores. I myself teach only rarely now: just some specialized courses like the history of Italy as depicted through cinematography. But combining teaching and managing is very hard: you are thinking first and foremost about how to pay the wages on time, the taxes, the utility bills, the rent...

**– How are you building your business in Russia? What difficulties do you encounter?**

– All our teachers are native speakers and education professionals. They

*Opinion*

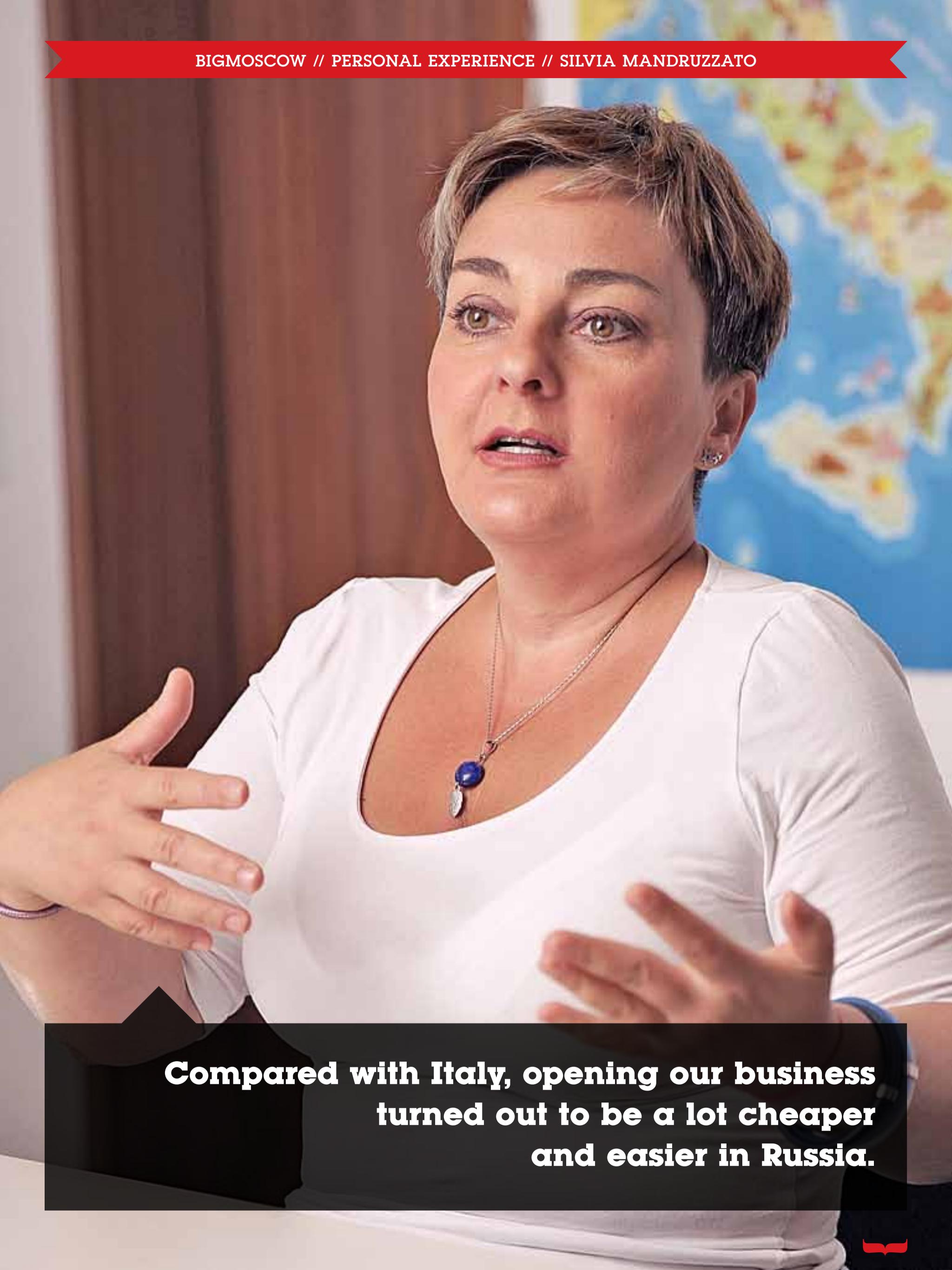


**Alexey Stogov,  
Director of the Native  
Speakers Club**



In recent times, Russians have been investing more and more in learning and self-development. Hence the number of language schools in Moscow is growing relentlessly. In the majority of them, Russian-speaking staff conduct lessons like in a school: with textbooks. But if you want a successful outcome, you need to say no to this. With the development in the means of communication, the world is changing, and people don't want to sit in classrooms any more. Therefore, it is a better idea to open a language club or centre where the teaching occurs





**Compared with Italy, opening our business turned out to be a lot cheaper and easier in Russia.**

are Italians. And the main difficulty is getting working visas for them. A specialized agency deals with this: it makes more sense for us to outsource this.

There is a constant rotation of teachers. Someone comes for a year or two to get some practice. Our communicative approach doesn't stipulate that the teacher has to know Russian. All of the teaching is carried out exclusively in Italian. But, the way I see it, if you want to live in any country, not knowing the language makes it very difficult. And some of our compatriot teachers come here thinking that Russia is another European country. But that is really not the case! Moving from Italy to France, Germany or Britain is one thing: but to Russia, that

is something else entirely. You can't properly understand the customs, the culture of a country if you don't know the language they speak there.

You also have to remember that foreigners are always under greater scrutiny from the regulatory authorities.

### ***– Is your centre inspected exceptionally frequently?***

– No. But they have us in their sights. We have only been inspected by the RF Ministry for Education. Although we were glad of this because it was difficult to navigate our way through the sea of laws and requirements applicable to companies running a business like ours. What they pointed out to us was that we had

*Expert*



**Marina Prokina,**  
a director of Starget  
consultancy  
company



To open a foreign languages school, first of all you need a starting capital of at least 300,000 roubles. Monthly expenses will be 150-200,000 roubles, and approximate income about 200,000 roubles. In recoupmment terms you will get all your money back in a year. I believe the monthly profit could be about 100-150,000 roubles. When opening a private school in Moscow, you have to take certain opposite tendencies into account. What is required now is not only study of



## About the Italian Cultural Centre



insufficient paperwork. We even had to pay a small fine. It is hard to call our oversight a serious one but that episode enabled us to put all our papers in order. After all, our activity in Russia is under license, so I consider it right for the supervisory bodies to step up what is required of us. Teaching is not the same as selling potatoes, as I'm sure you'll agree.

**– How many people comprise your teaching staff?**

– From seven to ten, depending on the season.

We carry out a free test of future students, and anyone can at any time join a stream appropriate to their level of ability. There are groups that are formed “from nothing”. They have a maximum of ten people. We work all the year round, except for during the long New Year and Christmas holidays when everyone goes off and we send the students and teachers on a break.

Very popular amongst our students at the moment is level A2 Italian language. It's needed in order to be granted a residence permit in Italy.

**– Who are your students?**

– It is only Russians who come to learn with us, women, on the whole. However, recently, more men who need Italian for business have started turning up. Women learn language more for leisure activities. To speak a bit of Italian on holiday, on shopping trips. Young people who are really into Italian football also come to lessons: they too want to know the language better.

should make provisions for welfare payments to senior citizens.

And with rent, we have simply been lucky. By Moscow standards it is reasonable. I won't give out specific figures, except to say that it works out the same as it would to rent a nice, but not hugely expensive, flat. We have been renting this place for eleven years now. It has an area of about 160 metres. There is an inner court, right by the metro, and you can park here. It is a pre-revolutionary building, classed as a cultural heritage site. We aren't allowed to alter the structure,

**You need to know the local laws extremely well or have reliable partners.**

**– And what are the economics of your project? What do you spend most on?**

– Taxes, wages, rent, utilities... Like everyone. But, for example, we pay into the RF Pension Fund even though our teachers will never receive a pension here. I understand that money needs to be paid into the Pension Fund – I myself was brought up in the same mindset – after all, the government

only to carry out cosmetic repairs inside.

We looked for alternatives in modern office buildings but the prices were considerably higher. And having to drive from the commercial centre to the outskirts of Moscow would mean losing a large number of clients.

**– How much do your courses cost Muscovites?**



– The standard courses involve attendance twice a week for two academic hours. Two months, thirty-two academic hours. That costs 16,000 roubles. Average rates for the Russian market. Naturally, there is a system of various discounts depending on the attendance time and the intensity of the lessons.

***– How much did you have to invest in your business initially?***

– Again, forgive me, I won't talk specific figures, but at the time it was a trifling amount. We were really surprised that compared with the kind of investment that would be needed to open a similar business in Italy, starting with the initial documents, it all turned out to be a lot cheaper and easier in Russia.

***– What other kind of stumbling blocks lie in wait for the foreign businessperson in Russia? What do foreigners need to know about?***

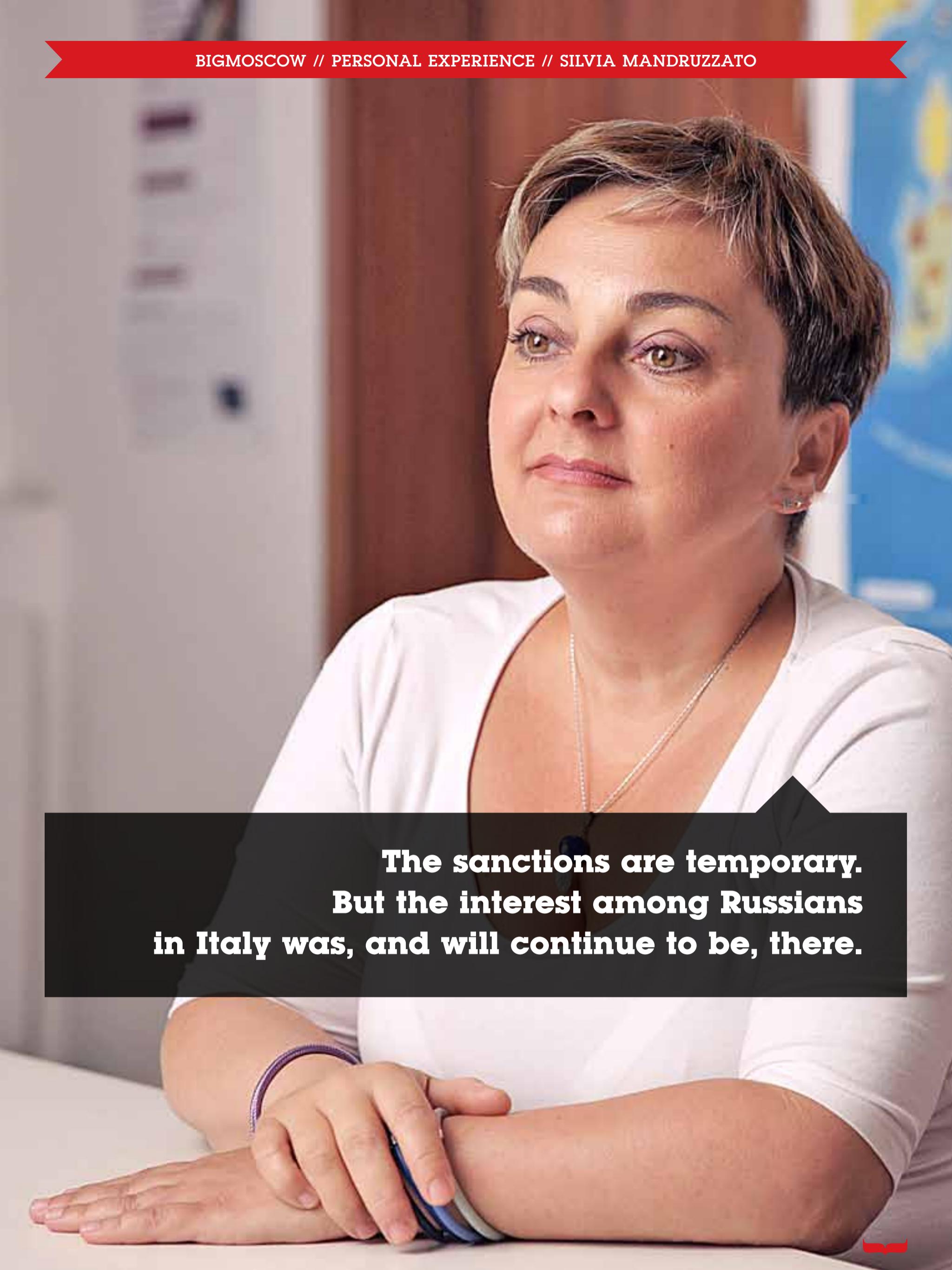
– I'll give you an example from my personal experience. Some time ago, we had to start a not-for-profit partnership in order to get a teaching licence. Up until recently in Russia,



commercial structures of the limited liability company variety weren't able to engage in such things. Now, there is the permission from the RF Ministry for Education but the Migration Service has not yet put these changes into practice. Because of this, you sometimes get the impression in Russia that each supervisory body, or, regulator, as is the fashion to call them these days, works in isolation. The lack of proper coordination between the ministries gets in the way of business.

Every business is different: I can only speak for my area. You need to know the local laws extremely well or have a partnership with a good consultancy firm you can trust, so that there aren't any legal errors in the way you conduct your business.

It is preferable to know the Russian language, the culture, the history, the current economic conditions. Many of my compatriots who were running successful businesses in Italy, and knew their field inside out, got their fingers burned when they came here. You need at the very least a minimum amount of knowledge about Russia. They are two very different things when doing business in Russia: conversing in the language yourself, and doing it through an interpreter.



**The sanctions are temporary.  
But the interest among Russians  
in Italy was, and will continue to be, there.**

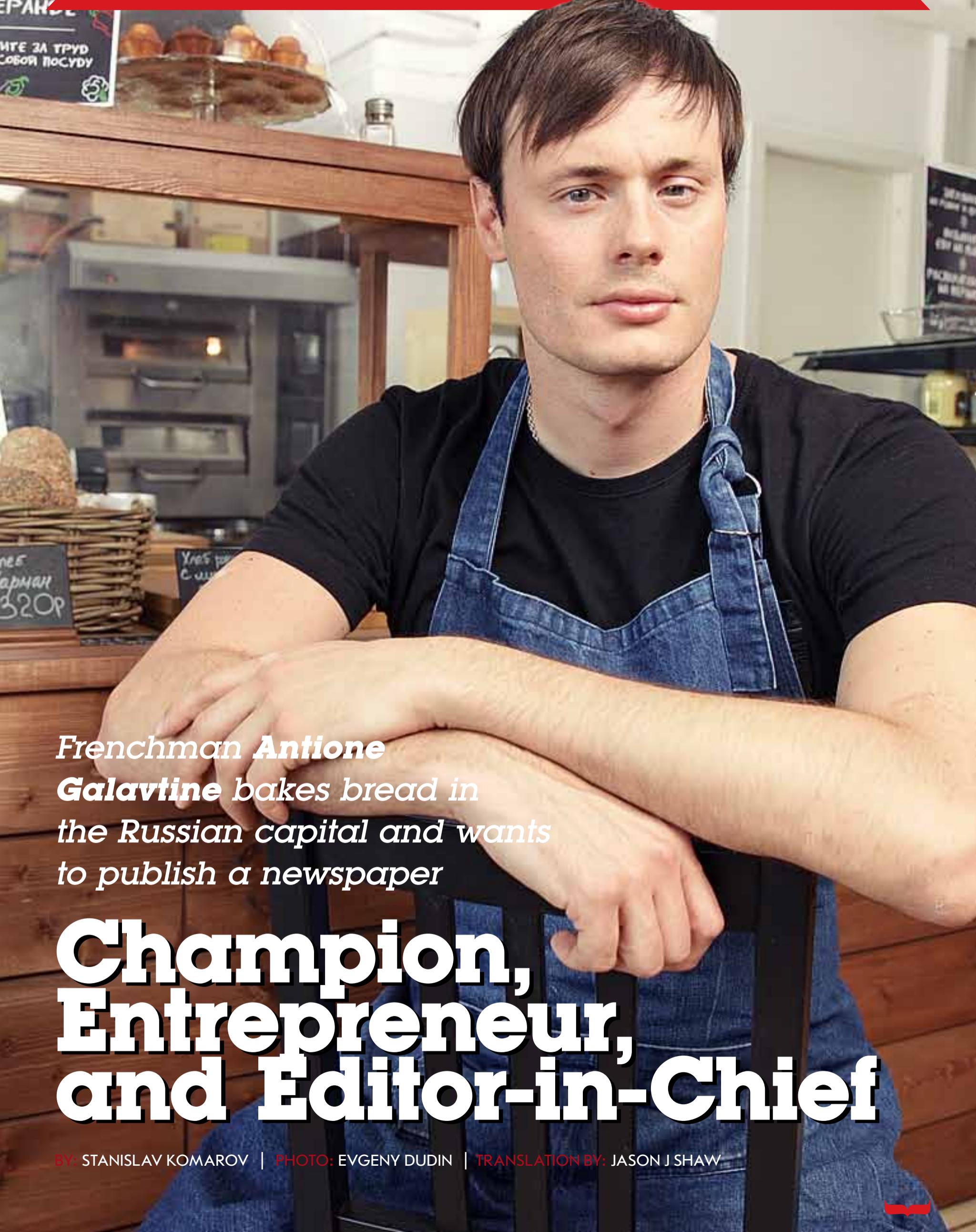
**– You manage to make money?  
Your business is a profitable one?**

– Touch wood! Although for the last year and a half, due to the crisis, due, in the main, to the appreciation in the euro, we are finding it difficult. Our teachers' salary is in roubles but, as it is pegged to the euro, it has now almost doubled. Yes, they live in Russia, but we pay them European rates.

And we also have our own bookshop. We import the books from Italy so, due to the jump in the value of the euro compared with the rouble, we have been forced to put prices up.

If it wasn't connected with the language centre, we would have had to close the shop. Because of the sanctions, several Italian companies have left the Russian market, and so the number of Russians who need the language for work is also dropping. However, as I see it, these are temporary difficulties, and the interest among Russian people in learning Italian has always been there and will definitely continue to be there in the future. ■

**It was difficult to navigate our way through the sea of laws and requirements in the educational field.**



**Frenchman Antoine  
Galavtine bakes bread in  
the Russian capital and wants  
to publish a newspaper**

# **Champion, Entrepreneur, and Editor-in-Chief**

BY: STANISLAV KOMAROV | PHOTO: EVGENY DUDIN | TRANSLATION BY: JASON J SHAW

**Antoine Galavtine** has both French and Russian roots. Hence he did, and does, feel drawn towards Russia. Although, of course, he is still a Frenchman. Having settled in Moscow, **Antoine**, a successful former sportsman, became... an entrepreneur. And he became so involved, that success could not but follow. He is constantly developing his business. But he does this not only by increasing the size of the space he rents, but first and foremost, using unorthodox PR ploys. For example, in his bakery he is planning to distribute ... his own newspaper dedicated to France and its culture!

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– In the media it is written that you are from an international family...

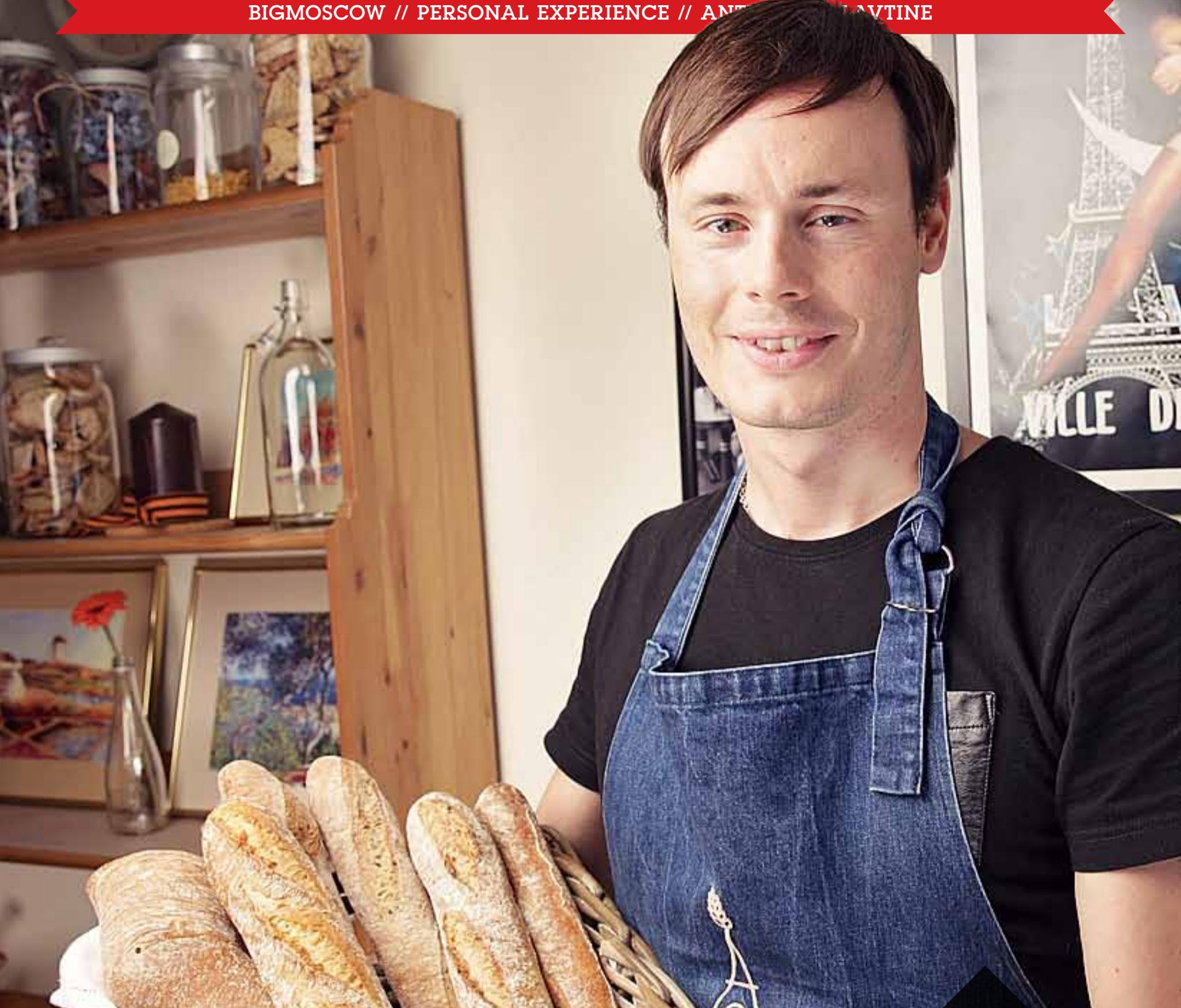
– My mum is French, and my dad is Russian. They met at the “Chaika” (Seagull) swimming pool thirty-two years ago when my mum came to Moscow with work. So, I have both French and Russian roots. But I have a French passport, and I consider myself to be French.

– Before becoming a businessman, you had a glittering sports career, didn’t you?

– That’s down to my dad. He was junior world champion in the modern pentathlon. He took me to the pool when I was nine. I remember that I covered my first thousand metre distance using my legs. I took a kickboard in my hands and went the whole distance without stopping.

**At the Franco-Russian Chamber of Commerce and Industry (CCI France Russie), I developed certain skills, and made the necessary contacts.**





**For the first six months I was never away from the bakery.**



And in '97, as a family we moved back to Moscow. Mum was appointed head of the representative office of the French bank BNP Paribas. She had a four-year contract. You could say that my career as a professional swimmer began in Russia. I began to take part in competitions. In 2001, we went back to France, and I began to attend the Federal Sports Training Centre. In the USSR such centres were called Schools of the Olympic Reserve. Sporting successes soon followed.

***– Mum is a banker, Dad a sportsman. And suddenly you start baking bread?!***

– When I was going from Russia to France in 2001, I already knew that I'd be back. It was only a matter of time. I always liked Russia and the childhood years I spent here. I fell in love with my second Homeland. In 2011, I met a nice Russian girl who has played an important part in my life. That was also one of the reasons for my returning to



Russia to stay here, perhaps, forever.

I had to begin a new life, look for a new job. I worked for two and a half years at the Franco-Russian Chamber of Commerce and Industry (CCI France

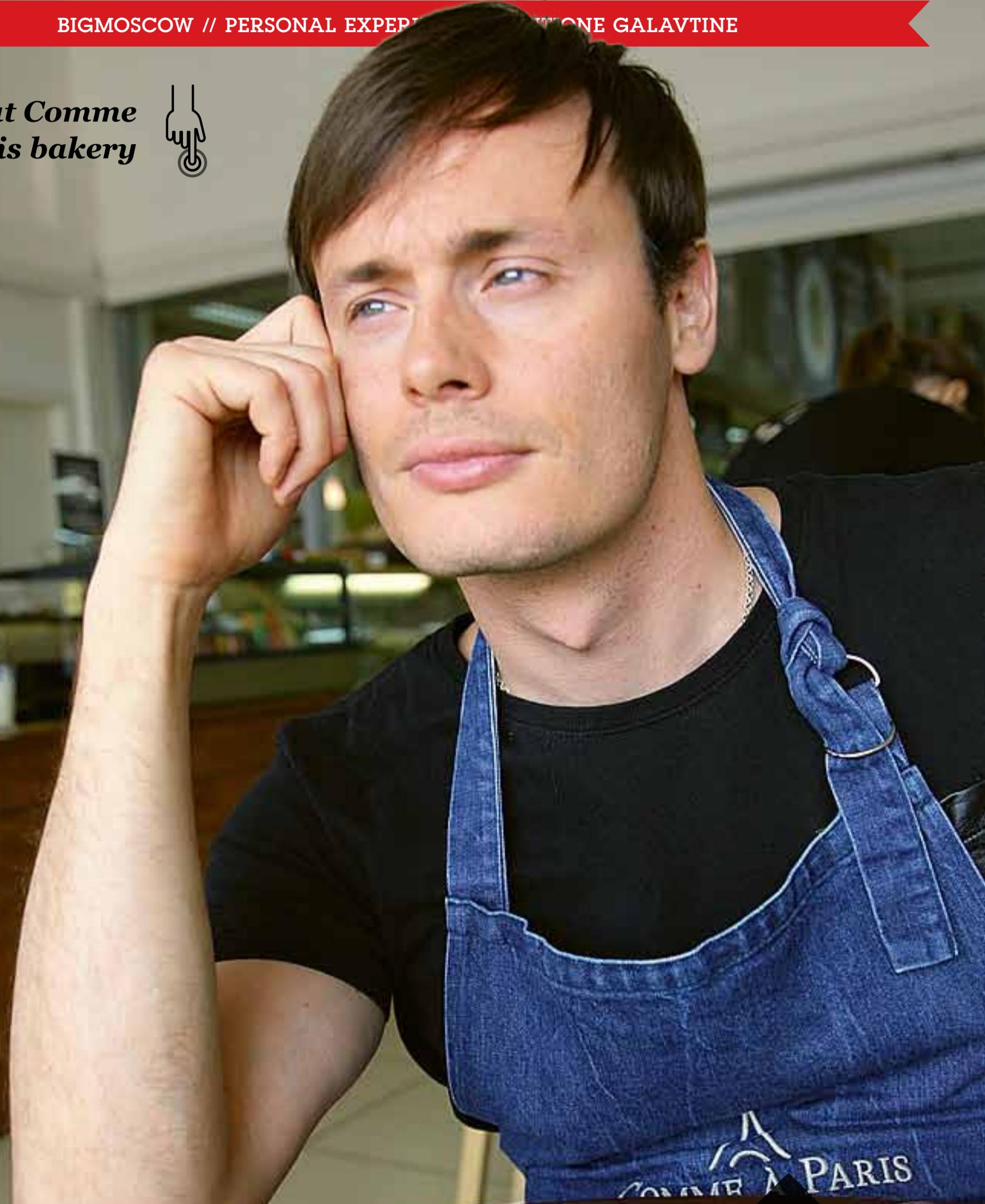
Russie), where I developed certain skills, and made the necessary contacts. Various business projects began to form in my mind. One of them was to set up a small individual bakery making authentic French bread.

***– And how did you start off promoting your business idea?***

– Since 2012, I had always lived in the South West of Moscow. At first in Yasenevo, then in Konkovo. One day I heard about “Ecomarket”. It's a unique project: a market and food-court with produce and dishes from various countries. And I was advised to take a look at some small premises for my business idea. I looked. I liked. And so

**My career as a professional swimmer began in Russia.**

*About Comme  
à Paris bakery*



**A surge in interest in COMME A PARIS  
is noticeable when we have been in the media.**

started the story of my bakery, of my brand, COMME A PARIS.

**– And how much money did you spend on starting your business?**

– About half a million. That was my initial investment. I bought an oven, a freezer, a work surface, a couple of tables, some chairs, and that includes the rent... But the real investment wasn't money, it was the huge desire to turn my idea into reality, which became the stimulus for me to invest my heart and soul in this project. Realising that in the early days I would have to throw myself into this new business completely, I was ready for any difficulties I might encounter in the initial stages. For the first six months I forgot what a proper holiday was. I was never away from the bakery. If, for example, I had to get to the tax authorities or be away from there for any length of time, I'd



ask someone from the neighbouring premises to keep an eye on my shop for me. Because at the time, I was completely on my own, and I had to do absolutely everything myself: the buying of all necessary ingredients for the bread and pastries, the selling, the book-keeping, right down to the cleaning.

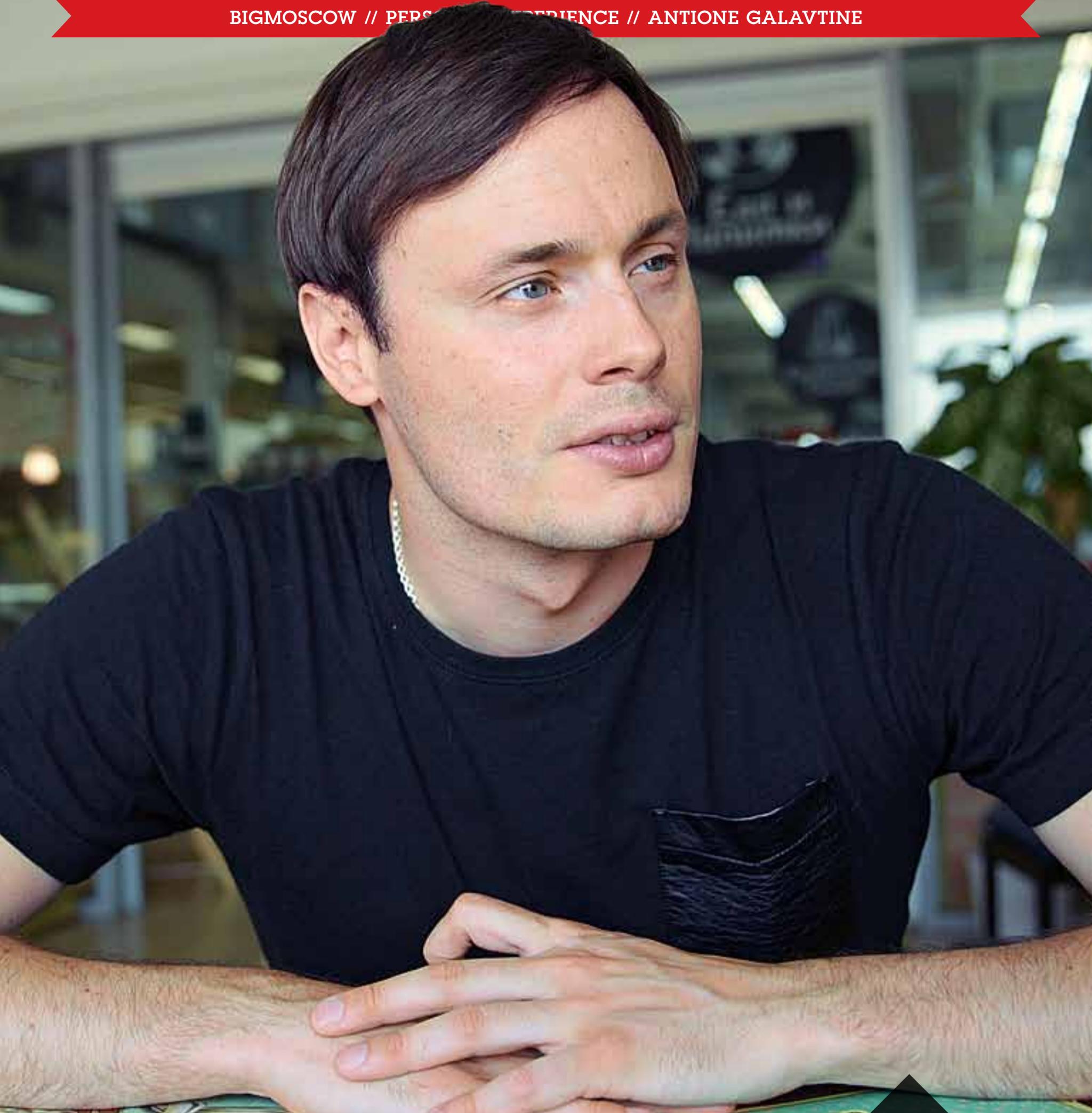
**– Russians have heard about the quality of French baking. What is its secret?**

– For it to remain a secret, you have to keep quiet about it. I can say that only the very best and highest quality French ingredients are used. Today I bake four different kinds of baguette, about twelve different kinds of bread – with cereals, figs, walnuts, lemon peel, dried fruit – from various types of flour – wheat, buckwheat, rye, barley...

**– Would you say your business is a successful one?**

– Yes, I consider my business to be fairly successful and promising. As

**Everything needs to by the book.  
Documents need to be perfect.**



**You should always strive to achieve  
the essential targets you have set yourself.**

for expanding (I moved into bigger, more comfortable premises) I acquired a team and completely changed all the equipment over to more expensive, up-to-date equipment. Even given the current crisis and the market's economic uncertainty, our French bakery is still afloat, and continues to increase its profits.

***– Is there anything left over for yourself?***

– In terms of buying an expensive car or property, it is still early days for my business. And at the moment I think it's right that I invest in continuously improving and developing the business. But, in terms of being

comfortable in our metropolis, then I have enough for all of my needs.

***– You haven't acquired a second outlet yet, but the size of your first premises has grown considerably...***

– We are already planning to open a second shop. At this moment in time, we are looking at more suitable premises, closer to the centre. In terms of the area it covers, my bakery has grown considerably. From 18 to 50 square metres. Now our shop has windows and its own entrance which now makes it a fully-fledged coffee-house. My team is now made up of three employees: two pastry chefs

***Opinion***



**Alexander Skuratovsky,**  
*Managing Director  
of the KOLXOZ bakery*



Unlike Europe, where in certain particularly "breadbasket" countries (Germany, France, Serbia), there may be 5-10 private bakeries in a single neighbourhood, the market for such bakeries in Russia is only beginning to be reborn after the 1917 revolution. For a long time in the Soviet era, the bakery industry in the country consisted exclusively of big bakery factories. Because it was always subsidized by the state, bread was very cheap, so unfortunately Russians are now genetically programmed to believe that bread should not be expensive. But in fact,





**At the moment I think it's right that I invest in continuously improving and developing the business.**

and a vendor. We plan to take on another chef soon. As well as bread and pastries, in October of last year, we unveiled a confectionery section. Everything is made on the premises from the best ingredients. Because my business principle is: work conscientiously, be honest with your customers, and they'll become your regulars.

**– *And who are your regular customers?***

– Those who live in Konkovo, on the whole. But people also come from other parts of Moscow. 80% of them are my regular clientele. What's interesting is that a surge in interest in

COMME A PARIS is noticeable when we have been in the media or I have been on TV. Foreign businessmen operating in Russia should bear that in mind.

**– *What else would you recommend for those starting a business in Russia?***

– I get the impression that many of my compatriots are fearful of the administrative aspect. I, you could say, arranged virtually all the documentation for starting a business myself. A certain Russian consultancy firm helped me put together a few documents, even though I could have done that without any outside

*Expert*



**Elena Khlebnova,**  
*project manager  
of INVENTICA Consulting  
& Market Research*



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In Russia, unlike Europe, since the 1920s, bakery products have traditionally come from large baking factories, forming up to 90% of the total market. But in the last two decades, since Western players started supplying, investors have been coming in to recreate the European format of mini-bakeries. In Moscow, the results for 2015 show that the industrial production share has fallen to 64.5%, which is equivalent to 542,000 tons of bakery products. The rest, 298,000 tons, comes from supermarket bakeries, and is mostly baked from frozen semi-finished products; and





help. Foreigners, though, more often than not use the services of foreign consultants. For example, a Frenchman wanting to start his business here will immediately be offered consultants to take on these matters. But these services cost a fortune. The fact is, by drawing up these papers through

a Russian consultancy firm, you can get it done ten times cheaper. The only thing is you have to find a company that does the job properly.

***– What else frightens foreign representatives of small and medium-sized business?***

– When I was still working at the Franco-Russian Chamber of Commerce and Industry, a lot of questions were thrown up by the mechanisms for obtaining work permits, the nuances around the visa regime. The French find these rules and regulations in Russia complicated.

And even though I have lived in Russia for many years, my mentality is that of a European. Everything needs to be by the book. Documents need to be perfect. I have always strived for this. I want everything to be clear cut. Many law-abiding Europeans behave in the same way: they don't want to start a business in Russia that is not within the rules. Those who do start one try to do everything strictly according to the law.

### ***– And what else do you want to do?***

– I want to open an online store where people can buy my products and place orders. I plan to expand: one shop is great, but two is better.

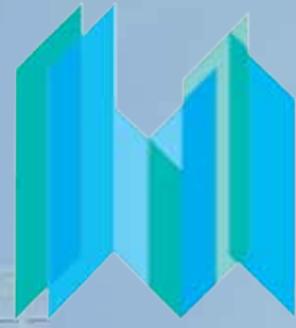


I am also planning to set up my own newspaper. It will be dedicated to my beloved France, and will come out in Russian. I will start off distributing it in my bakery, but if something interesting comes of it, then it will appear in other establishments as well.

In it, of course, there will be fashion, beauty, gastronomy, travel, plenty that is good and useful: there are already writers who have done about 90 articles. I am not a professional editor-in-chief, but I like the business idea itself. And, at the same time, on our new official site [www.commeaparis.com](http://www.commeaparis.com), we are going to have an online version of the paper. At the moment, I am thinking about the strategy for developing it: whether to make the content fee-based or to leave it free of charge. We'll see! One thing I can vouch for is the quality of the articles!

In the meantime, I was setting up a French conversation club. We started it in September. We are going to put on masterclasses in French cuisine and quality baking.

So, a great many plans. The main thing is putting them into practice! ■



[investmoscow.ru](http://investmoscow.ru)



# The Unified Moscow Investment Portal





# “I’ve Devoted the Greater Part of my Life to Russia”

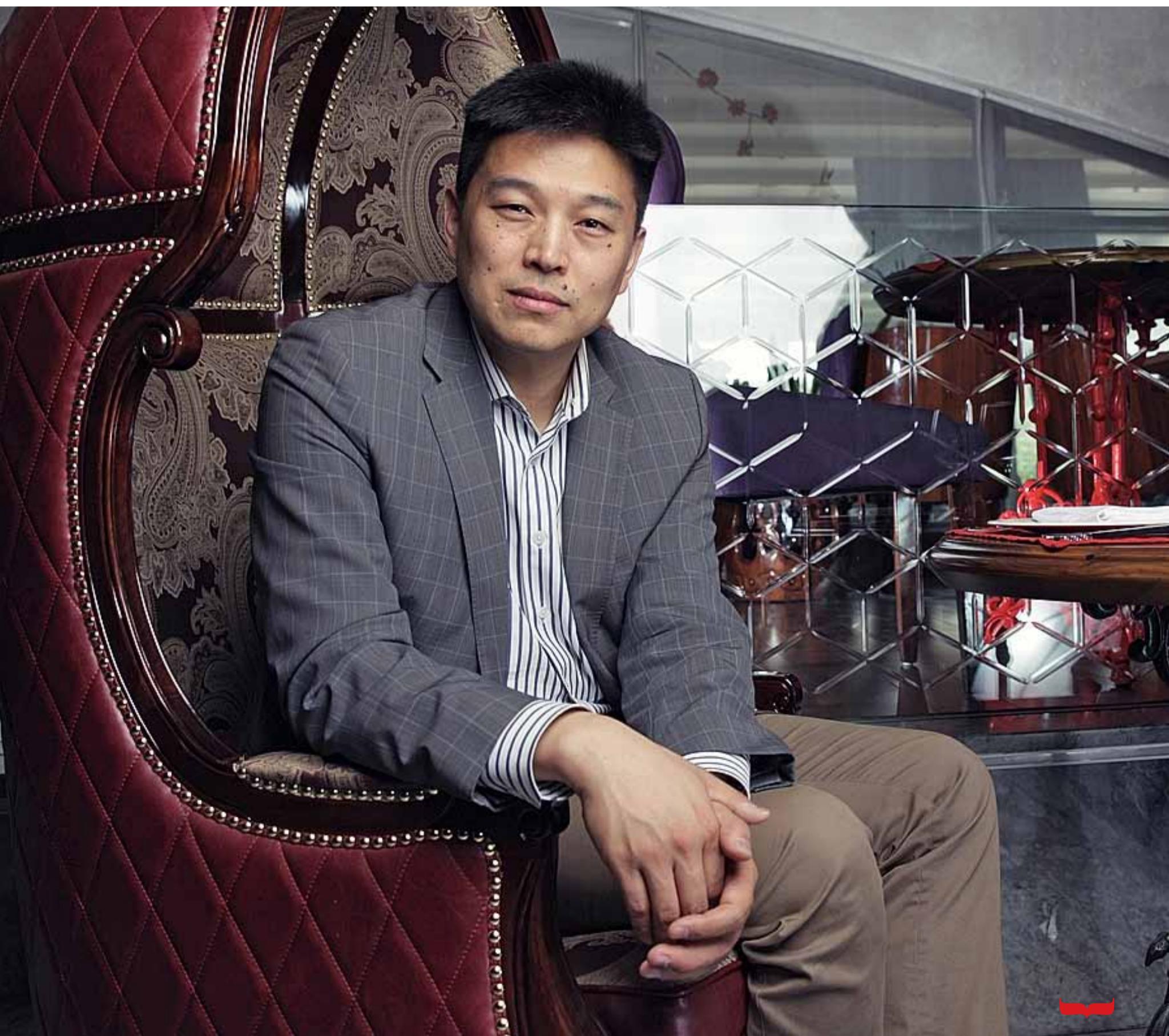
*Why did the Chinese **Li Zheng**  
turn of the dragon’s ninth son  
towards the river?*

BY: SVETLANA SAMODELOVA | PHOTO: EVGENY DUDIN | TRANSLATION BY: JACK DOUGHTY



**Li Zheng** has been living in Russia for almost 20 years. At first he delivered goods and products from the Celestial Empire to Moscow. Now he is the deputy general manager of the Huamin International Investment Corporation Ltd., supervises the construction of a Chinese business centre in the RF capital and manages the popular Soluxe Club restaurant. Mr. **Li** kindly told a BIGMOSCOW observer how his work is going and how he connects the reality around him to premium Chinese cuisine.

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– In February 1997, I was sent to work in Moscow as the mission head of COFCO, the Chinese national food corporation, began Li Zheng. I had not been to Russia before that, and I was surprised by many things here. Particularly the Metro, some stations are quite palatial. But I was still more surprised by people's kindness.

At that time I only spoke Russian badly. So I used to ask questions directly of passers-by in the street or fellow passengers on public transport. People in Moscow are always hurrying somewhere, but they were always willing to stop and try to help me. Sometimes they would even take me across to a different metro line, and then go back and travel on about their business. Since then I have more than once been struck by how pleasant and sincere Russians are.

**– How close to your own did you find the Russian way of thinking?**

– I have met many Europeans and Americans, but Russian people were closest to my heart. People from the West are excessively practical. They can greet you politely, discuss common ideas with you, but after dining with you, pay only for themselves and then leave. This is normal for them. But

when I sit at the same table with Russian partners, after the meal we always argue about who will pay. Each side wants to take the cost on himself. I am impressed by this expansive Russian spirit.

We have a lot in common.

For both Russians and Chinese, it is not only personal dreams that are important, but also the desire to do something for the whole people.

**– Did you have difficulties when you started working in Moscow?**

**Moscow now feels like my home town to me.  
I have been living and working here  
for almost 20 years.**





**The aim of our restaurant is to popularize  
Chinese gastronomy and our country's culture.**

– There were only two of us in our company's mission at that time, my secretary, a Russian girl, and myself. She tried to speak Russian with me, and at the end of the day she said: "Go home, Li Zheng. It will be very hard for you in Russia." But I insisted: "I'll master it! I can do anything!". And I began to study Russian intensively.

The Russian language is very difficult for the Chinese. To help me understand spoken words, I was advised to see as much TV as possible, particularly the news. So every day after work I used to watch the news on ORT at 1800, on NTV at 1900 and on the Rossiya TV channel at 2000. The same events were being reported on all of them. For me it was a sort of triple repetition lesson.

I was also told that words can be memorized in sleep at the subconscious level. For a whole year, I went to sleep with the radio on next to my pillow. So I learned Russian partly in my sleep.



The language barrier was not the only one. There was also the law. Russia has its own laws and regulations, different from those that exist in China.

***– What products did you supply to Russia?***

– We imported pork and beef in the form of frozen carcasses from various Chinese provinces. They arrived in refrigerator rail cars. Sometimes, in Zabaykalsk, where the products passed through customs, the rail cars were shunted into sidings and we couldn't find them for several days.

But the deliveries were soon sorted out. I had negotiations with the managers of the Tsaritsyn, Ostankino and Mikoyanovsk meat combines. The Soviet Union had just collapsed at that time, the combines were finding it difficult to survive financially. We agreed that they would take our meat at the beginning of the month and settle accounts at the end of the month.

**Contracts were sometimes sealed not with a stamp, but by word of honour.  
My partners never once let me down.**



**From my first days in Moscow, I have more than once been struck by how pleasant and sincere Russians are.**



Actually we were taking a big risk. But somehow we came to agreement about everything after long amicable sessions. Furthermore, the contract was sometimes sealed not with a stamp, but by word of honour. I established good relations with the meat combine managers, and they never once let me down.

**– Why did you decide to leave the company?**

– I worked in COFCO for seven years, from 1995 to 2002. But I didn't leave the company. It simply became a shareholder in the newly-formed Huamin Corporation, where I am now working as deputy managing director.

Our company was specially set up to implement a large-scale project. We are building a Chinese business centre. This is our state project in Moscow. We came to agreement on it in 2001. It is now nearing the end of 2016. We have

put a lot of effort into this project. Our business centre is on a 100,000 sq.m. site not far from the National Economy Exhibition. We are building three tower blocks there: a five-star hotel, an office block and an apartment block. A Chinese landscaped park will be laid out around them. Work is in progress. We plan to open our business centre in April 2018.

### ***– How did you become a restaurant manager?***

– There are of course quite a few Chinese restaurants in Moscow. But they are often at a low level in terms of the interior and the quality of the food. We very much wanted to show Muscovites what real Chinese culinary culture is actually like. So this project was completed. Our Soluxe Club restaurant has been in operation for two years now. It has become quite popular with Muscovites and visitors to the Russian capital.

### ***– Was it hard to find the staff you wanted?***

– Yes. You have to have Chinese chefs working in the kitchen of a Chinese restaurant. But even in China itself, it isn't easy to find good chefs now. And our candidates would be expected to work abroad and live without their families. Not everyone would agree to that. But we persuaded the best of those we found, and they came.

### ***– Where does the produce delivered to your restaurant come from?***

– From China, we only bring certain expensive raw materials not usually found in Russia, such as shark fins. We buy the meat and vegetables from local farmers. We buy the flavourings from a middleman who delivers them from all over the world.

### ***– How was the interior designed?***

– First we found Chinese artists, but their project was not suitable. Then local designers set to work. That was also not what we wanted. As a result, I and my comrades had to think it all up ourselves.

For the interior, we used expensive materials: marble and semi-precious stones: agate, onyx and emeralds. The Chinese believe that stones are alive, they have a certain vibration frequency, and can give people positive energy. We have two bronze Pichus in our hall. According to the Chinese legend, Pichu is the ninth son of a dragon. It is believed in China that he eats gold and silver, and brings an owner wealth and good luck. His head has to be facing water. That is why our bronze figures are turned towards the Moskva river.

### ***– Who are your customers?***

– Various kinds of people come to us. There are those who work in the “White House”, and also public figures,





**You have to have Chinese chefs working  
in the kitchen of a Chinese restaurant.**

artists, and Chinese people studying or working in Moscow. We have a very varied menu. For the real connoisseurs, there is the Imperial cuisine, and there is also Chinese domestic cuisine. For example, noodle dishes at affordable prices. Students come to us, try them and like them.

**– *Which dish is the most popular?***

– Peking duck. It takes us three days to prepare one fowl. We gut it, add flavourings and marinate it. Then we hang it on a hook and dry it in the wind, so that a crispy crust forms. And on the third day we stew it in a steamer.

The aim of our restaurant is to popularize Chinese gastronomy and our country's culture. You might call it an image project. The ambassador of Japan to Russia comes to us regularly and invites his guests. And that means a lot, you will agree. After all, there are plenty of Japanese restaurants in Moscow, but the Ambassador brings his guests to us. This shows that our

restaurant worthily represents the culinary culture of China.

**– *How high do you find the rent in Moscow?***

– Compared with China, rent is of course very expensive. But due to the crisis, rates have fallen considerably recently. There used to be a lack of good high-quality offices in Moscow. Now it's easy to find them. There are plenty on offer on the market.

**– *Did you manage to acquire a home of your own in Moscow?***

I live in an apartment. Our company bought the building. My wife, son and daughter live in Beijing. My son is studying. The Chinese system of education is very like the one they had in the Soviet Union. It's all very strict. Study must not be interrupted.

ABOUT CIIC  
HUAMIN



**Pichu is the ninth son of a dragon.  
He brings an owner wealth and good luck.**



*About the Soluxe  
Club restaurant*

**You have to come to Moscow to realize what  
an intense cultural life exists here.**

**– You are building a business centre. What else is on the cards?**

We want to open another restaurant near Sokolniki Park. It will be on the very top floor of the 25-storey “Holiday Inn Moscow Sokolniki”, which will provide a beautiful panorama of the greenery.

**– Do you think it is worthwhile for a foreigner to come to Moscow to do business here?**

– Now is the very time to do it! While sanctions are still in effect, the world market is unstable and oil prices are at a low level! This is a really great chance to work and do business in Russia. In two or three years. the economy will be rising again. This opportunity should be valued.

**– How safe a city is Moscow?**

– It is absolutely safe. I can walk in the city at any time of the day or night without fear. Moscow now feels like my home town to me. I have been living and working here for almost 20 years. I have devoted the greater part of my life to Russia. This is where I “got on my feet”, where I obtained a driving licence...

**– Do you have favourite places in Moscow? Where do you like to spend your days off?**

– I’ve played football ever since I was a child. I’ve continued to play sports in Moscow too. We have our own football team. We hold matches. We play against a team of bankers, various Russian teams, and diplomats. It is a sort of amateur league. On my day off I sometimes go out of town with Russian friends for a shashlyk. If I get an evening free, I go to the theatre or an exhibition. You have to come to Moscow to realize what an intense cultural life exists here. ■





# “I Took a Chance on Russia”

German **Michael Koblenz** has enjoyed 10 successful years supplying essential goods to hotels in the capital and other regions of Russia

BY: VLADIMIR SMELOV | PHOTO: EVGENY DUDIN | TRANSLATION BY: JACK DOUGHTY

*Kitchen appliances, equipment for cafes, bars, restaurants and laundries, exclusive fixtures and fittings, safes, minibars, crockery and tableware: these are just some of the things offered by the German MIKO Group. Established in 2006, it specializes in supplying hotels with the whole range of whatever they need. Revealing to our BIGMOSCOW reporter how the company functions in Russia is owner and founder of the MIKO Group, **Michael Koblenz**, a Berliner with "Soviet" roots.*

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**About  
Michael Koblenz**



## Now, though, Russia represents a completely normal market.

– **Michael, have you been in Moscow long?**

– Since 2006. But it should be said, not just in Moscow. I am always shuttling between Berlin and various cities in Russia, as our company – the MIKO Group – has representations in St. Petersburg and Sochi, too.

– **You speak Russian perfectly. Did you go out of your way to learn the language?**

– It's all a lot simpler than that: my parents are from Riga, the capital of Latvia. In 1974, they emigrated to Germany. So I've known Russian since childhood. And the fact that I started to do business in Russia should be seen as not merely a rational, but also a logical and natural, decision.

Added to which, my father has been actively involved in business with Russia for over 30 years now, starting from 1980, when the Soviet Union was still in existence.

Incidentally, his first project was to fit out the Olympic laundry facilities for the 1980 Moscow Games. And he and his company KOBLENZ & PARTNER supplied the laundering equipment for the Winter Olympics in Sochi in 2014.

– **Does your company operate only within Russia or in other CIS countries, too?**

– The MIKO Group's activities are concentrated 90 percent in those countries comprising the former republics of the Soviet Union. However, as of 2014, we also made a successful start in entering other countries of the world with projects supplying kitchen equipment for hotels.

– **Please give some examples of the work you have done in Russia.**

– Let's start off with me telling you what my favourite client looks like. It is someone for whom we are planning to create a large hotel kitchen, for





**Western suppliers are keen to work with us:  
as their route into the Russian market ends  
up being a shorter one.**

whom we come up with the design, and then supply and install the equipment. In addition to which we provide the hotel rooms with their essential items: pillows, blankets, bed linen, minibars, safes, bathroom accessories... In the ideal case, the hotel, on top of that, also offers its guests coffee made by a simply fantastic machine from the Swiss firm JURA, as well as tea from the firm Ronnefeldt. These companies are partners of the MIKO Group.

As for examples of our projects being carried out in Russia, MIKO Group

been together since the end of last year. This company is known all around the world. We are glad that that is was precisely them that became our partner and granted us the right to distribute coffee machines for commercial uses. All the more so as this was done in difficult times for Russia in economic terms.

***– Incidentally, regarding the times. Your company was formed in 2006, when Russia***

## **My father is also actively involved in business with Russia: for over 30 years now.**

works with virtually all five-star hotels in Moscow and St. Petersburg, as well as in Sochi. We are proud to say that MIKO Group supplies one item or another to almost every premium class hotel in Russia.

***– You mentioned the firm JURA, whose activity in Russia our magazine covered in a previous issue. Please share with us your experience of working together.***

– Our collaboration with JURA started not long ago at all: we have

***was enjoying an economic upturn, and many foreign businessmen were aspiring to start their businesses here. Now the situation has changed, aggravated by the rate of the rouble, and the economic sanctions. Have these factors had an effect on your activity at all?***

– To say that the MIKO Group hasn't felt any effects of the current situation in Russia wouldn't be true. However, as I see it, our management company was able to make the right decisions,





**Knowing the Russian language is a big, but not the main, advantage for the foreign businessman in Russia.**

in the shortest time possible, and drew up a proper strategy for expanding the business, adding new lines of products to our portfolio, thus minimizing the risks. This enabled us to retain the business and staff in their entirety.

We see the current crisis as an opportunity which needs to be taken. We must show our worth, be quicker and more flexible than our competitors. We have a positive attitude, and we are sure that we can overcome the difficulties and become even stronger than we have been thus far.

**– *How many people do you employ in Russia? And who are they? Are many of them Russians?***

– Working in Russia in the MIKO Group's departments are 35 people. And they are all Russian. Another 15 employees work in our Berlin office. They complement one another. Our Berlin employees are 95 percent Russian-speaking, of Russian origin, but, obviously, they also speak German

and other languages. They are quite often the link in the chain between the Russian market and international suppliers, as our producers in Germany, Italy, and Switzerland usually get in touch with our Berlin office, and not our Moscow one. That, by the way, is one of the reasons why our suppliers are keen to work with us: as their route into the Russian market ends up being a shorter one.

**– *And how do you rate the level of professionalism of your Russian employees?***

– Either I have been lucky, or I have a good instinct when it comes to selecting employees. Suffice to say that 80 percent of them have been working with us since the very beginning: since 2006. We are proud that we have a very low turnover of staff. Fortunately, hardly anyone ever leaves us. And at the same time, there are hardly ever any reasons to let someone go. The majority of our employees are young, well-educated people, all with higher qualifications.

**Our company – the MIKO Group –  
has representations  
in St. Petersburg and Sochi.**





I think that it's important to present them with the opportunities for career advancement, that, at a relatively early stage, we entrust them with serious responsibilities, and also that we care about improving their skills, which is why we regularly send them to Europe for training, to attend seminars arranged by our suppliers, and to trade

shows. So that we have an excellent group, where a good team spirit prevails.

**– Western businessmen often have qualms about Russia. They talk about bureaucracy, corruption, crime... What is your experience in this regard?**

– You are lumping all of those things together but they need to be separated out. As for bureaucracy, well, you simply have to accept the local conditions and act accordingly. I mean, I can't repeal or change Russian laws. So, either I adapt and carry on working, or I exit the market. Bureaucracy in Russia is probably more pronounced in Russia than it is in Germany, but you have to accept the way it is.

As regards crime and corruption, then clearly we have been lucky. Our industry, the hotel business, is the least exposed to it. The business itself which we are engaged in presupposes really hard graft.

***– It has become almost a tradition to talk about the “massive advantages” of doing business in Russia. What, in your view, do they consist of?***



– If we're talking about the overall picture, then since 2014 the situation in Russia has changed. At the start of the century, pretty much anyone could sell pretty much anything at any price. I wouldn't say

that doing business was easy, but the prevailing mood back then was something akin to a gold rush. It was the same in our industry, too. It was a time when hotels were being built everywhere, including Sochi: for the 2014 Winter Olympics. I wouldn't say that anybody who wanted to could start a business in Russia then, but at the time the condition of the market was not one you could call normal. Now, though, Russia represents a completely normal market – no worse and no better than anywhere else. And you can be a success here, as in any civilized country, if you offer a good product or a useful and worthwhile service at a reasonable price.

**MIKO Group supplies one item or another to almost every premium class hotel in Russia.**



**You simply have to accept  
the local conditions and act accordingly.**

At this moment in time, the opportunities for business in Russia are as big and as small as anywhere else. To me, Russia today is a normal and, despite everything, attractive market.

**– *The current trend in the development of the Russian economy at this present stage is one of import substitution.***

As for our company, it specializes in products which the RF today has to import as they are not produced here. I repeat: whoever wants to invest in Russia, whoever is in the position of being able to offer a quality product at a reasonable price, will be able to make use of the opportunities presented to them.

**We look to the future with optimism and are not intending to exit the Russian market.**

**What do you think: will this trend not frighten off western businessmen? Will it not force them to turn away from Russia?**

– I am looking at this situation from the point of view of someone who grew up in Germany: an industrial country with a powerful economy and where domestic production plays a very big part. So I think that the road to domestic production in Russia is an extremely positive trend which will enable the country gradually to rid itself of dependency on natural resources. It is thought that the sanctions, and the weakening of the rouble, will give the Russian economy certain advantages.

**– What would you advise western businessmen about to start a business in Russia?**

– They need to be sure that their business model is going to work. And they also need to be flexible, prepared to operate within the local conditions, and able to listen. The way I see it, if someone intends to come to Russia to show how the world works and how to be, then they really aren't going to get very far. But then, given the present situation, you have to be prepared for a certain amount of risk when doing business in Russia.

**– Does knowing the Russian language play an important role?**





– I am not about to say for certain how my business would have turned out if I didn't speak Russian. But that knowing Russian made it significantly easier to run my business in Russia is a fact. So, knowing the Russian language is a big advantage for the foreign businessman in Russia. But not the main one.

***– Does the MIKO Group have plans for the future in Russia?***

– I took a chance on Russia, and will continue to concentrate my efforts

on this country. It is no secret that there are enterprises that, after the worsening of the situation in 2014, left the Russian market. But that is not what we have chosen. We are proceeding on the premise that under the current conditions we will be able to become yet stronger, that we are investing in the RF. It stands to reason that the MIKO Group aims to minimize its costs. But I think we are on the right path, offering a relatively wide range of goods and services in partnership with JURA and Ronnefeldt, which has

enabled us to widen our target market, when before, our company worked only with hotels. Now, though, we cooperate with retailers like the chain of Russian supermarkets “Azbuka vkusa” (*A to Z of Taste*), and supply goods to large concerns. This makes business more varied and interesting.

Yes, it has become harder to do business and make money in Russia. But the MIKO Group won’t be standing still. On the contrary, we look to the future with optimism and are not intending to exit the Russian market. ■

**We see the current crisis as an opportunity which needs to be taken.**





*t-tronic.ru*



# Success in Global Terms

*The compant T-Tronic  
has entered the Moscow car  
servicing market and has  
already attracted investors*

*It is considered that a startup should find a problem for target customers and offer a solution for it. David Shostak, a serial entrepreneur, whose portfolio includes the platform Vigoda.ru, well known in Russia (sale of coupons giving discounts in restaurants, clubs, beauty salons, for purchases and so on), has found such a problem: prices for car services are not transparent. So in 2015, he started the aggregator T-Tronic, which enables a car owner to find the most suitable offer for servicing his car.*

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**– David, what is the gimmick of your startup? What's new about it, and why do customers need it?**

– We have created a marketplace in vehicle repair and servicing. As you no doubt know, this is one of the last service markets which have only recently been aggregated and put into figures. Our platform also has the

advantage that we offer the opportunity to make your own diagnosis of cars, using the On Board Diagnostics II gadget. Furthermore, our platform recognizes both general and specific-to-maker problems for various car models. When a fault is diagnosed by the special device, the system relays it to partner servicing stations in Moscow.

**The startup product must really be in demand in the market.**



## Our platform recognizes specific-to-maker problems for various car models.

**– *Have you put a lot of money into this startup?***

– At first, my partner Pavel Romanovsky and I invested our own funds. This came to about \$500,000.

**– *What was this money spent on?***

– It was spent on producing the platform itself and the initial advertising. We wanted to show potential investors, and to convince ourselves, that the product really was in demand in the market. We also realized that the more of our own money we put in, the bigger our share in the company would be.

**– *Were your calculations correct?***

– Yes, they were. The hypothesis proved to be true. We offer car owners something that is really necessary and important to them: they are looking for the best prices for the repair and servicing of their car, and they need to be able to compare what is on offer and choose the best option. It's not only the price, the service station's location is

also important, and so of course is its rating, which correlates directly with the problem of trust. Our app fully meets all these requirements. And today, T-Tronic already has about 100 service stations in Moscow, and several thousand users.

**– *How do you attract them?***

– Our company attracts clients by advertising contextually, on the social media, below the line and by loyalty programmes in cooperation with the “Rosneft” chain of petrol stations.

**– *Did everything really go so smoothly from the beginning? No problems?***

– Are there ever no problems? They arise, of course. The main one is solving all the questions in good time. For example, problems came to light at the stage of interacting with some service stations. Their final estimate did not always correspond to what they had declared to T-Tronic. So we also have to influence our partners and develop a culture of being honest with the user.



## T-Tronic has been a global project right from the beginning.

**– Would you say this dishonesty in business is a purely Russian phenomenon?**

– No, of course not. A detailed analysis of the work of car service stations in many other countries showed that regrettably, this situation occurs almost everywhere. But the good thing about our project is that it can have a positive influence on this situation. That's the way the platform is, and those are its terms for use by the service stations. For that very reason, we intend to start up our aggregator abroad very soon, in the USA and Israel, and then in other countries too.

**– So soon?**

– The point is that from the beginning, we did not create T-Tronic exclusively for the Russian market. It has been a global project right from the initial idea. It's just that we decided to start it, test it and sort out the problems in Russia first.

**– You've already put quite a bit of money into this business. And the forthcoming scaling-up will**

***mean a lot more. Who are your investors?***

– They are business angels and venture foundations which specialize in companies at the initial stage. Today we have four investors, two in Russia and two more abroad.

***– Do foreigners believe more in the prospects of this startup?***

– It isn't that they believe in it more, it's simply that there were many investors from other countries among my acquaintances. And though we sought investments mainly from people I knew personally, about 40 people refused at the first stage. But this is a good statistic, you know: it is calculated that only two per cent of investors eventually enter a deal. And ten per cent of those we asked believed in T-Tronic.

***– How many people does your company employ now?***

– At present there are about ten people working in the company: experts in developing technology, in products, in the market, and others in the call centre and in the department working with



the service stations. We are deliberately keeping the numbers down.

**– *When do you expect the project to pay for itself?***

– Next year. So far, the company is still in the investment period, and it will take a long time to reach its planned self-sufficiency. Our main line of development right now is to win a share of the market.

**– *What do you plan to do next?***

– Develop and improve the product further, enter the global markets, and seek new strategic partners in the B2B segment.

After that there will be further rounds of investment, because we shall need more financial resources, among other things for the technical development of an independent on-board diagnostic system (since the range of vehicles varies from one country to another), and marketing. ■



***The interview with Seva Raskin, an investor in the T-Tronic startup.***



# The Russian Market is Attractive

***Seva Raskin, an investor from Israel, has financially supported a whole series of Russian projects and is considering others***

**Seva Raskin** has made a thorough study of the specific features of the Russian startup market. He has already invested and participated in the starting of many projects, and on the whole, he is satisfied with the contents of his portfolio. The entrepreneur thinks there are interesting projects and teams in Russia, particularly those aiming beyond the local market. One of these is the T-Tronic project, an aggregating platform for cooperation between car owners and car services providers, with the aim of selecting the most profitable proposition for routine or unscheduled servicing of a car. Today **Mr. Raskin** explains how and why he chose Russian startups.

– **Seva, why did you decide to invest in startups in the Russian market?**

– The market in Russia is quite attractive. After all, it has not stopped being part of the world economy. Many foreign investors with whom I have discussed the subject agree with me on this. Undoubtedly, due to the reduction in business activity and the fall in the population's incomes, many

things are difficult in Russia today, but some companies have succeeded in “re-inventing themselves”, including shifting their focus to world markets. Nor should one forget that a crisis often gives rise to new opportunities. Success comes to those players who because of their effectiveness and innovative technologies, can offer goods and services at a lower price.

**In selecting a project, I look not at the country of origin but at the team.**



**– *What makes you decide that a project is worthy of support?***

– In selecting a project, I look not at the country of origin but at the team. David Shostak and I have known each other for more than ten years now, and I have confidence in him as a knowledgeable operations manager and a reliable partner. Therefore I invested in T-Tronic, although it had a difficult initial stage when the business

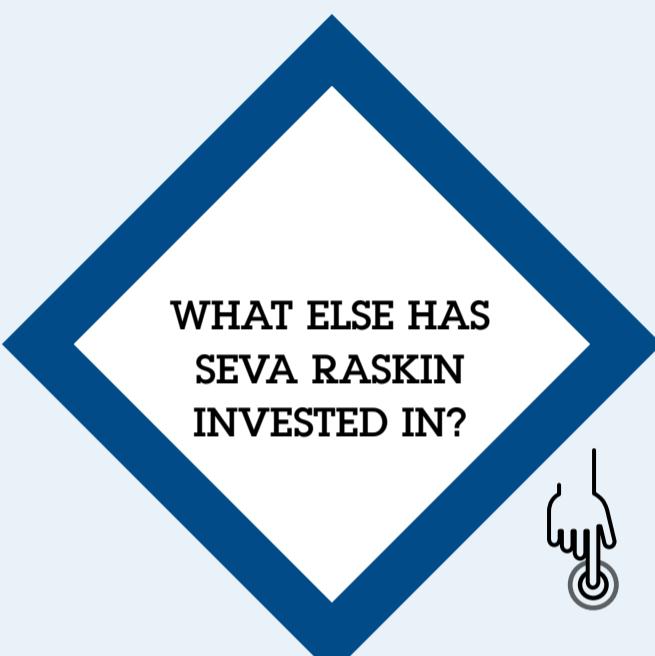
model was being formed on the basis of the original idea. And furthermore, as in any new project, many problems great and small kept on cropping up. David successfully carried the project through from an idea to a product, and quite soon brought an excellent service, one I consider highly necessary, into commercial operation.

**– *How actively do you participate in the life of the project?***

– I help with the strategy, from analysis and planning to implementation. And I use my professional experience to attract investments. David and I talk at least a few times a week.

**– *Are you equally active in other projects?***

– Not in all of them, although, of course, I try to help them all as far as I can. Much depends on the stage at which I come in. For example, when I got into SOLOMOTO, a cross-channel “Software as a Service” (SaaS) platform for organizing presence and managing progress in the online medium, I took part as a member of the team of founders. Now I am working in the Board of Directors and am involved in fund-raising and business development. This Israeli project with a considerable Russian presence had great international potential, which was appreciated by serious investors, in



WHAT ELSE HAS  
SEVA RASKIN  
INVESTED IN?

**I am constantly on the lookout for new projects with good prospects, including in Russia and Belarus.**



particular by Blumberg Capital. Today, SOLOMOTO is operating not only in Russia, but also in Latin America and the USA. In projects which I have joined as a financial investor, and which are developing well without my intervention, I try to be useful by virtue of my contacts with potential clients, contractors and investors.

**– Are you considering other projects?**

– Yes, I am constantly on the lookout for new projects with good prospects, including in Russia and Belarus.

**– How do you take a decision about investment?**

– As an investment banker and consultant, I am used to relying on an analysis which gives answers to a fairly standard selection of questions. But even when rational tests produce a positive result, you must also use intuition, consider your own feelings. After all, the figures do not always enable confident conclusions to be drawn, particularly in the case of quite young projects.

Successful investors manage to make fewer mistakes.

**– Do you mean that all your projects are successful?**

– That depends on what you mean by success. (*He laughs.*) I currently have about ten projects in my portfolio. They are all developing, some of them very actively.

**– Do Russian and Israeli projects differ in the way they do business?**

– The main difference is that in Israel every startup entrepreneur is aiming at global expansion from the very first day, because the market in the home country is too restricted, whereas many Russian projects develop or plan their development only within the country, and do not make much effort to expand to a world scale. This is understandable, of course. Russia is a large country with a population of 150,000,000. Probably part of the explanation is that many of those starting up today are of the generation born in the eighties and early

**An investor can expect to wait from five to ten years until possible liquidity.**



nineties, and have inherited the specific mentality of those times. Those of them who have had the advantage of studying and working in the West have expanded their outlook as compared with those who have not.

But time moves on, and there are already many Russian IT projects which have scaled themselves up beyond the limits of Russia and the former Soviet Union, and are successfully competing in international markets.

familiar to the target audience), and of course the special features of the product and so on. Altogether, setting the scale for new markets is a difficult business problem. And as a rule, it is considered to be one of the key investment risks.

**– *Are deals drawn up differently in Russia and the West?***

– I have had experience of drawing up deals under Russian law. There are no particular difficulties in this matter in Russia. It's another matter under

**It is important not to rely on a single desirable scenario. You have to remain an “opportunist”.**

**– *What is the main problem in taking a project to the international market?***

– From the technical point of view, if we are speaking of IT projects, the problem is often that the platform is not properly prepared. Projects intended for the global market from the outset put more flexibility into the technology, making it possible to change and set the functionality more quickly on the basis of the features of a specific market (a payment system, price formation method and marketing communications

English law, where you can write in any convenient scheme for cooperation between the business starting up and the investor, and it will be considered legal. In Russia, the basis in law for this is not always sufficient. But primarily, international investors find it simpler to work under the standard conditions of English law, which they have studied thoroughly, and understand. Drawing up such a deal is not a particularly long or difficult process, and as a result, this sort of structuring makes it possible to organize work in new markets in a



symmetrical way. That's the way it was with T-Tronic. The deal was drawn up under English law, and then a subsidiary was opened in Russia. This market is close to the project founders, and it is here that the development of the technology and running in of the product began. Once we are sure that the platform is convenient and some technical details have been sorted out, we shall start up in other markets, in particular in the USA, in a similar format. I think this could happen in the near future.

***– When do you expect a return on your investments?***

– An investor entering a venture project at an early stage can expect to wait from five to ten years until possible liquidity in one format or another. Quicker deals quite often happen, but you can't rely on it. T-Tronic is developing successfully, the first revenue has come in, but it is too soon to talk about profitability. We still have a long way to go.

***– Is that when you usually want to sell your share?***

– As a rule, yes. But if we manage to get the scale right, we shall probably grow by ourselves inorganically too. It is important not to rely on a single desirable scenario. You have to be an “opportunist” in the best sense of the word. ■



***Learn more about the T-Tronic project***



# The Time for Scaling

*Israeli **Mark Kapchitz** has little doubt that his successful, in-demand business in Russia is destined both for growth and a bright future*



**I**n 2011, **Mark Kapchitz's** spouse was offered work in Moscow. So the family decided to move there from Zagreb where, at the time, they were living. In Russia, they were struck by the pace of life and business activity. **Mark** noticed an obvious difference compared with his memories of the country. Moscow had changed. But a certain "Sovietism" could still be detected, especially where services were concerned. Pondering this, **Mark** set up the courier delivery company Bringo. And then he realised that the huge size of the country and the growth of its economy would easily allow him to scale his business in an upwards direction.

## A MARVELLOUS IDEA

Being a busy person, I have everywhere and always made great use of courier services. In England and Israel, for example, it is the fastest way of receiving letters, parcels, and goods from online stores. The standard waiting time for a delivery is only 60-90 minutes. Assuming that this was the situation in Russia as well, I ordered, somehow, some food for our dog. And it turned out not to be the best idea I had ever had. Because the dog food turned up... only 3 days later (!). Added to which, the courier service was at a loss to explain exactly why that was. And this was a well-known international logistics company with tens of thousands of couriers around the world.

My subsequent attempts to use courier delivery services in Moscow turned out to be similarly less than successful. And I became more and more convinced by my own theory that given the huge intensity of business and



# BUSY PEOPLE MAKE GREAT USE OF COURIER SERVICES.

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commercial activity in Russia people are still unable to offer rapid, high-quality delivery services.

Which is precisely why, some time later, I had the idea of bringing together the huge resource of people who want, when necessary, the chance to earn some money on the side, and customers, many of whom need various goods delivered to tight deadlines.

This is how my company Bringo came about. Then delivery services were made even easier with crowdsourcing.

## HOW IT WAS ALL ARRANGED

Using a mobile app for couriers, anyone who wants to be a “bringer” can undertake the deliveries ordered by customers nearby, and carry them out. Receiving, it goes without saying, the money for doing so to their personal account immediately once the work has been completed. This, as you must agree, elegant crowdsourcing business model fitted seamlessly into the Russian market. And in its early days, my company grew very quickly. “Like with yeast” as they say in Russia of such cases.

However, if the number of “bringers” (those able and willing to carry out the delivery and earn their fee) increased almost exponentially, and if the innovative idea, advertising and the “sun-dress radio” (as they call the “grapevine” in Russia) worked in our favour – in terms of the customers, who were supposed to be successful companies, things didn’t appear to look quite so good. Our customers became, apart from the private

**ABOUT BRINGO**



# ONE OF THE MAIN PRINCIPLES BEHIND THE SUCCESS IS THE SURPLUS OF COURIERS COMPARED WITH THE NUMBER OF DELIVERIES.

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individuals, Service Providers and small companies and online stores.

One of the main principles behind the success of the platform is the small surplus of couriers compared with the number of deliveries. But that imbalance at the time was considerable: for the tens of thousands of registered service providers there were only a few hundred deliveries each day. This was clearly very little, both for the business and for the bringers.

## SUCCESS FOLLOWED NATURALLY

The solution to this situation was found with the answer to the question: what is that Bringo has that no-one else has? And that without doubt was the infinite resource of service providers on-hand which can be scaled at will, depending on the requirements of the client, literally in a matter of minutes. In such a way, the idea came about of suggesting that large companies, the giants of e-commerce, and even other logistics companies outsource the “first” and “final mile” to the bringers.

The point is that using an available service provider rather than a staff courier is almost always both cheaper and quicker.

Quicker, because the system automatically identifies the bringer nearest to the pick-up point and allocates the delivery to him. Which means that in 5–15 minutes the bringer, as a rule, has already picked up the goods and manages to stay within the “gold standard” (of no more than 90 minutes) with the delivery.



# USING AN AVAILABLE SERVICE PROVIDER RATHER THAN A STAFF COURIER IS BOTH CHEAPER AND QUICKER.

And cheaper, because, in contrast to staff couriers, the bringers don't waste the time which they are being paid for anyway. And they can always be aggregated in a few minutes in the necessary numbers.

## A MOMENT TO BE PROUD

The upshot was that the Bringo service entered the market with a few tariffs and packaged express delivery offers for large and medium-sized businesses. And fairly quickly it became evident that it worked!

On fine-tuning the system and integrating large new partners, amongst whom were companies like Gett, DPD, PonyExpress, Wikimart, and Azbuka vkusa (A-Z of Taste), in the region of a further 10 million roubles was invested in the project. But we never doubted for a second that business for us would follow.

Cooperating with large businesses, online stores, and logistics companies allowed us to book our bringers solidly with deliveries and substantially increase their earnings. Which, in turn, had a beneficial effect on both the couriers and our clients.

## ACHIEVEMENTS AND PLANS FOR THE FUTURE

The Russian market is huge. And has huge potential. For virtually every form of business. And once you have consolidated your business, and achieved those initial, be they even modest, successes, everyone can scale their business in an upwards direction. Which means to expand and to increase not only the amount of work but also the profitability of the business.

**ABOUT MARK  
KAPCHITZ**



**COOPERATING WITH  
LARGE BUSINESSES  
ALLOWED US  
TO INCREASE  
THE BRINGERS'  
EARNINGS.**

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I mean, you can count on the fingers of one hand the countries which have the same unique conditions that there are in Russia for scaling an initially small or medium-sized business up to a turnover of gigantic proportions.

At this moment in time, Bringo has in the region of 3,000 corporate clients of various sizes, a significant percentage of which already represent medium-sized and large companies: 55% of orders come from online stores, restaurants, and retailers, around 30% from logistics companies, with the rest being made up by quite small companies and service providers.

On the platform there are already about 80,000 registered bringers. Several thousand of whom are active on a daily basis.

### **PROSPECTS FOR GROWTH**

As well as in Moscow, Bringo has already established a network of branches in Vladivostok, Novosibirsk, Yekaterinburg, and Samara; the company is opening 1-2 branches in million-strong cities every month. And it is planned to launch, by the end of 2016, a representative office in every city in Russia, of which there at least 14. We are also in negotiations with strategic partners to open the first HQ outside of Russia: in London and/or Berlin.

And that, judging by everything else, is only the mid-point of our journey. Ahead lies quite some business. Further prospects, too. ■





*[www.liger-logistics.ru](http://www.liger-logistics.ru)*



# **There's no Need to Throw Your Money Away!**

*Four ways of cutting costs on logistics  
for small and medium-sized businesses*



*According to data from the Federal Tax Service, last year there were 23,500 companies with foreign involvement on register.*

*Under pressure from the sanctions, entrepreneurs (Russian and foreign alike) are optimizing their spending. One of the factors determining ultimate production costs in any business is logistics. Today, logistics expert on international transportation for LIGER Logistics **Ekaterina Korneeva** tells BIGMOSCOW readers the main ways of lowering costs in this area.*

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**For readers with an interest in this, we present the four main ways for small and medium-sized businesses to optimize their spending on logistics, developed on the basis of analysing the practice in this area of our company as well as our partners and competitors. And so...**

## **1. TENDERING PROCESS (BIDDING)**

This process allows you to better research the logistics market and find the best offers at the most reasonable prices. Bidding in the Russian Federation is split into two types, open and closed, and can be carried out in either one or two stages, in the form

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**THE FEE FOR ACCESS TO TENDER PLATFORMS IN RUSSIA AT THE MOMENT IS 1,000 — 1,500 ROUBLES A MONTH.**

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of a contest or an auction. As part of a unified information system for public procurements and to eliminate machinations to do with tender proposals, there is in Russia an official procurements portal [zakupki.gov.ru](http://zakupki.gov.ru). There are, of course, other platforms too, including fee-based ones. The fee for access to tender platforms in Russia at the moment is 1,000 – 1,500 roubles a month.

Costs incurred by a company during the bidding process are linked, in the first instance, with paying for the services of a specialist to deal with the tender documentation. His salary on the market varies from 25–30,000 at government organizations, up to 100,000 and more at commercial organizations. The average “cost” is around 50–60,000 as confirmed by data from HeadHunter.

Inviting vendors to participate can be done by telephone, electronic mail out, by placing a call for bids on the company website or on social media. If the tender is posted on the major

platforms, further advertising is not required: vendors keep a keen eye out for new requests.

During the tender process, particular attention needs to be paid to the demands made of the service provider, to safeguard against unscrupulous partners: for example, to prescribe in detail the make/year of manufacture/capacity of a vehicle to be used.

Let's examine a specific example:

 After free registration with the website **findtenders.ru**, it is possible to see the results of those tenders which have taken place. We'll have a look at one of them: intracity and suburban road haulage of loose bulk consignments (of coal, for example) in Kemerovo Oblast. With the highest price being 492, 590 RUB, the winner – OOO "Resurs Sibiri" – offered a price of 164, 612 RUB. That's a saving of over 300%!

The amount of potential saving does, of course, vary and depends on a whole number of factors: the size of

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**IF THE COMPANY DEALS WITH ONLY A SMALL NUMBER OF DELIVERIES, THEN IT IS POSSIBLE TO DO WITHOUT A LOGISTICS EXPERT ON THE STAFF.**

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the tender, the goods or services and, of course, the region. However, our example demonstrates that the saving made can be a very good one.

## 2. MOTIVATING THE LOGISTICS DEPARTMENT

The introduction of extra motivation for employees in the logistics department will enable any company to reduce transport costs and make savings on logistics spending. Setting up a motivational system is not the most straightforward of tasks, and it is important to understand that employees need to be motivated not simply to carry out their duties, but to meet the objectives which lay before the logistics department more effectively and with better quality, and to introduce new technology and higher professional standards.

The main ways of increasing motivation are considered to be:

- awarding of individual bonuses.

But the department's functions and objectives, its plans, should be set out from the start. And the bonus system

should really be introduced on the basis of key performance indicators (KPIs);

- the transition from a fixed payment system to one based on piecework.

Earnings will depend on demonstrable results. The difficulty lies in the logistics department being a non-earning arm. However, such a system of payment can act as a stimulus to cutting costs;

- gamification – is a fashionable term for a well-known way of increasing the competitive streak. For example: there is a board hanging in the department with a calendar drawn on it, and on a column on the left hand side, fastened by magnets, are badges representing different cars. Each badge represents an employee. And in proportion to professional achievements, day after day, the cars move forwards. Everyone will be interested to know who, by the end of the month, will arrive at the finishing line first. A further stimulus would be a valuable prize or bonus for the winner of the “race”.

Spending on a motivational programme depends on the size of the company, the nature of the

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**LOGISTICAL OUTLAY CAN ACCOUNT FOR AROUND  
20–30% OF PRODUCTION COSTS.**

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activity it is engaged in, the size of the logistics department, and the company's economic indicators. At a small company outside the Central Federal District, where one person is dealing with logistics, the employee will appreciate a bonus of 5,000 roubles.

### **3. OUTSOURCING OF THE LOGISTICS DEPARTMENT**

If the company deals with only a small number of deliveries, then it is possible to do without a logistics expert on the staff and to use the services of one outside the company. At the present time, there are a large number of professionals prepared to work part-time or remotely, which can help the company to make substantial savings.

On the market there is a wide choice of companies or private individuals who can offer to meet your cargo delivery requirements. The cost varies and depends not only on the region but also on the customer's needs: the cargo's tonnage, its class, and so on.

*For example, around Moscow, on average, the cost of personnel (including*

*freight handlers) for temporary work (from 5 hours) is from 165 to 250 RUB/hr. For permanent (shift) work: from 120 to 180 RUB/hr. To hire a freight handler for just one hour costs 1,000 RUB.*

*The cost of cargo delivery around Moscow, then, is from 5 to 10 RUB/kg (the heavier the load, the cheaper the delivery costs).*

*In the regions, the cost is noticeably lower. In Khabarovsk, for example, a lorry and 2 freight handlers costs 1,000 RUB/hour. But in Perm a GAZelle plus freight handlers: around 600 RUB/hour.*

### **4. IT SOLUTIONS**

Using modern warehouse and logistics management systems enables costs to be controlled and human error to be minimized. Modern IT solutions for logistics include electronic document management, geolocation of the cargo and transport vehicles, personnel management (including payroll calculations), task management and plotting services, data storage in

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**THE FUNDAMENTAL PRINCIPLE – DON'T MAKE YOUR  
BUSINESS WORSE – REMAINS ETERNAL.**

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cloud services, and so forth.

The cost of such solutions depends on their functionality and the number of licences purchased: for one or several work stations. For example, a fairly well-known solution which is perfectly suitable for a small or medium-sized business and which integrates very well with the Bitrix system is 1C-Logistics: Warehouse Management 3.0. For one work station this will cost 24,500 roubles, and for 5 work stations: 105,000.

A spending optimization strategy should be put together step by step, introducing new solutions in successive stages. The important thing is not to rush, and before each change to evaluate the effect of those steps already made.

The fundamental principle – don't make your business worse – remains eternal. ■

## IN PLACE OF AN AFTERWORD

Logistical outlay can account for around 20–30% of production costs. Its reduction significantly increases competitiveness and can help the company to survive times that are difficult for the economy and for business. If we want to say which of these methods employed are the most effective, then for maximum effectiveness we would recommend applying all of these tools in combination.

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**USING MODERN WAREHOUSE AND LOGISTICS  
MANAGEMENT SYSTEMS ENABLES COSTS TO BE  
CONTROLLED AND HUMAN ERROR TO BE MINIMIZED.**

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WE SIMULATE SITUATIONS



[www.tehno-standart.ru](http://www.tehno-standart.ru)



*About “Techno-Standart”  
Scientific and Technical Centre*



# The Regulations for Business Success

*How foreigners can avoid additional  
costs and fines when supplying  
their products to Russia*

BY: YULIA BELIAKOVA | PHOTO: “TECHNO-STANDART” STC | TRANSLATION BY: JASON J SHAW

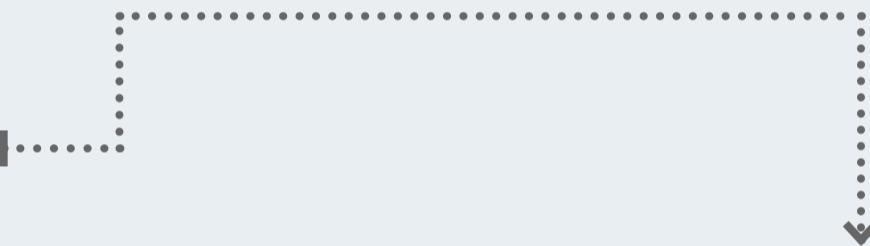


*Today, many foreigners want to start or expand their business in Russia. But if, by law, the products they supply require certification, problems can arise. Although many regulatory documents have already been harmonized with directives in force in Europe, there are still some particularly Russian anomalies. Citing real-life examples of such situations and the way out of them for the benefit of BIGMOSCOW readers is Marketing and Development Director at "Techno-Standart" Scientific and Technical Centre, **Yulia Beliakova**.*

## SITUATION



An Italian manufacturer of industrial machinery turns to a law firm to arrange permits for the products he intends to sell in the Russian Federation. All the work was carried out by the deadline stipulated in the agreement, and subsequently the manufacturer has received all the necessary certificates and documentation. But the very first time his machinery is delivered to Russia, problems arise with the customs authorities. It suddenly comes to light that the certificates arranged by the Italian company



As it turns out, the law firm which assisted the Italians in drawing up their documentation, without going into detail, turned to a product certification agency with a poor reputation on the market. As a result, the work done on the conformity assessment involved violations. The customer incurred unforeseen costs due to the deliveries being interrupted. Eventually, of course, the situation was resolved once the Italian company arranged the documents in the correct way. The lesson for us all is: it is essential to check out your counteragents carefully. Whether it be a law firm or an agency, you need to identify which body it is that will be issuing the certification, and to request a reference list from them. It is also important to know that in Russia there is a unified



## SITUATION

2

In 2006, a well-known American company was supplying the Russian market with mining equipment. Then, as early as 2013, the same US company once more signed a contract to supply the exact same equipment. But during this process, it suddenly came to light that arranging certification for a foreign applicant in the same way as had been done in 2006, was no longer permissible under Russian law...

In the time that had passed, legislation governing technical regulations had changed substantially. And from 2012, the Technical Regulations of the Customs Union (TR CU) came into effect. For example, under the GOST R system, as well as under the RF's technical regulations, the applicant could be a foreign company. But in accordance with the requirements of the Technical Regulations of the Customs Union, the applicant for conformity assessment can only be a company resident in a Customs Union country. A solution was of course found: the applicant for certification of these deliveries became the Russian company which was itself purchasing the equipment.

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**IN RUSSIA, THE TECHNICAL REGULATIONS OF THE CUSTOMS UNION (TR CU) HAVE COME INTO EFFECT.**

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## SITUATION

3

A German company which makes power tools had the equipment it supplies certified in Russia in accordance with TR CU 010/2011 “On the Safety of Machinery and Equipment”, as well as with TR CU 004/2011 “On the Safety of Low-Voltage Equipment”, and stamped its goods with an EAC mark. But... on selling the goods, it was fined for unlawful product marking.

The point being that goods stamped with the EAC mark have to meet all the requirements of the Technical Regulations of the Customs Union which apply to them. And on this occasion the goods had to be shown to be in accordance with another Technical Regulation of the Customs Union: TR CU 020/2011 “Electrical Compatibility of Technical Equipment”.

Before making an application for certification, the applicant must be precise in identifying the appropriate Technical Regulations of the Customs Union which govern the products declared.

It is a veritable minefield. In the RF Code on Administrative Violations there is article 14.46 (para. 1), which sets out responsibility for the unlawful use of a mark of conformity on goods on the market. In accordance with this article, a fine for responsible parties and legal entities of up to 300,000 roubles can be imposed.

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**YOU MUST BE PRECISE IN IDENTIFYING THE APPROPRIATE TECHNICAL REGULATIONS OF THE CUSTOMS UNION.**

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## SITUATION

4

A well-known German supplier of electrical goods sells its products to seven businesses in Russia. But in accordance with the requirements of the TR CU which came into effect in 2012, the applicant can only be a company registered on the territory of the Customs Union. This scenario is very much reminiscent of the one we have already examined in Situation 2. But the solution which was found in that case is not applicable in this one: certificates of conformity for seven different businesses would have to be drawn up seven times! Such a state of affairs for the supplier would cost, as they say, a small fortune.

However, a solution to a problem such as this does exist. And it substantially reduces the costs incurred by the businessman supplying his products to Russia. To minimize the costs and loss of time in this case, the legal entity needs to be registered within the Customs Union territory. And so, in this case, the German supplier, to get out of the situation which had developed, opened, and legally formalized, a branch of his company on the territory of the Customs Union. And at this branch all certificates and declarations for subsequent deliveries to all seven Russian customer companies were drawn up.

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**WITH LARGE-SCALE SUPPLY TO DIFFERENT PARTNERS IN RUSSIA, IT IS WORTH REGISTERING A LEGAL ENTITY ON THE TERRITORY OF THE CU.**

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# Looking for Partners? Look no Further!

*These international expo-events in Moscow will be a great help to those wishing to find partners and new ways of developing their business in Russia*





**OBUV. MIR KOZHI  
(FOOTWEAR. WORLD  
OF LEATHER)  
INTERNATIONAL FOOTWEAR  
AND LEATHER GOODS  
EXHIBITION**

**03.10–06.10**

**Venue: CEC “Expocentre”**

**Theme: fashion and style, clothing,  
shoes, accessories, fabrics**

The international exhibition of footwear and leather goods “Obuv. Mir kozhi” takes place twice a year in Moscow: in spring and winter. It is currently the best known exhibition dedicated to footwear, clothing, and leather goods manufacturing. It offers a unique opportunity to promote goods throughout the regions of Russia and the CIS.

The “Obuv. Mir kozhi” exhibition came about thanks to the efforts of two leaders in the international exhibition business: BolognaFiera (Italy) and Expocentre ZAO (Russia).

**THEMATIC  
SECTIONS**





## HOMI RUSSIA INTERNATIONAL EXHIBITION OF HOUSEHOLD ITEMS DÉCOR, AND GIFTS

**12.10–15.10**

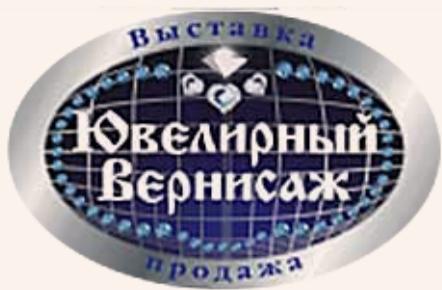
**Venue: IEC “Crocus Expo”**

**Theme: interior design,  
homeware, gifts, souvenirs,  
merchandise**

HOMI Russia is a useful business event in terms of finding new customers and meeting marketing targets. The exhibition carries on the best traditions of the world-renowned Italian MACEF exhibition, which dates back to 1964. HOMI is a new development from MACEF, and has become one of the most authoritative in the world in the lifestyle industry.

THEMATIC  
SECTIONS





## JEWELLERY OPENING DAY AT SOKOLNIKI JEWELLERY EXHIBITION AND SALE

**03.11–07.11**

**Venue: Sokolniki Conference  
and Exhibition Centre**

**Theme: jewellery, ornaments,  
luxury items, gifts, bijouterie**

On show, as ever, at the exhibition are decorative items from all parts of Russia: from Kaliningrad, famous for its amber, to diamonds from Yakutia. Gathered under one roof are around a hundred jewellery companies including both representatives of big players in the jewellery trade, and boutique, jewellery craftsman, presenting their collections in person.

THEMATIC  
SECTIONS





**ROBOTICS EXPO-2016**  
**IV INTERNATIONAL**  
**ROBOTICS AND ADVANCED**  
**TECHNOLOGIES EXHIBITION**

**04.10–06.10**

**Venue: CEC “Sokolniki”**

**Theme: robotics, robots in  
industrial processes, personal  
robots and telepresence  
robots, drones, household and  
educational robots, 3D printing**

Robotics and new technology have become reality with the emergence of 3D printing, the availability of cheaper components, and crowdfunding etc. Hundreds of thousands of programmers are already writing applications for robots. Getting fully involved in this now, say experts, will give you every chance of becoming a global leader. Robots are supertechnology which has already become reality. And you can become acquainted with this reality at the Robotics Expo in Moscow. The first such exhibition took place in the autumn of 2013, instantly gaining a foothold in the market and becoming one of the main reasons for global robot mania taking hold in Russia.



**THEMATIC  
SECTIONS**





## FOOD SHOW-2016 X GASTRONOMIC FESTIVAL

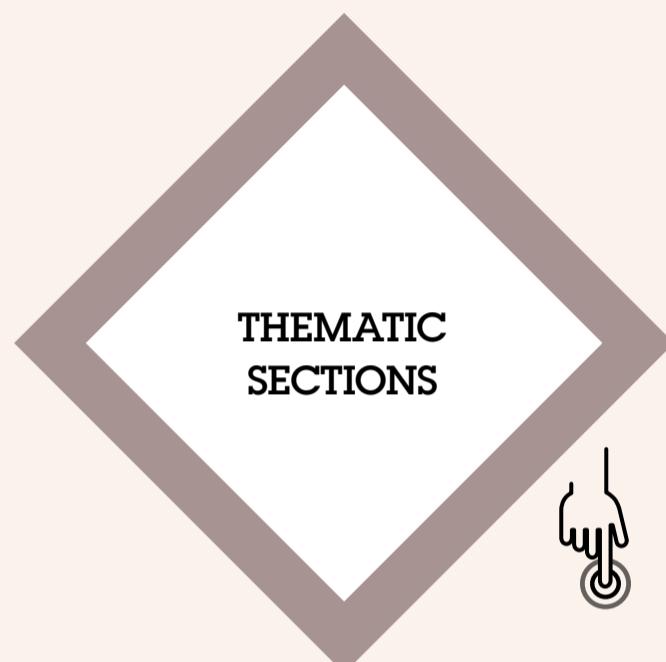
**02.12–04.12**

**Venue: CEC "Sokolniki"**

**Theme: food, drink, cookery,  
cooking equipment and textiles,  
consumer goods, tourism,  
household decoration**

The Food Show is a delicious and colourful festival for the whole family. It is a combination of tasty food, spectacular entertainments, and the chance to make some good purchases. In store for visitors are gifts and entertainments, master classes and tastings, and the chance to meet the stars of the gastronomic world and show business. As well as a market for those making preparations for the New Year holiday and are looking for gifts for friends and family. Gadgets, kitchenware, textiles, souvenirs, and food and drink to cater to every taste: even the fussiest. One of the highlights of the festival is the farmers' market! Where you can buy fresh produce. And be given suggestions on how to use it in your creations by eminent head chefs at work in the cooking areas. ■

THEMATIC  
SECTIONS



**The Avilon Plaza:**  
the business centre for  
those who appreciate  
prestige, quality,  
and comfort

# A Palace Available to Tenants

PHOTO: AVILON PLAZA BUSINESS CENTRE | TRANSLATION BY: JASON J SHAW

BIGMOSCOW // BUSINESS MOSCOW // THE AVILON PLAZA



BIGMOSCOW // BUSINESS MOSCOW // THE AVILON PLAZA

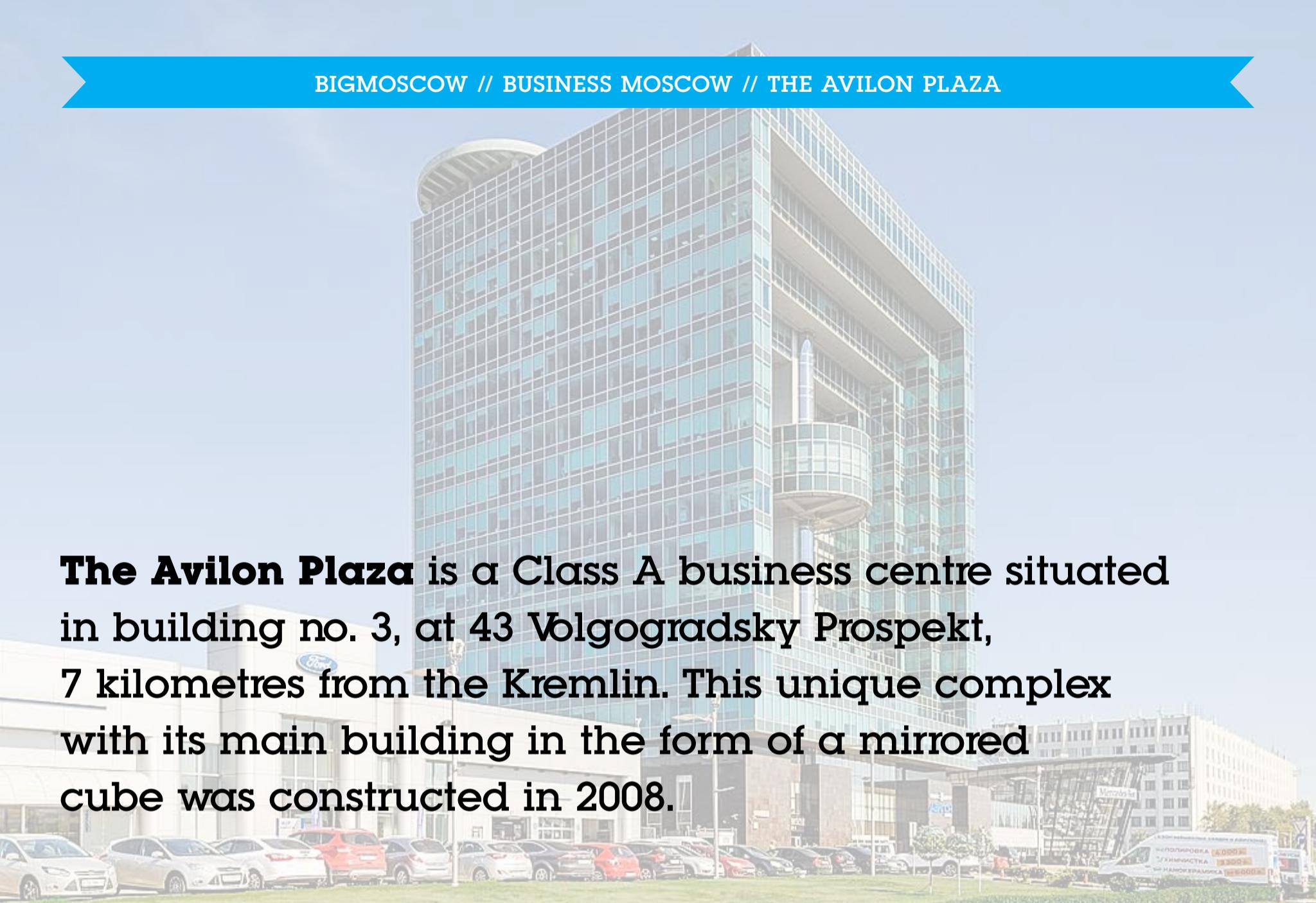


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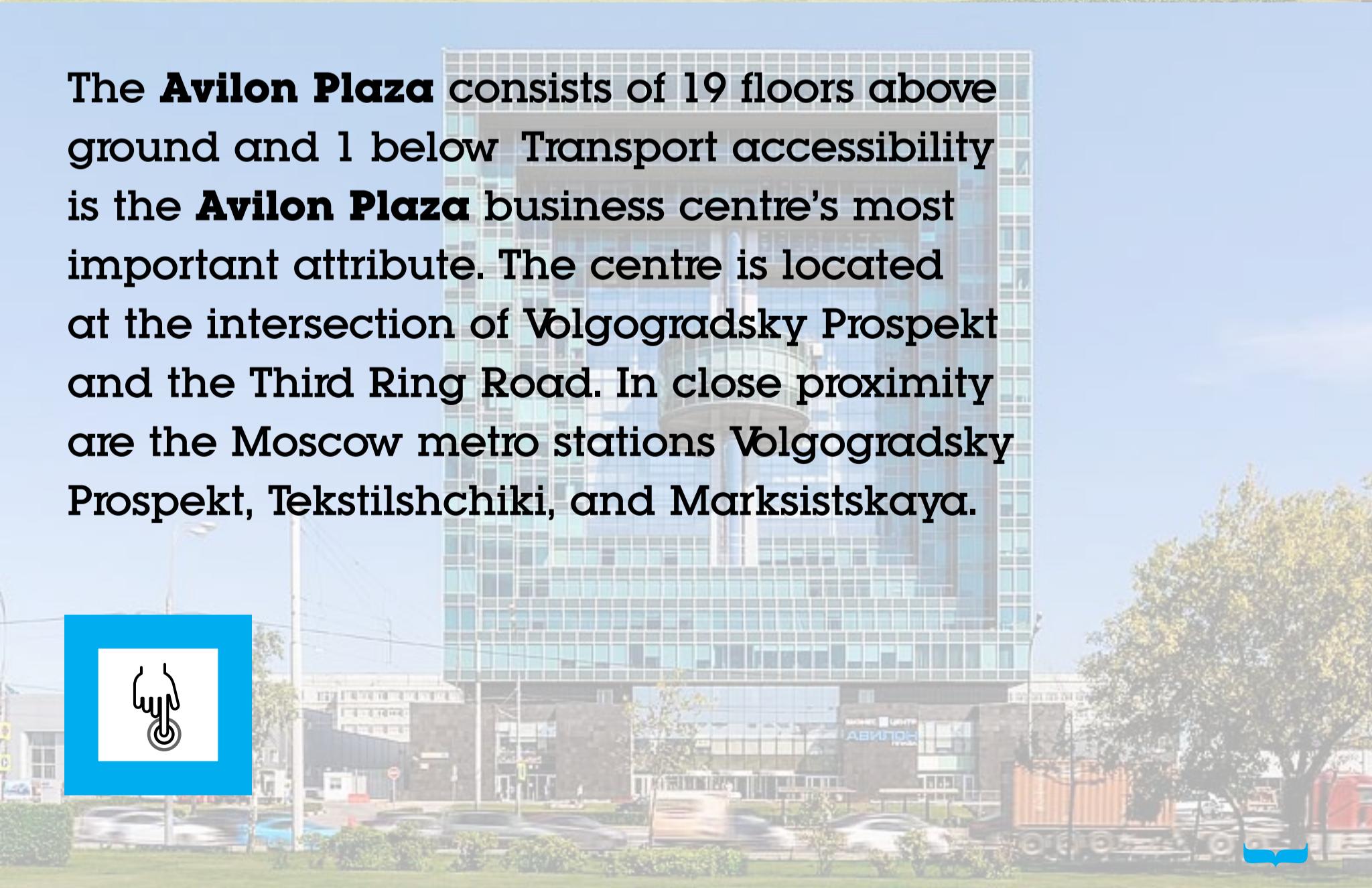


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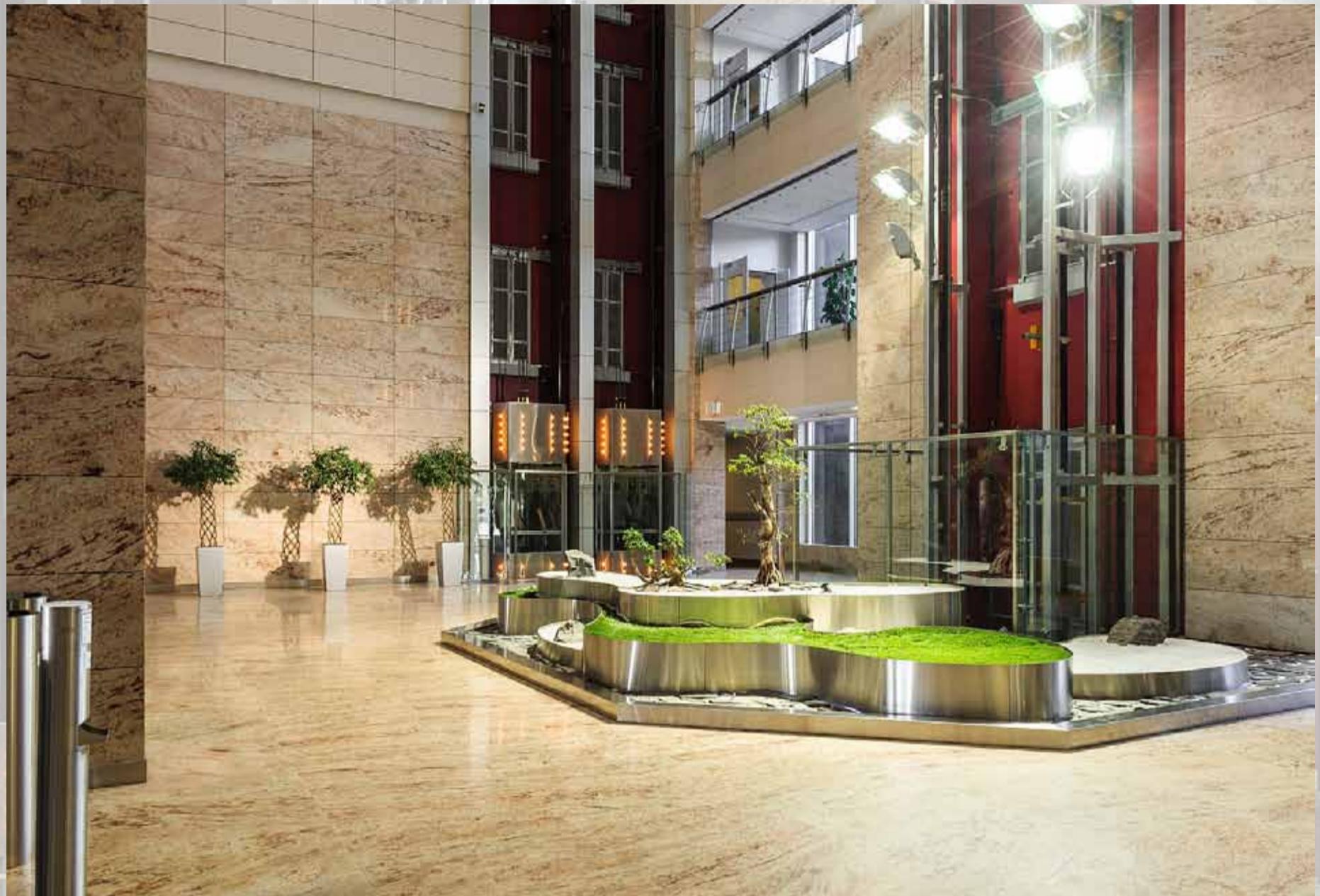


**The Avilon Plaza** is a Class A business centre situated in building no. 3, at 43 Volgogradsky Prospekt, 7 kilometres from the Kremlin. This unique complex with its main building in the form of a mirrored cube was constructed in 2008.



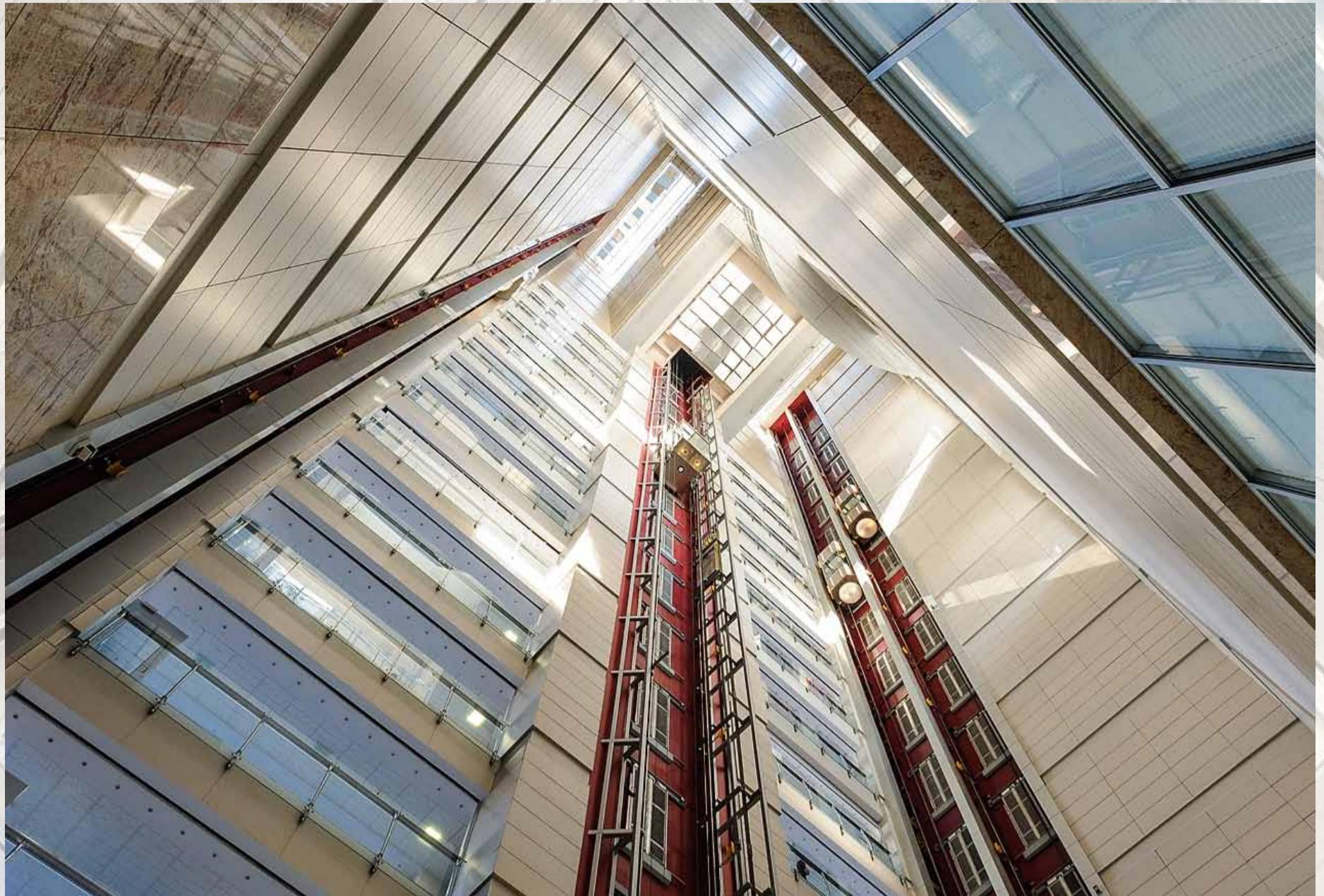
The **Avilon Plaza** consists of 19 floors above ground and 1 below. Transport accessibility is the **Avilon Plaza** business centre's most important attribute. The centre is located at the intersection of Volgogradsky Prospekt and the Third Ring Road. In close proximity are the Moscow metro stations Volgogradsky Prospekt, Tekstilshchiki, and Marksistskaya.





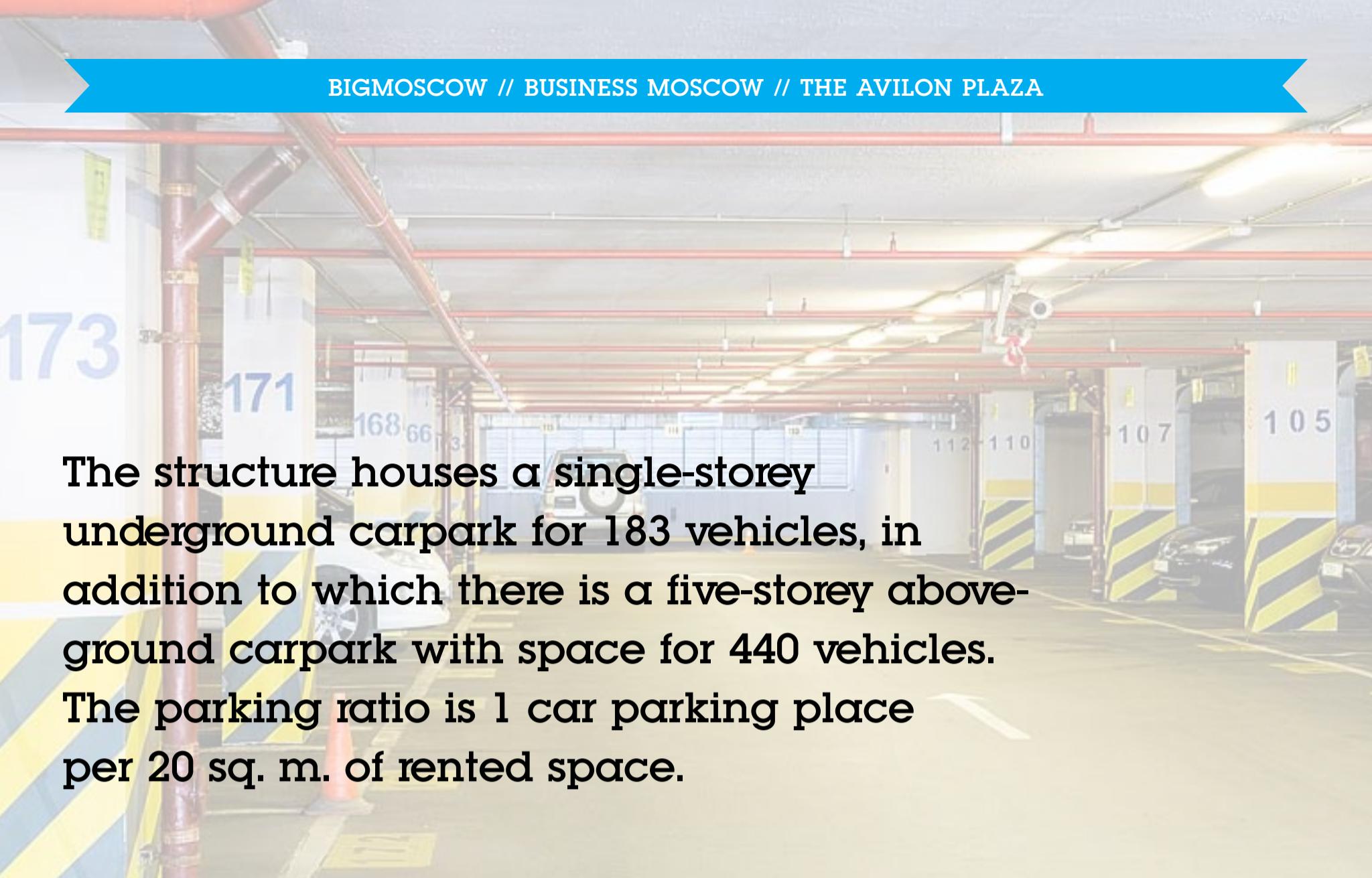
**The Avilon Plaza** is a business centre for tenants who appreciate prestige, quality and comfort. Open for business here, for the benefit of tenants and their guests, are the beauty salon F&K, the newsagent/minimart "Khoroshiye novosti" ("Good News"), and K-TOWN Korean Kitchen. It's no surprise that companies such as Viega, LINDNER, Franke, Stoloto (the State Lottery), amongst many others, have chosen this business centre as the location for their offices.



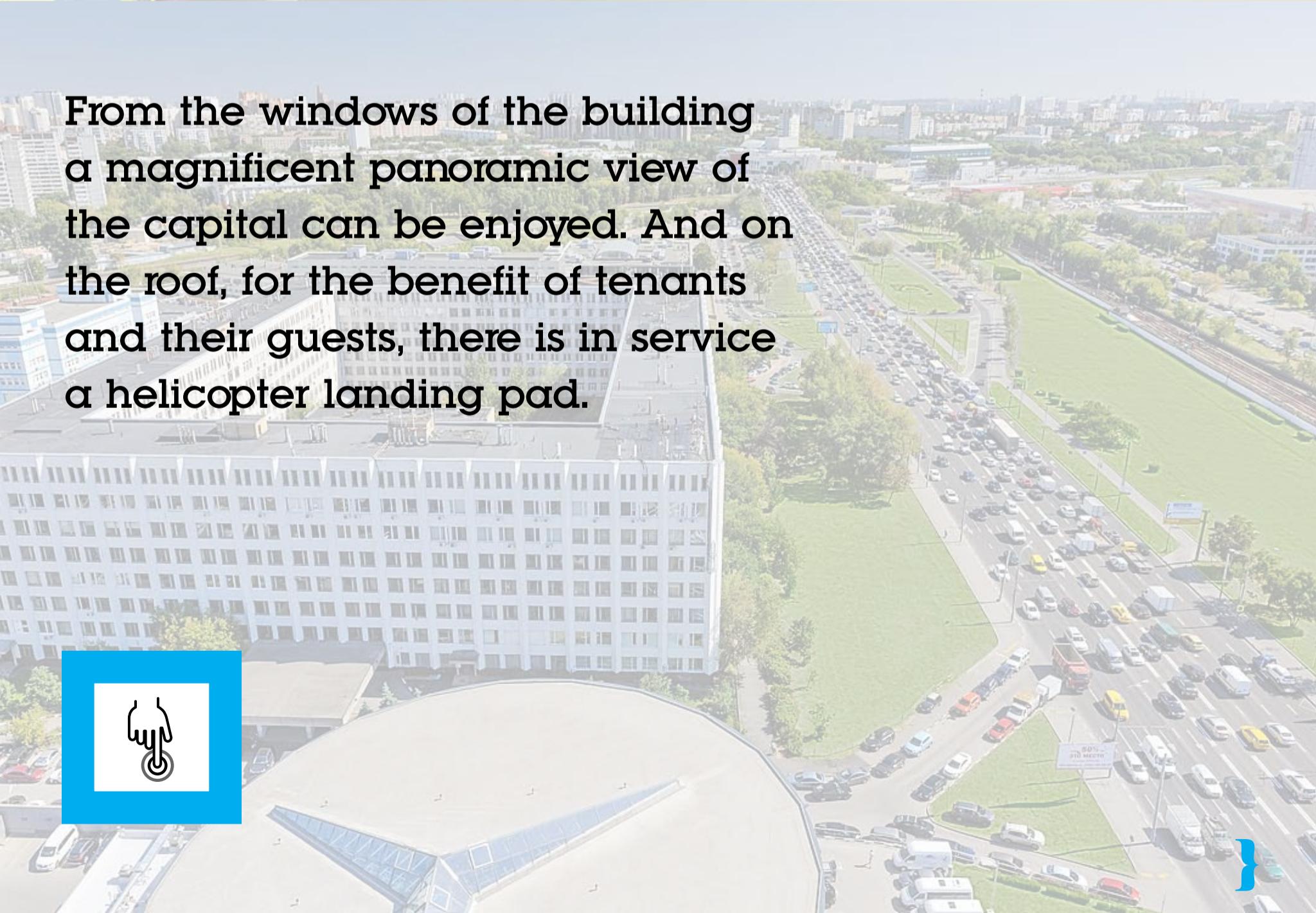


At 54 metres, the centre's atrium is one of the loftiest in Moscow. Here, every office is equipped with the very latest ventilation, heating, air-conditioning, and monitoring and security systems. There are also 6 high-speed panoramic luxury class LG elevators in operation.





The structure houses a single-storey underground carpark for 183 vehicles, in addition to which there is a five-storey above-ground carpark with space for 440 vehicles. The parking ratio is 1 car parking place per 20 sq. m. of rented space.



From the windows of the building a magnificent panoramic view of the capital can be enjoyed. And on the roof, for the benefit of tenants and their guests, there is in service a helicopter landing pad.



LIVING IN MOSCOW

American **Robert Young**  
has been treating  
Muscovites and visitors  
to the Russian capital  
for two decades

# For a Doctor, the Patient Comes First

BY: NIKOLAI MIROSHNIK

PHOTO: FRANCESCO ROSSINI

TRANSLATION BY: JASON J SHAW



*Professor Young completely lives up to his name. Well, quite the contrary at 69 years old! Although, you wouldn't know it talking to this surprisingly gregarious and genial fellow. Robert tells us about his life and work in Russia's capital with sincerity and with an enthusiasm more in keeping with a young man, a newly-qualified doctor taking his first steps in the profession, rather than a professor of medicine well-known in professional circles and with half a century of service to his name.*

### **– How did you become a doctor?**

– I am from a simple, family of modest means: my father was a carpenter, my mother a housewife. And I lost them, I'm afraid, very young: at 19.

I became a doctor, you could say, quite by chance: For four years I was studying something different at the University of Wisconsin. I was studying biochemistry, and was interested in genetics, or rather its application in medicine. I was thinking about going into research.

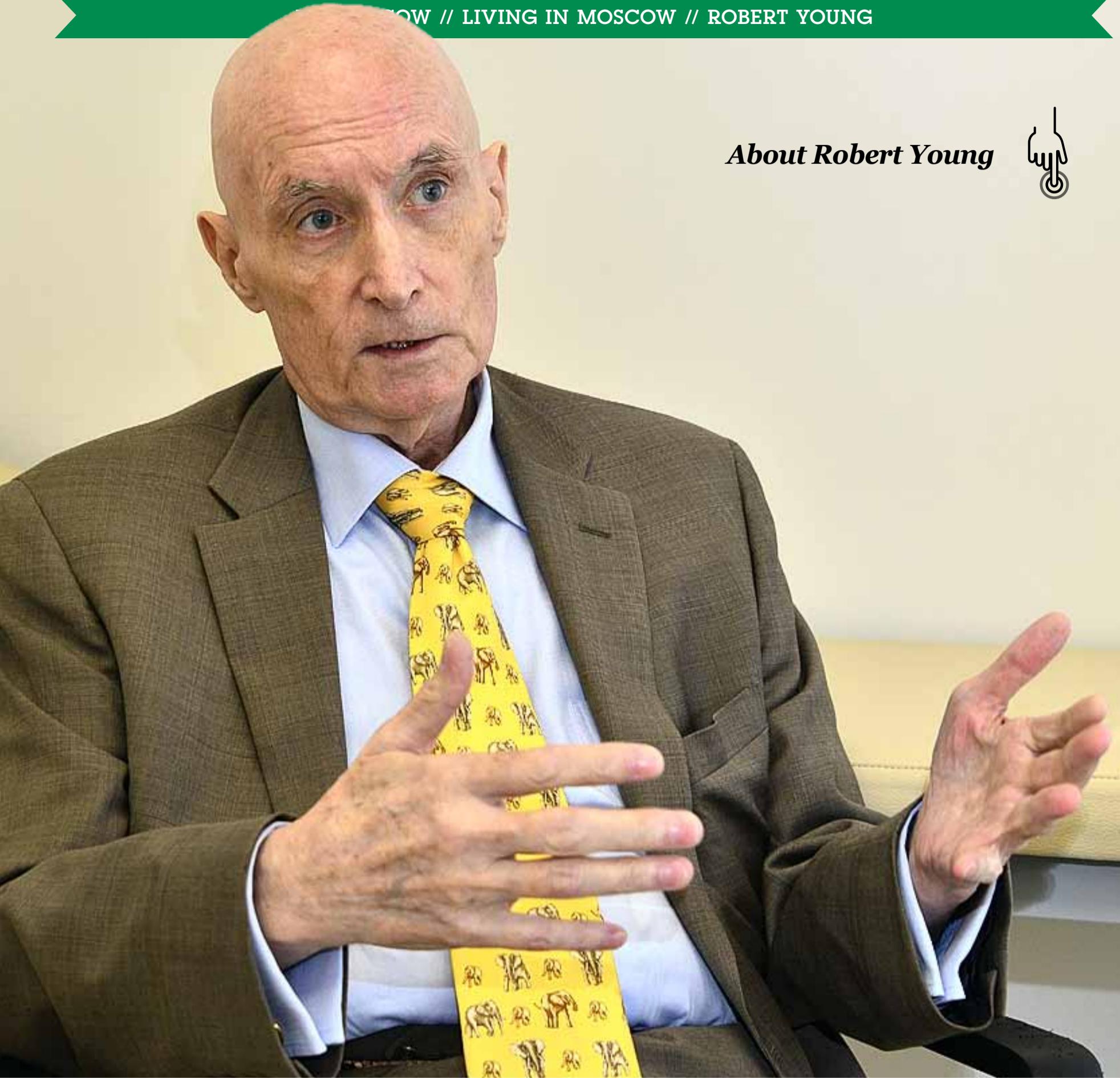
In the US, to carry out medical research

you have to deal with people, with patients, which is why you need specialized training. So I started to see where I could continue my studies and do a doctorate in biochemistry and diploma in medicine. At the Medical College of Yeshiva University in New York there was a training programme that was very progressive for its time:

we started dealing with real patients straight away. And this suddenly turned out to be the most interesting thing for me.

It ended with me completely dedicating myself to medicine. I consider it the best decision I've ever made.



***About Robert Young******– And then you were teaching a lot yourself...***

– Yes. I was practising for a few years, in particular in emergency medicine, acute care. It is not quite the same as being an emergency doctor in Russia. It is a much wider area of activity. And it is nothing like what you see in the popular American TV series “ER”.

And then I was invited to go and teach at Kentucky State University. There I became a professor precisely of emergency medicine. I was involved in paediatrics, family medicine in parallel.

***– What is “family medicine” to you?***

## I live in what is, in my opinion, a very beautiful city: Moscow.

– It is a systematic approach to healthcare for the whole family. A family doctor can investigate genetic conditions, the interrelation between illness and a person's way of life and social conditions, ensure the prevention of the development of potential diseases. It is not just like being a GP who carries out the initial examination and refers you to a specialist. He should be specialist himself in many areas: with a grasp of ophthalmology, paediatrics, gynaecology, resuscitation... Able to carry out examinations himself at a clinic with the latest equipment. He only refers patients to a specialist in their field when the diagnosis made by him requires it.

**– What was it that made an American professor want to come to Moscow?**

– In 1996, a certain American medical organization which was collaborating with clinics in Eastern Europe suggested I go

to Warsaw and do some work there. I went to Moscow a few times, where my employers had their biggest clinic. And after two years they asked me to head the medical practice side here. Since then, I live in what is, in my opinion, a very beautiful city: Moscow.

**– *In the US, Russian Doctors' diplomas aren't officially recognised. Was your diploma recognised in Russia?***

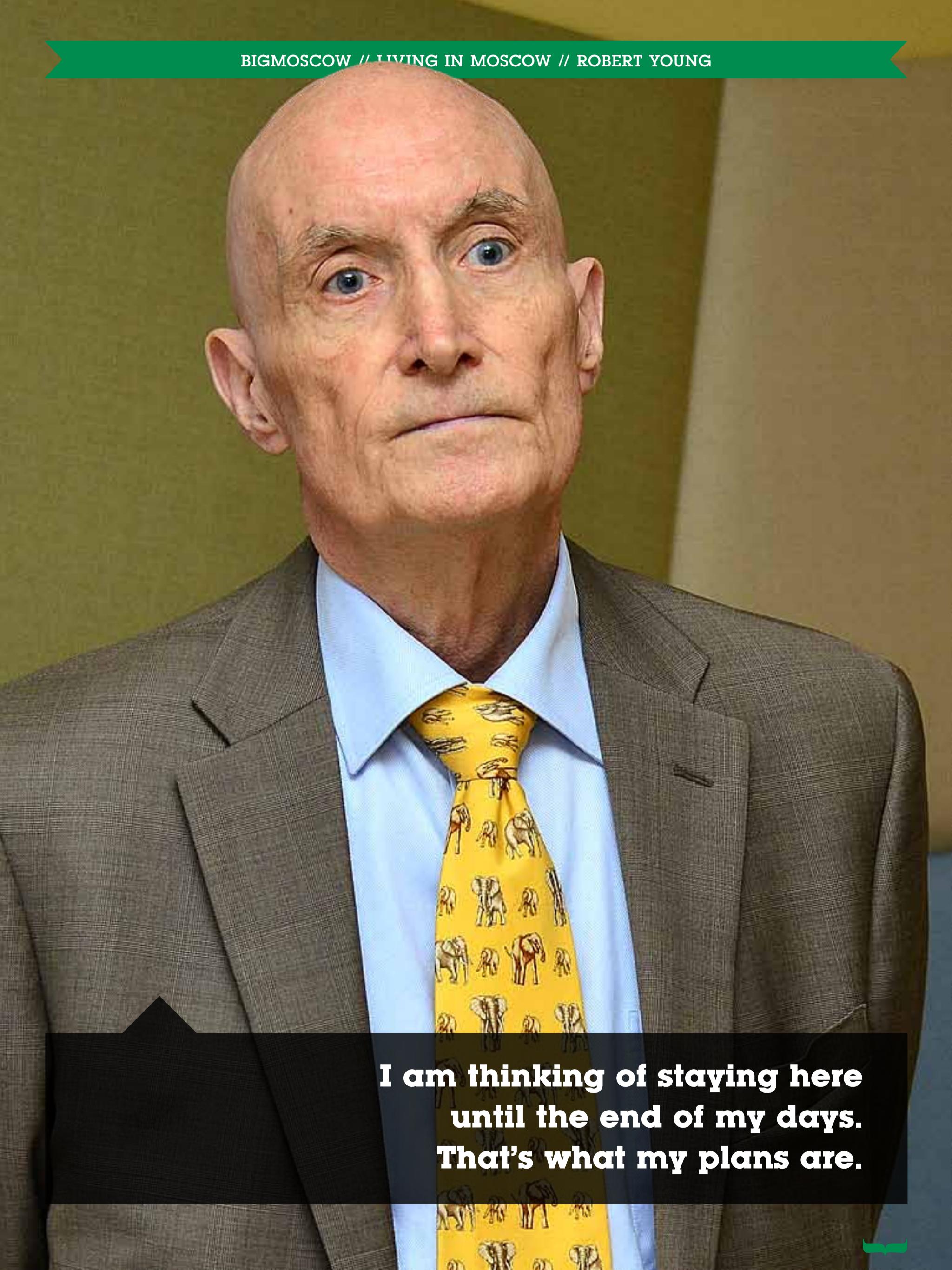
– I had to sit some exams. It's true that they weren't as tough as the ones your doctors have to sit in America.

**– *And are there a lot of American doctors in Russia?***

– I know two. A woman originally from Russia who emigrated whilst still young, received her training there, and who is now back again. And the second is as much of a long-term resident as I am. A doctor from the US National Space Agency, NASA. He has been

ABOUT GMS CLINIC





I am thinking of staying here  
until the end of my days.  
That's what my plans are.

working in Star City now for fifteen or twenty years.

***– An indiscreet question: how does your salary in Moscow compare with what you were earning in the US?***

– It is lower here. But money has never been the decisive factor for me.

I'll tell you why I left the US. The situation in medicine changed, and I was no longer able to work in the way I wanted. I couldn't spend as much time with my patients as I needed, and, after all, my field is working with patients. My objective was to ensure the best attention and best treatment for them. There were occasions when I would leave a clinic because the priorities there changed and the patient was no longer of paramount importance.

I'll go further. Where I work now is, pretty much, my first clinic in Moscow where I feel completely at home. Here there are the same aims, the same philosophy as I have myself. Working with patients, observing the standards

of evidence-based medicine: this takes first place.

***– Judging by everything, you took to living in Moscow some time ago. No doubt you have some favourite places here?***

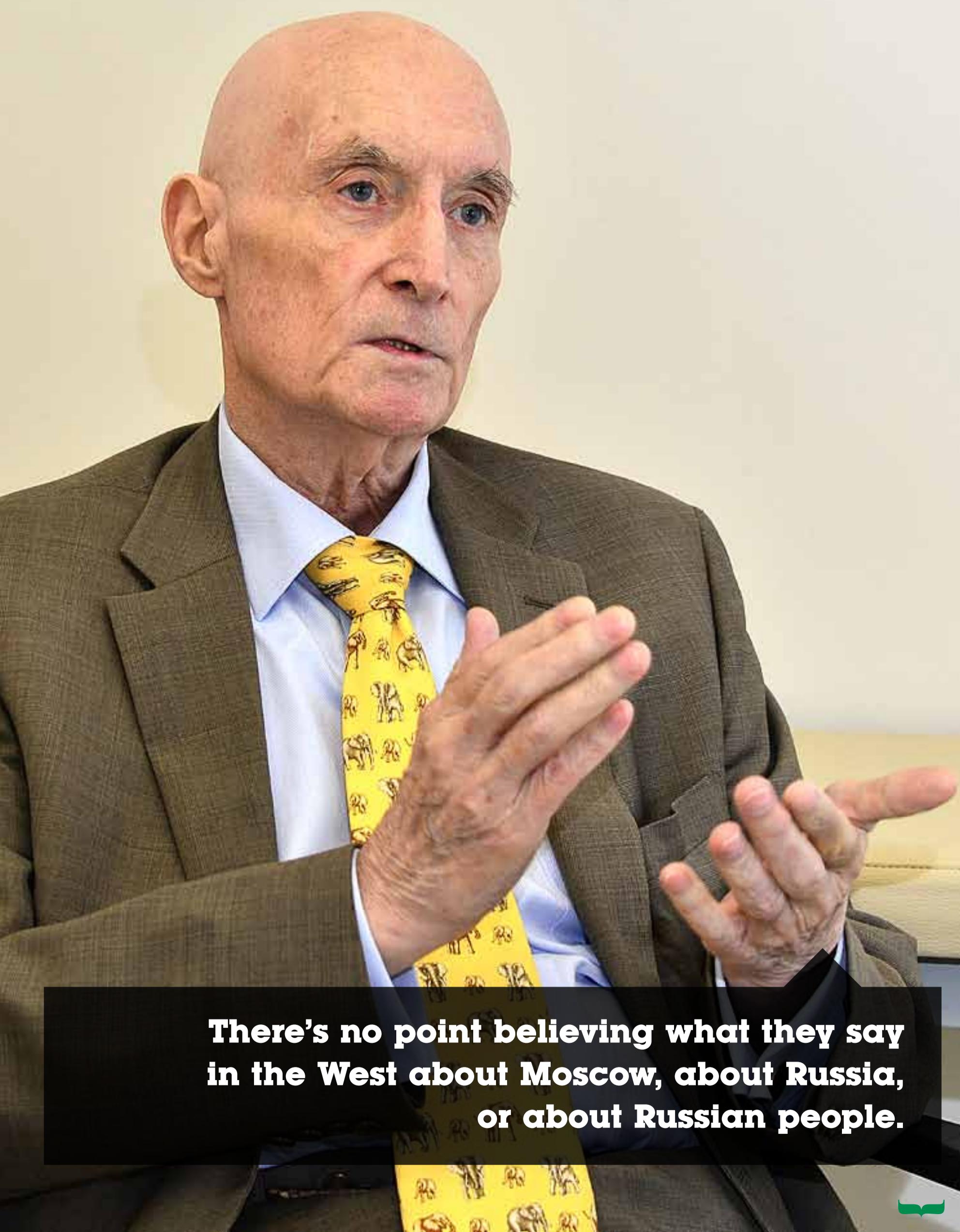
– Yes, of course. “The Apothecaries” botanical gardens on Prospekt Mira. Some time ago, I used to work not far from there. It was a jungle, total neglect: nobody had done any “gardening” there for many years. Then they cleaned it all up, replanted some things, planted some new things. Now it is a very beautiful place. I am simply in love with it.

***– In your opinion as a long-term resident of Moscow: has the city changed drastically over the last twenty years?***

– A lot has changed. Although, when you live here all the time, you don't notice it as much. I remember when I arrived for the first time... In Moscow then it was very difficult to buy basic food, basic things. I had to bring a lot

**You can live a normal life here, especially if you know how to go about it.**





**There's no point believing what they say  
in the West about Moscow, about Russia,  
or about Russian people.**

of things from the US, right down to a toothbrush. But now you can live a normal life here, especially if you know how to go about it.

**– You know, that's for sure. But what would you advise a compatriot who had decided to follow in your footsteps and come here to work?**

– For one thing, there's no point believing what they say in the West about Moscow, about Russia, or about Russian people. For the most part it isn't true. You have to come here with an open heart. Calmly have a look around you, and start to form your own opinion. At first, it is quite possible that you will have to be somewhat self-sufficient, gradually surrounding yourself with the people who are going to help you. It may be that in the early days it is tough. In my experience, it usually takes six months to find your feet in Moscow.

**– That was enough for you?**

– The first time I arrived I already felt in my element. Moscow of the 90s reminded me of somewhere in between the Wild West and New York in the sixties, the time of my youth. Initially there was a problem with the language but the people around were generous with their time and attention, and they helped me. I never felt lost. In Moscow, I have found, I'd say, the best friends out of my whole life.

**– Who are these friends?**

– Russians, on the whole. On my birthday I took a short trip to a place where there is no internet. It was really good! When I got back, I discovered that I had been sent 170 greetings, and 95 percent of them were from Russian friends.

I am not interested in the political, geopolitical situation, I have never been conscious of a difference between Russians and Americans: we are very similar.

**– But the mentalities, the culture, there are differences all the same...**

**I have never been conscious of a difference between Russians and Americans: we are very similar.**



– Of course, there are differences. Russians, for example, worry so much more about their families: they are very attached to them. When I was growing up, we still had strong family ties, too. But things have changed. But in Russia the culture continues to be oriented towards the family. I think that is wonderful.

***– I have heard that your hobby is history. What kind of history?***

– First and foremost, the history of medicine. I find it interesting to find out, to understand, how we got to where we are now, who the people who founded medicine were. I am also interested in the history of my country: I have gone into it quite a lot, and the history of Russia about which I am now reading a lot. And also the history of jazz, and diving...

***– Diving?***

– I adore diving. There was a time when I nearly gave up medicine because of diving. If there is something that Moscow lacks for me, it's the sea. I truly love the sea! I lived for a few years

in Florida, by the ocean. It was like being in paradise!

***– You can go to the sea on holiday...***

– I prefer to travel around Europe. I spent a few days in Lisbon and Malaga. What's good about Moscow is that you can fly to Rome for the weekend or to my favourite place Berlin, to Kiev, a place I also really like. Whereas, from the US, you know yourself, you can't just jet off to Europe like that...

***– Talking of which, do you visit home much?***

– I do. But I find it boring there. Yes, I lived in the USA for almost half a century. I see those who are dear to me. But I don't want to stay there. If I could go back in time, I would come here sooner.

***– And how do you spend your free time here?***

– Catching up on sleep. (*Laughs.*) I meet up with friends. I go to their dachas. But I don't like being away

**Money has never been the decisive factor for me.**



from the clinic for long. After three or four days I start to fret about how things are going there, and I have to go back!

**– *They say that Moscow is an expensive city for foreigners...***

– The apartment I rent is more expensive than in New York. But that depends on the area. I have a rule: live close to the clinic. I am alone, I don't have any family. I don't have a car either. I haven't sat behind a wheel for twenty years. But then again, I am

***American professor in Moscow prefer?***

– All different kinds. Including Russian. Pretty much the only dish from Russian cuisine which I don't like is the one people serve for New Year: fish in aspic.

***In your view is living in the Russian capital dangerous?***

– Moscow is possibly one of the safest cities I have lived in. I feel safer here than in, let's say, New York. I wouldn't say there's no crime

**Moscow is possibly one of the safest cities I have lived in.**

spared a lot of unnecessary problems: parking, filling up... When I worked at the clinic's first location in Maryina Roshcha, I rented somewhere there. Now, I live right here, in Smolenskaya, five minutes' walk from the clinic.

In Moscow it is perfectly possible to find somewhere to eat well, do something interesting. And it won't be expensive at all.

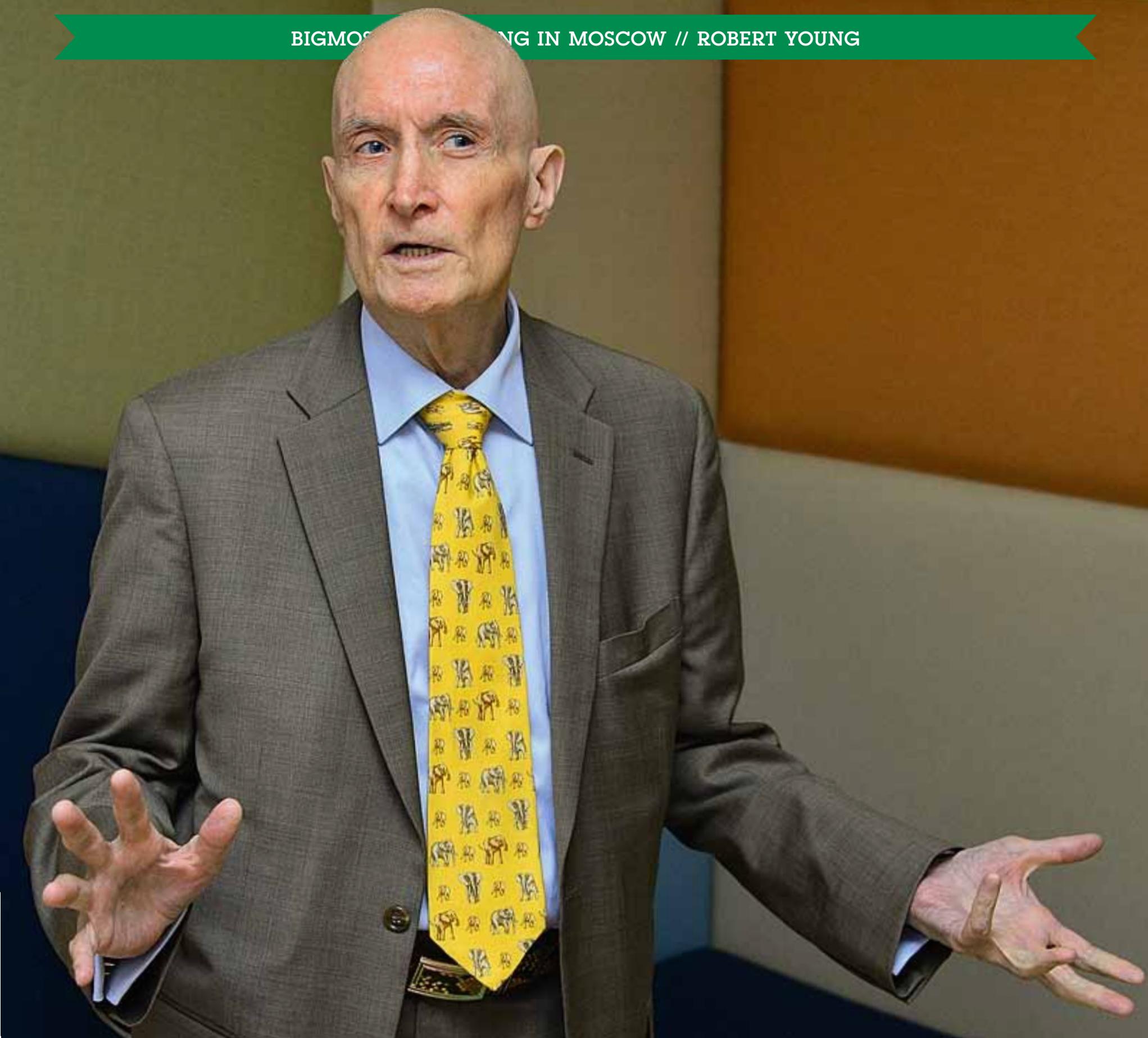
**– *As we've just mentioned food, what kind of cuisine does an***

in Moscow. But you don't get wild, unprovoked attacks on the street like in America. There, someone you don't know can attack you unexpectedly. Someone coming out and shooting passers-by: that happens quite a lot.

***Do you think of yourself as a successful person?***

– I do. Have I done everything in my life that I could? I hope so. Has everything worked out for me? No doubt at all. I have done, and do,





everything which is in my power to do. I have had successful times in the past, and they are continuing now. Overall, I am happy.

**– Are your plans to be in Moscow in the future?**

– I am thinking of staying here until the end of my days. That's what my plans are.

*We said goodbye to each other at the door to the clinic. Behind the reception, smiling girls welcomed visitors. Doctor Young gave a knowing smile and quietly uttered: “But you didn’t ask me the most important question. You didn’t ask me what I like most about GMS Clinic”. And in the next breath, he gave the reply: “Here, I am always surrounded by beautiful women!” ■*

# BIGMOSCOW

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