

# BIGMOSCOW

OCTOBER – DECEMBER 2014 | DIGITAL MAGAZINE

ENGLISH VERSION



## Strategic Outlook

### Difficult Times Make for a Unique Opportunity

**Belgian  
Vanderplaelse**  
How risk becomes capital

**Swiss  
Gauthier**  
Whose health should you treat in Moscow?

**Australian  
Bethwaite**  
He never sleeps in Moscow at night

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2014

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President of the *Belgian-Russian Business Club*, **Johan Vanderplaetse**, believes that even in the thick of the current political storm one shouldn't panic but instead look the problem right in the eyes.

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Founder of the “*Alliance Française*” medical centre, **Bruno Gauthier**, has raised the standard of healthcare in Moscow and gained a host of grateful customers.



### Garage Meister

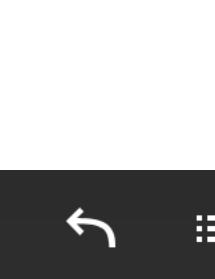
Australian financier **Campbell Bethwaite** retrained as a restaurateur, going on to bring the Russian capital the glamorous “*Garage*” club.



### Italy on Pokrovka

Native of Verona, **Giulio Zompi**, has proved that the Central Russian Upland is as good a place as any to do a brisk business in Mediterranean cuisine.

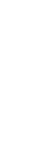
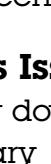
## GOING TO WORK IN MOSCOW



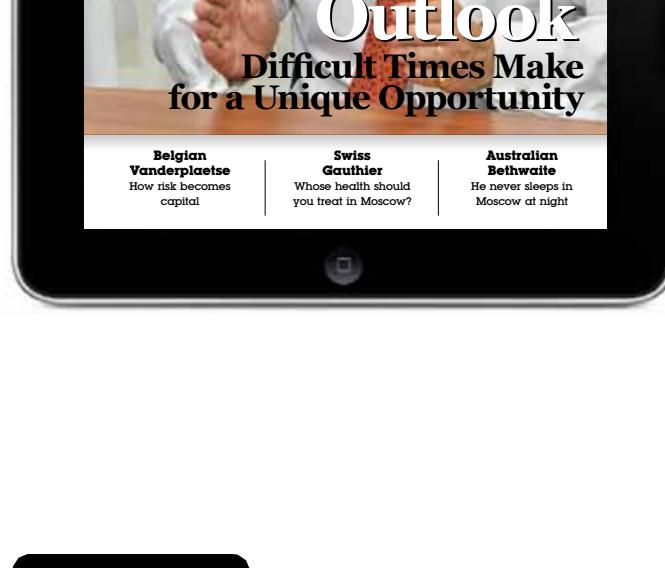
### Flying Conditions

Head of *Singapore Airlines*’ Russian office, **Melvin Ng**, is successfully blending Asian values with particular aspects of the Russian national character.

## TRADING WITH MOSCOW



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*The Belgian  
Johann  
Vanderplaelse  
considers that  
the international  
political storms  
raging overhead  
will not touch  
deep-down  
long-term business*

# From the depths

*We met the President of the Russian-Belgian Business Club in the Moscow office of the Emerson international corporation, in which Johann Vanderplaetse holds the post of Vice-President of the East European Department. He was completing his last commitments before flying to Sochi, where he intends to spend a holiday.*

**— Johann, you have been living in Moscow for almost a quarter of a century...**

— Yes, I'll soon be celebrating my silver jubilee!

**— You were not afraid of plunging into the Russia of the nineties, when things were not so easy here. Present-day Russia is another country. But the situation in the world is very complex. Would you do such a thing today?**

— Certainly! Although it is not easy now either. But it's the same everywhere. You are right, Russia has changed a lot in a quarter of a century. After the collapse of the USSR, the country was only just opening up for foreign business. There was a crisis in every field, from which it seemed it

would take a very long time to get out. But the Russians got out of it amazingly quickly. In Russia the economy is developing and the quality of life is improving. I can tell this is so, because it is taking place before my eyes. So yes, I would risk starting a business in Russia today, because the degree of risk

is much lower and the opportunities are greater. Furthermore, I like the Russian way of thinking. Two main things attract me: firstly, it's never boring here, and secondly, there is tremendous potential for the development of business in all fields.



**— Could you list what you don't like?**

— Most of all I dislike bureaucracy. Even in 25 years, it is impossible to get used to such a quantity of papers with stamps, and the gigantic reporting requirement. It's better than it was, of course, but I think there is a lot more to do here. I'll give you an example. Emerson has only six lawyers for the whole of the East European sector, but in Russia alone, it has 15! It's the same with accountants.

There's no other way to get past the bureaucracy. Of course, bureaucracy is not an insoluble problem for large companies like ours. We can permit ourselves to retain a whole army of lawyers and accountants.

But it's terribly expensive for small and medium businesses. And this

scares off the entrepreneurs who are considering opening a business in Russia. Yet it is small and medium businesses which are the foundation of a healthy economy. Unfortunately, this is not yet happening in Russia, and this imbalance ought to be eliminated. Of course, no-one will ever entirely overcome corruption, and the situation now is much better than in the nineties, but it is still a considerable problem.

**— Do officials demand bribes from you?**

— Oh, how could you say such a thing? Russian officials have become scared, and for a long time now have not been making open demands. It's just that they can still find a thousand reasons for not resolving your issue. But Emerson does not pay bribes on principle, and does not resort



**In Russia the economy is developing and the quality of life is improving. I can tell this is so, because it is taking place in front of my eyes.**

to dubious methods of advancing its interests. It is better to sell less than to have problems of any kind in the future and to spoil your reputation.

**– *What can you say about the sanctions which Russia and the West have been actively imposing on each other in recent months? Where will this lead?***

– I take a philosophical approach to sanctions. As, by the way, do most Russians. They say that if we've got through revolution, war and perestroika, we shall easily get through sanctions too. I also think one should not panic, but look ahead. Remember that I was in Moscow during the default of 1998. Many foreigners said then that it would be the end of their business, and there would be nothing worth while left here. But just a few years later, the Russian economy was on the upsurge, and those who did not panic, but built a long-term strategy for their business in Russia, won in a big way. I think it will be the same

now. You know, when there is a storm at sea, from above everything is boiling and swirling about, and it all looks very terrible. But if you dive down, you find it's calm down there. And business prefers to meet and come to agreement down in the depths, even if it's stormy overhead. So it's not worth while whipping up passions. I'd put it this way: the situation is tense, but not critical.

**– *Has the storm not affected your company?***

– The oil and gas industry is our speciality in Russia. And we are undoubtedly perturbed by the fact that American companies can no longer export high-tech equipment to Russia, for example, of the sort that would enable us to extract hydrocarbons in the Arctic. On the other hand, if you study these sanctions carefully, you can easily become convinced that there is much in them that will just remain on paper. But even if this is not so, there is always a way out of the situation. Emerson's policy in Russia is based on the idea that it is

**I take a philosophical approach to sanctions.  
I think one should not panic, but look ahead.**



better not to import from abroad, but to produce here, in Russia itself. An example of this is the Metran works in Chelyabinsk, where high-tech equipment is produced. More than a thousand employees work there, and we intend to double this figure. We are building a new production complex, which will open next spring. And the important thing is that this is not just "screwdriver assembly" of components brought in from abroad. More than 70% of our equipment consists of Russian component units. We have about 200 engineers in Chelyabinsk working on software. Thanks to them, we have already obtained 80 patents!

**— So it seems not all the brains have drained from Russia?**

Today they can find work in their homeland, and that is a good thing. By the way, on the subject of sanctions:

any sanctions are a splendid incentive to develop your own production. In Russia they have understood this and have pursued a policy of import replacement. And we have understood that our strategy of locating production facilities inside Russia has proved to be the right one.



*— The Russians say: “a holy place does not stay empty” – equivalent to “Nature abhors a vacuum”. So if the Russians do not assimilate the riches of the Arctic with Americans or Europeans, their place will be taken by Asian partners, in particular the Chinese...*

— You are right. These are lost opportunities. The biggest project of the last few decades is the assimilation

**When there is a storm at sea, from above everything is boiling and swirling about, and it all looks very terrible. But if you dive down, you find it's calm down there.**

of the Arctic Shelf by Rosneft and Exxon Mobil. It is in the interests of both Russia and the West to develop this project. But I must admit I have some doubts about the equal value of replacing Western oil extraction technologies with Chinese ones. China has no experience of oil extraction in the Arctic. BP, Total, Exxon Mobil and other Western companies do have such experience. The Arctic contains one of the last major oil and gas fields. It is a colossal project, and no sanctions ought to interfere with it being put into effect. I hope this is understood on both sides of the ocean.

**— Big businesses will surely come to some agreement — there's too much money involved. But could sanctions be an obstacle for medium and small businesses?**

— I think they could. The point is that American businesses are considerably less well represented in Russia than European ones. And the share of small and medium businesses

in Russia is considerably higher in the structure of European businesses in Russia than in the structure of American business. Therefore sanctions are primarily unbeneficial for the Europeans. They have already backfired in the cessation of food deliveries to Russia.

**— So does this mean that now is not the time to enter the Russian market? It would be better to wait?**

— No, precisely the opposite. The experience I have accumulated over these years suggests to me that long-term planning and long-running projects are essential in Russia. And they require time to get them going. If a foreign company does not run away from here during a period of political difficulties, the Russians will undoubtedly appreciate it. And they will appreciate it even more if a company is not afraid to come here in such a difficult situation. That is

**Any sanctions are a splendid incentive to develop your own production. In Russia they have understood this and have pursued a policy of import replacement.**





**Today's risks will become  
tomorrow's economic capital.  
Why wait?**

to say, today's risks will become tomorrow's economic capital. Why wait? You have to take the opportunity of becoming established in the market while the storm is raging. The business remains profitable, after all. Otherwise Emerson would have left long ago...

**— However, many Western companies prefer to establish themselves in the Asian market, in that same China...**

—There is a big market in China or India, and it is more profitable to work there if you're talking about

example, the number of people with such an income is greater in a Russian region such as Bashkortostan than it is in all Bulgaria. Western investors are rushing to go to Bulgaria, but for some reason they never think about the existence of Nizhni Novgorod or Chelyabinsk oblasts, where there is a high proportion of middle class people. If I were to ask my fellow Belgian businessmen where Bashkortostan is, they wouldn't even be able to tell me. Many of them continue to consider the Russian

**Moscow, with its gigantic population, is a colossal market for new goods and services.**

significant volumes of sales. But the profitability is higher in Russia. Here the proportion of the middle class with incomes comparable with European ones is constantly growing. Many people continue to think that in Russia, you can only make a lot of money in Moscow and St. Petersburg. By international standards, those with an income of \$1500 per month are considered middle class. And it was a revelation to me to learn that, for

regions depressed, failing to see the real changes that are taking place there.

**— Now I understand why you went so far, to Chelyabinsk...**

When we acquired Metran there, it was quite a small company. And why Chelyabinsk? The South Urals State University, with which we cooperate, is a very strong factor there. The shortage of qualified engineers



is a worldwide problem, and thanks to the University, we are solving it. It is also not unimportant that plots for building production facilities in the Urals are much cheaper than in Moscow. Wage costs and leasing costs are lower there too. The living expenses of our staff are much lower than those of their colleagues living in Moscow. At the same time, everything is fine as far as logistics and transport are concerned. Finally, it is easier to achieve good relations with the local authorities there.

**— So it's better not to get involved with Moscow?**

— I didn't say that. It's better to get production going in the regions, but to have your head office in Moscow, as Emerson and hundreds of other companies do. Furthermore, Moscow, with its gigantic population, is a colossal market for new goods and services. Entrepreneurs interested in investing in Russia are always applying to the Russian-Belgian Business Club. They are seeking free niches which can bring a profit.

For example, at one of the recent meetings I was asked why there is hardly any Belgian chocolate on Moscow counters. Or if there is any, it costs a fabulous amount. Belgium, as you know, is a real chocolate paradise! There's a free niche for you. Saturate the Moscow chain stores with excellent Belgian chocolate. What's more, it's only a little over three hours by air from Moscow to Brussels.

I can't deny that many potential investors are worried by the slowing down in the growth of the Russian economy. Growth of GNP, according to the forecasts, may fall from 4-5 per cent in previous years to 1.5 per cent. Sanctions have nothing to do with this. The slowdown began before the events in Ukraine. The reason is something else. For all these years, they have been talking in Russia about the diversification of the economy, but the country continues to export mainly oil, gas, timber, diamonds and metallurgy products. There are few high-tech products marked "Made in Russia" in the West. There are notable exceptions like the "Kaspersky

**Russia lacks good-quality PR  
in the West.**



Laboratory”, but they don’t have any decisive influence yet.

**– *Can Western investors help Russia diversify its economy? Could interests coincide here?***

– Undoubtedly. This is just what Emerson is doing in Chelyabinsk. We are building a “little Skolkovo” there, on the lines of the high-tech business centre in Moscow. And there is a realistic possibility of creating such innovation clusters in other regions.

I must say that Russia lacks good-quality PR in the West. Granted, on

CNN you get an American view of the world. But they often show video clips about the investment potential of Kazakhstan, Azerbaijan and other countries. So far, Russia is investing very little in publicising its investment attractiveness. “Russia Today” is a good project, but it is clearly not enough. Powerful media resources should be put to work, investment tours should be organised. Then we would have fewer myths and more truth. ■



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PIECES OF ADVICE FROM  
**JOHANN VANDERPLAETSE**  
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.  
Touch here to find out.



INVEST

## BUSINESS STRATEGY IN RUSSIA MUST BE LONG-TERM.

One-time projects intended to take only a week  
or a month do not offer much profit.

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



**DO NOT RELY  
ON IMPORTS, BUT DEVELOP  
INVEST  
IN PERSONAL RELATIONS  
WITH BUSINESS PARTNERS AND WORK ON THEM.**

Trust will develop out of this. The trust factor means a lot in Russia.

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



**DO NOT RELY  
ON IMPORTS, BUT DEVELOP  
PRODUCTION INSIDE THE COUNTRY.  
This is more profitable and better in the long run.**

This brings in additional clients, who will see that you have come  
with serious intentions and for a long time.

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



**YOU MUST PROVIDE  
GOOD AFTER-SALES SERVICE AND CREATE  
A WIDESPREAD NETWORK OF SERVICE CENTRES.**

This brings in additional clients, who will see that you have come  
with serious intentions and for a long time.  
It is sufficient to have an office in Moscow.  
But if you intend to cover all Russia, you must develop a network of offices  
in the regions, so that you will be closer to the customer.

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



**IF YOU WANT TO  
SUCCEED IN THE MOSCOW MARKET,  
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But if you intend to cover all Russia, you must develop a network of offices in the regions, so that you will be closer to the customer.

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

## PERSONAL EXPERIENCE



**In Moscow,  
Swiss Gaultier  
has forged  
a French  
alliance  
in medicine**



**Australian  
Bethwaite has  
done good  
business  
on the Moscow  
dance floor**



**Italian Zompi  
has revealed  
to Moscow  
the secrets of  
Mediterranean  
cuisine**



The Swiss citizen  
**Bruno Gauthier**,  
who grew up  
in France, came  
to Moscow to reveal  
his true potential  
as a doctor and  
as a businessman

# Investments in Health

BY: IGOR LEVSHIN | PHOTO: YEVGENY DUDIN | TRANSLATION BY: JACK DOUGHTY



*Twelve years ago he changed his life completely, began a career in another country, and several years later, opened his own business here. **Bruno Gauthier**, founder of the medical centre “Alliance Française”, explains why his life turned out this way, and talks about how to start a successful business in the Russian capital.*

**— Why did you decide to move to Moscow?**

— I wasn't aiming specifically for Moscow. I simply wanted to leave France, where I was working at the time. I could see that I had no real prospects in France or in Western Europe in general, and began looking at other countries. For example, there was a possibility I might go to Brazil. But then I learned that a certain French clinic operating in Moscow was looking for a doctor. I sent in my CV, we had a discussion and they took me on. This happened in 2002.

**— What clinic was it?**

— The European Medical Centre near Barrikadnaya metro station. At that time I had no plans to stay in Russia. I just wanted to see the world and gain practice in Russian,

which I had begun studying while still in France. Then I worked in two other clinics in Moscow. I opened my own in 2006. You are in it now.

**— You accumulated your startup capital by working as a doctor?**

— I didn't have a lot of capital. My main capital was my knowledge: I knew how to organise a clinic with good medical services.

**— Did you found the company on your own, or with companions?**

— With two companions, one

French, one Russian. They didn't have much capital either.

**— Is it difficult for a foreigner to open his own clinic in Moscow?**

— No. There are difficulties in all countries, of course,





**About** | [“Alliance Française”](#)

but it is much easier to open a clinic in Russia than in France. Social taxes are low in Russia, and so is Value Added Tax (VAT).

### **– Surely it didn’t all go absolutely smoothly?**

– There were some problems of course: wrong papers submitted, various bureaucratic complications not taken into account. Nothing

serious, this happens in all countries. I repeat: you will hardly find anywhere in Europe with such opportunities for a medical business as in Russia. Judge for yourself. In our clinic some employees only answer telephone calls, others only sterilise instruments, there are cleaners, and the doctors have assistants. When I was working in a clinic in France, the same person assisted me, answered the phone and

cleaned the premises. It's hard to cope with so much work, and how can you maintain a high level of quality? Here we have two clinics. In the one we're in now, we deal with stomatology, in the other with gynaecology, plastic surgery and other matters – quite a wide range. In our two clinics, we have a staff of about 60 people, and we are able to pay their wages. That means we have created 60 jobs in Moscow! But in France, there would probably be only three or four of us working.

**– If you were opening a clinic now rather than in 2006, would it be more difficult?**

– No, I don't think so. Much in Moscow has become simpler, business as a whole is closer to European standards. Take, for example, Sberbank: ten years ago it was in a terrible state, queues everywhere; but now there are no live queues, it's all done electronically. And it's the same everywhere. There are far fewer organisational difficulties, not only for the businessman but for the customer too. For paying taxes, for example.

**– You have an office in a prestigious region of Moscow, next to the Sadovoye Koltso ring road. That must be expensive, surely?**

– It's not cheap but it's not as bad as all that. We have a long lease agreement. We aren't making a loss, anyway.

**– Do you have many competitors?**

– There are getting to be more all the time, and that's a good thing. Competition improves the level of service and keeps us on our toes.

**– Who are your direct competitors? Foreign clinics operating in Moscow?**

– There are few foreign clinics in Moscow. There is a German clinic, and two French ones, one of which is the European Medical Centre, where I worked for two and a half years. The Europeans there are mainly French, three or four of them. And it's much the same in the other one.

**My main capital was my knowledge:  
I knew how to organise a clinic  
with good medical services.**



Moscow has sufficient purely Russian clinics with excellent service and up-to-date equipment.

**— *Do you plan to open clinics in other Russian cities?***

— There are many problems in running a chain of businesses in medicine. In another city, you can find good premises and buy the latest equipment, but the main thing is the specialists. You have to find them, talk to them and train them. This all takes a long time.

**— *Who are your patients? I presume they are Muscovites with a sufficiently high income? Do eminent officials come to you?***

— Officials come to us too. But all sorts of people are treated by us. I don't like to divide patients into classes when it comes to medical services. Patients are divided not into rich and poor, but into those who are willing to invest money in their health and those who are not. Obviously not everyone can afford our clinic.

**— *What is the standard of Russian medicine, in your opinion?***

— Very patchy. There are clinics with excellent service and expensive up-to-date equipment. As for the state medical institutions, I don't have enough experience of their work to pass judgement on them. In Moscow,

**Opinion**



**Natalya Butakova,**  
**Business Development**  
**Director at AP Companies**  
**International Medical**  
**Assistance Services**



they are in Russia.

There are clinics for foreigners in every country. In Russia, there are such establishments in two cities only: Moscow and St. Petersburg. In Moscow, at present, there are five so-called western-orientated clinics in total. In St. Petersburg there are four. The main differences with these medical establishments are that the majority of staff speak English, and that the organisational approach to medical help, indeed the logistics of documentation and billing, and even the patients themselves, are closer to international norms;



many owners of private commercial clinics are not doctors themselves. They understand that money has to be invested in equipment, but they often fail to realise that they have to invest money in personnel, in training them. A doctor must always be studying, he must know about the latest medical achievements.

**— *Do you come from a family of doctors?***

— My parents have never had anything to do with medicine. But

with colleagues at conferences and in forums on specialist sites, and I can see that the young lads are better adapted to contemporary medicine.

**— *But experience is surely very important too?***

— Of course. Many arrive with experience alone. Attitude to the patient is very important too. A patient comes in with his problems and his wishes, and he has to be treated as an equal, his opinion has to be taken into account. Russian doctors of the old school often lack this attribute: they

**Much in Moscow has become simpler, business as a whole is closer to European standards.**

when I was a student, half those on my course were from medical families.

**— *What do you think of the Soviet medical school?***

— I believe that the future lies with the young specialists, not with doctors of the old school. Older people aren't flexible enough. They stick to what they were taught, but medicine is developing very rapidly these days. I converse a lot

know it all for their patient and hardly even listen to him.

**— *Are your doctors Russian?***

— It's a mixed group. The majority are Russian. But they almost all know French to some degree or other. We have quite a few French people who live and work in Moscow among our patients. And they naturally prefer to be addressed in their native language.



**— Yes, while I was sitting in reception, I heard hardly anything but French. By the way, you speak Russian exceptionally well.**

— Thank you. It all depends on the surroundings and the circumstances. If someone arrives under contract for three years, he thinks: “Why should I learn the language, I’ll soon be leaving anyway.” Then the contract is extended for a further three years, but the situation has not changed. I work here because I like Russian people and I like the Russian language. It’s a very interesting language, very different from French. It seems as if the same concepts in Russian look somewhat

different. And the thoughts themselves come out rather differently if you think in Russian rather than in French or English.

**— Are there many French people in Russian medicine?**

— Why, I know them all personally! You could count them on the fingers of two hands. There are more French chefs in Moscow than there are doctors.

**— And are there many French people in general in Moscow?**

— There are many in the big companies like “Auchan”. I think there are about 5000 altogether.

*Expert*



**Svetlana Voropaeva,**  
**Medical Projects Expert**  
**for Expert me**



euros) is sufficient. If more expensive equipment is to be used for those with higher incomes, no less than 50m roubles (1m euros) is required.

The main items of expenditure are the bringing of the premises up to the necessary sanitary requirements, the purchasing of equipment, the renting of the premises, and the costs of promoting the project. The payback period for a clinic is from five to ten years.

Competition on the medical services market is fierce insofar as there are many medical workers



**Patients are divided not into rich and poor,  
but into those who are willing to invest  
money in their health and those who are not.**

**— Do you make use of business contacts with the French community in the Russian capital – the support of the French Chamber of Commerce, for example?**

— No. I simply haven't the time for that. The Chamber of Commerce is more used to businessmen connected with commerce anyway. I socialise with French people in Moscow just on a friendly basis.

**— Do you read Russian?**

— Medical literature. I read fiction too, but not a lot. What I like best is to speak Russian, to communicate.

**— How do you find life in Moscow? Convenient? Comfortable?**

— In Moscow there is much in life that is convenient and much that is inconvenient. Among the pluses: it's a very active city, you can buy food products even at three in the morning. In Europe this is impossible because of the trade unions. I myself don't buy food products at night, but it's nice to

know that I could if I wanted. Here people need everything: fashionable films and clothes, restaurants, different national cuisines. So you have all these in Moscow. Among the minuses: the terrible climate. Winter for eight months of the year. And at minus 15, it isn't life, it's survival. Bad air, it's difficult to breathe. It's OK out of town, but it can take up to four hours to get there because of the traffic jams.

**— What advice would you give to those who want to open a business in Moscow?**

— You can't run a successful business without knowing the market. Before opening my own business here, I had been working in Moscow for four years. I already had Russian friends and I had learned a lot about Russia. Russia is a very interesting country and has excellent prospects. I would be only too glad to see French or other European people open a business here. My advice is this: you shouldn't start criticising Russian shortcomings immediately, as French people are in the habit of doing.



A close-up photograph of a man with light brown hair, a well-groomed reddish-brown beard, and blue eyes. He is smiling warmly at the camera. He is wearing a blue button-down shirt over a white collared shirt and a thin gold chain necklace. In his hands, he holds a dental instrument, specifically a dental handpiece with a red suction tube attached. The background is a clinical dental office setting with white walls and equipment.

**I work here because I like Russian people  
and I like the Russian language.**

In Russia, like everywhere else, there are many pluses and many minuses. You have to try to understand the specifics of the country.

Learn the language. There is no problem in finding translators or interpreters in Moscow, but a knowledge of the language helps you to understand the country and gives you the joy of being able to talk to people. It's also very useful to travel around Russia.

It is painful for me to have to admit that back in France, many of my French colleagues have virtually had their oxygen cut off by trade unions and officials. It is now much easier to fulfil oneself in Moscow than in Europe. For

those who like to work and have a head on their shoulders, it is worth thinking about opening their own business in Russia.

— ***What more could the Russian government or Moscow administration do to help business?***

— Neither of them can do anything to improve the climate. But in general, everything in Moscow is constantly changing. The city is becoming cleaner and more convenient to live in, and business is developing. I think the Russians will achieve everything they want. ■

**It is now much easier to fulfil oneself in Moscow than in Europe. For those who like to work and have a head on their shoulders, it is worth thinking about opening their own business in Russia.**



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Australian **Campbell Bethwaite** has done good business on the Moscow dancefloor whilst enriching the nightlife for those in the Russian capital

# Garage Meister

BY: IGOR LEVSHIN | PHOTO: YEVGENY DUDIN | TRANSLATION BY: JASON J SHAW



*He has ploughed the oceans in a sailboat, worked on Wall Street, but he decided to drop anchor in Moscow. With a sound grounding in finance, and an MBA, Australian **Campbell Bethwaite** put his gift for business to the test. The result: a successful nightclub in Russia's capital. Our BIGMoscow correspondent was there to find out how he managed to pull it off.*

**— How and when was it that you came here to Moscow?**

— It came about quite by chance towards the end of 2006. I was working in New York at Salomon Smith Barney, an investment bank, part of Citigroup. At one particular business meeting with clients, the subject of the markets in Russia, India, and China came up. Later, my boss asked me: “Do you fancy giving it a go working in Russia?” My response was: “Well, why not?” So that’s how I ended up being in Moscow. I saw the great opportunities for business that were opening up here, and I soon left the bank to put my own projects into practice.

**— You were born in Australia, educated there, but left for America. Why was that?**

— It’s a long story. I was a professional yachtsman in Australia.

Our team performed quite well in international competitions but, by about 1996, I had realised that you can’t exactly make a living from the prize money: I mean, yachting, it isn’t

football, you know. Everybody was getting into computers then, in 1998, and the internet. I knew a thing or two about them, knew a thing or two about business, and set up a company: The Missing Link Computer Solutions. It provided offices with IT services, set up internet access. In 2000, I sold the business and left for the States. I received an MBA from Wharton



School, and made a career on Wall Street. Then, I became involved in my own projects in Moscow.

**– What projects were these?**

– I became interested in the hotel and restaurant business. I already had some kind of experience in this area: I'd happened to work in various bars and restaurants whilst still in Australia. I launched the Moscow Suites project: apartments in the centre of Moscow. Then we opened the Garage nightclub and a cocktail bar.

**– Garage was a well-known club from the end of the 90's. Then it shut down. What was it about the brand that interested you, and how did you resurrect it?**

– Garage opened in 1998 on Pushkin Street, and was owned by Dmitry Braude, the current owner of the club Soho Rooms. In 2007, he quit the project, selling his controlling share to his business partners. Rebuilding of the venue started, so the club was

closed. I had been living in Moscow for a few years by then, and had become friends with Hristo Dechev, one of the partners in Garage. He had a wealth of experience in nightclubs, and I had international experience in finance and in running businesses. We decided to become partners and to open a new version of Garage. We were looking for premises for several months. We eventually settled on a building in Brodnikov Lane. The restaurant Biblioteka was here previously. We took its co-owner on as a partner, and together we all set about redesigning and rebuilding it. We opened in September 2009.

**– How much does it cost to open a similar club in Moscow? No doubt it isn't cheap?**

– No, it isn't. At the start of the noughties, clubs like Diaghilev or Opera were asking for \$1-2 million. Their sites were enormous: they used former industrial premises. And these days, you might need five times as much as that. With nightclubs you

**I saw the great opportunities for business that were opening up here, and I soon left the bank to put my own projects into practice.**





**You absolutely have to set aside some  
of the budget for marketing so that  
you can shout out: “We are here!”**



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

really have to keep in mind what needs to go into the interior design, the acoustics, the ventilation. A lot of subtle details which require a lot of money.

**— Garage is located in an extremely prestigious part of Moscow. The rent must cost a packet.**

— Yes, it's an expensive area. But a peculiarity of Moscow is that the rents for two buildings next door to each other can be radically different.

That wouldn't be the case in New York, for instance. For commercial premises, hotels, and clubs, you need a space which can always take large

numbers of people, so the rent in our industry generally doesn't come cheap. It is the heaviest part of our overheads, and when choosing a building for a club, the rental costs are an important factor. Beyond that, everything depends on how you optimise the premises to get the most effective use out of them.

The disparities in rent in Moscow is a legacy of the Soviet times. A large amount of the property in the city centre belongs to state institutions: pension funds, for example. The market is greatly distorted: that's a result of the chaotic privatisation of the 1990s. The rent for a new build across the street costs an astronomical amount, yet you could actually get a space in a building round the corner for nothing because its owners need the exposure to attract tenants. A lot can be solved by being aware of what's going on and being able to talk to government people. It goes without saying, that the situation is evening itself out, but there is still a long way to go before the

**A peculiarity of Moscow is that the rents for two buildings next door to each other can be radically different.**



capital's property market becomes fully rationalised.

**— *Design is a key part of the branding of restaurants and nightclubs. How did you resolve that issue?***

— We needed to preserve the recognisable features of the old Garage whilst adding something of our own, something new. In terms of space, our Garage is considerably larger than the old one. I suggested ideas to the designers, inspired by the famous clubs of New York, my partners gave their input, and the designers put it all together. Ours is not the most glamorous club in Moscow but that wasn't the aim we set ourselves. We

want people to feel at home here. Our target audience is young and dynamic people. We have a fixed programme, and, on different days of the week, slightly different types of people turn up, but everyone finds their niche according to their tastes.

**— *How soon did the club begin to pay for itself?***

— When we opened our Garage, only six months had passed since the closure of its previous incarnation, and people had still not been able to forget about it. But we still had to do an awful lot so that people would start talking about us and turn up in good numbers. We started to get a return on our investment after about a year and

**Opinion**



**Igor Shulinsky,**  
Creative Director of  
“The Restaurant Syndicate”



are not sky-high is extremely difficult. You only have to walk around the city and look. Campbell managed to find somewhere reasonably affordable and I think that is the key to surviving in that kind of business.

To open a normal, average class establishment in Moscow costs around 25m roubles. This sum would cover drawing up the necessary documentation, repairs, and everything else.

Clubs in the traditional sense are not what is now needed in Moscow. Bars, however, are a good market: they are multiplying but there are no more than about 30 quality bars in Moscow, despite the





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a half. Now we have another objective: making sure that Garage keeps being interesting. We are constantly having to think up something new, something unexpected. The problem overall for Moscow clubs, bars, and restaurants is that often the money spent on building work and those other things needed before it can even open ends up being far more than anticipated, by which time there isn't enough left to go on marketing. You absolutely have to set aside some of the budget for marketing so that you can shout out: "We are here!" There have been clubs in Moscow which looked simply magnificent but which closed after six months because they weren't able to attract enough people. Or there's the other scenario where it opens

with a flash and a bang, then a strong competitor emerges on the market, and the club disappears. We have been in business for five years now, and our position on the market is only getting stronger.

***— Is it better that a foreigner launches their business in Moscow with local partners?***

— Not necessarily. I have had projects without Russian partners, too. And there are pros and cons to both. Negotiations in Russia can sometimes be conducted like a battle, where the intention is to defeat the other side, to "crush" them. But in modern business, the principle of the "win-win" is important: to negotiate so that both sides benefit. In Russia, though, it is

*Expert*



**Oksana Kryuchkova,**  
*Director of the Market  
Research Department  
at Analytic Research  
Group*



view of investment is that of bars and pubs. One of the most rapidly developing formats is that of drinking establishments of varying types. This format's potential is far from saturated. Through the course of their research, our experts discovered that the average cost of setting up a restaurant seating 100, from scratch, located within the Garden Ring is between \$400,000 and \$600,000. The ultimate amount depends on the rental costs, on whether the necessary utilities are present,





not unusual for people to act according to the principle of “winner takes all”. Maybe that’s something to do with the legacy of Soviet times.

### **— Does the Soviet legacy make itself felt in young business people too?**

— Clearly the younger the person, the more they have worked in foreign companies, the more they have learned about Western business, the less the likelihood of encountering that Soviet pattern of behaviour. But then, young people pick up a lot from their parents. So the problem will remain.

### **— *How well is the foreign businessman operating in Russia protected by the law?***

— Legislation in Russia is complex and confusing. And poorly tested due to the lack of case law. Legal issues are not always adequately publicised. The laws are not only complicated but also, at times, have a contradiction at the very heart of them: it’s not always clear which of them you are supposed to be following. Take the new laws, for example, on smoking in restaurants. It is still not clear what is forbidden, and what is permitted. Can you smoke electronic cigarettes, hookah pipes; can you smoke nicotine-free mixtures and, if so, which ones?

**Working in such crisis conditions is a real challenge. I hope that Russia will once again be able to find a common language with the West.**

**— Should the foreigner be wary of local partners seizing hold of the business?**

— I know of quite a few examples of stable partnership relations between Western businessmen and Russians, but it can be otherwise. However, deceiving you purely because you happen to be a foreigner — that isn't going to happen. Whoever is out to con you is not looking at your nationality or citizenship. Just don't have anything to do with such people. It's exactly the same as in any other country in the world.

**— How does the foreigner in Russia do business in the current difficult international situation? And how do you assess the overall prospects?**

— In the short and medium term, the situation for overseas business in Russia will not be straightforward. But working in such crisis conditions is a real challenge. I hope that Russia will once again be able to find a common

language with the West, and that the general atmosphere will change for the better.

**— What kind of reforms does Russia need to increase business efficiency?**

— In my opinion, it would be possible to carry out a few reforms, nothing too radical or painful, in the tax system, auditing, and the law. This would allow the business potential of Russian people to be realised, the growth of GDP to be speeded up, and would better protect the economy, even in the case of international political uncertainty, by reducing the dependence on oil and gas exports. I don't think that it is necessary to gamble on serious macroeconomic changes, and I believe more that the business climate will improve due to consumers themselves, due to their ever-increasing demands. I very much hope that this will prove to be the case. ■



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DON GIULIO  
SALUMERIA  
PRODOTTI ITALIANI



*In Moscow, **Italian Giulio Zompi** uncovered an Apennine taste for ham and cottage cheeses*

# Italy on Pokrovka

BY: SVETLANA SAMODELOVA | PHOTO: YEVGENY DUDIN | TRANSLATION BY: JASON J SHAW



*Open the door into Don Giulio, a shop ensconced inside a listed building on central Moscow's Pokrovka Street, and you emerge in Italy. "Welcome," says its owner with a smile "ours is a visa-free regime". On the counters, matured in the cellars, are cottage cheeses with melodious sounding names: burrata, butirro, ricotta, caciotta, mozzarella. From the ceiling hang handmade sausage and hind legs of pork. For Don Giulio, the reciprocal sanctions between the EU and Russia are nothing to be feared: he is taking the opportunity to infuse local production with Italian culinary knowhow.*

## **"WE DIDN'T REFURBISH THE PREMISES, WE LITERALLY RESTORED THEM."**

— I am a native of the romantic Italian city of Verona. My father was high-ranking in the military, so we often moved about. Until the age of 17, I travelled the length and breadth of Italy. I was educated in the “Eternal City”, and graduated from the University of Rome La Sapienza, specialising in Economics.

My coming-of-age coincided with the boom in electronics. At 19, while I was still a student, I started working at the company of the father of one of my

classmates, and, within six months, I had already set up my own company in the computer business.

### **— *How did you come to be in Moscow?***

— I first became acquainted with the Slavic world in Ukraine. Some partners in Kiev and myself imported Italian clothes. This was in 1995-96. Ukraine was a completely different country at the time. I, for example, wasn't aware that such a thing as the Ukrainian language even existed. Everybody there spoke in Russian.

**A spiritual attitude towards life has always appealed to me, so I chose Russia.**





I really wanted to share Italian cuisine,  
Italian culinary culture  
with the people of Moscow.

In Ukraine, I soon started to feel hemmed in. I needed to operate on a larger scale. Soon, a choice presented itself: either to go and work in boring and stifling Dubai or to set off for cold and unpredictable Moscow. A spiritual attitude towards life has always appealed to me, so I chose Russia. What is more, the country's enormous size promised great opportunities.

**— *How did you get your business in Moscow started?***

**— *Was this your own money?***

— Yes. We decided to hold free tastings a few times a month so that Muscovites could get to know Italian wine. Within six months, the club had several hundred members, and I had sold 10,000 bottles of wine. And then, I set up an Italian food minimart inside the club. And I was staggered! A huge queue formed. People were standing in line for 2-3 hours to buy the delicacies and wines from Italy handpicked by myself. I realised that

**A few years ago, my friend Pietro Mazza and I set up our own production on a farm in the Tver Region.**

— It all began with wine. My friend Marco Fantinel, an Italian, who owns the company Fantinel in the province of Friuli, in the north of Italy, suggested we both promote his brand around Russia and the CIS. I liaised with the clients, importers, distributors, and stores i.e. I worked as a representative for Fantinel. But, in 2012, I started my own wine club on Pokrovka Street with a tasting room and a small wholesale shop. I invested 60,000 euros in the project.

I had to open an Italian food shop. I really wanted to share Italian cuisine, Italian culinary culture with the people of Moscow. I was hatching this idea for 2 years. I spent a long time choosing the premises.

**— *Is it difficult renting premises for a small shop in Moscow?***

— There is nothing difficult about it as long as you have the money. The building on Pokrovka where my store is located is a listed historical building. We didn't refurbish it, we literally



restored it. In the next few months, we are going to be opening another three similar stores on the “shop within a shop” model. I selected my partners after much deliberation. For instance, our shop on Bronnaya will be side by side with a French teahouse. We are opening two other shops in the Moskva-City international business centre on Presnenskaya Embankment and on Pyatnitskaya Street.

products. There are cheese, meat, olives. Until recently, they were coming from Italy. But a few years ago, my friend Pietro Mazza and I set up our own production on a farm in the Tver Region. Take fresh ricotta, a milk whey product. To import it from Italy is virtually impossible: it is too far away. We made the ricotta in Tver Region. Pietro’s produce is organic. The cows are red pied, Holstein Friesian breeds and Charolais breeds

## **The atmosphere is very important: music from Italy with the chef behind a glass partition preparing takeaway dishes.**

### **– What are your prices like?**

– Our products are the very best, of the very highest quality. So, obviously, they are not cheap. Cheese, for example, costs at least 1,000 roubles per kilo (about 20 euros). Milk fresh from the farm is 125-130 roubles. But it is wholesome milk with a fat content of 3.8%.

**“THERE ARE MANY CHAIN STORES BUT OUR SHOP STANDS ALONE”**

### **– Where do you get your supplies?**

– We have on offer 450 individual

which we feed on hay, barley, oats, and maize grown on the same farm. A few months ago, as well as setting up production of cheese, we did the same for sausage products.

### **– Who are your customers? Are they any different from Italian consumers?**

– You have to realise that in Italy there is a centuries-old culture of consuming this produce. Italians love to eat good food. But the majority of people don’t buy such expensive goods as you find in our shop in Moscow. There is always more reasonably





priced produce, also of superb quality, in the nearest shop. Those in Moscow who come to our shop are, more often than not, people who have already been to Italy and have tried the cheese, meat, and olives there. And now they want to arrange an “Italian dinner” here at home. Customers come from all over Moscow. From other cities, sometimes, especially for “Buffalo” mozzarella made from the milk of black domesticated buffalo cows. The greatest demand is for Prosciutto di San Daniele: this kind of ham is made

from pork and sea salt. The pork leg matures for over a year.

**– What about your competitors?**

– I am not about to compare our shop with chain stores where there are also a wide range of cooked meats and cheeses on offer. They are many, whereas our shop stands alone. Ours is not even a shop, but an entire philosophy, a little corner of Italy. The atmosphere is very important: music from Italy with the chef behind a glass partition preparing takeaway

dishes like lasagne, ravioli, Sicilian cannelloni, vitello tonnato. It never happens that any of our goods dry up on the counter. Our salespeople would never allow that. We serve up the prosciutto, much beloved by Moscow people, precisely the way it is done in Italy: in the right packaging and in the thinnest of slices. One of the biggest problems with prosciutto in Russia is that there isn't the right machinery for slicing meat, which means that the taste, the aroma of the ham is much changed. To our competitors, I would like to say: "Try doing it all properly and to the right standard of quality! If need be, I can give you some

advice, but don't charge a fortune for knocking out cheap stuff!"

**— As of the 7th of August, Russia has banned all imports of beef, pork, fruit, poultry, cheese, and milk from the EU, the US, Australia, Canada, and Norway for a year. Will this affect the selection of goods in your shop?**

— As far as the sanctions are concerned, a few varieties of cheese will disappear from our shop-counter. I have a good reputation on the market, and I managed to stock up earlier on long-life goods. There are enough supplies to last six months.

### Opinion



**Ekaterina Dvornikova,**  
**Director of Dvornikova  
 and Partners Consultancy  
 Company**



the owner of any food shop will encounter a series of difficulties. Permits have to be obtained from various authorities: the Fire Service, Health and Safety Executive, and others. It is best to enlist the services of a lawyer with the relevant experience. It is also necessary to find sales advisors who are able not only to sell the goods, but also to advise shoppers on matters such as recipes which can be prepared from the range of goods offered by such a store. Investment required differs widely depending on where the store is located, as well as on the concept itself, on the range of goods



There is no point in moaning: Italians have gone all over the world and are successfully producing cheeses in countries with various climates. To make my own prosciutto, I need a year. Parmesan also needs to ripen and age for a fairly long time. But we will keep working. Those very same buffalo cows can be brought from Dagestan and Chechnya. They can live quite happily in a cowshed, but they need moist terrain. These conditions can be created on my friend's farm in Tver Region.

**— *How many people work in your shop?***

— It was seven, now it's 11. Those who will be working in our three new shops are being trained here. It is nice the way we have got things now.

**— *Is the fact that only Italians work in your shop a point of principle?***

— No. The main thing is to be a bearer of Italian culture. And, of course, Italians are the ones best suited to that role.

**— *How much do you pay your sales staff?***

— I wouldn't want to make public the precise figures but, believe me, it is more than the average in Moscow.

*Expert*



**Boris Akimov,**  
*founder of  
the LavkaLavka  
project*



of severe austerity is approximately 4m roubles.

At least a million of which would go on repairs according to current valuations.

Preliminary purchases, in other words, of goods for stocking the shelves, even if we are talking about a small shop of, say, 50 sq. m., will cost not far off 1m roubles. Plus: the preparatory period when employees' salaries have to be paid even if the shop is not yet open for business, and the costs of forming a legal entity.

Now, due to Russia's retaliatory sanctions, a whole range of European produced goods is disappearing from the large retail chains. This



## "THE KEY TO SUCCESS IS TO INTEGRATE INTO SOCIETY"

**— *What advice would you give to any foreigners considering opening their own shop in Moscow?***

— Unfortunately, many foreigners who come to Russia want to play by their own rules. But that won't work. Here there is a certain set of rules; it has its own bureaucracy, its own subtleties. For instance, it is compulsory to connect the doors to an alarm system: in Italy there is no such requirement. For permission to open a shop, you have to go to various authorities – the Fire Brigade or the Health and Safety Executive – you need a consultant lawyer who knows the local situation. But, overall, in order to open a shop, you need a lot of resilience. I, for example, due to my being constantly busy, hired a designer

for the interior but then I lost even more time having to have it redone. This is the kind of business where you have to go into everything yourself and constantly keep an eye on things.

To open a shop in Russia, you have to be a little crazy. Don't go thinking that Russia is the Klondike. You need a precise business plan. But the main key to success is to integrate into society, and have an understanding of the local culture and mentality.

**— *What are your plans for the future?***

— I am planning soon to open a small family brasserie on Fruzenskaya Embankment, like a trattoria where you can eat simply, deliciously, and at reasonable prices. I want to share with the people of Moscow all I know about Italian cuisine. ■

**Many foreigners who come to Russia want to play by their own rules. But that won't work.**



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# The Unified Moscow Investment Portal





# Flying Conditions

*Head of Singapore Airlines' representative office in Russia, **Melvin Ng**, recommends learning Russian and not rushing to judgement*

*His whole professional life has been involved with aeroplanes. Right after university, he landed a job with Singapore Airlines, one of the global leaders in air travel. As part of the marketing department he was responsible for direct and B2B sales. Four and a half years later he was on his first posting abroad in China, followed by Sri Lanka. As of January 2012, however, **Melvin Ng** has been the head of the Singapore Airlines office in Moscow.*

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## "MOSCOW NEVER SLEEPS"

— I was born and raised in Singapore, studied at the University of Singapore, and received a Bachelor's degree specialising in engineering. I really enjoyed travelling around the world, moving through time and space. And all the time, I was drawn to the mountains, to the heights. I remember in my youth getting to the top of Mount Kinabalu, in the east of Malaysia. A height of over 4 km, and below me: cloud. And I felt...like a bird... Perhaps deep down I already knew that my life would be bound up with those iron birds: aeroplanes. I was simply delighted when I was accepted to work at Singapore Airlines.

### **— Which countries did you manage to work in before you ended up in Moscow?**

— I was head of the company's office in Beijing. Then I put some hard work in for two years in Sri



Lanka. Staff rotation was part of the company set up. I was very lucky to end up working in Moscow. It was considered an extremely tricky assignment. It's no secret that Russia is not the most comfortable of places for Asians. The company took great care in selecting the right candidate.

### **— How did you come to be chosen for it?**

— They could see that I can adapt easily, that I quickly soak in other cultures, that I can live and work in any country. For me it was a great honour to take charge of Singapore

**Russians appear to be reserved people, keeping things to themselves, which is why they can seem cold. But when you get to know them personally, they reveal themselves, they “thaw”.**

Airlines' office in Russia and become part of the local team.

**– *What were your first impressions of Moscow?***

– The cold! My home country, Singapore, is located virtually on the equator: the lowest temperature is 20°C. And when I flew into Moscow, it was minus 32 here. I remember looking out of the aeroplane window just after we had landed. There

Russian men must be very romantic. Then my Russian friends corrected me: “We buy flowers for the wife when we've been out well past midnight with friends or workmates, so that she doesn't hit the roof.”

Before coming here, I had happened to hear that Russians hardly ever smile and go about with sour expressions. I don't think this is the case. Russians are very friendly. For example, yesterday, my wife and

**I would like to point out that the most open approach to matters comes from the side of my Russian colleagues. They speak openly about all difficulties which arise.**

was no sunlight, just blanket haze. But in two months spring arrived and I began to see everything in a completely different light.

**– *As you had already seen a lot, was there anything at all in the Russian capital which surprised you?***

– Moscow is a city which never sleeps. The supermarkets, restaurants are open 24-7. You can even buy flowers at any hour of the day or night. From this I drew the conclusion that

I were cycling along the Moscow Embankment, and we got off our bikes in the metro. One of those severe-looking men came over to us and, without a word, helped my wife to put her bike on the escalator. And he was most surprised when we said thank you to him. Russians are very considerate. Always ready to come to your assistance. Once, when I got lost, some students took me to the house I was looking for, even though they were going in a completely different direction.





**— *Have any kind of difficulties come up?***

— The language barrier. I don't know the Russian language. What has helped me out is that all of my colleagues speak excellent English. But it is a good idea to know Russian when working in Moscow so that you can understand what people are saying to you at meetings: a lot of nuances get lost in translation. You need Russian to be able to read regulatory documentation: Russian laws are very complex. I did start to have Russian lessons but I had to

give up on the idea, due to my heavy workload.

**“FRIENDSHIP WITH RUSSIAN PEOPLE IS SOMETHING TO BE PROUD OF”**

**— *What can you say about Russians' mentality?***

— Russians appear to be reserved people, keeping things to themselves, which is why they can seem cold. But when you get to know them personally, they reveal themselves, they “thaw”, and you can already see how sincere and well-meaning they

are. Friendship with Russian people is something to be proud of. They do everything for their guests. Russian hospitality knows no bounds.

Once, we were having dinner at a restaurant, and we got to know a young couple, both of them lawyers. You would have thought that, as far as they were concerned, we were complete strangers to them. But after chatting for an hour, they invited us to their dacha, telling us in detail how to get there. There, they taught us the proper way to drink vodka.

**– *What would that be, then?***

– Even in the bitterest cold, vodka should be put in the freezer before drinking. And it should be 40% proof, and the shot glasses chilled.

**– *What else characterises Russians, other than knowing how to drink vodka?***

– How very much family-oriented they are, I would say. Parents in Russia devote a great deal of time and attention to their children.

**– *Are there any differences between the team in Moscow and the one you worked with in Beijing?***

– It was easier in Beijing because I speak several Chinese dialects. As far as the team spirit goes, I would like to point out that the most open approach to matters comes from the side of my Russian colleagues. They speak openly about all difficulties which arise. This is their distinguishing feature. In Beijing, my colleagues sometimes hid, kept quiet about problems. But if you don't talk about problems, then how are you going to resolve them?

**– *How many people work at your branch?***

– Over 20, and they are all women. Everybody envies me. The Russians have a saying about this: "You are sitting as if in a raspberry patch", i.e. surrounded by sweet berries. At Domodedovo airport, we have another 10 employees: eight women and two men.

**We endeavour to ensure that all of the services offered by us match the requirements of our passengers as closely as possible.**



**– *What is it that you require of your staff?***

– This team had already been put together before I arrived. One of the basic requirements is an excellent command of English because all of our correspondence with Head Office in Singapore is conducted in English. It is also important that they are easy to get on with, seeing as our employees are having to deal with passengers all the time. Employees should also be of a personable appearance, and approachable by nature.

**“YOU HAVE TO PROVIDE CUSTOMERS WITH THE VERY BEST”**

**– *How do you rate the Russian airline market?***

– Demand, at this moment in time, exceeds the capacity of Moscow's airports. New terminals need to be built and the funds are there to do this. Flight management is efficiently organised, everything runs on time. Moscow is an important transit point. Competition in the airline industry is fierce.

Many are trying to offer the greatest number of entertainment options, the widest seats, the most spacious planes, the largest fleet. At Singapore Airlines we endeavour to ensure that all of the services offered by us match the requirements of our passengers as closely as possible. You don't have to be the biggest: just to provide clients with the very best, individual in-flight service, with an exclusive level of attentiveness.

**– *The image of the Singapore Girl, the graceful stewardess, is a trademark of the company. There is even a waxwork figure in Madame Tussauds in London of your Singaporean beauty: the first advertising personality to be included in the exhibition. What kind of selection process do the girls have to undergo before they get to don the Singapore Airlines uniform?***

– A very rigorous one. A group of experts keep a close eye on how the girls conduct themselves, how they walk, stand, speak. After all, they

**Flats back home cost more than in Moscow, rents are cheaper.**





are called upon to embody Asian values and our hospitality which is warm, refined, solicitous, and calm. Once they have been selected, the girls undergo training. Included on the programme, for which three and a half months is set aside, is a course in ethics. Future stewardesses are taught how to present themselves correctly, how to interact with the customers, how to attend to them. The girls are given grooming lessons, and how to look after their well-being.

***– The food on board Singapore Airlines is legendary...***

– At our company, we have an International Culinary Panel, on the staff of which are nine internationally renowned Michelin Star chefs. Their signature dishes are indicated on the menu with a special mark. All wines and dishes offered on board are tasted beforehand in a special compression chamber which recreates the pressurised atmosphere of an aeroplane cabin.

## "IT'S SAFE ON THE STREET EVEN AT THREE IN THE MORNING"

### **— How expensive a city is Moscow for foreigners?**

— Going to a restaurant here is very dear. However, Singaporean restaurants are also fairly expensive. And you have to bear in mind that you are not only paying for the food, as much as for the surroundings,

is no problem at all with buying a car. Before you can buy a car in Singapore, you have to obtain a special certificate of ownership which costs 30,000 Singaporean dollars. Not to mention paying excise duty and a registration fee.

### **— Do you have any favourite places in Moscow?**

— Gorky Park, where there are numerous shaded avenues and

**Both in the centre, and in the suburbs, I have always felt completely safe: at any time of the day or night.**

and the particular ambience. Many Muscovites go to restaurants to socialise more than anything else.

### **— What can you say about the cost of renting accommodation as well?**

— Look, I'm from Singapore where an enormous number of people live in a densely populated area. Property there is very expensive. Flats back home cost more than in Moscow, rents are cheaper. On the other hand, here in the Russian capital, there

clearings. I sometimes play football there with my friends. Adjacent to the park is the embankment of the Moskva River where my colleagues from the Singaporean embassy and I go jogging.

### **— What do you show your guests when they visit Moscow?**

— Very little is said in Singapore about Moscow, it gets scant publicity. None of my friends, for example, knew anything beforehand about either the culture of Russia



or its rich history. But when they came to stay with me, they all literally fell in love with Moscow. I show my friends Red Square, the Sparrow Hills where you can enjoy a panoramic view of the city. Then we walk to the Moskva River Spit with its towering monument to Peter the Great, we take in some of the museums, and in the evening we go off to the Bolshoi Theatre.

**— *Would you consider Moscow a safe city for foreigners?***

— Maybe I have been particularly lucky, but, in the two and a half years I have been living and working here, I have not experienced any kind of incidents. And I am not the kind of person who leaves the house by car at eight in the morning and gets back at eight in the evening. My wife and I walk around Moscow, and it can be the case that we get back from visiting friends between one or three in the morning. Both in the centre, and in the suburbs, I have always felt completely safe: at any time of the day or night.

**— *What would you say to the foreigner contemplating whether or not to come to work in Moscow?***

— Learn Russian! Don't rush to judgment. Moscow is a city which reveals itself to you gradually. And don't be put off by unsmiling passers-by. Behind that severe Russian exterior there hides a kindly soul. ■





# The Russian Slopes

*In Moscow, German **Matthias Wintzer** used to deal in off-the-wall gifts but now he is getting to grips with the very latest t-commerce technology*

BY: IGOR LEVSHIN | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JASON J SHAW

*Moscow knows him well. And not only its traders. Matthias Wintzer has appeared on the Russian screen in the serials "Kill Stalin" and "Executioner". Playing Germans, believe it or not. But how does he play the rules of Russian commerce so well? It was on this subject that he spoke to our correspondent from BIGMoscow.*

*About Matthias Wintzer*



**There are hundreds of thousands of online stores and, according to statistics, up to 80% of websites haven't been optimised so that they're compatible with mobile apps.**

— I have only ever sold those things I love myself, things that seem to me to have some soul to them. I believe that in commerce inventiveness is essential. At Montblanc, we spent the larger part of the marketing budget on a variety of catalogues and unusual trade dress for our products. Montblanc make designer pens. In order to sell successfully, you have to point out the individuality of a product, to convey a whole romance, and not simply display the price tag.

**— As far as I know, you are still involved in the catering business, too?**

— Yes. We supply several products from Germany and our Bavarian partner Ponnath produces fresh Bavarian sausages for us in Moscow using German technology.

**— And who are your clients?**

— One example is Lamoda.ru. They are German, as it happens.

**— Are there great differences in the logistical problems encountered in Russia and in the West?**

— There's a huge difference. First of all, in the attitude towards business. Yesterday being a case in point. The driver who delivered the barrels of beer we ordered for a party refused to help us get them upstairs to the nightclub. He said that's not his job, dumped them on the pavement, and hurried off to his dacha. And I, dressed in a suit, had to lump them around by myself.

Catering is a business where you have to keep an eye on everything, check everything. To be a success, you have to sacrifice your soul, your nerves: to the client, in any case. In any country. All the more so in Russia. I don't particularly like the business but it brings in a stable



income. It's not like a tech startup where you have to keep investing and investing, knowing that 90% of startups never make it onto the market. I'm glad that our GetShopApp falls under that other 10%.

**– *How did you find yourself becoming a startup in e-commerce?***

– One day, I walked into the Digital October business centre and I met Sharif Karmo there, a 19-year old entrepreneur from Syria (he is half Russian). Sharif was involved in importing goods from China, and he

websites haven't been optimised so that they're compatible with mobile apps. And few are geared up towards good conversion, by which I mean, so that a visitor's viewing leads to a sale. Usually web designers are limited in trying to fit all the website's capabilities into the mobile version. I mean, they have to build it all from scratch, allowing for the way in which users hold their smartphones in their hands, and making it so that they will be able to get to the right page with two or three clicks of a finger. So, Sharif

**The adverts and the facility for buying and selling should be part of an overarching technological platform.**

had a studio for developing mobile apps. He set out his business idea to me. I have to say that I am no beginner in e-commerce, either. I made my first WAP application back in 1999, when I was head of the marketing department of Habanos, the Cuban cigar company, in Germany. The app told you where the nearest cigar retailer was by your entering your zip code. Geolocation, in its own way. There are hundreds of thousands of online stores and, according to statistics, up to 80% of

Karmo and I created a service which automatically generates a mobile version and smartphone app for online stores. It is pre-loaded with capabilities for e-payment, push notifications, and mobile marketing. You won't have to enlist the help of a mobile marketing expert or manager, or to recruit staff to maintain a mobile store.

Everybody is talking these days about mobile advertising but few can envisage how it is actually going to work. If you've seen an advert for





**In order to sell successfully,  
you have to point out the individuality  
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something you need but using your smartphone to get to the mobile version of the site where it can be found isn't possible or is awkward, then the point of the advert is precisely nil. The adverts and the facility for buying and selling should be part of an overarching technological platform.

**— *Do you have any direct competitors in this field?***

— There is one company in Germany which took on this very same problem back in 2011, but I wouldn't say that they are significantly ahead of us. They raised \$9.8m of investment, the most part of which they have spent already. This is the second year for our company, and we have had a lot less investment.

**— *You are running a commercial enterprise in Russia. Which competitive advantages does this give you?***

— One of the main advantages is Russian programmers. I can't sing their praises highly enough. However,

we have specialists from various countries working for us. There are programmers from Belarus and Ukraine. As for Sharif Karmo, our Managing Director: you could call him a real wunderkind. He started his first company aged 14. Concurrent with his working at GetShopapp, he is studying at the Plekhanov Russian University of Economics.

**— *How many people are there on your team?***

— Ten, and a few more are outsourced. In fact, there are 11 different languages on the project.

**— *In basing an IT company, involved in e-commerce, in Moscow, do you need to know the nuances of regular trading, the particularly Russian aspects to it, too?***

— Yes, of course. To be able to work with Russian clients such as, for instance, the portal electrovenik.ru, you have to understand their business processes, otherwise you won't design an effective app. They have a support

**Next year promises to be very interesting. We will be rolling out GetShopApp internationally.**





service which the user should be able to access with one movement of a finger. They have a lot of couriers and they need to be dispatched to the right places.

***— How do e-commerce and regular commerce differ from the management perspective?***

— In the catering business which we were just talking about, employees' every step has to be supervised, to make sure, that they haven't forgotten to put the salt cellars on the tables, so to speak. In IT that isn't necessary, nor is it even possible. You only have to set

the objective in the right way and then monitor the result.

***— Have you been able to attract investment from any venture funds?***

— A certain amount of money has already been invested in our project and a new round of investment is in the offing. We are holding talks with one of the largest Russian banks. One of the leading German venture funds has shown an interest. Next year promises to be very interesting. We will be rolling out GetShopApp internationally. And

promoting the concept, little known in Russia, of t-commerce.

**— *And that concept is what exactly?***

— t-commerce (Smart TV shopping) is a synthesis of e-commerce and m-commerce. Let's say you are watching a Hollywood film. In one of the scenes, there is a pizza. On the screen, a box opens and an alert sounds, a bit like for a chat message. If you don't pay any attention to it, then nothing happens, and nothing intrudes on your continuing to watch the film. But if you want to, you can press a button on the TV remote and activate an app on your smartphone where there pops up an offer to buy a pizza from the place nearest to you or from somewhere else. Or if your attention is caught by the leading lady's handbag, you can buy it there and then at the press of a button. You don't even have to enter your credit card details: the application has already remembered them from the last time you made a payment. Or you can pay the courier: in Russia that is still the most common way of doing it. The next day, you receive your handbag. Or the very same day, more likely than not, if you happen to be in Moscow.

**— *How does the advert attach itself to the frame of the film?***

— Such things are in development. We, for example, have been given the opportunity to use Japanese technology which recognises various goods in a film. An iPhone, let's say. Once the program has found the corresponding frame, it is already easy for us to connect to our database, and a box will pop up with a particular offer for the item. Or, having identified the MEXX handbag, the program itself will launch MEXX's own app. In the next few days, we will be running a pilot test. It will be a simplified version. The phone receives an SMS with a link to the site for the product which has grabbed the consumer's attention.

**— *You have travelled a lot and know several languages. Why did you settle in Moscow?***

— I really love Hamburg where I was born but I get quite bored in Germany. Being in Russia is a lot more interesting. Everything in Germany is quite predictable. Whereas in Russia, no two days are the same. In Germany, every day is identical. Here, you feel as though the whole time you are riding the American slopes\* which the whole world calls the Russian slopes\*\*. And that I like! ■

\* [an idiom meaning “roller coaster”]

\*\* [another idiom meaning “roller coaster”]



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# Platform for partnership

***Ekaterina Kharlashkina, the founder and CEO of the startup MeetPartners.ru, not only makes use of networking herself, but has also converted it into a successful business***

Networking means making personal and professional contacts and using them to achieve the required result as quickly as possible, including in business. It is a relatively new concept for Russia, although of course what it represents has always existed and has had, to speak plainly, a dubious reputation: “cronyism”, “the old boy network”, “undue influence”... But “undue influence” has nothing to do with it. Networking is available to everyone, and is an important element in contemporary business processes. Furthermore a business can be made out of it, to which the startup MeetPartners.ru bears witness.

The international networking platform MeetPartners.ru provides event services, i.e. it organizes social events. There are many of them, they are of different kinds, but they come in three main forms: CoAcademy (education in the “edutainment” style and networking for entrepreneurs), Global Club (business tourism and international networking) and MeetSpeakers (the invitation of speakers to companies to give speeches).

From the very beginning, the company has been supported by the Canadian business angel Gil Petrsil. The success of the first events demonstrated the long-term usefulness of the project to other investors too. “Skolkovo”, “Sberbank”, the Asian company Success

Recourses and others are now partners of the company.

“Initially, the MeetPartners business was aimed more at those who live in Moscow or come here”, says Ekaterina Kharlashkina, the managing partner of the startup. “Here we have not only the intersection of flows of money, but also many foreigners. But MeetPartners is expanding the geography of its business. In April, for example, a “Sberbank”-supported event was held at which 700 Muscovites gathered, but there were also 5,000 people all over Russia sitting in offices following the training sessions and seminars online”.

MeetPartners now works with 27 Russian cities. Apart from Moscow, offices have been opened in Chelyabinsk and Ufa.

Business tourism is also becoming an important field for MeetPartners. In March 2014, the company sent two hundred people from 32 cities in Russia and the CIS to Tony Robbins’ seminar in London. In 2015, it plans to send more than five hundred people to this seminar. ■



***Interview with  
Gil Petrsil, an investor  
in the MeetPartners project***



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# Take decisions!

*The Canadian investor and Skolkovo coach **Gil Petersil** thinks this is just the time for private Western capital to be put into Russia, in spite of the international political crisis*

BY: IGOR LEVSHIN | PHOTO: MEETPARTNERS | TRANSLATION BY: JACK DOUGHTY



*He calls himself a business artist. And he does operate in the Russian market incredibly artistically, investing funds in successful new projects. **Gil Petersil**, a citizen of Israel and Canada, recommends Western business to look round carefully in Moscow and assess at their true value the opportunities opening up in this huge market.*

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**— You have a variety of projects in Russia. What is MeetPartners' place among them?**

— I am conducting many projects in parallel. About three years ago I participated as a shareholder in ten companies, and met the management of each of them at least once a month, sometimes once a week. I helped them do business, making use of my acquaintances and imparting my own experience. Now I am concentrating on MeetPartners, which is the most important project for me at this stage. It has to be brought to the level we planned for it.

The rest of the time I am mainly concerned with business coaching,

both in the Skolkovo International Management School, where I teach a course, and as a private teacher.

I have been doing business in Russia for eight years now. I founded a restaurant and a chain of non-alcoholic bars. I am first of all a business artist in the broad sense. I love to bring people together so that something new and beautiful is created, and to connect different concepts.

**— Was your first project in Russia successful?**

— Well, as for the restaurant, I would call it a successful failure. From the business point of view, the project was successful: it still exists and brings in a profit, although the life cycle of

**I invested my own money in six of my Russian projects, beginning with ten thousand dollars, then more and more.**



restaurants is usually not a long one. But in the way relations were built within the project, and the way rights were distributed, there were quite a few mistakes. Because of this, I left the business four years ago. Now I teach young entrepreneurs on the basis of these cases what I learned from them myself, and explain what I mean by a “successful failure”.

I invested my own money in six of my Russian projects, beginning with ten thousand dollars, then more and more. Most of the projects have paid for themselves and are bringing in income, but some are not. This is partly due to the crisis, partly to unsuccessful partnerships and partly it is my own fault for not giving sufficient time to them.

**– *What other Russian project could you point to, apart from MeetPartners?***

– Wizee Shopping. This is a mobile app, which helps in the completion of purchases in big shopping centres.

**– *How developed is venture infrastructure in Russia?***

– Firstly, in this matter a distinction must be made between Moscow and the rest of Russia. In degree of development of venture infrastructure, Moscow is hardly behind the West at all. The Russian capital does not have enough startups up to the high standards of Silicon Valley, or, for example, Israel. But not because of a lack of talented entrepreneurs. I am always meeting creative innovative entrepreneurs here. What is happening is this: the investment ecosystem – business angels, venture funds – is developing and being perfected, the level of entrepreneurs is also rising, but investors are no longer always interested in Russian startups because their requirements for startups are being raised. This is why startups are beginning to seek investment in other countries, and local investors are thinking about how they can invest in a Western project.

**Moscow is still too young  
as a venture market.  
Time has to elapse.**



**— *Or in an Eastern one?***

— They invest in Asia too, of course. But less often. Many people in Skolkovo understand that the prospects are interesting, but often they are thinking not about starting up their own company, but about how to connect their business to some local business. Some interesting online projects have now been started there. To work in Asia, you need fire in your belly and decisiveness. It is not easy

bedroom. But they were businesses on the side, mainly for amusement. I had my own main work, in an office.

Of course, the Russian business climate has many specific differences when compared to the Western one. In Russia, for example, a very watchful management is required, you have to check on absolutely everything. This is apparently one of the legacies of Russian history. On the other hand, decisions are often taken much more

**You have to know how to take decisions and rapidly compare your actions with results.**

to work in a country with a totally different culture. Furthermore, Moscow is still too young as a venture market. Time has to elapse.

**— *You did business in Canada, then in London, then in Russia. What is different about the business climates of these countries?***

— Yes, I began in Canada. I lived there from the age of 10 to 23, and managed to create four companies, the first when I was 13. At 20 I sold it and bought my mother a new kitchen and

rapidly and simply than in England, where they think a lot, and analyse — clearly more than the situation requires. In Russia, similar decisions are sometimes taken in a second. This opens up new opportunities and sometimes gives great advantages.

In Canada, in this sense, there is an intermediate position. There everything is predictable and reliable, no extremes. It is convenient to do business. In Russia, you can go from one extreme to the other. One day you're on the top of the pile, the next day you've lost your company.



**— *Are decisions taken quickly in Silicon Valley?***

— Usually, yes. It is a characteristic of the IT market that if you take too long to think about it, someone else will pick up your market. And your staff will get fed up with it and go to work for a more dynamic company. Such conditions are very useful for business. You have to know how to take decisions and rapidly compare your actions with results. If a decision proves to be wrong, it must be put right quickly.

**— *What role is played in your business by the place where we are standing now, i.e. the co-working “work station”?***

— These are partners who are important to us. In Israel or the USA, many events are held in such places. That is the strength of MeetPartners: we have developed communities of professionals, communicating both offline and online. We are specialists in the fashionable field of “edutainment”, education as entertainment. We offer events of some kind in the “work station” every week. In the building, in the open air and in the ArtPlay design centre.

**— *Do people simply work here alongside each other or do they socialise beneficially for the matter in hand? What exactly does co-working offer?***

— Unfortunately, they don't socialise enough. In the West, they actively get to know each other, they help each other, they find common business interests. Our activity here is designed to facilitate people communicating with each other. The situation is changing before our eyes.

**— *Are Russian bureaucracy and corruption harmful to business?***

— You get this in all countries. It's just that it all seems a little more blatant here. But in Russia, business can be carried on very well without becoming involved in corruption or bogged down in bureaucracy. There is a system functioning in Russia under which the long way can be “cut down”, a shortcut can be found, or the right person to solve the problem. You don't have to try to solve it all yourself. You have to find someone who understands these ploys. Better still, send the solution for outsourcing.

**— *How critical is the present situation for business?***

— In my opinion, now is the very best time to start up a new business in Russia or to expand an already existing business. Not necessarily on your own, it's probably better to do it with a Russian partner, to create a joint enterprise or to buy a Russian firm. Russia at this moment has marked its place on the map, has made itself



known. Of course there is nothing good in the current crisis, but the world now knows a lot more about Russia than it did a year ago. Fifteen million people live in Moscow, and they buy, buy, buy! The market here is flourishing, people are spending money and want to live life to the full.

— **Which Russian companies with Western capital seem the most interesting to you?**

— Of the online ones, KupiVIP.ru. I like the way Oskar Hartmann runs the business, and I myself have learned a lot from him. Then there is GetTaxi.ru: so much innovation, and in such a conservative market! And in general, there are many talented engineers and businessmen in Russia. We are helping them realise their potential. ■

**In Russia, business can be carried on very well without becoming involved in corruption or bogged down in bureaucracy.**



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# Steady as She Goes

*An analysis of the dynamics of the personnel market shows that the unprecedented international pressure and economic sanctions have only consolidated Russian society and improved the efficiency of market mechanisms*



# MOST OF RUSSIA'S OIL AND GAS COMPANIES ARE GROWING AND DEVELOPING DESPITE THE SANCTIONS IMPOSED ON THEM.

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Most companies in Russia started off the year a bit nervous about which direction the Russian economy would take amidst high tensions surrounding the turmoil in Ukraine. We at Staffwell experienced a significant slowdown during the first two months of the year as companies across most industries put new hiring on hold. Then things quickly changed. Russia hosted a top-rate Olympics, amidst a year of criticism from the West on spending and safety issues, meant to deter athlete and public attendance participation in the events, and when Western sanctions were imposed on Russian interests regarding conflicts in Ukraine, the vast majority of the population stood by their President's decisions in his handling of the ongoing ordeal. The market steadied as we experienced it, and businesses pushed forward.

The Energy/Oil& Gas sectors are the largest at Staffwell and the largest industry in Russia overall. Even with imposed sanctions on many of the oil companies and their representatives, we still experienced a 130% growth over 2013 results to date across the industry, and have an even stronger pipeline of deals to come off by the close of 2014. Most of Russia's oil and gas companies are growing and developing despite the sanctions imposed on them.

The B2B sectors (business to business) have shown the most significant growth (200%) over the 2013 results. Sectors that have also shown growth, albeit less significant, in terms of their hiring of new key staff and





management, include Legal, IT, FMCG, Finance, Consulting, and Manufacturing.

We have seen overall decreases in new hiring from the Industrial, Retail, Telecommunications, Banking, and Real Estate and Construction, Automotive, and Insurance sectors. Most of this we feel is related to the overall tightening of the economy, is temporary through 2014, and fortunately pales in comparison to our growth sectors.

In terms of occupational hiring in 2014, we have seen the most significant increase in the need for Sales Management and Sales Professionals (up 312% over 2013). Other increases in occupational hiring demands have been for lawyers, operations, IT, general management, and recruitment.

We have seen slight overall decreases in new hiring for technical, finance and accounting, banking, HR, logistics and insurance roles. We attribute some of this to the tightening economy, especially with banking roles, and some for cyclical reasons, as many of these roles were in high demand in 2013.

Salary levels have remained stable overall at market levels, with key hires still demanding a premium, and lower level hires available at discounted rates.

Overall the market feels steady and stable. Business is moving and companies seem focused more on growth than



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AND TENSIONS.

anything else. The summer months, which typically experience a seasonal slow down in the recruitment sector, were very active. Companies representing all sectors were keen to meet and continue to activate their hiring and growth plans. We anticipate a strong autumn and a steady end of year finish.

As an American working in Russia, and owning a business here since 1996, I can say that I have been pleasantly encouraged by the steadiness of the market and the support of the working population for the continued economical progress and success of the country, amidst the sanctions and tensions in relation to events in Ukraine this year. Major business operating costs such as real estate/rental and salaries are also at reasonable levels. It is a steady environment for an employer, and as a foreign employer speaking from personal experience, it is an active, stable and welcoming market. ■



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# **SEO, Russian Style**

*What benefits can search engine optimisation bring to small and medium-sized businesses?*

*How can you achieve maximum efficiency from contextual advertising? And what are those qualities which are unique to Runet?*



*These days, in the internet age, Search Engine Optimisation and contextual advertising are proving to be vital marketing tools for modern businesses. Failure to promote goods and services online means that many untapped market segments: and that extends to small and medium-sized businesses, too. Giving the inside story on the aspects particular to the Russian language internet, and on how Western businesses in Russia can arrange SEO and contextual advertising for their sites, is IT Director at branding agency TM-Design, **Evgeny Aniskin**.*

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**— What benefit does SEO bring to small and medium-sized business in Russia?**

— The same as it does elsewhere in the world: it attracts potential customers to sites via search engines i.e. through the search results displayed to internet users. Business today without the internet is an impossibility. These days, all consumers can be found on the net. And, generally, it is on the net in particular that they go looking for whatever it is they need. We're not just talking about internet stores, either. Of course, any self-respecting retailer will set up online trading in one form or another. But even if the customer doesn't complete the transaction over the net, preferring to see the goods with their own eyes instead (and Russian customers are fairly conservative in this respect, ordering goods over

the internet far less frequently than their Western counterparts), they do still use the net to research the market situation before they go heading off to a store. The same goes for the services sector: which is probably the most important sector to small businesses.

**— So that covers the difference between the Russian and Western consumer. But what are the specific characteristics of Runet? Surely, the internet is cosmopolitan and transcends all borders?**

— Yes, the internet is cosmopolitan and international but in each country it has its own unique qualities. Runet is markedly different from the American and Western European version of the World Wide Web in that the dominant search engine here is the



local one, Yandex, which controls over 50% of the market. Ten years ago, it looked as though Yandex would share the same fate as other home-grown search engines in trying to play Google, and failing, but this didn't end up happening. Yandex managed to improve its technology and optimally adapt it to the tastes and expectations of the Russian-speaking user. It was localisation that was key to Yandex's success. Google operates in all countries to universal standards without taking domestic preferences into particular consideration, and Yandex was able to exploit this. The upshot is that not only do sites on Runet receive the bulk of their traffic from Yandex search results, but the Yandex.Direct contextual advertising operation produces substantially more traffic for Russian language sites than the equivalent Google AdWords service. Any commercial enterprise, Western ones included, counting on success on the Russian market, cannot afford to ignore



Yandex's unique position on Runet, and should adapt itself to Yandex's search technology and make use of the Yandex service in order to promote itself.

***– What are the technological differences between Yandex and Google?***

– Obviously, Yandex's technology is reasonably similar to that of Google, and most commercially oriented search queries at the top of Yandex and Google turn out to be the very same sites: those large and established portals overgrown with countless links,

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**RUNET IS MARKEDLY DIFFERENT FROM THE AMERICAN AND WESTERN EUROPEAN VERSION OF THE WORLD WIDE WEB IN THAT THE DOMINANT SEARCH ENGINE HERE IS THE LOCAL ONE, YANDEX.**

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likes and comments on social media. For a startup, on the other hand, the difference is fundamental. The one which the majority of potential customers use is Yandex. Which means you need to tailor yourself to Yandex and set aside the larger part of your advertising budget for Yandex.Direct.

**– *But how do you tailor yourself to Yandex?***

– This is what SEO services are for. They constitute, by the way, a large market with a multi-billion turnover. SEO services are offered by specialised companies, and advertising and branding agencies.

**– *What do these services include and what is their price on the Russian market?***

– Usually a specific package is offered, one which is quite wide-ranging. I'll give you the main points. First off: the SEO Audit. Statistical research is carried out into search queries, and the semantic kernel of the queries is identified. The structure of search traffic entering the site is

analysed, as is the current position of the site in search results according to key search terms. A search promotion strategy is developed and priority promotion methods selected. Then optimisation of the structures of the site, goods catalogue, and individual pages is carried out based on the semantic kernel of queries and, if need be, fine-tuning of the site's html code. Finally, the settings needed for search promotion are made in Yandex. Webmaster. On the market, SEO Audits start at 20,000 roubles (for a one-off service), SEO Support starts at 20,000 roubles a month. SEO Optimisation depends on the amount of work involved. It costs from 800 roubles per working hour. But SEO on its own means little. If you want your website to work properly, to bring in clients, you need contextual advertising.

**– *So what does the package for setting up and implementing contextual advertising include?***

– Creating different versions of adverts, setting up the counting of ad impressions (keywords, stop

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**BASICALLY, FOR A SMALL BUSINESS, THE CONTEXTUAL ADVERTISING BUDGET STARTS AT 30,000 ROUBLES A MONTH.**

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words, geo-temporal targeting etc.); choosing an ad display strategy (be it on the first page of search results, on further pages, or contextual display on ad networks sites etc.); selecting the rates at which ads will be posted; organising analysis of ad traffic quality in Yandex.Metrica; setting optimal indicators for the advertising company in order to derive maximum efficiency from the agreed advertising budget. The cost is from 20,000 roubles for Yandex.Direct and Google AdWords.

***— And what budget would you need to allow for contextual advertising?***

— That very much depends on the market segment. The most expensive, most frequent keywords can require a million roubles per month. But the budget can always be optimised. Basically, for a small business, the contextual advertising budget starts at 30,000 roubles a month. To finish, I would point out that Yandex's advertising services are not limited to Yandex.Direct. A completely exclusive position in its market sector is occupied by yet another Yandex service: Yandex.Market. This is the main sales tool for the majority of online stores operating on the Russian market. Yandex.Market will yield online stores, even the large ones, up to 80% of its sales. ■



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# The Letter of the Law

*Western companies sometimes find it hard to agree with the requirements of Russian regulators, but this is not a case for insisting on having your own way*

BY: MARIA KALININA | PHOTO: PRIORITET | TRANSLATION BY: JACK DOUGHTY



*There are particular features in the laws of all countries, and everywhere, businessmen complain about bureaucratic difficulties. In Russia, Western entrepreneurs can expect serious unpleasantness if they do not take a timely interest in the specifics of the local laws – for example, in the field of labour rights. **Maria Kalinina**, head of the legal consultation department in the firm “Prioritet” explains what it is worth paying attention to in order to avoid repeating the mistakes of others.*

## SITUATION



A German company, a clothing manufacturer, opened an office in Moscow and engaged a local top manager to head it. A labour agreement meeting German labour standards was concluded with the head of the office. None of the obligatory provisions of Russian labour law was included in it. In particular, the dismissal procedure was described very simply: two weeks' notice and you're out, no compensation. In fact, the need to part company with this employee did arise. And so did a labour dispute.



The Germans, being dissatisfied with the results of his work, decided to appoint to this position a manager from head office, who would stay in Germany and only pay visits to Moscow. Under our law, dismissal on these grounds is impermissible, since they were not closing the office and not even reducing its staff. The Russian top manager knew his rights. He refused to accept dismissal.

The dispute lasted quite a long time. But all attempts to settle it on German terms were in vain. Eventually the firm had to meet all their staff member's requirements, parting with him by agreement between the parties and paying a very considerable sum in compensation.

When Western companies open their offices and branches in Russia, they often fail to consider that



## SITUATION



A labour inspection took place in a Western pharmaceutical company with a large fleet of service vehicles, which were regularly used by staff for trips to trading points. It was revealed that the staff members using the service vehicles were not being put through a daily medical inspection before getting behind the wheel, and were leaving without a way-bill. By a decision of the Labour Inspection Service, the company was fined and all the vehicles were laid up. The business virtually came to a standstill.

They are now urgently seeking a subcontractor, an organisation specialising in carrying out daily medical inspections. Several Western companies operating in Russia suddenly found themselves in this situation. Previously, pre-journey medical inspections had only been required for professional drivers. But from this year, the Highway Code has changed somewhat, and the interpretation of the Labour Code has also been corrected. Now, organisations with fleets of vehicles have to submit all staff members getting behind the wheels of service vehicles, not only drivers hired as such, to daily medical inspections. And they have to be provided with way-bills.

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### COMPANY LAWYERS SHOULD ATTENTIVELY FOLLOW THE PRACTICE OF THE APPLICATION OF THE STANDARDS OF LABOUR LAW

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## SITUATION

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A foreign company decided to open an office in Moscow. It applied to a Russian law firm for help. Legal assistance was provided. When the accreditation procedure had already been completed, the company was put on the tax register, registered in the pension fund – and then it came to the Social Insurance Fund (SIF). And that is where problems arose.

It is not possible to register in the SIF without a bank account, and it takes time for foreign offices and branches to open an account – the banks take quite a while to check them. In the form to fill in for the SIF, there is the heading: "Date of obtaining assets for wage payments". Foreigners were baffled by this. "We haven't paid any wages yet, how can we know the date?" But under the Russian Labour Code, among other provisions, wages must be paid twice a month, and this surprised the officials of the Western company even more. So this ended up without being filled in. A few months later, when the bank account was opened, the SIF refused to issue the office with notification that it had been registered on the grounds that no date of obtaining assets for wage payments had been supplied. A whole pile of additional documents had to be acquired: letters from the bank confirming that no payments had been made, from the head of the office that he had not received any wage payment, and so on. Only after this had been done, with great difficulty, did the SIF register the company.



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# Autumn marathon

*The traditionally high international business activity in the autumn months in the Russian capital is supported by all the leading Moscow exhibition centres, which are offering an extremely full and varied programme*



## GOLDEN AUTUMN

***goldenautumn.ru***

**08.10 – 11.10**

***Location: All-Russian Exhibition Centre (AEC)***

***Subjects: Agriculture and the Food Industry***

The 16<sup>th</sup> Russian Agro-Industrial Exhibition, held annually by the Ministry of Agriculture and the Moscow administration, will gather together more than 2000 participants from virtually all the regions of Russia and about 30 other countries. It is expected that more than 100,000 people, Russian and foreign specialists in the agro-industrial sector, will visit the exhibition. Interested exhibitors from more than 60 countries will be represented at the exhibition.

The programme includes business meetings with regional producers and wholesale procurement organisations, discussions and presentations from the regions.

**EXHIBITION  
SECTIONS**





**CITYEXPO-2014**

***city-expo.ru***

**14.10 – 16.10**

***Location: AEC***

***Subjects: Construction and Real Estate, Urban Economy***

CITYEXPO, an international exhibition of equipment and technologies for city construction, energy supply and city infrastructure, organised by the ITE group of companies with the support of the Moscow administration, is an effective professional platform for advancing production and developing business in the field of city construction and city economy. More than 150 companies from various Russian regions and from more than 30 other countries are taking part. There are Russian and foreign companies producing and supplying equipment and technologies for city construction, underground construction, energy supply and city infrastructure, and also design organisations and architectural bureaux.

**EXHIBITION  
SECTIONS**





**Охота  
Рыбалка  
Отдых**



**HUNTING. FISHING. LEISURE.  
AUTUMN – 2014**  
*safariexpo.ru*

**27.11 – 30.11**

**Место проведения:**

**МВЦ «Крокус-Экспо»**

**Профиль: спорт, туризм,  
хобби, развлечения**

The 17<sup>th</sup> International Hunting and Fishing Exhibition, organised with the support of the “Rosokhotrybolovsoyuz” Association and the Ministry of Natural Resources and Ecology of the Russian Federation, expects over 200 participants from Russia and other countries to be demonstrating their products on this exhibition site covering more than 7,000 sq.m. The aim of the exhibition is to enable visitors to learn about the extremely wide opportunities for hunting and fishing tourism in Russia, and to facilitate the development of business in this field, including by Western companies.

**EXHIBITION  
SECTIONS**





## HEALTH-2014

***zdravo-expo.ru***

**08.12 – 12.12**

***Location: “Expocentre” Central  
Exhibition Complex***

***Subjects: Medicine and  
Pharmaceuticals***

The 24<sup>th</sup> International Exhibition “Health, Medical Equipment and Medicinal Preparations” is one of the central events of the practical science forum “Russian Health Week” conducted by the RF State Duma and the Ministry of Health. The forum combines on one site a whole range of exhibitions and congresses devoted to health, medicine and pharmaceuticals. More than 1000 Russian and foreign companies will take part in the exhibition. More than 40 countries will be represented, in the form of leading producers of medicinal preparations and medical equipment. ■

**EXHIBITION  
SECTIONS**



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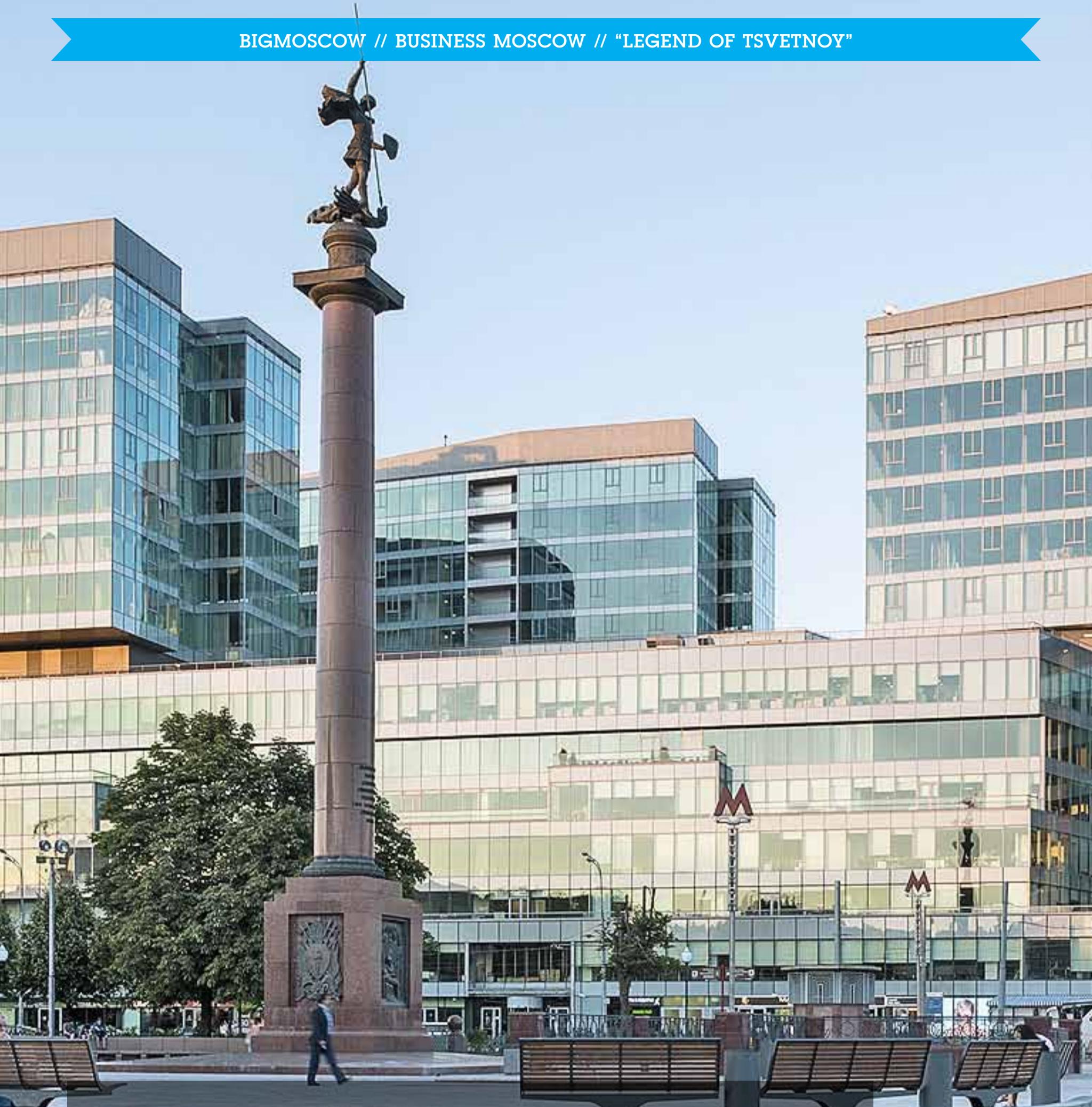


*The multifunctional complex “**Legend of Tsvetnoy**”: where the beat of modern business is set to the background music of Old Moscow*

# On the Boulevard Ring

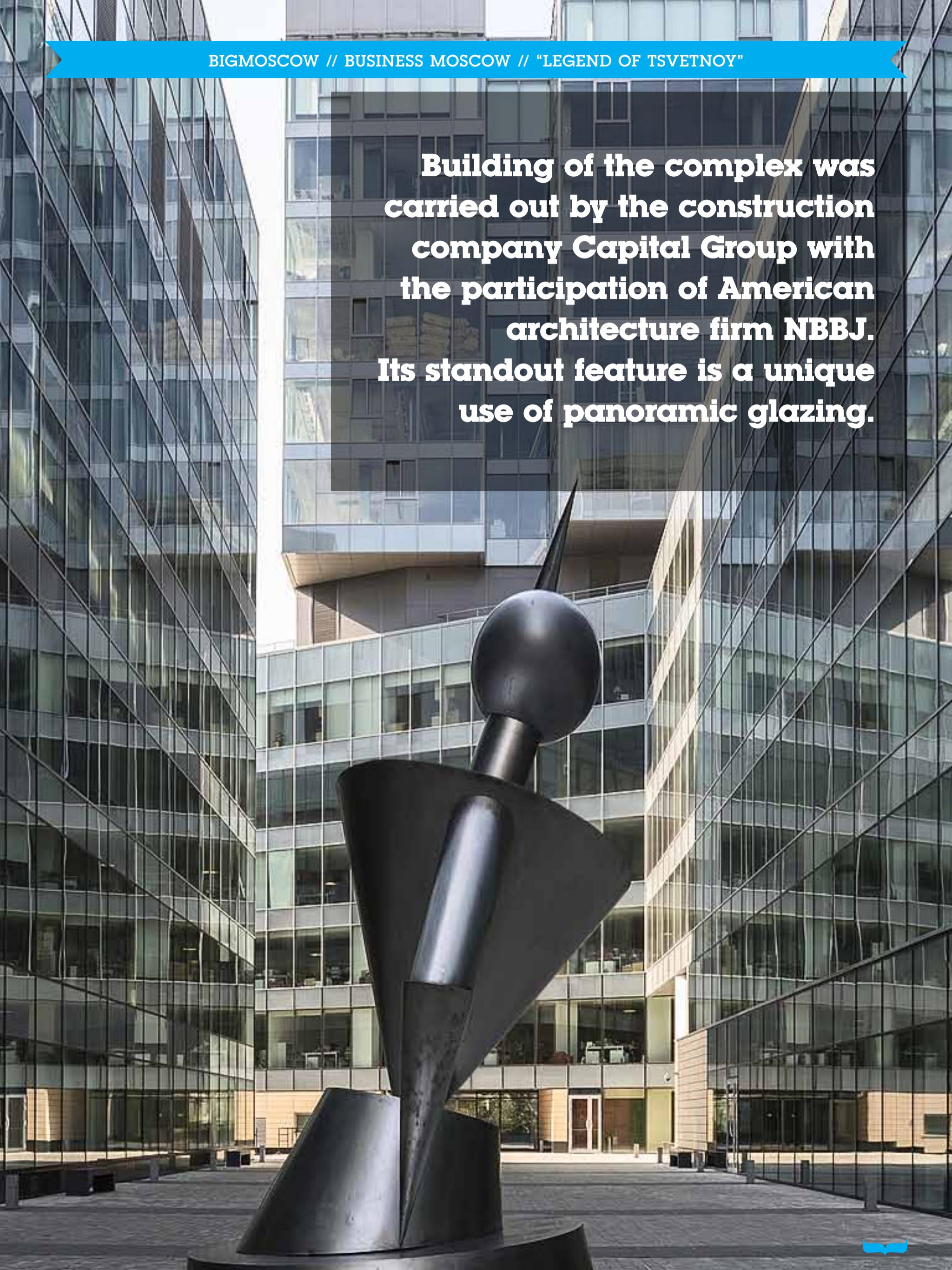
PHOTO: O1PROPERTIES





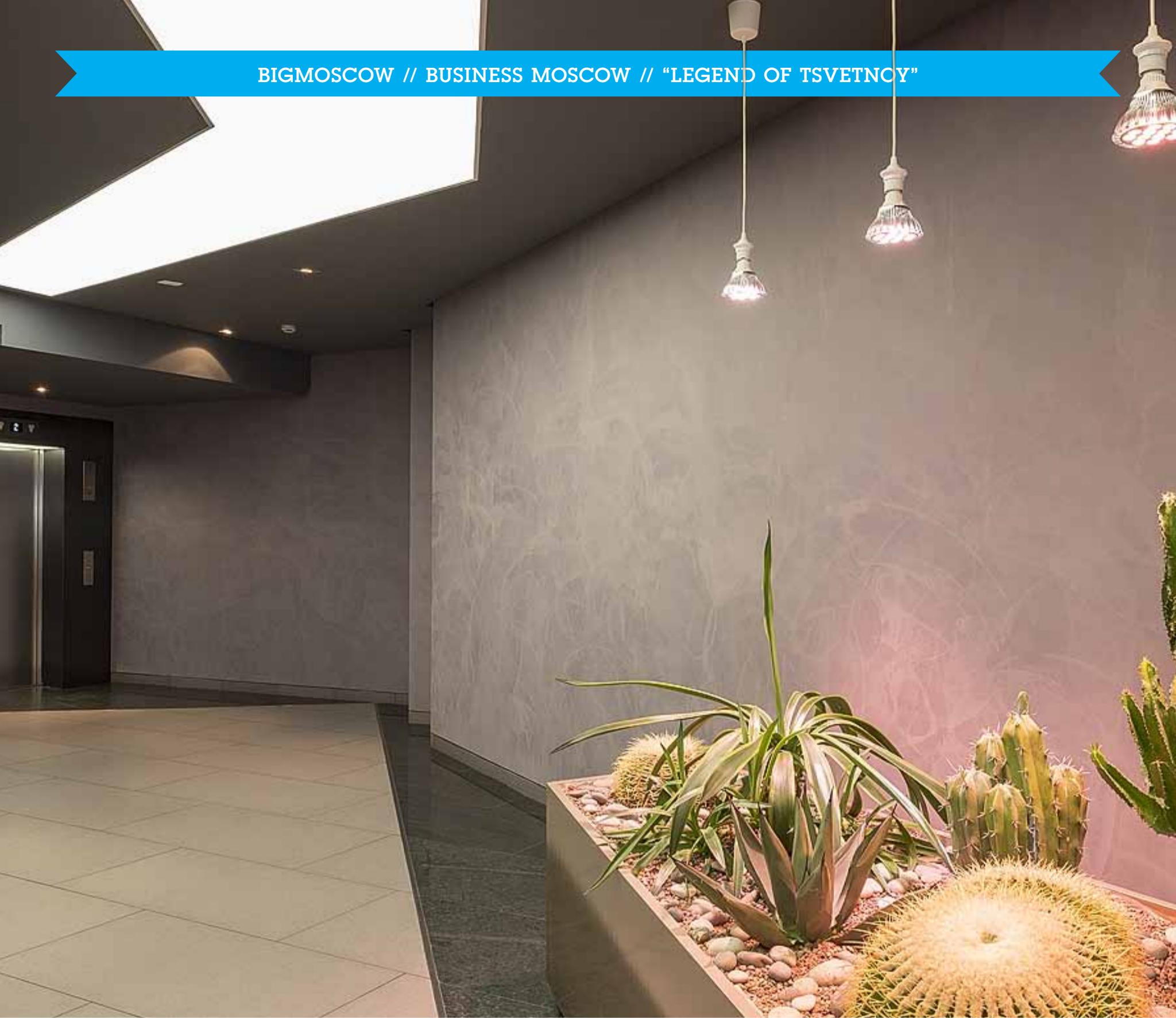
**Legend of Tsvetnoy is located  
in the very heart of the capital,  
at the meeting point of Tsvetnoy  
and Rozhdestvensky Boulevards.**

**Building of the complex was carried out by the construction company Capital Group with the participation of American architecture firm NBBJ. Its standout feature is a unique use of panoramic glazing.**





**The Class A office complex is equipped with everything one could need for doing business, and is not only comfortable but also finished with recherché interior design.**



**The combination of hi-tech style  
with eco-design makes this  
an environment with the space  
to breathe, live life, and get down  
to some work!**



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LIVING IN MOSCOW



*All the life's ambitions  
of Italian photographer  
**Francesco Rossini** are bound  
up with being in Moscow*

# **the Libretto of an Opera**

BY: NIKOLAI MIROSHNIK | PHOTO: YEVGENY DUDIN | TRANSLATION BY: JASON J SHAW



*An affinity with the world of opera was bestowed upon him by birth: his is, after all, very much a musical surname. But who could have foreseen that the opera of Italy would transport him to the capital of Russia? And yet, this is very much the case, and, on that score, **Francesco** has absolutely no reason to complain.*

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*For this interview, Francesco invited me to his home: his wife had taken their daughter to her parents, so the flat was empty and we could talk without interruption.*

*I found myself in the suburbs, on Smolny Street, a stone's throw away from Vodny Stadion ("Aquatic Stadium") metro station. It was a weekday in summer. The sun was shining; there were few cars around, and fewer people still. It was one of those typical five-storey buildings, set back amidst the dense greenery of surrounding trees.*

*It seemed somehow unlikely to encounter an Italian in such surroundings.*

*The cosy arrangement of the compact apartment hardly seemed in keeping with my host who was turned out in a well-pressed azure shirt with long sleeves and cufflinks, and blue (clearly not casual) trousers. He looks a lot younger than his 37 years, with large eyes lending him the outward appearance of severity and meticulousness. But such eyes cannot hide that Italian temperament.*

**— You've chosen to live fairly far out. All the Italians I know try to rent places a bit nearer the centre of Moscow...**

**— Ah, but we're not renting. My wife and I bought this flat. It is our home now.**

**— So, you have settled here properly, for the long term?**

**— I am not even thinking about going back, not to Italy anyway. It feels**





marvellous to be in Moscow. I would go so far as to say that when I arrive back in Italy, I immediately start thinking about when it is I will be coming back to Russia.

***— What is it about Moscow that appeals to you so much?***

— Its energy. I see that there is a lot of work here for me, a lot of people prepared to listen to new ideas, people I can work with. As far as I'm concerned, and the same goes for Moscow, there is no such thing as a closed door. And

people here are very considerate, prepared to lend a hand, and cultivated.

***— It seems to me that you may be idealising somewhat...***

— By no means. Sometimes Italians I know say: Muscovites hardly ever smile. They do smile! But, in contrast to us Italians who are prepared to smile all of the time and to everybody, Russians smile at those they want to smile at. And that seems perfectly reasonable to me. It is not compulsory

to smile: it should be for a good reason. That's something I really appreciate in Russians.

**— *But how did an Italian photographer come to settle down in Moscow?***

— A lot of serious upheavals happened in my life all of a sudden, in and of themselves. I was born in and lived in the city of Bari: that's southern Italy. I worked as a photographer there. I was already quite well-known. At some point, I put my name down

a professional singer, a soprano, with the Stanislavsky and Nemirovich-Danchenko Moscow Music Theatre...

**— *...which includes in its repertoire the operas of Gioachino Rossini...***

— Yes. We started to get to know one another and, after a few months, we realised that we got on really well. And then, I came to Moscow for the first time... And the next year we got married: in November of 2010.

**I am not even thinking about going back to Italy. It feels marvellous to be in Moscow.**

for... a dance school. There were a few Russians employed there including a lady interpreter who put on festivals of Russian culture. Such festivals are a regular occurrence in Bari. Artists and entire performance troupes go over there from Russia.

Anyway, they needed a photographer and cameraman. They called for me. One day I met the director of a Russian Orthodox choir. We became friends.

The woman who is now my wife was singing in that choir. She is

**— *Did your parents not have any objections?***

— Let's not go there! Bari, I mean, it's southern Italy. They still live according to centuries-old traditions there. Especially when it comes to family. I had already imagined what their reaction would be, which is why once my fiancée and I had decided everything, got all of the necessary documents together, I made known my intentions just three days before leaving for Moscow.



A portrait of Francesco Rossini, a bald man wearing blue-rimmed glasses, a light blue striped shirt, and a necklace with a small pendant. He is looking directly at the camera with a slight smile. A black rectangular box is overlaid on the lower half of the image, containing his quote.

I must be the only Italian  
in Moscow who doesn't have  
a dish that gets Italian programmes.

It was like a bolt from the blue! My parents had already met my intended. But in no way did they expect things to lead to marriage. And when I told them that I was about to go and live in Moscow, well...

Naturally, in the days up until my departure, there were all those conversations: “But how, though? It’s a different culture there, a different language. You don’t speak Russian”. And it’s true that, at the time, I only knew one phrase in Russian which

— I landed myself a job as a chef in one of the Italian restaurants.

**— *A chef?***

— I really love cooking. And I know how to do it. I have quite a lot of experience in that area. I once worked for a long time in Bari both as a photographer and in the kitchen of my aunt’s restaurant. To be more precise: Monday to Friday in the restaurant, and at weekends, when people were

**I believe that a professional should be professional in each and every way, starting with knowing how to present oneself to people.**

was “Goodbye”. But I said: I’m getting married whether you like it or not. My parents came to terms with it in the end. Within a week, they had sorted out passports, visas, and tickets... And were at the wedding! Our marriage in Italy took place in Bari ten days after the one in Moscow. For the first few weeks of our married life in Moscow, they called me from Bari every day: How are you? Is it not really cold over there? Are you eating properly?

**— *And what about work?***

getting married or going to church for First Communion, I worked as a photographer.

**— *So how did the transformation from Italian chef to Moscow photographer come about?***

— I didn’t work as a chef for that long. Our daughter came along. My parents were staying in Bari, and my wife’s parents live far away, in Perm. We had to sort things out for ourselves somehow.



We decided that my wife shouldn't leave the theatre. But that's rehearsals every day, as well as the performances... So, I took the primary care of our child and the family upon myself. It was a conscious decision. For me, family is the most important thing. It meant sacrificing a lot, I won't pretend otherwise, including doing the work that I love.

Staying on at the restaurant was simply not physically possible. But, all the same, I had to work somehow, to pay for the flat... And so I started photographing weddings.

**— But wedding photographers are a particularly cliquey bunch. You still had to get your foot in the door...**

— I got work with a wedding agency and, in two years, I was already working for myself. I got to know one colleague, and then another... At first, I think, the guys took notice of me more out of curiosity: some Italian who had appeared out of nowhere. But then they realised that not only did I know

what I was doing but that I stood out in some way as a photographer. So they accepted me into their circle.

And now, what gives me particular joy is the fact that we have formed a friendly and tight-knit team. Like a family.

When work comes up, we phone each other, let each other know. And it's not a matter of what the job pays. The important thing is who is calling you. You work with people you trust and respect, professionally and as people.

**— Do you get many photo engagements?**

— It varies. In summer there are about 10-15 a month, and 2-3 in winter. I don't only photograph weddings. I'm asked to work at children's parties, and other kinds of events. I go off and my wife stays at home with our daughter.

**— It is clear how Francesco Rossini became a professional chef. But how did he become a professional photographer?**

**For the first few weeks of our married life in Moscow, they called me from Bari every day: How are you? Is it not really cold over there? Are you eating properly?**





**I don't only photograph weddings.  
I'm asked to work at children's parties,  
and other kinds of events.**

— For six years I carried around my father's ancient camera: and I haven't parted with it to this day. I very quickly realised: this is for me. At first, I photographed anything and anyone including those enjoying the local beaches. My sister had a motorbike and we'd ride around along the coast of Apulia: and I'd take photos. Sometimes, over the summer months, (in those days they were still cameras that used film) I would click away, shooting up to three and a half thousand frames. I spent the money I earned mainly on photographic gear. Then, I was shooting adverts, I got into documentary films, and even made it as far as assistant director.

***— What language do you speak to your clients?***

— To be honest, the process of learning Russian was a long and arduous one. On arriving in Moscow, I only managed to get to lessons four times. I learned some more on the streets, as they say. I listened to the TV. I must be the only Italian in Moscow who doesn't have a dish that gets Italian programmes: I can only get Russian ones. After a year, I was beginning to speak it. And, until then, I used to communicate in English and my wife would translate from Russian.

***— With such a life there must be absolutely no time left for any other kind of interests.***

— No, why? I am very interested in fashion, new trends, which I try to follow closely. And I take this extremely seriously. I prefer, for example, whenever possible, to have my clothes made to order, depending on my own requirements. And, if I buy anything ready-made, I often send it out to be altered, again, in a way which is more me.

***— I see that you are immaculately dressed today, too...***

— I'm into the habit of it now. Wherever I may be, wherever I am working, you'll always find me in a suit with a shirt and tie. Sometimes, my colleagues even ask: look, how do you manage it everyday? It can be funny: a few times officials at the Registry Office have taken me for the bridegroom and asked me to step forward with my passport...

I believe that a professional should be professional in each and every way, starting with knowing how to present oneself to people. After all, like it or not, you become part of the celebration, part of the event you are shooting... And you should be in keeping with the overall tone.

***— Italian style is Italian style...***

— I have to admit that if there is one thing which annoys me about Moscow, it is the inability of men to dress well, tastefully. You often see that they



are well proportioned, good-looking, intelligent, but the way they dress... Of course, I appreciate that before in Russia, fashion wasn't the be all and end all of everything. And then, in the nineties, there was something of an explosion. Suddenly people were inundated with a plethora of different styles they could imitate: American, Italian, French... And they all got mixed together. Alas, this cacophony persists.

**— *How do you relax, amuse yourself?***

— I now have a lot of friends in Moscow. We meet up, go to someone's dacha in the summer. It's true that sometimes I am not completely in tune with the rest of the company: I am teetotal. Completely.

**— *Not even wine? It's the first time I've met someone like that from Italy...***

— What can I do? Such is my constitution. A glass of dry wine and I'm lying down on the sofa falling asleep. Other than that, I try not to spoil the party.

**— *And do you have friends in Bari who you go and see?***

— I usually go for a couple of weeks in winter. Sometimes, like this year, in the summer as well.

**— *Do you go in winter to escape the cold here?***

— It might seem a bit odd but I don't like the heat. I much prefer snow and the wintertime.

**— *So, like all Muscovites, you are looking forward to this summer's brutal heatwave finally abating?***

— I'm looking forward to September. But there's another reason for that. My little girl is three now, and in September she'll be going off to kindergarten. For me, it will be yet another pivotal moment. Finally, I will be able to devote myself wholeheartedly to the work I love.

**— *Will you be photographing weddings every day?***

— I really don't want to be spending my whole life being a wedding photographer! It's good money: one

**It might seem a bit odd but I don't like the heat. I much prefer snow and the wintertime.**



wedding can bring in up to a thousand dollars. But from the professional viewpoint, it has long ceased to be of great interest to me.

Believe me, I have never liked photographing deliberately posed people. And, even at weddings, I try, as far as possible, to capture real-life moments so as to show someone's individuality and character. What is more, when I am taking photos for my own pleasure, I virtually never photograph something which I have shot already. I don't want to repeat myself, to feel emotions I have already experienced.

It's the same with people. Once I've photographed them: that's it. You won't get any different results after that. With the exception of children: they are always changing, showing a different side to themselves. So, at any given moment they present you with completely contrasting emotions.

In my view, photography is an historical record of a particular moment in real life. That's why I am not a fan of special effects. "Pure", "classic" photography: that is what I am about.

— ***And toward which kind of instances are you intending to aim your lens this coming autumn?***

— A project has been ripening in my mind for a long time now: putting together a series of photo-reports about Russia. Photo-histories with a story, with a beginning and an end. On various subjects.

— ***Will you invite us to the exhibition?***

— Of that there is no doubt. ■



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