

BIGMOSCOW

APRIL – JUNE 2016 | **DIGITAL MAGAZINE**

ENGLISH VERSION



Coming out of the crisis: a time of opportunities

Italian Rossini

opened a wedding salon
in the RF capital

French-Canadian Manger

sells chocolate and truffles
to Muscovites

Australian Ballis

is expanding his Moscow restaurant chain

PERSONA



Best Time for Investors

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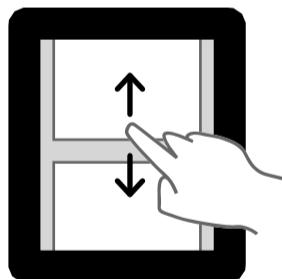
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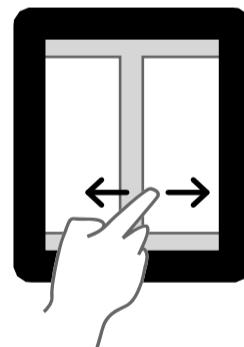
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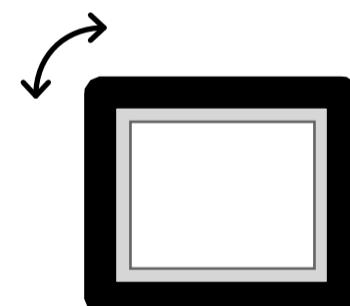
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PERSONA

KPMG

Best Time for Investors

*That's what the American **Michael Eagan**,
a partner in KPMG in Russia, says*

BY: NIKOLAI MIROSHNIK | PHOTO: VIKTOR VARZAKOV | TRANSLATION BY: JACK DOUGHTY



*Like a typical American, **Michael Eagan** immediately gives the impression of an open, kind man, ready to socialize. But it should not be forgotten that he is an auditor by profession.*

*That is, a man accustomed to rely not on generalities, but on specific figures and official documents. Therefore **Michael** is quite reserved in his assessments and judgments. And he always stresses that what he says is his own highly personal opinion. This adds particular weight to his words and assessment.*

– Mr. Eagan, KPMG is not just well known. Along with Deloitte, Ernst & Young and PwC, it is one of the “Big Four” prestigious auditing and consultancy companies working throughout the world. And I was rather surprised to learn that KPMG is a sort of global cooperative, a network of independent companies, all known under the same brand name.

– Yes. And KPMG in Russia and the CIS is an independent Russian legal entity, self-sufficient and self-managing. We are part of the international network of independent firms, but, there is no higher corporate management over us. The decisions are taken here by local management and everything our company earns stays right here.

– And the KPMG offices in various cities in Russia and the CIS countries? Are they also independent companies?

– No, we operate in CIS region and these offices are part of KPMG in Russia and the CIS.

– How many people work for you?

– KPMG in Russia and the CIS has over four thousand employees. Most of them, about three thousand, are here in Moscow.

– Which do you have most of, foreign specialists or local ones?

– Ninety-nine per cent of our staff are hired locally in Russia and the other CIS countries.



KPMG in Russia and the CIS is an independent, self-sufficient, self-managing legal entity.

– How did you select this large number of personnel?

– We hold recruitment campaigns and other events in Russian and CIS universities. For example, we have a traditional international competition for students, the KPMG International Case Competition, in the course of which teams consisting of several students compete in solving business cases from KPMG, i.e. actual problems and tasks which they might come across while working in our company. The winners take part in an international final, in which they compete with similar teams from throughout the world. Last year the final took place in Dubai. There are other programmes too.

– Do our universities produce students with a sufficient level of education?

– The standard of teaching specialists in Russian universities is high. But when I, for example, was studying, my teachers were mainly former specialists from the Big Four. Many of them were already running



successful firms of their own. They prepared us students for specific work, for actual practice. And towards the end, I already had a good conception of what awaited me, what I would have to do. There is probably not enough of that in Russian universities yet.

– In conditions of the West and Russia imposing sanctions against each other, life has undoubtedly become harder for international business. Have you felt this effect on your company?

– We feel that the market situation has become more difficult and investments have fallen, that is what we hear from our clients. Some companies

The standard of teaching specialists in Russian universities is high.

About KPMG



are winding up their projects or are investing less money in them. The market for the initial placing of stock on the international stock markets has narrowed. But for all that, the number of applications to us from business in Russia is still more than it is in developed markets.

– Both the Big Four and local auditing and consultancy companies are operating in Russia today. Is the competition fierce?

– There certainly is competition. But at the same, it is not as fierce as in, let's say, the USA or Germany. Developing markets usually offer more new projects and initiatives to implement that's why all firms have a bit of work. Small local companies that are not able to do big audits and don't have international experience

ABOUT THE SARBANES OXLEY ACT



work mostly for small business, multinational consultancies provide more sophisticated professional services to medium- and large-sized companies.

– Apart from direct auditing, you handle questions of observance of the requirements of the Sarbanes-Oxley Act about internal control of the preparation of financial reports. But this Act affects those joint stock companies whose stock is quoted on the US stock market. Are there many Russian companies in this category?

– Most companies I deal with on this subject are of course subsidiaries of transnational corporations, large foreign companies with head offices or branches in the USA or other countries. So far, very few Russian companies are among those quoted on the US stock exchanges. But I have worked with

So far, very very few Russian companies are among those quoted on the US stock exchanges.

Russian companies which planned, before the present situation arose, to place their stock on American stock exchanges. Alas, this market is still very narrow in Russia. Although its potential is tremendous.

– Russian companies often put their first issue of stock not on the American stock exchanges, but on the London one. Why is this?

– It depends on the company, on what it does and its industry, Furthermore, placing stock on a stock exchange is a complicated and costly procedure. On American stock exchanges, a Russian (or any other foreign) issuer cannot place his stock directly. It is done through what is called American Depository Receipts – ADRs. This means a company must first deposit its stock in a bank, then an American bank issues its own derivative securities – ADRs, which



ABOUT MICHAEL EAGAN

considered cheaper to place it in London.

– What do you see as the most outstanding feature of the Russian financial market?

– The main thing for the investor is probably that Russia and its business greatly depend on the price of oil. It doesn't even matter what the company does, the oil price has a great effect on its stock price. There are Russian companies which even achieved good results last year from an earnings standpoint, a particularly difficult one from this point of view. Yet the stock

The main thing for the investor is probably that Russia and its business greatly depend on the price of oil.



price went down. And for a foreign investor, such a situation in the economy can create new opportunities.

– What, in your view, are the particular features of the Russian business culture?

– In the West, businessmen believe much more in the existing institutions, and rely on them. In Russia the human factor is more important: Russians

rely more not on the state and public institutions, but they trust people. In my view, this is the main difference which should be pointed out to those who are thinking of investing in Russia.

– Does this create a problem for the investor?

– It isn't so much a problem as a fact which must be borne in mind. If we are talking about a problem, it may

lie in the fact that people here often fail to think about the long term, they don't want to guess far ahead. And this influences the end result. Again, I don't think this is a big problem. But it would be better if people looked further ahead, about five to ten years.

– Continuing the theme of the human factor: is it difficult to work with Russian businessmen? Are they reliable people?

– From my own experience, I can say that they are. In Russia you can believe businessmen and people in general. They keep their word.

– You have been working in Moscow since 2008. How has the climate for foreign business changed in Russia over that time?

– From the purely economic point of view, there were more opportunities when I came here. The purchasing power of the rouble was considerably higher. The dollar, I remember, stood at a little more than 23 roubles. Company incomes were higher too. Today, with acute variations in the rouble rate, great uncertainties have arisen. The incomes of companies selling their goods in Russia has decreased.

– Certain of your colleagues see the uncertainty about business

regulation in Russia as a big problem. The “rules of the game” keep changing.

– Here we have to be specific as to what we are talking about. Yes, there are many uncertainties in the market today. The taxation laws are changing. Prices are changing. On the one hand, investments may become more efficient. On the other, there are big risks in markets still being formed. Therefore, for the time being, not all serious foreign companies are ready to come to the Russian market. I don't think that everything can be regulated easily or all at once. It will always be like that in a forming market.

– So, all the same, is the risk of investment in the Russian economy justified today?

– At the end of the nineties, Russia's economy was also not flourishing, but many investors were winning then. Say what you like about a crisis, but it always also creates new opportunities for business. It has become cheaper for a foreign investor to buy in Russia. Of course there are risks. But on the whole, I consider that taking these risks is absolutely justified today.

– It has become cheaper to buy. But what exactly should be bought?

– If we are talking about the stock market, Russian stock is now extremely

cheap. Taking the price-profit ratio into account, when the market rises, you can reckon on a very good income in a few years. And this promises huge opportunities in the future.

– And apart from the stock market? What sectors of the Russian economy could be of interest?

– From the investment point of view, agriculture and new technologies have good potential in Russia today.

– What offers the better prospects, importing ready-made goods or opening production in Russia?

– That depends both on the field of activity and on the risk the company is prepared to take. If it is looking to the long term and a long-lasting income, investing in production makes sense. If a company does not want to take a risk, and is looking for a quick profit, it will do better importing products. Naturally, with the import replacement policy and the increasing cost of imports, there are growing opportunities for companies willing

to open production, on their own or jointly, with localization in Russia. And that is what we are seeing today.

– Summing up, what would be your advice to a potential investor? To wait till the economic storm blows over, or to put to sea regardless?

– You never know when the storm will blow over. The market has become cheaper, and maybe now is just the right time for an investor.

– Then let us talk about more specific things, specific risks, which may await the foreign entrepreneur. Is it hard for a foreigner to open a business in Moscow today?

– I don't think so. You only have to find good local partners and local specialists. In Russia there are many talented people with high motivation, who understand things and know what needs to be done and how to do it. You can't run a business here based only on what is written in the textbooks, or on how things are done in Germany or Japan.

In everyday life, I manage very well with English. A lot of people in Moscow know it.



– *They say that Russian bureaucracy is one of the biggest problems for business.*

– There is bureaucracy everywhere. Some may be put off at first by, say, the difficulty of obtaining entry visas to work in Russia. Yes, this takes time, but it's not one of the problems that stops a business opening.

– *They traditionally scare foreigners with the notorious Russian corruption. Is it really so great?*

– Corruption exists in Russia as it does in the market of any other country.

– I myself wanted to become one. After working in China, I decided to try something new – in both the economic and cultural sense, The Russian market looked very interesting.

– *Was it hard to get used to a new place?*

– I didn't meet any particular difficulties. Especially after China. Working there was a much greater challenge for me. In respect of the culture, Russia is after all closer to my own United States.

– *Do you speak Russian?*

The problem for business in Russia is that here they don't want to guess far ahead.

But very many companies, including American ones, work in Russia without getting involved in any corrupt schemes. And work successfully. I don't think this is a big problem.

– *You look on things with the judgment of an experienced Muscovite. How, by the way, did an American become a Muscovite?*

– No. I can of course make myself understood for shopping and so on. But in everyday life, I manage very well with English. A lot of people in Moscow know it.

– *Do you feel calm and safe here?*

– Absolutely. Moscow is a very safe city. Much safer than many American cities, anyway.

– *They say that Moscow is one of the most expensive capitals.*



– Since the fall in the rouble rate, this is no longer so. True, housing rent is rather expensive for new apartments.

– *If you could go back eight years, would you repeat your Moscow experience?*

– Without the slightest doubt. ■

– *What do you miss most here?*

– Fresh lobsters. (*Laughs.*) And baseball and basketball games that you can watch on television in a bar.

From the investment point of view, agriculture and new technologies have good potential in Russia today.

PIECES OF ADVICE
FROM **MICHAEL EAGAN**
FOR THOSE WHO WANT TO START
A BUSINESS IN MOSCOW

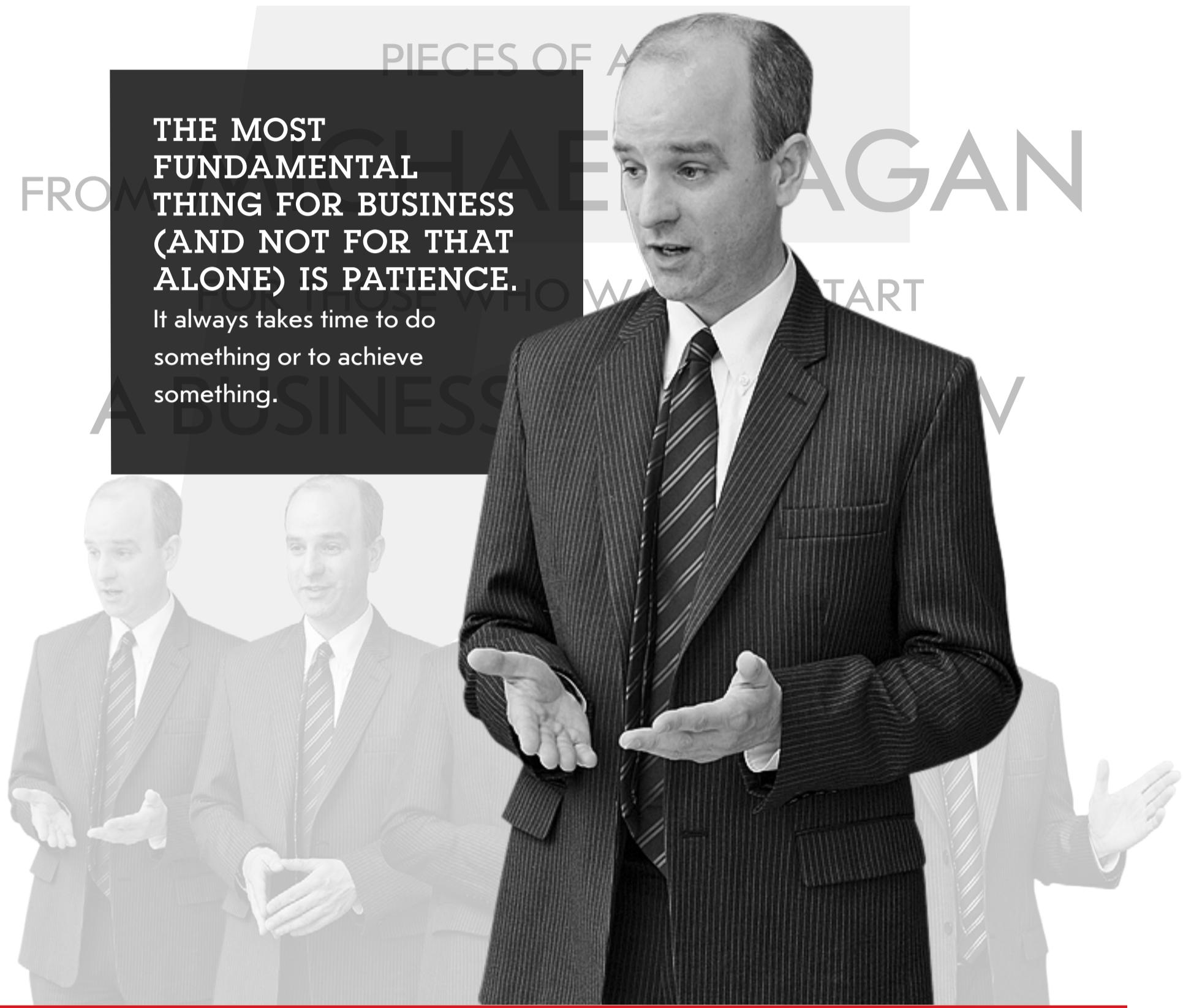


Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE
FROM MICHAEL EAGAN
FOR THOSE WHO WANT TO START
A BUSINESS

THE MOST FUNDAMENTAL THING FOR BUSINESS (AND NOT FOR THAT ALONE) IS PATIENCE.

It always takes time to do something or to achieve something.



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

**RELY
ON RELIABLE
PEOPLE.**

Surround yourself with people
devoted to your company and
with those who want to work in it.



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



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

TAKE THE RUSSIAN
WAY OF THINKING
INTO ACCOUNT.

Try to understand: that which inspires and stimulates people here is somewhat different from what you might see in countries with a more developed market.



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



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PERSONAL EXPERIENCE



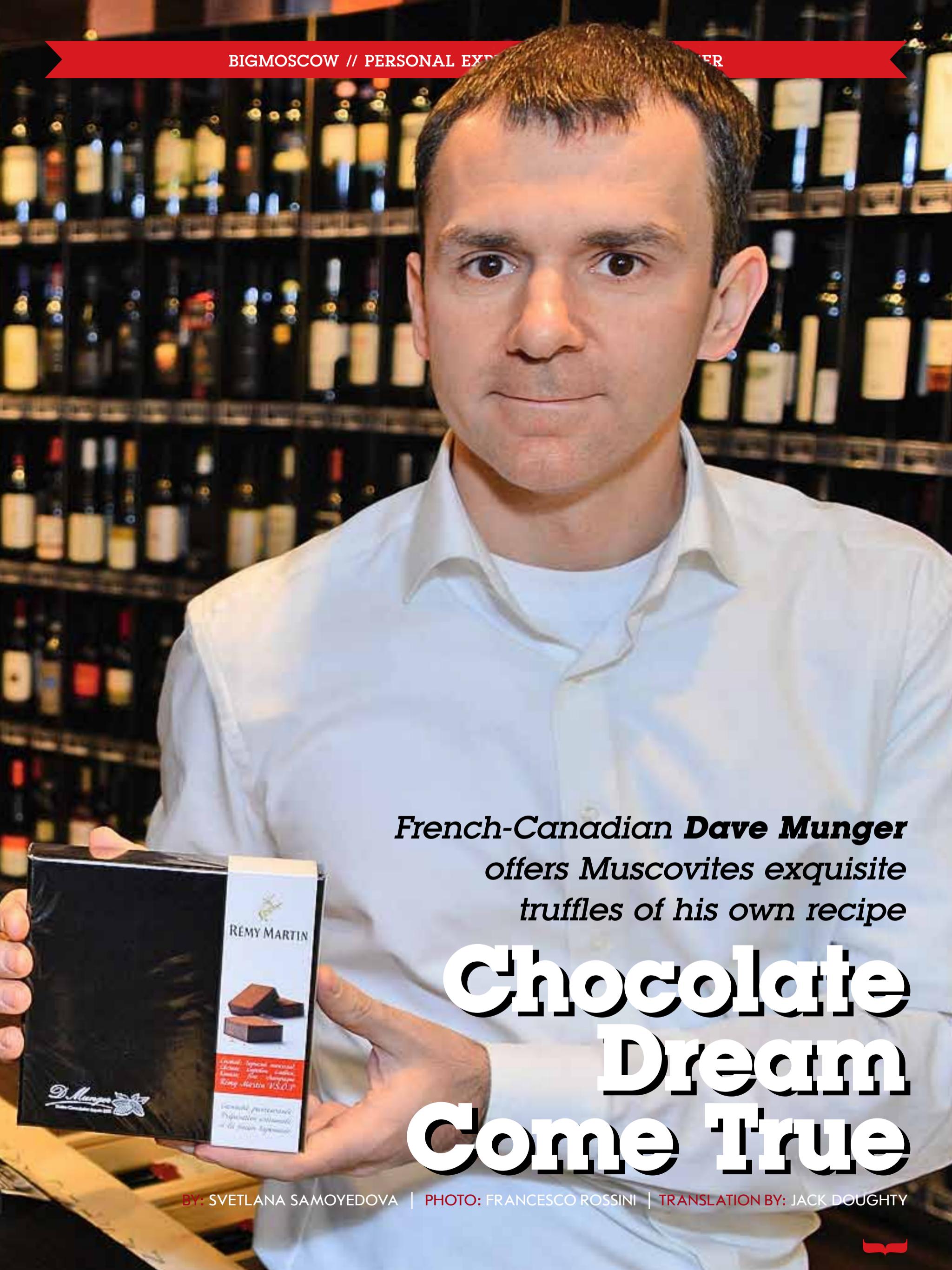
**French-Canadian
Manger
offers
Muscovites
exquisite
chocolate
and truffles**



**Italian
Rossini
decided
to create
his own
fashion house
in Moscow**



**Australian
Ballis
expands
his restaurant
business
in Russia's
capital**



*French-Canadian **Dave Munger** offers Muscovites exquisite truffles of his own recipe*

Chocolate Dream Come True

BY: SVETLANA SAMOYEDOVA | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JACK DOUGHTY

Dave is a maître-chocolatier. He works on the border of art and wizardry. He came to Russia in 1998 to study Orthodoxy and “the Russian soul”. But the country and a Russian wife inspired him to create inimitable designer desserts. His confection with a filling of dark chocolate tasting of baitscha jasmine tea won a prestigious confectionery competition in Paris. Today **Mr. Munger** tells of his life and work in Russia as the owner of the Theobroma company, which produces the freshest truffles and glazed citrus-fruit peel in dark chocolate.

– I was born in a little village in the forest in Québec Province”, says *Dave Munger*. “I graduated from university in Québec as a theologian. I came to Russia to go deeper into Byzantine patrology, but mainly to learn more about a country which I found so attractive. And this happened to be at the time of the default in September 1998, when many foreigners were leaving the country. But I had not come to earn money. I had decided to study theology simply for my own self-

enlightenment, I was getting to know myself, looking for my way forward. At university we had a Russian teacher, a geographer. He drew an analogy between Québec Province and Siberia. I realized that French-Canadians and Russians were very close in spirit.

– Did you already know Russian?

– While still in Canada, I took a course and studied on my own using the textbook “The Russian Language in 90 Days”. And in Russia I read books by Russian writers.





For production, I looked for clever,
energetic and honest people.

FOURING STAR

I acquired some dictionaries and began translating. And I learned the language in four months. I studied for a year in Lavra in Sergiyev Posad as a non-enrolled student, and then returned to Canada. There I started suggesting to Canadian companies that they could find sales markets in Russia. I got to know a lot of people and formed many contacts. And it was at a souvenir market in Moscow that I happened to meet my future wife. She was a student, aiming to become a chemical engineer.

At that moment I happened to see a magazine with an article by Andrei Korkunov, the founder of a confectionery company which is now well known. I wrote him a letter:

“Dear Andrei Nikolayevich, I have a project, I know quite a lot about chocolate, let me come and be your development assistant.” We met, and liked each other. Later he confessed: “I saw a man with burning eyes, which is very valuable.”

I started working as development manager. We produced premium

**I had not come to Russia to earn money.
I was getting to know myself.**

She was paying for her studies by selling birch-bark articles. My wife is a Muscovite, she doesn't want to live abroad. So I started to look for a permanent job here.

The acquaintances and contacts I had made earlier helped me: I proposed to the owner of a company selling bijouterie that I should open a boutique for chocolates. He liked the idea. We started out together, but then I realized that my partner had no funds to develop the business.

class sweets under the trademark “A. Korkunov”. But they proved to be madly expensive, Then Andrei suggested: “Why don't you become our chocolatier? I'm looking for a better specialist. I'll pay for your training and you'll work for me for three years.”

As a result of this, I studied under the world-famous master Jean-Dominique Gellé in the French Alps. And then, with Korkunov, I developed confectionery recipes. In 2005 we won a competition at the Salon du Chocolat in the Louvre, in



Paris. The products of 170 of the world's best confectioners were presented there, but our sweets with a filling of dark chocolate tasting of baitcha jasmine tea, developed by me, took first place. That was both an achievement for me, and the first time Russian confectioners had received such a high award.

– Why, in spite of this success and recognition, did you leave Korkunov?

– I had worked there for four years. But I left because I wanted to make chocolate truffles with fresh cream. However, it's a special product, it has to be sold quickly. Andrei Korkunov was not interested in the idea. So I applied to "Wimm-Bill-Dann".

– And Wimm-Bill-Dann took a step towards the confectionery market?

– Yes. I spent two years there on the mass production of truffles with fresh cream (they were called Morand, after Chocolats Morand in Paris, where I had studied). That was how the company showed it was entering a new, more marginal category, on the border between the dairy and confectionery markets. But the project required a great deal of milk because of the high fat content of cream, and didn't really fit the company's profile, so after two years it decided to discontinue the experiment.

Then, in 2008, I made my first attempt to open my own business. I did

Opinion



Alla Komissarova,
managing director of
OOO 'Printsessa Shoko'



It requires about 500,000 roubles to open an atelier for handcrafted production of chocolate or sweets in Moscow today (without tempering machines). For this sort of production you will need stainless steel tables, racks, shelves, a refrigerator, a freezer, a microwave and special dishes. But it would be difficult to cope with large orders without tempering equipment. Therefore, if you plan to open a chocolate atelier with several tempering machines, an oven and the necessary furniture, after leasing premises





not have enough funding, so I brought in an investor-partner. But that same year the crisis broke out, and the investor said: "Sorry, no money..."

So I had to look for work again, and I ended up in the "Konditerski Dom Vostok" (KDV – Confectionery House East), the biggest confectionery holding in Russia. And just as I had been all round Europe for Korkunov, I did the same in Russia for KDV.

– *But you never gave up the thought of your own project?*

– I continued to dream. For three years I prepared. At first I thought of

opening a business in Canada, but in the end I decided to stay in Russia. Here I know the major suppliers and they know me. I also know the trading networks well. My decision was also influenced by the fact that in Canada they are more concerned about your education. And my documents showed me as a theologian.

– *Why did you call the company "Theobroma", but the trademark "Chocolatier D. Munger"?*

– "Theobroma" is the scientific name for the cocoa tree. In translation from the Greek, it means "food of the gods". I wanted the trademark to be the same,



I studied under the world-famous master
Jean-Dominique Gellé in the French Alps.

but the name was already patented. So were 50 others I thought of. Then the patent experts and my friends advised me: "Make your own name the trademark." And that settled the question.

I had no problems with registering the enterprise. A specialist law company took care of it all.

– *Did you have to invest a lot of money?*

– All my savings for the past 12 years, but I won't tell you the exact amount.

– *How did you find premises?*

– It was difficult. But the further out from Moscow, the easier it was. In

Moscow itself, leasing is very expensive. But I have taken two comparatively cheap places in Pavlovski Posad. True, I did have to pay for refurbishment myself.

– *How many people work for you?*

– I currently employ 10 people. But I do all the marketing, design, technologies and supply work myself. I did not take on any experienced confectioners, because it is easier to teach than re-educate. For production, I looked for clever, energetic and honest people whom I could trust, who understand everything instantly, pick everything up easily and soak up knowledge as a sponge soaks up water.

Expert



**Dmitriy Mateychik ,
founder of the chocolate
atelier D. Mateychik & Co**



The handcrafted chocolate market in Russia is small in comparison with Europe and the United States. This is connected with the consumption culture. In Russia, most people are more interested in factory products. The consumption culture for handcrafted products is only now being born. In the USA I know of more than 150 handcrafting enterprises making chocolate. But in Russia, only five. There is room to grow. And demand can give rise to supply, just as supply can give rise to demand. And the more players there are in this market, the more resources will be spent on developing it. Imagine 150





It's simpler to sell products that can easily stand up to any competition.

– *What do your staff earn?*

– In Pavlovski Posad, they average about 12,000 roubles a month, and at my factory, 25-35,000.

– *Where do you get your raw materials?*

– Candied peel from Italy. I looked for other sorts in Israel, Turkey, China and South America, but I've stayed with Italy. They grow better fruit there. Cocoa beans from the best plantations in Ghana, where they are grown without pesticides or any other chemicals. Our chocolate is certified by "BIO Ecocert". We make truffles from dark chocolate and fresh cream from cows. To add aroma, we use high-quality strong drinks from the best producers or natural extracts from plants. We present the truffles Japanese-style, without a chocolate shell. This is called *nama*, which means "very fresh". The packaging is also Japanese-style: an "oxygen absorber" keeps the product fresh without preservatives.

– *Is it easy to find clients in Russia?*

– Phone calls and emails are no good here. Only one approach works: go in person, knock on the door and say: "Hello, give me two minutes to speak to the purchasing agent". And then open the box, let them try the product and tell them about it. I don't pay anyone to go into shops.

Whenever I want to convince a new client, I invite him to one of the best cafés in Moscow, where they have handmade truffles and the best candied peel in the capital. I put their products on the table with my own truffles and candied peel and ask him to try them. It's simpler to sell products that can easily stand up to any competition.

We sell glazed candied peel in various shops. We plan to provide them to several chain stores. They are fat-free, and the shop price is 150 roubles for a 110-gram box. I hope there will be a great demand for them.

We supply truffles to a number of salons. The distributor is the "La Marée" company, a leading supplier of exclusive food products. In the 25 years they've been operating, we are the first Russian company whose

In 2008, I made my first attempt to open my own business.





products they have decided to offer in their gastronomic boutiques.

– How soon will your business be in profit?

– I don't plan to go into profit before 2017. I'm still hoping to earn something from the candied peel, but not from the truffles. They are the image of the trademark. I hope that in time the trademark "Chocolatier D. Munger" will become recognized in Russia.

– Do your plans include the opening of your own boutique?

– No. No-one's succeeded in that, the rent eats it all up.

– Does your wife support you?

– She doesn't like business, She thinks it's risky. My sons are thirteen and eight. We don't have our own apartment, we're renting one. But at the same time, my wife understands that it's better to try to make your dream come true than to regret later that you never did.

– Do you have favourite places for leisure in Moscow?



it's better to try to make your dream come true
than to regret later that you never did.

– I love parks where there aren't many people, particularly the Botanical Gardens.

– *Is Moscow a safe city?*

– I was talking to a girl who works in the Canadian Embassy in Moscow. They pay her 1.8 times the normal salary, the same as in the embassies in Sudan or Afghanistan, which are the most dangerous countries in the world. But I can tell you that it's safer to walk around in Moscow late at night than in Paris, London or New York. I feel safe in Moscow. I use the metro, nothing bad has ever happened to me. But the first day I was in a hotel in New York, someone stole my laptop.

– ***What would you say to foreigners intending to come and work in Russia?***

– A lot of people come here “as foreigners” and don't realize that they won't be arrested unless they give good reason for it. But to those who have a head on their shoulders, I would like to say “Welcome!”. ■

At first I thought of opening a business in Canada, but in the end I decided to stay in Russia.



*Italian **Francesco Rossini**
dreams of creating his own
House of Fashion in Moscow*

How a Photographer Became a Fashion Designer

BY: NIKOLAI MIROSHNIK | PHOTO: VIKTOR BARZAKOV | TRANSLATION BY: JACK DOUGHTY

*I got to know the smiling **Francesco** eighteen months ago, when we met at various events. This always friendly Italian was working as a professional photographer. And when we first sat down in his apartment near the Vodny Stadion metro station, he enthusiastically showed me his work. It was obvious that this was a man carried away by his favourite occupation. But now Francesco is busy on a quite different, more profitable enterprise in Moscow. He has become accepted in the fashion business too.*

Francesco began taking photos in childhood, in the southern Italian town of Bari, where he was born. As the son of poor parents, he earned money from an early age as a commercial traveller, and as a cook in a restaurant... But then he became a photographer. You could make a living at this profession if you were a recognized master of it, or worked for a serious publication. So Francesco at first earned his bread by taking photos at weddings and anniversary parties. But artistic photography

remained, alas, mainly for his soul. Then there occurred one of those lucky events which on rare occasions change people's fate radically. A Russian choir came to a culture festival in Bari. And Francesco got to know one of the singers, an artiste of the musical theatre. As a result, he is now in his sixth year of living in Moscow. And they have a three-year-old daughter.

The Italian, being very sociable and open to new acquaintances,

As the son of poor parents, he earned money from an early age...

BIGMOSCOW // PERSONAL EXPERIENCE // FRANCESCO ROSSINI



*Watch the video
of the interview
with Francesco Rossini*



did not lose his way in the Russian capital, but managed to enter the rather narrow circle of professional wedding photographers.

But he had another great dream. I remember that the first time I met him “at home”, I was rather surprised by his appearance: wearing a well-ironed shirt with long sleeves and cufflinks, and fashionable smart trousers. Then I found out that this was a custom elevated into a principle. “Wherever I go, whoever I’m working with, always in a suit with collar and tie”.

In this respect, Francesco is not only concerned about himself. Fashion is his second passion. He makes his own clothes. Even if he buys ready-made suits, he alters them to his own taste. And in fact, he designs clothes too. At first this was “just for himself”. But he always dreamed of one day creating his own collection of clothes and displaying them to the public. I must admit that though I really liked this enthusiastic and charming man, I always took his plans with a pinch of salt. Fashion

designers, well-known and less well known, are two a penny in Moscow. And it’s hard, to put it mildly, for someone from outside, without substantial financial backing, to break through into this world.

... And now we’re sitting together and chatting again. But this time it’s Francesco posing for the photographer and giving me an interview. And we are talking in his own wedding dress salon on Nizhegorodskaya Street.

– Has a lucky chance changed your fate again?

– Not at all, smiles Francesco. The fact that I have become a fashion designer is the realization of a long held dream. Although here too I was unexpectedly helped by several completely chance meetings. And there were the objective circumstances too: the economic crisis, the falls in the Russian rouble rate...

– Which meant?

The biggest investment was in marketing and advertising.





**Wherever I go,
whoever I'm working with,
always in a suit with collar and tie.**

– That life became more expensive. There were fewer weddings. And the work I was getting was dwindling rapidly.

– But people aren't getting married less often...

– Of course not. But weddings on a grand scale, with a professional photographer, are taking place less frequently. And I have a family to keep...

Anyway, I happened to call in at a small tailoring shop not far from home, taking in a pair of trousers for repair. There were two tailors working there, quite elderly Armenian women. I looked at their work and

suggested we cooperate. I had already thought about and sketched my first collection – a line of men's business waistcoats.

– Waistcoats?

– That's right. Or vests, as Americans call them. After all, it isn't very convenient to work at a desk all day in a jacket. And in summer it's too hot as well. On the other hand, with nothing over your shirt, it doesn't always fit the company's image. And the waistcoat is a successful compromise.

The tailors agreed to try. But they made a mess of the first ten

Opinion



***Olga Bykova,
clothes designer and
co-owner of the wedding
dress factory and wedding
salon "Amore MiO"***



The wedding market in Russia has also been affected by the crisis. Newly-weds are economizing. The times when you only had to open a salon and wait for clients are gone. Now you have to adapt to the new conditions. Not everyone succeeds in that. And these harder operating conditions are what distinguishes the Russian wedding market from the Western one today. As for prospects, I personally think they are very good. Competition and natural selection are changing our approaches to work for the better, The weak players are being weeded out.





**The fact that I have become a fashion designer
is the realization of a long held dream.**

waistcoats, they didn't make them the way I wanted. On the other hand, the eleventh one turned out pretty well!

And my thoughts were already racing ahead. Why not do something for women too? And here I again, quite by chance, met a Moscow girl... No, quite by chance, really! In the metro. She was wearing a beautiful elegant jacket, obviously not from a shop. I expressed my delight. It turned out she was a designer herself. It was she who invited me to the next CPM (*Author's note: Collection Première Moscow, the biggest fashion exhibition in Eastern Europe*). And then she helped me develop and make a collection for women. We worked together for almost eight months.

– On whose money?

– I made the waistcoats myself, from my savings. But the women's collection of wedding and evening dresses was made to order. It wasn't easy to find customers. It's one thing to create a collection, but quite another to present it to potential clients so that they want to have it.

But it was even harder to obtain suitable fabrics...

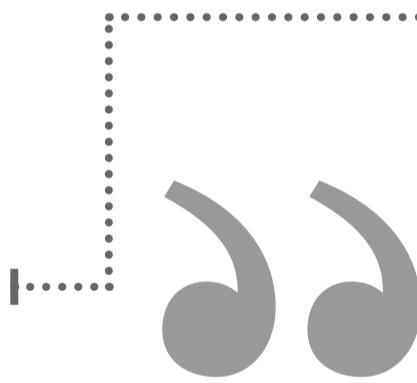
– So where did you find them ?

– All the fabrics are Italian. Some of them, and ready-made wedding dresses on offer in this salon, I bought from a firm which was winding up its affairs in Moscow. The other fabrics I selected personally in Italy. In

Expert



Revaz Dzamnashvili,
a leading analyst
at the "Olimp"
marketing studies
centre



There are at least 500 wedding dress salons in Moscow, Considering that there are about 100,000 weddings a year, they should average sales of 200 dresses a year (16-17 a month). And the existing salons should be enough to satisfy the demand. However, allowing for additional clients from the regions, and depending on the season (the summer months are the peak), the existing salons cannot always cope. Furthermore, services here are often offered by normal clothing





the course of business, friends from among my fellow countrymen living here introduced me to the owners of a showroom in Stary Arbat, who allowed me to exhibit finished examples of waistcoats and dresses there.

– Francesco, how do you come to have a business card showing you as managing director of the Moscow company Sartoria Reale (Royal Atelier)?

– Sartoria Reale is a firm for making and selling men's made-to-measure clothing, founded by a certain Neapolitan. They are made to order in Italy. I was appointed

managing director quite recently, My main responsibility there is for made-to-measure men's clothing and footwear. Naturally they expect me to come up with new ideas for designs and fabrics. Sartoria Reale also helped me to acquire the wedding dresses I mentioned. They agreed with me: men are all very well, but why not dress women too?

– And how do you find time to work in two places?

– My partners have managers for the day-to-day work with clients. But in my wedding salon in Moscow, I have been working alone so far.

– Do you work all day here?

– Clients come by appointment. Mostly they are working and are only free in the evenings. They can come in as late as nine in the evening. So I get home towards midnight, sometimes later. I hardly see my family...

– How do they relate to that at home?

– Well, I do all this not just for myself, but for the family, so that my wife and daughter can live better and more easily. So that they will have a future. Of course, by that time my

– Did it take a lot of money to set up your salon?

– In this case, not much. Less than 300,000 roubles, as we were partly using a collection that was already available. The biggest investment was in marketing and advertising. It all goes through the internet, through our website. And of course through meetings in person with potential customers and clients. Another thing: last November we took part in the “Mrs. Russia-2015” competition, in which the showing of 15 of our wedding dresses was arranged. That

The main thing is to be very patient. Sometimes people come in three or four times to try on the same thing.

daughter may have plans of her own. If she likes what I'm doing now, she will carry on with it. And if not, she'll build her own life independently.

– Has photography faded into the background now?

– No! I am continuing with it as far as I can. I probably couldn't live without photography. It helps me keep my inner balance. I confess, I took photos for a wedding last Saturday.

is, we demonstrated to the public at large what we actually had to offer.

– Were there any bureaucratic difficulties?

– No. The wedding salon became a new subsidiary of the existing firm Sartoria Reale. Its field of activity simply expanded.

– How did you end up on Nizhegorodskaya Street?

– I got tired of using someone else's showroom on the Arbat. All the time you had to ask permission for literally everything, come to agreement on when I could bring clients in. Sometimes I simply lost clients because I couldn't receive them at a convenient time.

In the end, with the help of an Italian friend who was renting premises here, this is where I settled. Here I have my own salon, a showroom and a small sewing workshop. Altogether, 150 square metres. The rent is not too much of a burden, it's about 1,000 roubles per square metre a month.

– There are quite a lot of wedding salons in Moscow today. Does the competition bother you?

– The competition is considerable. And here you have to stand out primarily by knowing how to serve – how you present the goods, how you sell them and how you work with your clients.

– Is it difficult to work with Moscow clients?

– In our business, the thing you have to do above all else is find out what exactly the client wants. Sometimes she doesn't know herself. And you have to guide her, advise her, make suggestions. You can't just say it's a beautiful dress. You have to see

how it looks on the woman herself, if it suits her.

In this, the main thing is to be very patient. Sometimes people come in three or four times to try on the same thing. But we work with them patiently each time, and help them make the right choice.

– How much does it cost to order a wedding dress from you?

– That depends on the model. From one to five or six thousand euros. But you can also hire a ready-made dress from us. That will cost 20- 25,000 roubles a day.

– How long does the client have to wait for the order to be ready?

– A wedding dress or evening dress is not a classic business costume. It involves much more work. Two to two and a half months at least.

– Do Italian wedding dresses differ much from Russian ones?

– Only in that they are Italian. And made by Italians.

– Which fabrics are most in demand in Moscow today?

– Chiffon, silk, satin, of course...

– Wedding dresses will do well, of course. But are evening dresses selling in Moscow?



I still have another great plan: to set up
a House of Italian Fashion in Moscow.

The rent is not too much of a burden to me for these difficult times.

– Yes! Russian women really love evening dresses. And in any weather too, from minus 25 in winter to the summer heat. In that sense, you don't have seasons here. And Moscow women's love for what is called Italian fashion, Italian good taste, is well known.

– You are successfully bringing your long-held dream to life. But knowing how irrepressible you are, it's not going to end there.

– I still have another great plan: I dream of setting up a House of Italian Fashion in Moscow. A place where young Italian fashion designers –

talented, but lacking funds – would have the opportunity of bringing their ideas into being free of charge and showing them on the podium. I want to open for them the door which was once, alas, closed for me. I won't say just where this House of Italian Fashion will be, so as not to put a jinx on it. But I've already got my eye on splendid premises of about 700 square metres!

– But a project like that will require serious money, surely?

– I already have a few ideas of how to get it... ■

Australian **Glen Ballis**
has won over Muscovites
with his truffles
and parmesan

Culinary Success on a Grand Scale

BY: SVETLANA SAMOYEDOVA | PHOTO: EVGENI DUDIN | TRANSLATION BY: JACK DOUGHTY

"For the sake of something like this, it's worth putting on a few kilos", say those who appreciate the dishes of this restaurant. Which is understandable. After all, before taking charge of the kitchen of the fashionable Moscow "Nedalni Vostok" (The Not-Far East) restaurant, he had worked for 17 years as a chef in Australia, Thailand, China, Malaysia, Guadeloupe and Great Britain. Glen is now the co-owner and brand chef of the Glenull restaurant, which is well known in the Russian capital. Today he tells what he served to Vladimir Putin and how he won his share of the Moscow restaurant market.

– How did you happen to come to Russia?

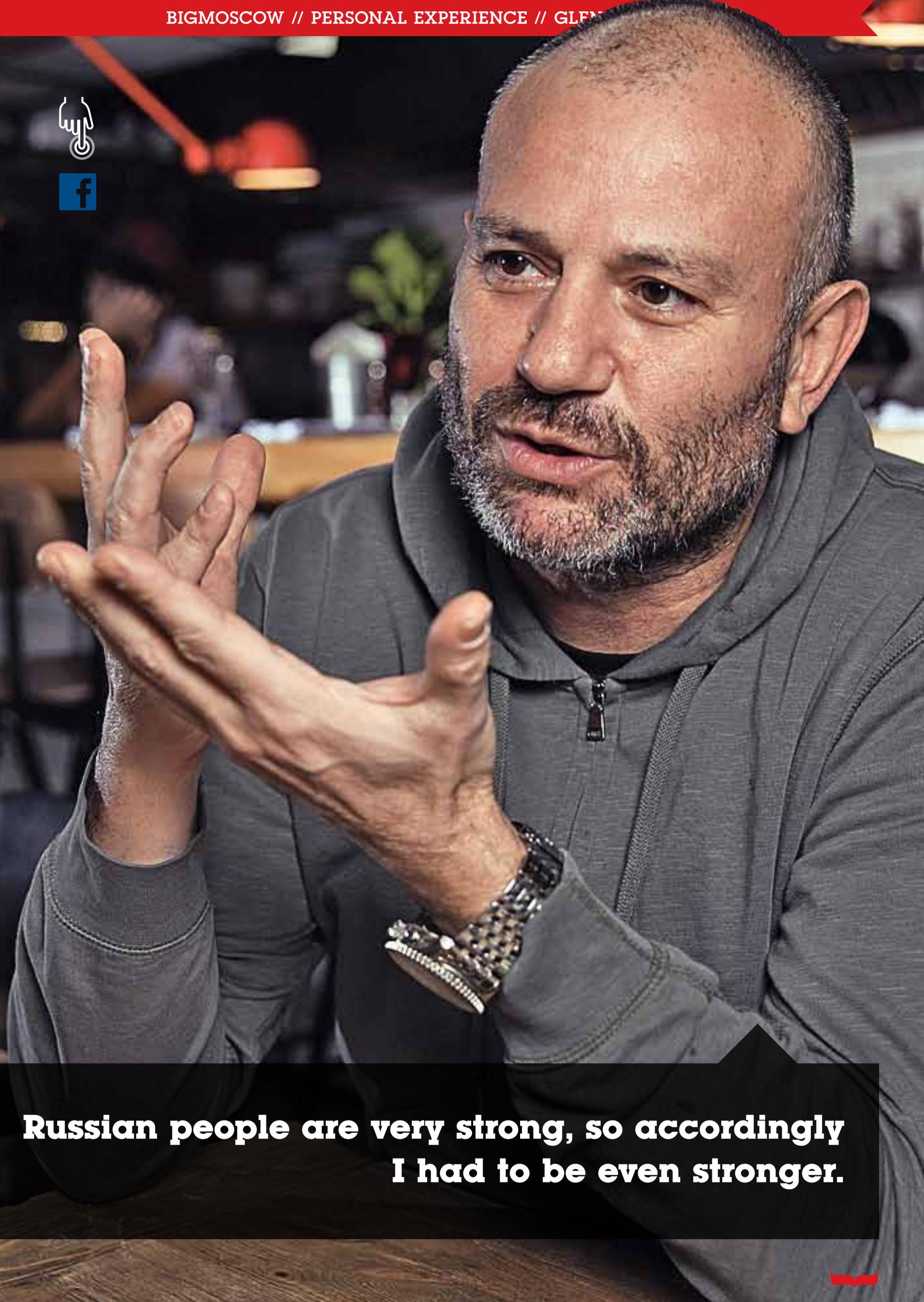
– In 2006 I was working in London. A friend rang me and invited me on behalf of the Russian restaurateur Arkady Novikov to work for him in Moscow. The newly-opened "Nedalni Vostok" restaurant needed an experienced consultant.

– What were your first impressions of Russia?

– I was expecting it to be cold, but I didn't think there could be such frosts in mid-autumn. But the warm-heartedness of Russians compensated for the cold weather. I liked Moscow at once. A spirit of freedom and enterprise reigns here. And I was amazed at how much Russians spent in

**I liked Moscow at once.
A spirit of freedom
and enterprise reigns here.**





**Russian people are very strong, so accordingly
I had to be even stronger.**

local restaurants. Nowhere else in the world do they fork out such impressive amounts for dinner or lunch.

– *Did any problems occur in opening the Nedalni Vostok?*

– Everything is always difficult at first. It was an ambitious idea. The Nedalni Vostok was to embody all that was most fashionable and popular, meaning in the most famous restaurants of Europe, America, Asia and Australia. I was only contracted to work for three months, but this was extended and I became head chef. There were quite a lot of difficulties. Firstly, there was an insufficient quantity of high-quality produce, and that which was of excellent quality was wildly expensive. Secondly, there were not enough specialists. All the cooks were quite elderly, but I was looking for young people, thinking of the future. No-one in the kitchen had much experience, not more than a year or two. And no-one spoke English, and I didn't know Russian.

Russian people are very strong, so accordingly I had to be even stronger.

I must have some talent for teaching, many of those with whom I started have become head chefs.

– *They say chefs take a lot of food from the kitchen in bags. Did you come across this?*

– No. We had strict security measures in the restaurant, checking both on the expensive crockery and on the chefs.

– *Where did you go for your produce?*

– We bought all over the world. For example, tuna was brought from China, Japan and America. I selected the very best fish. The produce was really fresh, aircraft flew it in to us every day.

– *Who were your customers?*

– The Nedalni Vostok was considered the No. 1 restaurant, only very wealthy people came there. The prices were over the top. But if you are offered an exclusive dish, it means it's going to cost you. The idea was

**Vladimir Putin told me:
“Russia has a great future.
Wait, don’t leave yet, you’ll come to like it.”**



A portrait of Glen Ballis, a middle-aged man with a beard and mustache, wearing a grey zip-up hoodie. He is standing in front of a dark background featuring a large owl graphic and the words "APPOROft" and "350".

**There were two possibilities: to leave Russia,
or to fulfil my dream of opening
my own restaurant**

that the rich like to be surrounded by people as wealthy as they are. I suggested offering inexpensive but tasty dishes, such as chicken cooked in the Asian or French style. A real treat! But they objected: “We didn’t come to the Nedalni Vostok to eat chicken! We want to try exotic dishes!”

On occasion, we would serve a whole tuna, weighing around 200 kilograms. It took two waiters a lot of effort to wheel it in. And all so that our exalted customers could cut off the tastiest bits near the head, where the meat is full of

lower than the floor in the main hall. And the cooks deal with the grill, the oven, the tandoor and the tefan in front of everybody. On that occasion, the exalted guests liked the barramundi and wanted to speak to the head chef. Arkady Novikov introduced me to the President. Vladimir Putin asked: “Do you like it here in Russia?” I said that it wasn’t easy for someone like me to live and work here, because I’m not very wealthy and I find everything hard. To which the President replied: “Russia has a great future. Wait, don’t

Russia is getting closer and closer to world standards. And business here is getting easier and easier to understand.

fat. People didn’t think about the cost when enjoying such delicacies.

The first 12 months of my time in Russia were very stressful. I was not happy with the work and was ready to leave any day. But then President Vladimir Putin and his wife visited our restaurant. We served them a whopping great barramundi, which is considered a symbol of Australia (it’s also known as “barra”, or Asian seabass). The open kitchen is a step

leave yet, you’ll come to like it”. This was not the first time I had met Putin. I had seen him previously in Shanghai at the summit of the SCO (Shanghai Cooperation Organization), which includes Kazakhstan, China, Russia, Tajikistan and Uzbekistan. At dinner there, Vladimir Putin was asked to sing. So I said: “I remember you from Shanghai, you sang a Russian song there”. He had already made a great impression on me. It was a great honour to talk with such a man.





**As for my present partner,
Sasha Oganezov,
I trust him as I trust myself.**

– So you followed Vladimir Vladimirovich's advice? But you left the Nedalni Vostok?

– I'd been there seven years, I was worn out. I'd run out of ideas. And I was fed up with glamour and arrogant dignitaries. I wanted to develop my own style, to put the stress on simple and pure tasty food. Of course it was hard for me to part from Arkady Novikov. He taught me how to do business in Russia. Together we had opened the Roni restaurant, the Lucky Noodles ramen restaurant and the Mendeleyev bar. There were two possibilities: to leave Russia, or to fulfil my dream of opening my own restaurant, a place with an Australian

atmosphere, open and unpretentious, where food for every day would be on offer. While I was standing at the crossroads, I got to know restaurateurs Sasha Organezov and William Lambert, and they became my partners in the Glenuill, Zupperia and Honest restaurants. And we started working together. That was in 2013.

– In the name Glenuill, you combined the names Glen and William. How much had to be invested in the project?

– Together, we invested 18 million roubles. And that was quite a modest sum. We did almost all the design ourselves. We didn't import anything.

Opinion



Nina Makogon,
founder of
the employment agency
RABOTARESTORAN.RU



Moscow's restaurant market is experiencing a turning point, when it is necessary to surprise and attract guests with something unusual, taking into account the prime cost of the dish, so that it is profitable for the business and tasty for the guests.

The demand for staff in the restaurant business is currently greater than the supply. This particularly applies to qualified head chefs with an understanding of contemporary gastronomic trends and a willingness to give 100% to the work. At the same time, the demand for





A black and white photograph of a man with a beard and short hair, wearing a dark zip-up hoodie. He is holding a large eggplant in his left hand and gesturing with his right hand. The background is dark and textured.

**My partner and I intend to open
two new restaurants and a bakery.**

We acquired all the materials locally. The gimmick at the Glenull is that hardly a single object there is new. Ninety per cent of the things in the interior and almost all the crockery are vintage. You can be served a dish on a Soviet plate, or in a country clay pot. And right now we are drinking tea from Soviet enamel mugs! (*Laughs*)

The Glenull doesn't differ in any way from a typical Australian seaside restaurant. The only difference is that we don't have the beach and ocean outside, but the Moscow Garden Ring. Three things are important for a restaurant like this: the food, the atmosphere and the staff.

And we have excellent staff. Thirty people work here. There's no security. I know all these people very well.

– *What do your staff earn?*

– From 25,000 to 150,000 roubles. The biggest salary goes to the head chef.

– *How would you describe your cuisine??*

– A mix! And a quite eclectic one. After all, Australia is a multinational country, so its cuisine is mixed, with Greek, Italian, Middle Eastern and Asian roots. Each dish is more or less recognizable, but with a completely

Expert

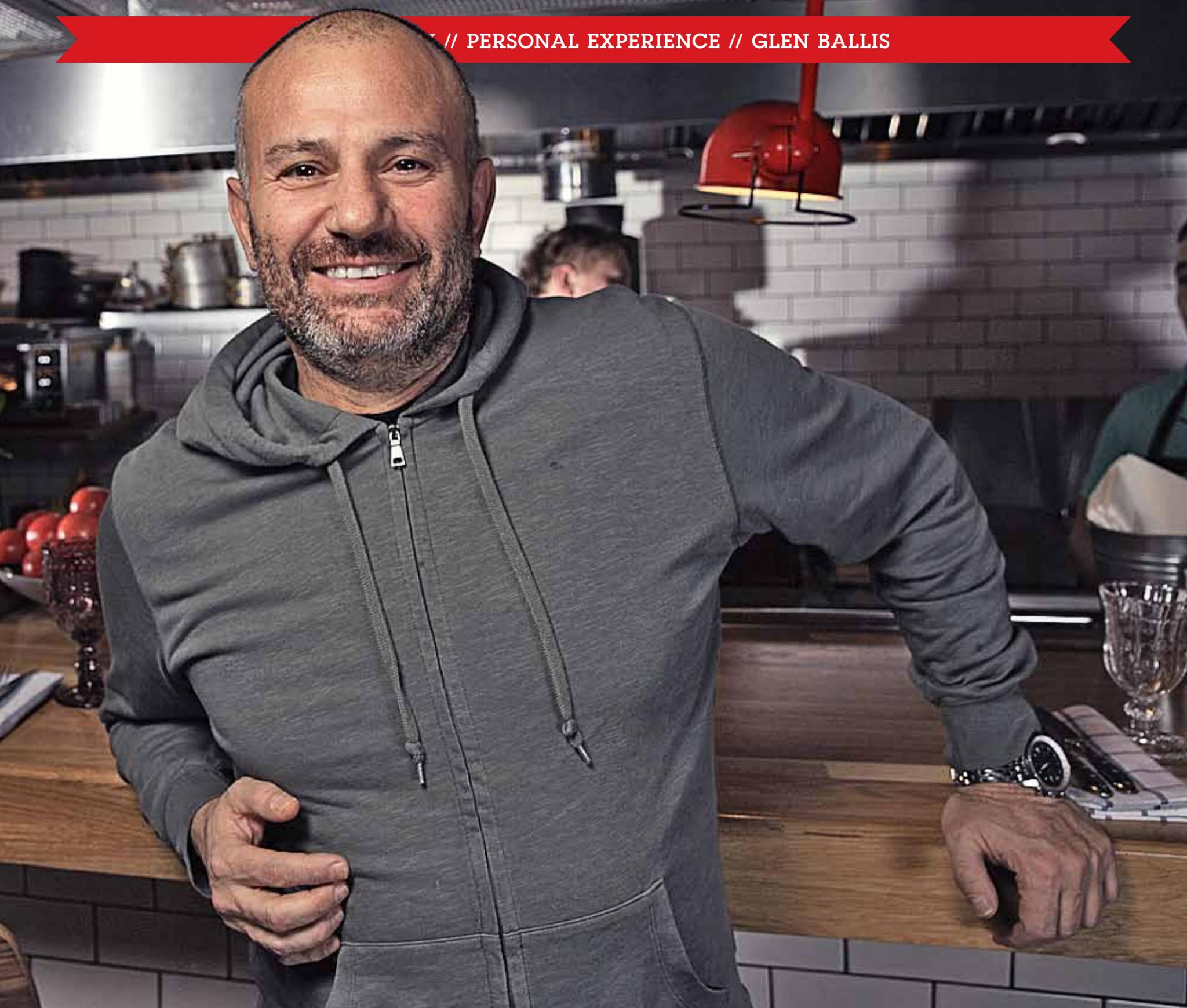


Sergei Yeroshenko,
owner of
the “*Chestnaya kukhnya*”
restaurant, a *café*
and the delicatessen
“*Fedya, dich!*”



Moscow's restaurant market is experiencing a period of growth. If you recall the restaurant industry of only a few years ago, there were projects galore for whatever you like, but not "for eating". Now, new interesting concepts are appearing regularly. Small cosy little restaurants with simple and understandable "everyday food" are in fashion. Many establishments base their menus on local raw materials. The chefs seek out products which were little-known or unpopular. They all want to surprise the guest. If you compare the Russian restaurant market with the Western





new twist to it. We take the usual ingredients as a basis but we put unusual combinations together. For example, pears grilled in bacon, salad with dates and feta, or French fries with truffle and parmesan. And our prices are quite democratic, the average bill is 1500 roubles.

– How much rent do you pay? This is said to be a big problem in Moscow.

– For a floor space of 85 square metres, we pay 500,000 roubles a month. We have 45 covers. There used to be restaurants that could seat 150 or 200 guests. Now there are mainly small ones with a rent of 400,000 to 420,000 roubles a month.

The public we get in the Glenull is varied. By day, it's middle and working class people. And in the evening it's managers, and designers, and artists, and musicians, and students. We have

queues in the summer. And so that people can wait in comfort, we have set up table-tennis tables where they can play ping-pong.

– *Was it difficult to find suppliers of produce?*

– We don't have any direct contacts with farmers. I or the head chef goes to the market to select vegetables. We buy meat in the market or in the agro-industrial holding Miratorg. When I started in Moscow, not a single chef would make anything from local meat. But now it's a whole lot better. We used to bring in cheeses from overseas too, but now they come from the Caucasus, where an Italian cheesemonger produces them using unique technologies. He spent four months touring Kabardino-Balkaria, Adygey and Dagestan to find the best milk. And he found a place with a good climate, mountain pastures and really pure water.

I think sanctions have done Russia a lot of good, they have stimulated the production of your own replacements.

– *And have the counter-sanctions introduced by Russia affected your business?*

– Three factors are important to us. The first is stability. For example, when you came into a restaurant yesterday, there was a carrot dish on the menu. This dish should still be there today,

and tomorrow – as long as there is a demand for it. The second factor is quality. And the third is variety of dishes. Of course, now is not the best of times for business. But we have adapted. And we still have the same dishes, the same quality and the same variety.

– *How long did it take for your restaurant to start showing a profit?*

– It only took two years for our restaurant to get into the black.

– *Do you advertise?*

– We only talk about our restaurant on the social media, on Instagram.

– *And what do you say about the competition?*

– Any restaurant is our competitor. And there are a lot of them. But I devote so much energy to offering people high-quality fresh food, and making sure all the staff get paid on time, that I simply can't spare the effort and time to keep an eye on the competitors.

– *Are Russian partners reliable?*

– I have never once been in the situation of someone stealing money from me or swindling me. But I am always on my guard. And I have not had any problems. If I don't feel comfortable with something, I simply walk away,



Three things are important for a restaurant like this: the food, the atmosphere and the staff.

and that's it. As for my present partner, Sasha Oganezov, I trust him as I trust myself. We have the same tastes. We like the same style, both in interior design and in food. So it's easy for us to be creative together.

– *Has Russia changed over the years you've been living here?*

– Eight years ago, it was a completely different country. It was hard for young people to make their way. But now I see a tremendous number of young people with excellent education, with knowledge of languages. And that instils optimism.

– *Have you tried to learn Russian?*

– Yes. And I had a teacher. But lessons take time. I often come to the restaurant at ten in the morning and leave at ten in the evening. I have one day off a week, and I want to spend it with my family. Business brings in money, but that (– *he points to a photo of his wife and daughter*–) is the main thing!

– *What's in your future plans?*

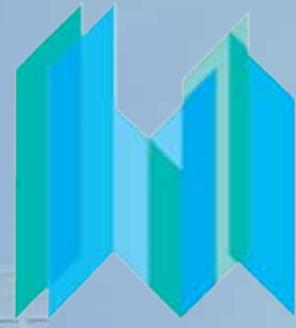
– My partner and I intend to open two new restaurants and a bakery. In Moscow City, a restaurant in the Japanese style; and on the Patriarch Lakes, a bakery and a restaurant which will be in the same style as the Glenwill.

– *So you're staying in Moscow?*

– I'm 50 years old, and I need a place where I'll be happy. I've found that place and I don't want to change anything.

– *What advice would you give to foreigners thinking of opening a business in Russia?*

– You need to come here, meet people and realize what a unique country this is. Not everything is easy here. But Russia is getting closer and closer to world standards. And business here is getting easier and easier to understand. ■



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The Russpats' Time has Come

*German **Michael Germershausen**
is sure that foreigners will always
find profitable business in Russia*

Michael Germershausen is the managing director of the recruitment company Antal Russia, and is an acknowledged expert in the field of selecting high- and middle-level managers for leading world companies. Under his management, Antal Russia has become one of the leading recruitment companies in the CIS. And probably no-one knows better than he does whether it is worthwhile for foreigners to come to live and work in Moscow today.



After the fall of the Berlin Wall, Anthony Goodwin, owner of the recruitment company Antal, decided to extend actively eastwards. He opened his company's first office in Eastern Europe in Bucharest (the capital of Romania). And then, in 1994, there followed the Moscow office, which began working in a very humble apartment containing a bunk bed, with documents about clients on the lower bed and documents about candidates for vacancies on the upper one.

“Antal Russia rapidly rose to a leading position in the field of selecting personnel at the middle and upper management levels in Russia and the other CIS countries”, says *Michael Germershausen*. “There are no precise statistics, but in 20 years, more than 10,000 people have found employment with the help of our company. And over the past 12 years, I myself have taken part in the job-finding process for not less than 400 managers.”

Mr. Goodwin’s business strategy proved very successful. And in 2008, he sold Antal’s Moscow office at a good profit. Several companies with a world reputation competed to acquire it. Today, Antal Russia is owned by the major investment foundation Bregal

Capital, which has never once regretted its acquisition, though it cost several tens of millions of euros.

Helping people in Russia find suitable work, and companies to select good specialists, is a highly profitable business. Therefore, Antal has long

since moved from its humble apartment to a respectable office in the centre of Moscow. And the number of the company’s staff has already risen beyond a hundred. They

are spread out over two floors.

Why did this project prove successful?

Firstly, Antal Russia was one of the first international companies to come onto Russia’s personnel market.

Secondly, it hung on when the default hit Russia in 1998, and many of its competitors left. It was easier for the company to get through the next crisis in 2008. Furthermore, it opened offices in Ukraine and Kazakhstan. An Antal Russia office also appeared recently in Kazan (capital of the Republic of Tatarstan within the Russian Federation), and the company’s plans include opening in other Russian regions too.

ABOUT MICHAEL GERMERSHAUSEN





A man with short brown hair, wearing a light-colored striped button-down shirt and a red tie with white polka dots, is smiling and giving a thumbs-up gesture with both hands. He is standing in front of a wall with a large screen displaying a cityscape and several orange line graphs. To his right, there is a blue sign with a white icon of two people. The overall theme suggests a professional or corporate environment.

**Helping people find work, and companies
select personnel is a profitable business.**

Antal Russia cooperates with partners throughout the world. And Michael considers that its work in Moscow can be compared to that of the Beijing Antal office. They opened at practically the same time, they have about the same number of staff, and the scale of their work is comparable. In one year, the Moscow and Beijing offices find work for about 800 managers. Furthermore, the mindset of the Russian and Chinese job-seekers is somewhat similar, in Michael Germershausen's opinion. But this differs considerably from that of Europeans, who are more cautious in selecting a new position.

The universal development of the internet has made recruitment fast and convenient. There are dozens of different ways of selecting candidates for vacant posts. Yet at one time, Antal Russia did it all exclusively by fax and phone: it received the candidate's CV, sent it to the client, and conducted



endless negotiations by telephone...

Not only the work style has changed for Antal Russia staff. The very psychology of doing business in Russia has changed. Michael remembers the story of one female candidate from abroad, for whom, at the beginning of the 2000s, he found a position as Director of Personnel in a large joint enterprise. Towards Christmas that year, the Russian director in the role of Grandfather Frost (the Russian equivalent of Santa Claus), brought a sack of presents into the office in the form of bonuses, and gave her the job of handing out the sealed envelopes. She found it shocking that it was all so far from transparent. And when all the envelopes had been distributed, \$10,000 remained in the sack, and no-one knew who they were for! It was no less of a shock for her when one member of staff asked her to pay

The very psychology of doing business in Russia has changed today.



The major world brands will never leave such an attractive market as Russia.



him his salary not officially, but “in an envelope”. It turned out that he did not want to pay alimony.

Today, most large companies in Russia work transparently, pay their taxes and do not go in for underhand schemes, in Michael Germershausen’s judgment. Envelopes are of course still used here and there, but more in small and medium businesses. Most of Antal Russia’s clients are solid international companies, which have come to Russia

to work completely transparently. Contrary to the common opinion in the West, this process may have been slowed down, but it has not been stopped. Michael Germershausen is confident that the major world brands will never leave such an attractive market as Russia and the surrounding post-Soviet countries.

So when the latest crisis arrived, Antal Russia did not even have to reduce staff numbers, because there



continued to be sufficient orders. Specialists in the widest variety of categories are required, from managing director to office manager. And almost 100% of them are Russians.

“You have a good choice here now”, says Michael. “According to our statistics, today almost one Russian in five is in search of more prestigious and better paid work.”

Bur Herr Germershausen does not hide the fact that it was difficult for

him at first. Masses of specialists had to be attracted from other countries, because of the deficit in certain professions. Therefore in the 1990s, a large number of foreigners were working in international companies, But then came the time of localization of personnel selection, when existing vacancies were filled mainly by Russians.

Michael thinks this is natural. The quality of specialist education in Russian colleges and universities improved. Those starting as managers



Most large companies in Russia work transparently, pay their taxes and do not go in for underhand schemes.

learned on the job, gained experience, and are now capable of working no worse than their Western colleagues. A local manager is often more effective than an incomer. After all, he is better informed on many of the finer points.

A not unimportant factor is salary expectation. Michael says that up to 2008-2009, there were not enough capable managers with knowledge of a foreign language and experience of working among Russian job-seekers. So they could dictate the salary level. And the salary level for top and middle ranking managers was rising by 7-15% per annum. The crisis broke this trend. The number of applicants for each vacancy increased, and the employers became the ones who dictated the terms. Michael quotes the latest data from research carried out by Antal Russia: according to the results for 2015, the rouble salaries of top and middle-rank managers in Russia grew by 6.5-7%. This is below the level of inflation.

Not to mention the considerable devaluation of the rouble. An Antal Russia survey of the managers of 200 Russian and international companies working in the RF showed that in 2016, their salary increase in roubles will be roughly the same. This has already been written into their budgets.

Due to the collapse in the rouble exchange rate, the turnovers of the majority of international companies represented in Russia fell in 2015. And few new jobs were

created last year. All this led to a drain of Western managers with salaries in roubles from Russia: they were finding themselves 50% worse off than in their homelands.

Last year Antal Russia found employment for about 700 people, and there were not more than 10 foreigners among them. So the era



Foreign specialists are attracted to Russia by the 13% income tax.

BIGMOSCOW // GOING TO WORK IN MOSCOW // MICHAEL GERMERSHAUSEN



*About Antal
Russia*



of the expats (foreign employees) in Russia came to an end.

But Michael would like to believe that it has not gone for ever. It is worth noting that those foreign specialists who even last year, a crisis year, came to work in Russia continue to be liable to 13% income tax. In their homeland, Germany, according to Michael, they would be left with only a little over 50% of their salary, as against 87% in Russia.

And that is not the only attractive factor. The main thing is the huge window of opportunity which opens up in Russia, there is room to develop for everyone who wants to, even starting from scratch. Not for nothing do foreigners take such an active interest today in the theme of Russian import replacement, particularly in agriculture; Antal Russia's portfolio of orders includes more and more specialists in this field. So the company does not intend to wind up its business in Russia. Antal Russia's workforce even grew by 10% in 2015. The company hopes to enter the state sector too. For example, recruitment companies in Australia get more than half their turnover from finding efficient managers for state organizations, The selection of officials

with the aid of recruitment companies is banned in Russia, but Michael thinks that sooner or later the situation will change. And the rouble will rise, following the growth of oil prices. Then the time of the expats will return.

Michael calls himself a "Russpat".

Russpats, according to him, are foreigners who have put down roots in Russia. Who have married here and had children. And who, like many Muscovites, go away to a dacha on days off. Michael's dacha is 50 kilometres from the city. He grows vegetables, fruit and berries there. And in winter he goes skiing. He opened this season on Elbruz, by the way. On Fridays, the managing director plays hockey with his colleagues on the Patriarch Lakes.

Michael thinks Moscow is quite an aggressive city. He would prefer to live here but work in quieter and more intellectual St. Petersburg, where he spent his student youth. But he knows it's not going to happen. So he tries to find small comforts in the busy day and night life of the Russian capital. And he says that Moscow has been changing recently. For example, he goes by bicycle rather than by car to meet some clients. He says it is very convenient. ■





The Russian Market Offers Very Good Prospects

*Moroccans **Hassan Debbagh** and **Rachid El Aarabi** are expanding their business in the RF capital despite sanctions and the crisis*

The Moroccan **Hassan Debbarrh** is the President and Managing Director of Cartier Saada, in which he is also a shareholder. His company's products are well known in Moscow. He is helped in successfully trading in preserved olives and apricots in Russia by his "right-hand man", fellow-countryman and partner **Rachid El Aarabi**, owner of the import company Art-Logistic Trading, who has lived permanently in Moscow since 1994 and cooperating with Cartier Saada since 2013. Today Hassan and Rachid tell a BIGMOSCOW observer about their business in Moscow.



You feel safer in Moscow than in other cities around the world.

– How old is your business?

Hassan Debarrh:

– In 1947 two Frenchmen, Chales and Adrien Cartier, founded their enterprise in Marrakesh, which in my view is the most beautiful city in Morocco. That was when the first fruit jam packing workshops appeared. And since 1948, Cartier Saada has been specializing in preserved fruit and vegetables (olives, apricots etc.) That was also the year our company was born. Now we produce over 10,000 tons of olives and apricots a year.

– Could you describe how you collect and process olives and fruit?

– We pick our apricots at the beginning of June and send them to our factories.

To preserve their freshness and organoleptic properties, they are processed on the same day. They are washed and cut by hand before being laid in jars

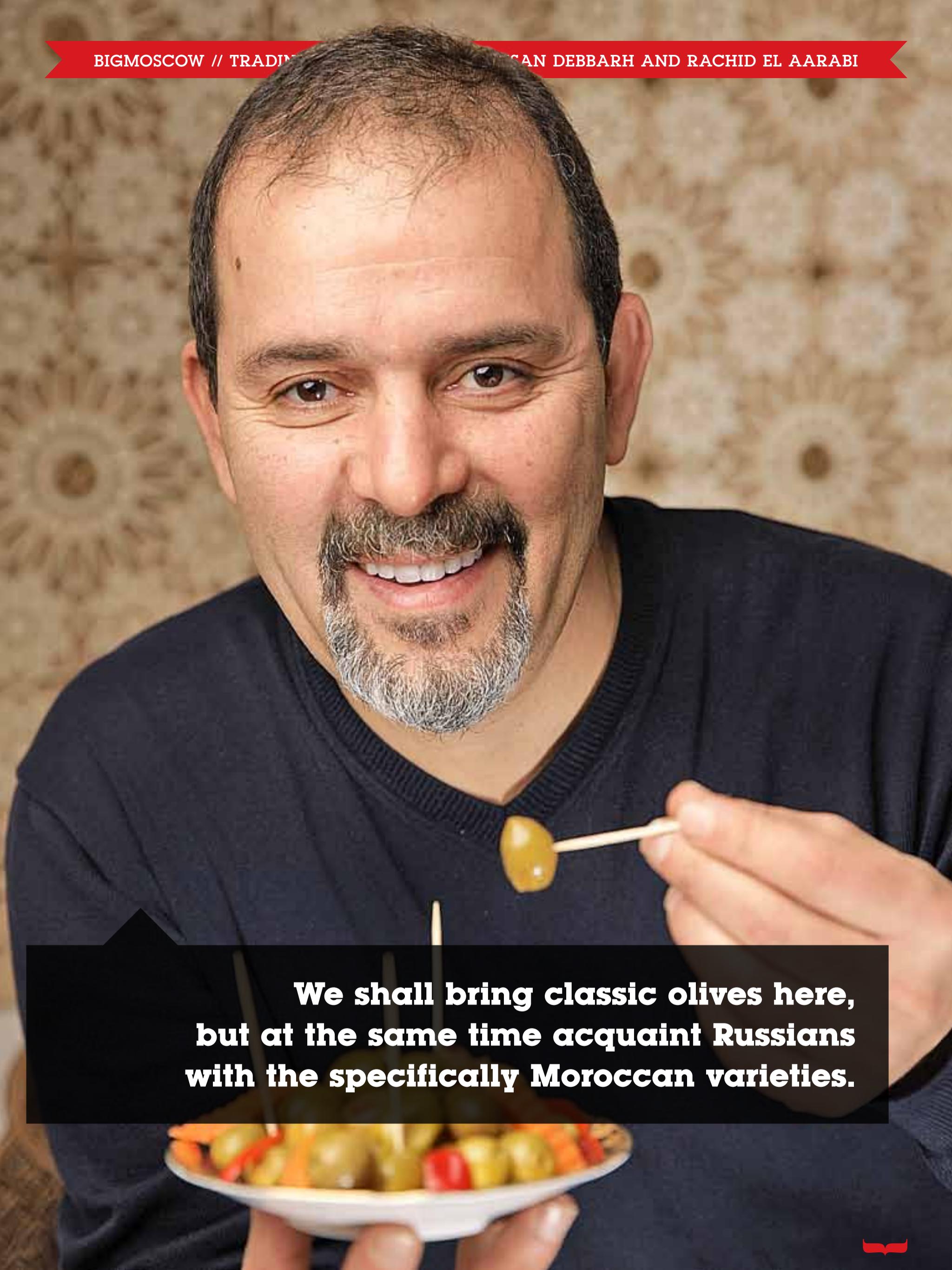
in perfect circles. This style of laying creates a particular external view of the contents. The apricots are stored in syrup or in their own juice in jars of various kinds, both for the industrial manufacture of confectionery articles, and for domestic baking.

The olive harvesting season is at the beginning of autumn. At this time the fruit loses its bitter taste, They are also washed, rinsed thoroughly and pickled in brine. Thanks to this treatment, they acquire the necessary colour and texture (green and shiny or sun-dried black), and also preserve their exquisite taste. The olives are then packed in jars of different capacities, depending on their size and whether or not they contain stones.

– Are you a big enterprise by your country's standards?

– Cartier Saada holds first place in Morocco for the production of preserved apricots, and second for olives. It is a big company, and can afford to support several social





We shall bring classic olives here,
but at the same time acquaint Russians
with the specifically Moroccan varieties.

and sponsorship projects. For example, we teach and employ poorly-sighted and blind people and integrate them into normal life under the “Reading for All” programme. We finance the Kavkab Marrakesh football club. We are the sponsor of Bahia Mouhtassine, who is the leading tennis player of the Arab world, and reached the final of the Roland Garros tournament.

– What does the management structure look like in your company?

– We began looking for a partner in Russia 10 years ago.

You have to understand that our production is intended mainly for export. We sell 95% of it abroad, only five per cent goes to the internal market. We make deliveries to 26 countries in North America, Europe, Africa and the Middle East. We are now entering the market in South-East Asia. Our trading operations in Moscow began in 2008. And in 2014, we managed to increase sales in Russia considerably.

Businessmen play an important role in bringing different countries and peoples together.

– We are quoted on the stock exchange, we are a joint stock company, all decisions are taken by the Board of Directors, of which I am a member. I am also Managing Director, President and a shareholder in the company.

– There have always been wide-ranging economic links between Morocco and the USSR, and later Russia. How long ago did your company enter the Russian market?

– Rachid El Aarabi is your official representative. What can you say about his work?

– He is the driving force behind all our business processes in Moscow, our Russian “mover and shaker”.

– How much of your produce are you now delivering to Moscow?

– When we began, it was only two container loads a month, but sales have now been markedly increased and are still growing. We send our goods from





**Cartier Saada holds first place in Morocco
for the production of preserved apricots,
and second for olives.**

Morocco initially by sea and then by rail. By far the greater part consists of olives of various kinds. But we are constantly expanding our range. We are already also delivering preserved apricots, capers, lemons, Moroccan salads, antipasti and artichokes.

– Where exactly do your products go?

Rachid El Aarabi:

– In Moscow we work with big chain stores, such as X5, Perekrestok, Globus Gourmet and Bahetle. We also deliver our products to well-known restaurants in the capital with Eastern cuisine, and to delicatessens supplying authentic goods from various countries, as well as small national-cuisine cafeterias and cafés. Moscow is the main consumer of our products. But we also sell our products in St. Petersburg. And lastly, we are trying to arrange deliveries to other regions of Russia too.

– How many staff do you have in your office in the Russian capital?

– There are 10 people in Moscow just to deal with olives. They work with the retail networks. And we also have two warehouses nearby in the Moscow area.

– Today, Russia is being subjected to sanctions. But nevertheless, the Kingdom of Morocco is more and more active in doing business with the RF. And not without help from the state authorities of both countries, I believe?

Hassan Debbagh:

– Most of what Morocco sends Russia is agricultural produce: fruit and vegetables. Morocco also delivers fish to Russia. There are regular meetings between the Ministers of Agriculture of our countries. Moroccan businessmen are in very close contact with Rosselkhoznadzor. There is an ongoing dialogue about increasing our quotas for exports to the Russian market. And the situation is changing for the better. As you probably know, preparations are in hand for King Muhammed VI

Moscow is the main consumer of our products. But we are trying to arrange deliveries to other regions of Russia too.





of Morocco to visit Russia. And if the King comes here, he will discuss the whole spectrum of interstate questions, including economics, politics and culture.

– How often do you visit Moscow?

– I am coming here more and more frequently. And not only to exhibitions. Even my wife has started worrying

about it (*laughs*). Our business in Russia is growing, We have to help Rachid to expand the range of the products he supplies and to solve many questions. Moscow is a remarkable, very lively and beautiful city. I feel very much at home here. And I have others with which to compare it. My area of responsibility covers North America, Europe and Russia. Due to constant business trips, I am more often abroad than in Morocco.



**For us, Russia is
a strategic partner.**

You feel safer in Moscow than in other cities around the world.

– *Have you managed to go anywhere apart from business meetings?*

– I enjoy going round well-known restaurants in Moscow. I recently had lunch at the Tsarskaya Okhta, one of Arkady Novikov's first ventures. I really enjoyed it! I love trying new dishes, Russian red and black caviar are very tasty of course, but apart from that, you serve quite a lot of splendid snacks. The land in Russia is so rich! Unfortunately, all they know about abroad is caviar. By the way, the famous restaurateur Arkady Novikov is a partner in our Great Festival of Morocco in Moscow. This year will be the second time we have held this festival. We present the best products of our country. This partnership is very important to us. Celebrities help us to promote our products on the Moscow market. The other day I was discussing with Rachid the possibility of holding a bright culinary show in Moscow, featuring the very famous Moroccan head chef Rachid Agouray. He works in the legendary La Mamounia Hotel in Marrakesh. I think we'll bring him to our third Morocco festival.

– *Taking part in these festivals and shows requires a lot of*

expenditure. Who finances these events?

– Various businessmen's associations are currently discussing the advertising and marketing budget for 2016 with the government. Our country provides very significant state help in promoting agricultural produce in foreign markets. And for us, Russia is a strategic partner. And a market with very good prospects. Russia imports about 80,000 tons of olives a year, mainly from Spain, while our share in this import is quite small. But if we can operate successfully in other countries, why not develop our business in Russia? All the more so since both parties have most favoured business activity status.

– *Are there any unusual features about working in the Russian market?*

Rachid El Aarabi:

– We have done two years of preparatory work. We have discussed the sorts of olives Russian people might like. As a result, we shall bring classic olives here, but at the same time acquaint Russians with the specifically Moroccan varieties. We are constantly expanding our range. We have begun supplying vacuum-packed olives. We also listen to the wishes of the chain stores and the opinions of specialists. We are adapting to the taste preferences of Russian consumers.





I like the way the Moscow squares and parks are changing. They have become much better maintained,

– How long have you been in Russia? Where did you learn Russian?

– I came to the USSR in 1988. I studied in Yerevan, the capital of what was then the Armenian SSR. I obtained higher education in the specialty of “electrical fitter”. Then I started on a doctoral course in Moscow. But the way life turned out, I find myself working in commerce. I live permanently in Moscow. My family

– Time? Like all Muscovites, I spend most of it in traffic jams. (*Laughs*) In the mornings and evenings. But my favourite way of spending time is with my family.

– You came to our country many years ago. Has Moscow changed much?

– Yes. And I like the way the Moscow squares and parks are changing. They have become much better maintained,

We began looking for a partner in Russia almost 10 years ago.

is here too. I only have relatives in Morocco.

– What keeps you in Moscow?

– My work, my daily life and that of my family are all here. I have begun to notice that when I arrive in Morocco and start talking to people there, I think of something and go over to Russian to say it. Without even noticing. And the others look at me in surprise, and ask: “What did you say?”

– How do you spend your spare time?

clean, bright playgrounds for the children have appeared in them.

– Is it hard to do business in Russia?

– In my view, the problem with Russia is that it covers such a huge territory. I sense this when working with clients in the regions. To conduct deals normally you have to keep in touch all the time. But they are thousands of kilometres away, and it’s still daytime in Moscow but the middle of the night where they are... But we have plans to cooperate even with the remotest regions of Russia.



For example, we recently concluded a contract for deliveries to Sakhalin.

– Are there any associations of Moroccan entrepreneurs in Moscow?

– Yes. The association “Moroccan House” has begun work. Its official name is the Centre of Friendship and Culture of the Kingdom of Morocco, and I am its President. I would like to see this association become a full-scale

association of Moroccan businessmen in Russia. After all, businessmen play an important role in bringing different countries and peoples together. And with the aid of Moroccans living and working in Russia, we want to create an economic bloc able to help entrepreneurs from Morocco set up their business in Russia, relying on the knowledge and experience of those who are already successfully working here. ■



www.jethunter.net



Confident Takeoff

*How Russians **Artur Abadzhyan** and **Sergei Ponomarenko** created the JetHunter website, new in principle, for ordering private aircraft*

BY: NADEZHDA BOBKOVА | PHOTO: JETHUNTER | TRANSLATION BY: JACK DOUGHTY

*In March, the start-up JetHunter will be a year old. In this time, the child of Russians **Artur Abadzhyan** and **Sergei Ponomarenko** has not only “stood on its feet” and been highlighted in the Russian Forbes, but has entered foreign markets. JetHunter is a service for ordering private aircraft in which the client and the operator interact directly, with no middleman. The company has been called the “Uber” for aviation (Uber is the name of an internet taxi-ordering service). But the creators of JetHunter say they do not intend to break the existing market model.*

“It was not our aim to produce an Uber for business air travel and to do away with brokers”,
explains Artur Abadzhyan, the executive director of the company.
“We realized that operators and clients had problems, and offered them a solution. After all, the internet is moving towards peer-to-peer technologies, in which services are provided from one entity to another through some sort of platform.

Business air travel is one of those branches which on one hand, should be among the leaders of technological development, and on the other, is working in a conservative mode. The first thing we produced was a B2C product, namely JetHunter, which enables clients to reserve flights directly from the operators.

We realized that operators and clients had problems, and offered them a solution.



Everything is simple for the customer. A ticket for a regular flight can be bought by filling in the fields “To”, “From”, “Date” and “Number of people”. Having done that, you wait for offers. The average response time is five minutes. In responding, the aircraft owners are betting against their competitors. In this way, prices can be reduced by approximately 5-8%. And if you factor in the absence of intermediaries (or commission for them) in the chain, the end price for the client works out 10-20% lower.

“Operators do not always understand what their “market price” is. We give them the opportunity to optimize the cost sensibly and win the order. It is more profitable for them to work than to stand still. Aviation is a low-margin business, not infrequently running ‘at zero’”.

To impress carriers with the benefits of the new site, it was not enough to know the market and its particular features (and Artur spent eight years working in Aeroflot,

From October 2015 to January 2016 the number of partners in the service base rose from 100 to more than 400.

The customer can also “wander around” the passenger compartment of the selected aircraft by means of a virtual tour, and specify his wishes regarding catering and any other aspects of the flight.

When the deal is concluded, the airline operator pays 3.5% of its sum to the service. The average cheque is for \$30-35,000. The approximate income can be calculated on the basis of the total number of auctions held (over 3,000 up to the end of January).

Lufthansa, Austrian and Korean Air). The start-uppers rang round the operators, travelled to personal meetings and invested in advertising. Characteristically, the cost of one client proved comparatively small – less than fifty dollars. Nevertheless, the company soon earned the credit of trust. And whereas in October 2015 there were about 100 partners in the service base, by the end of January 2016 there were more than 400 (there are about 3,000 airline operators in



the world altogether). But it is not only a matter of financial benefit, but also of attitude.

“We check each application. We automatically compare the possibilities and logicality of the data supplied and the route. We ring the client to make sure he is real, and that he understands what business air travel is and how much it costs, and is not looking for a ticket for an ordinary aircraft.”

There is much in JetHunter that is personal. Let's start with investments. We started the service entirely at our own expense. It cost about five million roubles. The first investor only appeared in March (the contract was signed by the beginning of May). This was Miriam Judowitz, a business angel from Israel.

“She is impressed by aviation. And she likes technological products which change the manner of consumption. And in our case, in talking of a B2C product, we were, all the same, closer to an Uber for business air travel, which was interesting. This was a gesture of faith in our project.”

The second round of investments took place in October. The company's own clients invested in it. And it's not going badly. Turnover for 2015 was 1,500,000 euros. The service has not

yet reached self-sufficiency, but Artur says this isn't in their plans yet.

“We are moving in accordance with our expectations. Our unit-economy will help us reach self-sufficiency not on the lines of a standard online service (when big money is pumped into the project and spent over several years). Our economy is sufficiently positive, and as we increase sales, with shall soon reach operating zero.”

The website is now taking part in a new investment campaign, reckoning on large-scale expansion into external markets: the Middle East, Europe, the USA and Asia. But it is the American market which is of the greatest interest.

“The USA has 50% of the world market in business air travel. And we know what the customer there wants and how to act. They love new technologies in the USA, the liquidity there is great. And the mental attitude is such that people are willing to try new products.”

It is also important that the world market in this field is not stagnating. The influence of the crisis has been apparent from the moment JetHunter was started. It had the effect of reducing the number of applications. But from September, when start-uppers began trying their luck in foreign



markets, it was noticed that the fall by 30-40% in Russia did not reflect the general world situation. The RF has no more than three per cent of the global market. Therefore it was necessary to go abroad. And all that ties the project to Russia is its technological team of 15 people on Russian territory.

Expansion into world markets opens up new opportunities, but is also fraught with difficulties.

“In the American market we have competitors, and they are successful companies. But they all have different models. But JetHunter works in auction format, and is better adapted to new technologies. All such companies have their strong and weak sides. But competition is always a good thing.”

According to Artur, work is now in progress in the company on creating a new B2B product, which will make it possible to improve the interaction between brokers and operators. In this one, the business model will be different. That is, there will be no attempt to force the middlemen out of the market. But the plans do already include reducing their share, raising efficiency and bringing certain other improvements into the process itself. ■



**Read the interview
with start-up investor
Miriam Judowitz**



Business Ideas in Russia are Ever More Attractive

*The Israeli **Miriam Yudovich**, JetHunter's business angel, is thinking of investing in other Russian projects*

BY: NADEZHDA BOJKOVA | PHOTO: FROM PERSONAL ARCHIVE | TRANSLATION BY: JACK DOUGHTY



Miriam Yudovich, a business angel from Israel and an investment banker of Migdal Capital Markets, was the first to believe in and support JetHunter. They say in the company that this is her first venture investment. She mainly works in the securities market and in currency exchanges, although previously she was an expert in taking decisions for many investment foundations. We decided to find out what attracted her to this new Russian-born service for leasing business jets.

– **Miriam, why did you decide to invest in a Russian startup? It would not appear to be an obvious decision, given the state of the market.**

– One cannot fail to see that over the past few years, the Russian market has taken a great step towards innovation. Russia has many splendid entrepreneurs seeking every possible way to develop, to export, to promote their technologies and their products on successful markets. Consequently, now is the right time to take your money to Russia in particular.

– **What attracted you to the JetHunter startup? Do you have your own ways of approaching the selection of projects worth investing in?**

– Yes. In business, I am guided by the “Three Ts Rule” – team, technology and timing. JetHunter meets all three criteria.

– **How much in investments are we talking about? And in what format will they be made?**

– My support for this start up amounts to preseeding investments in the format

Now is the right time to take your money to Russia in particular.



customary in the West. But I am not prepared to reveal the sum involved at this stage.

– When do you expect to see a return on your investments?

– It usually takes young newly-starting companies many years to develop and to reach a successful size, or, for example to get as far as an IPO. (Ed. note: Initial Public Offer) I believe that JetHunter will achieve a rapid rate of growth in the next few years. But I can't say more precisely than that.

– Does the company's present strategy meet your expectations? Do you influence its management policy in any way?

– As a shareholder, I may help the company in its management to some extent, but this is not my main business. As I said, one of my key criteria for investment is an exceptional team, one to which I can fully trust to ensure that the company is moving in the right direction. At present they are developing successfully, and I am only helping them with my network of contacts, in order to maximize profit.

– Startups which integrate traditional industries and IT innovations appear very promising. Do you think technologies will be able to change existing markets? In this same field of aviation and air transport, for example?

– I think that at the present time, JetHunter is creating a real new market, which previously simply did not exist. And this new market, more accessible and convenient than what was there before, will rapidly grow and richly reward those working in it.

I am sure that innovation in general brings about the appearance of new flows of incomes in those industries in which there have not recently been many breakthroughs in technology or new solutions. So in effect, the change amounts to using technologies to bring the client as close as possible to the desired product.

– Do you think JetHunter is likely to meet the same problem as Uber did at one time? You

I am guided by the “Three Ts Rule” – team, technology and timing.



remember how it raised a storm of indignation in the market? Do you think aviation is ready for serious changes, for a model of consumption that is new in principle?

– Obviously, this project, like any other, could very well have problems in how it is received. But all the same, it seems to me that the aviation market is ready for changes, and in general, changes leading to a better market, to one which is more convenient for consumers and operators, are just what we are all trying to achieve. It is no secret that this industry has been stagnating recently, and JetHunter can bring basic motive forces into operation to increase traffic considerably. Therefore its appearance on the market will be beneficial for most players.

– Have you used this service yourself?

– Although JetHunter is operating successfully and developing, showing exceptional results, I personally have not yet had a chance to use it. But it's on my To Do list.

– Will you invest in other Russian startups?

– I am thinking about it quite seriously just now. But I cannot and will not show my hand now. That's business.

– Could you please tell me about other companies you've invested in? What are their stories?

– Stories of success are very similar but at the same time different in each specific case. The recipe is roughly this: a combination of great passion with outstanding ability and know-how in an individual industry.

The projects which usually attract me are those created on the basis of ideas which are simple, but globally applicable and very technological. Those are always the ones with great market potential. It doesn't happen any other way. ■



About JetHunter



Small Business as a National Idea

Alexander Ierusalimov, managing partner of the company *Aktavest*, talks about the prospects for one's own business in Russia



Today, a BIGMOSCOW observer talks to **Alexander Ierusalimov**, managing partner of the company "Aktavest", about small and medium business, and how and in what fields a foreigner can implement his idea of opening his own business in Russia.

Alexander is also Deputy Chairman of the Committee for Property Management and Energy Efficiency of the Moscow branch of the all-Russian social organization "Opora Rossii", and has 12 years experience of practical work in the property field.

– *It is generally agreed that medium and small business is the foundation of a steady, stable economy in any country. How do matters stand in Russia today with this most important segment of the economy?*

– Today, small and medium business amounts to 10% of the structure of the economy according to the most pessimistic estimates, and 20-25% according to optimistic ones. That is, its share in Russia is still small, and it cannot have the positive influence it should have on the economy to ensure its stability and growth.

– *So everything is bad, not a glimmer of light?*

– Quite the opposite! Ten per cent, as I said, is extremely little for any country, and more so for such a huge country as Russia. But this negligible percentage means primarily that we have simply colossal opportunities for growth and a real breakthrough in the development

THERE ARE COLOSSAL OPPORTUNITIES FOR GROWTH FOR SMALL AND MEDIUM BUSINESS IN RUSSIA.

of small and medium entrepreneurship. This, incidentally, was the precise topic at an entrepreneurial forum of the all-Russian social organization “Opora Rossii” which took place in Moscow on 19th-20th January 2016. And not for nothing did we call the forum “Small business: a national idea?” The question mark, in my opinion, simply stresses the importance of the problem.

– And what were the forum’s conclusions and deductions?

– More than 150 experts took part in the forum. There were entrepreneurs from dozens of regions, leaders of the regional sections of “Opora Rossii”, representatives of the municipal authorities, the heads of RF official bodies, ministers of the Federal Government and President Vladimir Putin himself.

The discussion of urgent problems for business ended in the adoption of specific decisions. The result of the discussion between business representatives and Vladimir Vladimirovich Putin was a specific list of presidential instructions concerning amendments to standards and laws regulating the small and medium business sphere.

– You mean there is “light at the end of the tunnel”?

– If all goes as intended, there certainly is. The Russian authorities paid the most serious attention to the needs of entrepreneurs. Small and medium business in Russia will gain real opportunities for growth and development from the implementation of the numerous measures mentioned by the entrepreneurs themselves,



THE RUSSIAN AUTHORITIES PAID THE MOST SERIOUS ATTENTION TO THE NEEDS OF ENTREPRENEURS.

and representatives of the authorities at various levels, and President Putin and Prime Minister Medvedyev.

– It seems, does it not, that the effect of this will also be felt by foreigners engages in small and medium business in Russia? What do you think of the participation of foreign capital in the development of small and medium entrepreneurship in Russia today?

– The idea is that changes for the better should be felt by all entrepreneurs. That's the whole point of doing all this. It is even the case that proposals and requests from businessmen will be introduced into the draft Strategy for the Development of Small and Medium Entrepreneurship for the Period up to 2030.

It is evident that any capital investment, regardless of whether it is foreign or purely Russian, is first of all a combination of factors – of the desire to make money, and risk. Or as some would say, greed and fear. But in any case, entrepreneurs are trying to offer something to consumers: goods or services. And they try to make money by offering what is in demand. Legally. Compliantly. With a guarantee. And the consumer, generally speaking, doesn't care who owns the business, a Russian citizen or a foreigner. The main thing is that the price should be acceptable for the quality received. Therefore foreign entrepreneurs operating in Russia can only be welcomed. How could it be otherwise?

The market of our huge country is great and really attractive. With a clear excess of consumer demand for sometimes the most



**IN MOSCOW AND
OTHER REGIONS,
THE SO-CALLED
“SINGLE WINDOW”
SYSTEM IS ALREADY
IN OPERATION.**

ordinary and accessible things. Therefore it is desirable that there should be more of the sort of people our magazine writes about: foreign entrepreneurs boldly undertaking to organize their business in Russia and succeeding in it.

– ***What are the similarities and differences between small and medium business in this country and in the developed countries of America, Europe and Asia for potential and actual foreign investors?***

– As thing stand today, engaging in business in Russia, and in small business in particular, still requires a vast amount of patience and bravery. Because many informal expenses and attitudes are connected with it. And as an entrepreneur, I would prefer that no officials or anyone else could arbitrarily hinder normal businessmen under any circumstances, whatever the pretext.

After all, as an example, if I should want to engage in small business – let us say in Slovenia (e.g., I want to open a small club-hotel there), it implies that having bought the licence to the right to engage in entrepreneurial activities, I am thus solving all my problems. And that by hiring a local accountant, I also solve problems with bookkeeping and tax accounting. And that I shall be able to concentrate of the business itself, as a business. And I should need think only about with whom I am competing and how, what curtains to buy, what menu to offer the guests, what the entertainment programme should be, and so on. But it's a lot more complicated than that in Russia so far...



IT IS THE INNOVATIVE SCIENCE-BASED MANUFACTURING ENTERPRISES WHICH WILL BE SUCCESSFUL.

For that very reason, questions are being put on the agenda which should normalize the situation. In Moscow and many other regions, the so-called “single window” system is already in operation, simplifying the process of registering and legalizing small and medium business, bringing it closer to world standards.

In spite of all the problems, quite a lot of entrepreneurs in Russia continue bravely to engage in business. They open their businesses, and the “Opora Rossii” initiatives, for example on tax holidays, tax benefits for those in small business today, are the main direction, and the main requirement from business. To give entrepreneurs precise, comprehensible and simple taxation arrangements, and that these arrangements should be predictable and should not change. And that the administration of taxes and of business itself should not be a burden and should not be hostile.

– What, in your view, are the main points for application of effort, and the fields with the best prospects, for foreign investors in small and medium business in our country?

– In fact, they are innumerable. All over Russia. In the most widely varied spheres – from production to provision of services. You only need to know what exactly to offer and where exactly to offer it. But to me personally, it seems that allowing for purely Russian and local potential, it is the innovative science-based manufacturing enterprises which will be successful. They can be venture projects, or projects connected with IT and software development .



INVESTMENTS IN AGRO-INDUSTRIAL PROJECTS IN RUSSIA TODAY ARE VERY IMPORTANT.

The second segment that will probably be of interest to foreigners is agriculture. Investments in agro-industrial projects in Russia today are very important. This is in connection with sanctions and with the known restrictions on the import of food products, and with serious investment in and subsidies for the agro-industrial complex. Foreigners, together with Russian farmers, helping them, competing with them, could find a good opportunity for developing a business in Russia.

– How, in your opinion, should a foreigner put his idea of opening his own business in Russia into practice? Where to begin?

– The first step is to find a local partner. Without some structure or person to accompany you in Russia, further movement becomes risky. It is as if you were to go into the jungle and needed to be guided to your target. You might manage on your own, but that would be some kind of improbable chance result. Most likely you would simply get lost.

The second step is to assess the capacity of the market and the potential for your business, taking into account the knowledge of your local partner, now giving you access to internal information. Because assessment of the market and its prospects is extremely important.

The third step is to set up, with your partner, an actual business ready to start operating. This means looking for specific fellow workers who can run your business. If you don't have educated, trained, motivated people to implement the tasks you set them, nothing will come of it.



**KNOWLEDGE
OF THE RUSSIAN
LANGUAGE IS NOT
ANY KIND OF URGENT
NECESSITY.**

As for knowledge of the Russian language, I am convinced that this will not prove to be an urgent necessity. Your local partner will in fact interpret for you in every way, including linguistically, and this will enable you to discount this barrier. ■



www.startalk.ru



Teaching is a Profitable Business

***Ekaterina Chegnova, a partner
in the Star Talk school, shares
her experience of organizing
an educational business in Moscow***



Ekaterina Chegnova is the co-founder of the very popular chain of foreign language schools Star Talk (ООО STAR TALK), which is well known in Moscow. She is the academic director of this educational institution. Together with her partner (a woman who was on her college course), Ekaterina, has gone from a hired foreign language teacher to co-owner of the firm. Today she shares with BIGMOSCOW readers her experience and knowledge of how to organize your business in the field of education.

About Ekaterina Chegnova



Initial capital: from 300,000 (leasing an office with 4-6 rooms for two months, purchase of furniture, setting up website, promotion, printing business cards and leaflets).

Monthly costs: 150,000.

Income per month: from 300,000 less tax at from 6% under simplified tax system.

Recoupment: from six months.

Clear profit in subsequent months: from 100,000.

I decided to begin with these quite average figures (in Russian roubles) for a typical business plan for opening a small private foreign language school (they are a dime a dozen today on the Internet). These figures may of course turn out larger or smaller, depending on where the school is located, its closeness to the main transport junctions and main roads, way-bills (or the absence of them) and so on and so forth. In any case, I can confirm that Russians have a tremendous interest in

**TO REGISTER, YOU MUST DECIDE ON THE FORM
OF PROPERTY OF YOUR FUTURE BUSINESS.**



studying foreign languages. And a business in this field, if you take it seriously, has good prospects. Are you interested?

Then your starting point for organizing a business in Russia should be to register with the tax authorities. This is obligatory. And for this, you must decide on the form of property of your future business: whether it will operate as a legal entity or as an IE (individual entrepreneur).

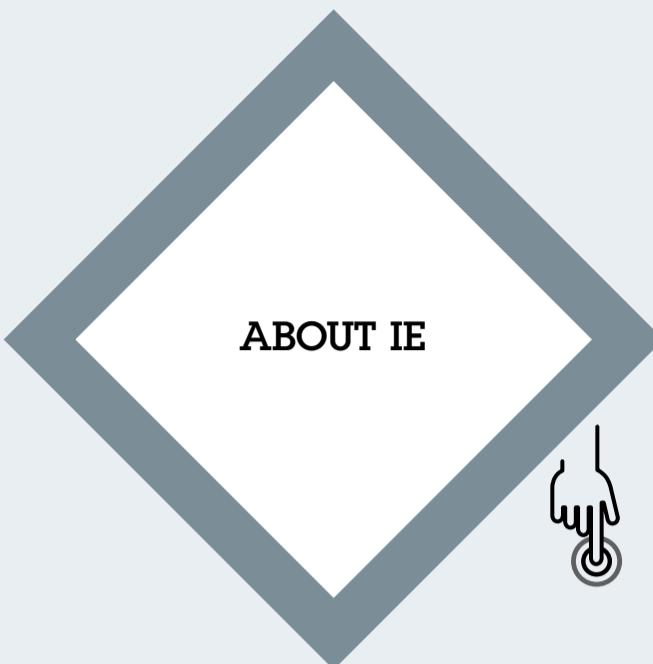
The IE form is of course good for newcomers. It makes it possible to provide clients with services on a paid basis, to lease premises, hire staff, but... you cannot issue certificates to

your own graduates, and your activities, from the point of view of the law, are only consultative, not educational. Corporate clients will not be available to you. And officially, you will only be a foreign language specialist, not a teacher.

In 2006, when I and my partner entered this market as hired teachers in a small private school, its legal form was IE. Then, virtually any teacher could become an IE with a licence.

Such favourable Russian law made it possible for a large number of private schools to be opened in Moscow and all over the country. But then it became more difficult even for teachers with diplomas to obtain a licence...

In spite of all that, in 2009 my colleague and I decided to open our own school. But



**FAVOURABLE RUSSIAN LAW MADE IT POSSIBLE FOR
A LARGE NUMBER OF PRIVATE SCHOOLS TO BE OPENED.**



there were two of us (two partners with equal rights), and we could not set up as an IE under one name. We trusted each other. But in matters of business, it is better to think through unfavourable scenarios too, from the beginning.

Therefore we organized our firm in the form most common for small businesses at that time, as a limited liability company (OOO), with 50% of the shares for each of us. And we registered it as OOO STAR TALK and opened a clearing account in a bank. We did this ourselves, without outside help. But a month later, we realized a significant shortcoming of the OOO. Just like the IE, it did not enable us to obtain a licence for educational activities. We considered how we could change the legal form of the company (from OOO to a non-commercial organization) and still remain viable. We faced a high total

WHAT IS AN NOU?



cost to become an NOU (non-state educational establishment), accountancy services, obtaining the licence – taking us over the limit of our startup budget.

So if you want your school to be a fully-fledged educational establishment under current RF law

from the start, you should register as an NOU (non-state educational establishment). Then you can obtain a licence to carry out educational activities. This document is recorded in the territorial educational authority. And to qualify for it, you must submit a specified selection of documents (you can find out the exact list from the authority in question). This usually means documents connected with the premises, the qualifications of the teachers, quality of teaching methods and plans, etc.).

Fortunately, at the end of 2013 the decision was taken in Russia to adopt

A LICENCE WILL HELP US ACHIEVE A NEW LEVEL OF TRUST AMONG CORPORATE AND PRIVATE CLIENTS.



amendments to the Federal law, with the effect that private schools of any legal form could obtain a license to conduct educational activities. This was splendid news! But unfortunately, the process of obtaining a licence did not become any simpler, and the requirements for the licensing of a small private school are still too high, in my view.

I think that today, to obtain a licence for educational activities in Russia today, it is best to make use of the assistance of specialist law firms. But it is not worth confusing the legal obtaining of a licence with its illegal “purchase” (the Internet is full of such offers nowadays).

This will inevitably lead to rechecks and the discovery of the forgery.

In August 2015, we applied to a specialist law firm, and are now in the final stage of obtaining a licence (we already

have 90% of the required permits). We believe that obtaining a licence will help us achieve a new level of trust among corporate and private clients.

A weighty argument in favour of obtaining a licence is that your clients are able to reclaim from their personal income tax (NDFL, tax on incomes of individuals, a direct Federal tax in Russia) the sum paid for education (which amounts to 13%). The state returns this money to people. Social tax deduction for educational expenses applies only if the educational establishment has a licence or other document confirming its status as an educational institution. And this is a considerable competitive advantage.

Speaking of competitors and the educational services market as a whole, it can confidently be stated that in Russia it is saturated with offers, and is highly competitive. You can find a service provider to suit any taste, in any price category.



HOW TO SUBMIT AN NOU REGISTRATION APPLICATION



**THE EDUCATIONAL SERVICES MARKET IN RUSSIA
IS SATURATED AND HIGHLY COMPETITIVE.**



Price formation in each specific case depends on the region of the country, and also on the specific nature of the educational establishment (whether the teaching is by native speakers, for example).

Let us say that the cost of one academic hour, i.e. 45 minutes, of foreign language lessons in Moscow today, in roubles, is as follows:

- Russian-language teachers: from 700 roubles (by teachers who are third and fourth year students on courses at colleges in this sector) to 3000 roubles (by experienced qualified teachers).

Foreign native speaker teachers: from 1500 roubles to 3000 roubles per academic hour.

- Lessons by Skype: from 300 to 1300 roubles per academic hour.



- Cost of instruction in online schools (lessons over the Internet): from 300 roubles to 2000 roubles per academic hour individually or in a group.

- Courses in colleges: from 800 to 2000 roubles per academic hour.

In order to survive in competitive circumstances and without dumping, the greatest possible attention must be paid to the quality of the services provided.

An attractive appearance of the teaching centres, an up-to-date website and professional promotion undoubtedly ensure a big influx of potential clients. Experienced sales managers will most likely make a plan for you and make sure the average cheque is for a large sum. But it is important to realize that this is only the first and least critical stage for the client. He has come to learn, after all. And if he remains contented, the well-

THE “GRAPEVINE” (PEOPLE PASSING ON INFORMATION BY WORD OF MOUTH) INSPIRES MORE TRUST IN RUSSIA THAN DIRECT ADVERTISING.

known Russian “grapevine” (people passing on information by word of mouth), which inspires more trust than direct advertising, will come into play. What is more, even in the event of a temporary suspension of teaching, a contented client will return to it of his own accord at the first opportunity.

At the stage of establishing the brand, don't forget the PR: publication, free events, lotteries with prizes from the partners. If the school has a free-of-charge scheme (for the disabled, veterans, the deprived sections of the population, etc.), this adds prestige to the brand. The free events don't have to be connected to educational activities (open lessons, screening of foreign-language films and the like),



they could be master classes (on beauty, travel or viticulture, for example). Try to find partners and exchange audiences. This is very useful.

In conclusion, I would like to say that the educational services market in Russia has good prospects and is developing dynamically, even in the current crisis conditions. After all, both optimists and pessimists recognize the need to study a foreign language: the optimists believe everything will stabilize and do not want to change the normal rhythm of life (fitness, cafés, foreign language courses) and the pessimists are thinking of leaving the country (and are urgently starting to brush up their language skills).

I wish you all success and healthy optimism! ■

Star Talk



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Property Nuances

What do foreigners need to know?

Viacheslav Kholopov, a partner
in the consultancy company
Knight Frank, explains



*Decisions taken on the commercial property and industrial land market by foreigners (and not only by them) sometimes lead not to profits, but to losses. Even businessmen with wide experience of operating in a variety of countries sometimes make serious mistakes. **Viacheslav Kholopov**, a partner and Director of Warehouse and Industrial Property in the well-known international consultancy company Knight Frank, explains by specific examples how to avoid undesirable losses in this field.*

SITUATION



A major international developer of warehouse property decided to enter the Russian market. The company thought of acquiring several land plots in Moscow oblast, and relying on its vast experience of operating all over the world, immediately began building objects on a turnkey basis and letting them out on long-term leases. However, the foreigners encountered serious difficulties in obtaining construction permit documents. After spending almost two years (!) on attempts to come to agreement on the documents

DO NOT FAIL TO TAKE INTO ACCOUNT THE COMPLEXITIES AND SPECIFIC FEATURES OF RUSSIAN LAW.

The whole point is that the foreigners had not taken into account the complexities and specific features of Russian law and dealing with bureaucracy. One of the most important factors seemed to them to be their well-functioning connections with the regional administration and their own experience. But their lack of knowledge of the legal procedure, standards and rules had led to serious problems. The company had been on the point of giving up its plans in Russia.



SITUATION**2**

A major international holding was seeking premises to lease in Moscow oblast. The company's choice fell on an incompletely-constructed warehouse complex located on the first lane of a motor road not far from a Federal highway. All the points of the preliminary leasing agreement were agreed to the mutual satisfaction of the parties. But for work to begin, the lessee had to finish laying the internal engineering services and lay the floors in the building. However, problems arose with this. And the carrying out of the project was suspended. As a result, the lessee was unable to use the premises. And he had to spend more in looking for a new place.

DIFFICULTIES ARISE IF ALL THE OBLIGATIONS OF THE PARTIES ARE NOT RECORDED IN WRITING.

The difficulties arose because the parties had not recorded important details of their obligations under the leasing agreement in writing.

A professional approach to conducting business negotiations enables such unpleasantnesses to be avoided. Consultancy specialists will clarify all possible aspects in various documents, to protect the client against any surprises or losses. Furthermore, I would definitely recommend lessees to have a back-up plan in the event of problems with finishing or repairing a building, utilities or approach roads.

At the construction stage, significant penalty sanctions for breach of agreements should be written into the leasing contract. But even if a lessee gets his deposit back and receives compensation for non-observance of the contracted time schedule, he will still suffer considerable losses due to the stoppage.

Therefore it is important to know the prehistory



SITUATION**3**

An Asian company servicing freight carriers and freight handling on Russian territory participated in a tender for the provision of logistics outsourcing services. When the deal was concluded, the company started to select a warehouse complex for the new client. The leasing contract was concluded with a major player in the Russian market, who was completing the construction of a storage block in the Moscow region. However, a delay occurred in obtaining a certificate of ownership of the constructed building. Because of this, the company occupied the premises only after a significant delay, and was forced to pay a large fine to the depositor...

IN CONCLUDING AN AGREEMENT TO LEASE IN AN UNCOMPLETED BUILDING, IT SHOULD BE REALIZED THAT THE SCHEDULED TIME FOR HANDING OVER AN OBJECT FOR USE MAY NOT BE MET.

Foreign companies which intend to conclude an agreement to lease premises in uncompleted buildings should know that the scheduled time for handing over an object for use is sometimes not met in Russia. Problems can arise with financing or with drawing up the property rights to real estate. And then the lessee will not be able to carry out his obligations to his partners and contractors. To avoid coming up against such unpleasantnesses, it is necessary, before concluding the agreement, for the lessee to carry out a thorough check on the reputation of the owner of the real estate object and the general contractor. On the Russian market, such services are provided by professional consultants with work experience. It makes sense to organize your own technical supervision of the construction with



SITUATION**4**

A major international investor acquired a land plot not far from the A-107 Federal highway with the aim of attracting a developer as a partner in a project for building a warehouse complex. But when the deal was concluded, it was not taken into account that an object of similar purpose was already being built in the direct vicinity. Furthermore, the acquired plot had considerable restrictions on its use (engineering networks and a gas pipeline with a wide health safety zone ran along it). Only several years later did the investor succeed in starting to develop his plot and attract clients to construct buildings on a turnkey basis. More investment had to be made in shifting the engineering networks, setting aside an area for parking space, etc.

**ONE REASON FOR PROBLEMS
IS UNJUSTIFIED CONFIDENCE
IN THE SUCCESS OF ONE'S OWN
APPROACH IN AN UNFAMILIAR
MARKET.**

The reason for the problems was the foreign company's unjustified confidence in its approach in an unfamiliar market.

To reduce the risks of the project to a minimum, it should have assessed the competition for three to five years ahead and carried out deep due diligence of the sector. Found out from the project initiators what measures should be taken to implement the project, assessed costs. If the foreign company is only entering the Russian market, it would be logical to make use of the experience of professional consultants and brokers. A serious market of such services exists in Russia, Both local companies and missions of international consultancy firms are represented in it, so there is plenty of choice. Consultants can also help in working out a strategy for winning the first client by logical price formation and special commercial terms.





What to See and Where to Exhibit

The numerous international events in Moscow will help in finding new partners or ways of developing business



BATIMAT® RUSSIA

BATIMAT RUSSIA-2016 INTERNATIONAL CONSTRUCTION AND INTERIORS EXHIBITION

05.04–08.04

Location: IEC Crocus Expo

Profile: furniture, interiors,
décor, construction, construction
materials, ceramics, interior
design, construction technologies,
finishing materials, floor
coverings

The exhibition is an ideal platform for those looking for new trends on the development of business and interested in conducting efficient business negotiations with the aim of establishing partnership relations with the leaders of the Russian and world construction market, and also in organizing business in the interior design field.

THEMATIC
SECTIONS





**FIDEXPO-2016
VII INTERNATIONAL
FURNITURE AND INTERIORS
EXHIBITION**



11.05–14.05

Location: CEC Expocentre

***Profile: furniture, interiors,
décor, timber, wood processing,
paper, furniture production***

The history of FIDExpo begins in 2001. At that time, the exhibition was held on the Gostiny Dvor site, but in 2014 it moved to the CEC and appeared there in a new form. The stress was switched from the designer field to the mass-produced furniture sector. After market research into the results of the exhibition, and having studied the market situation and the reactions of exhibitors, the furniture management of VO RESTEK came to the conclusion that FIDExpo should be reborn in its initial role: taking up the so-far empty niche of interior exhibition projects, and should primarily become a meeting place for furniture makers and designers.

**THEMATIC
SECTIONS**





TASTE OF MOSCOW-2016 INTERNATIONAL FESTIVAL

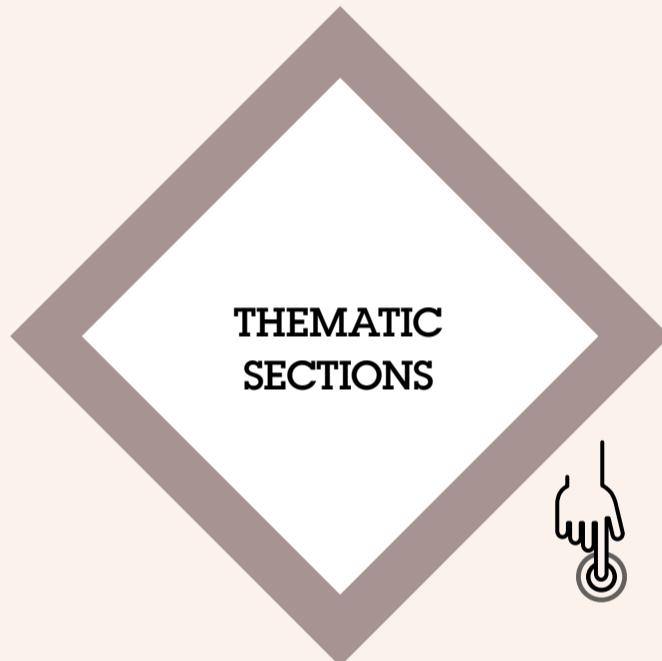
02.06–05.06

***Location: A prestigious avenue in
Luzhniki***

***Profile: restaurants and hotels,
restaurant business, catering,
food products and drinks***

Such exhibitions/festivals are now traditionally held in 21 capitals around the world. The organizers are positioning their event as a festival of gastronomic wonders. Along with suppliers of exclusive food products, fine wines, drinks and premium-class service, the most fashionable and tasty gastronomic locations in the capital will also be represented. Entertaining master-classes and presentations by stars of cookery will be held, and there will be interactive tours of various countries. Splendid music and relaxation await everyone.

THEMATIC
SECTIONS





ROSUPAK-2016 INTERNATIONAL EXHIBITION OF THE PACKING INDUSTRY

14.06–17.06

Location: IEC Crocus Expo

***Profile: Packing and packaging,
labels, packaging equipment,
packaging materials,
manufacture of packaging
materials, food production***

RosUpak is the biggest packing industry event in Russia, the CIS and the countries of Eastern Europe. It is the only exhibition in Russia which comprehensively presents the process of packing production for different industries; packing, chemical, medical and pharmaceutical, and also for enterprises of public catering, wholesale and retail trade, storage, logistics et al.

THEMATIC
SECTIONS





STONE INDUSTRY-2016 XVII INTERNATIONAL EXHIBITION

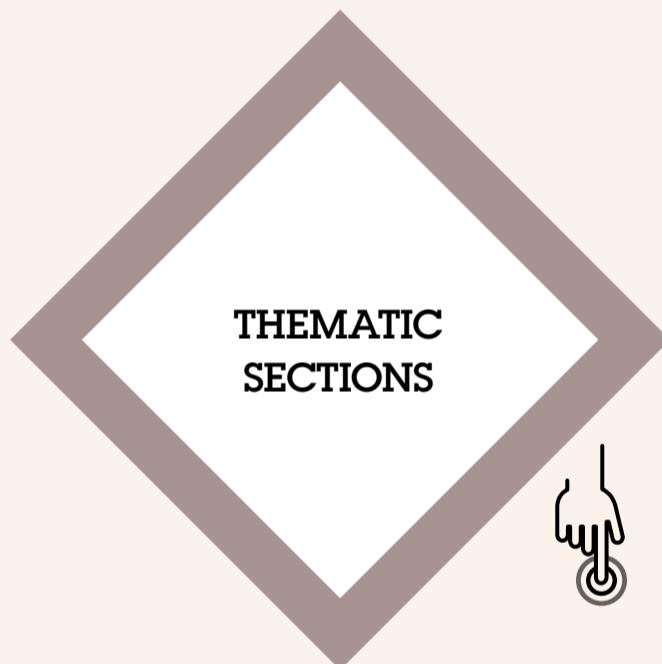
21.06–24.06

Location: VDNKh

Profile: construction, landscape design, garden, construction equipment, stone, engineering work, finishing materials, construction tools

“Stone Industry” is the new name of the international exhibition Expokamen, the most significant exhibition in Russia and one of the biggest in the world in the field of mining and processing natural stone. This name reflects its all-embracing nature and its relation to the whole natural stone industry, including how this unique natural material is turned into blocks, slabs, tiles etc., stone articles and the equipment for mining and processing it, tools, means for maintaining and preserving stone, etc. ■

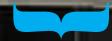
THEMATIC
SECTIONS



*The unique
Dominion Tower
business centre
in Moscow is open
for cooperation*

Visiting Card of Success

PHOTO: DOMINION TOWER | TRANSLATION BY: JACK DOUGHTY



BIGMOSCOW // BUSINESS // DESIGN // DOMINION TOWER



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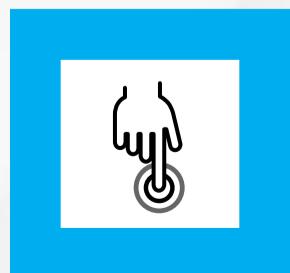
**Address of office complex: Moscow,
ul. Sharikopodshipnikovskaya, d. 5.
This A-class office centre is at the
junction of three administrative districts
of Moscow: Central, Southern and
South-Eastern. Opened in September
2015, it at once became a dominant
architectural feature of Russia's capital.**

**The seven-storey building has
a dynamically complex shape
with corbels inset a considerable
distance from the external outline
of the ground floor. The office spaces
here are quite varied.**



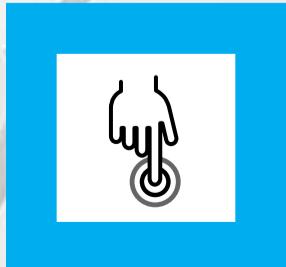


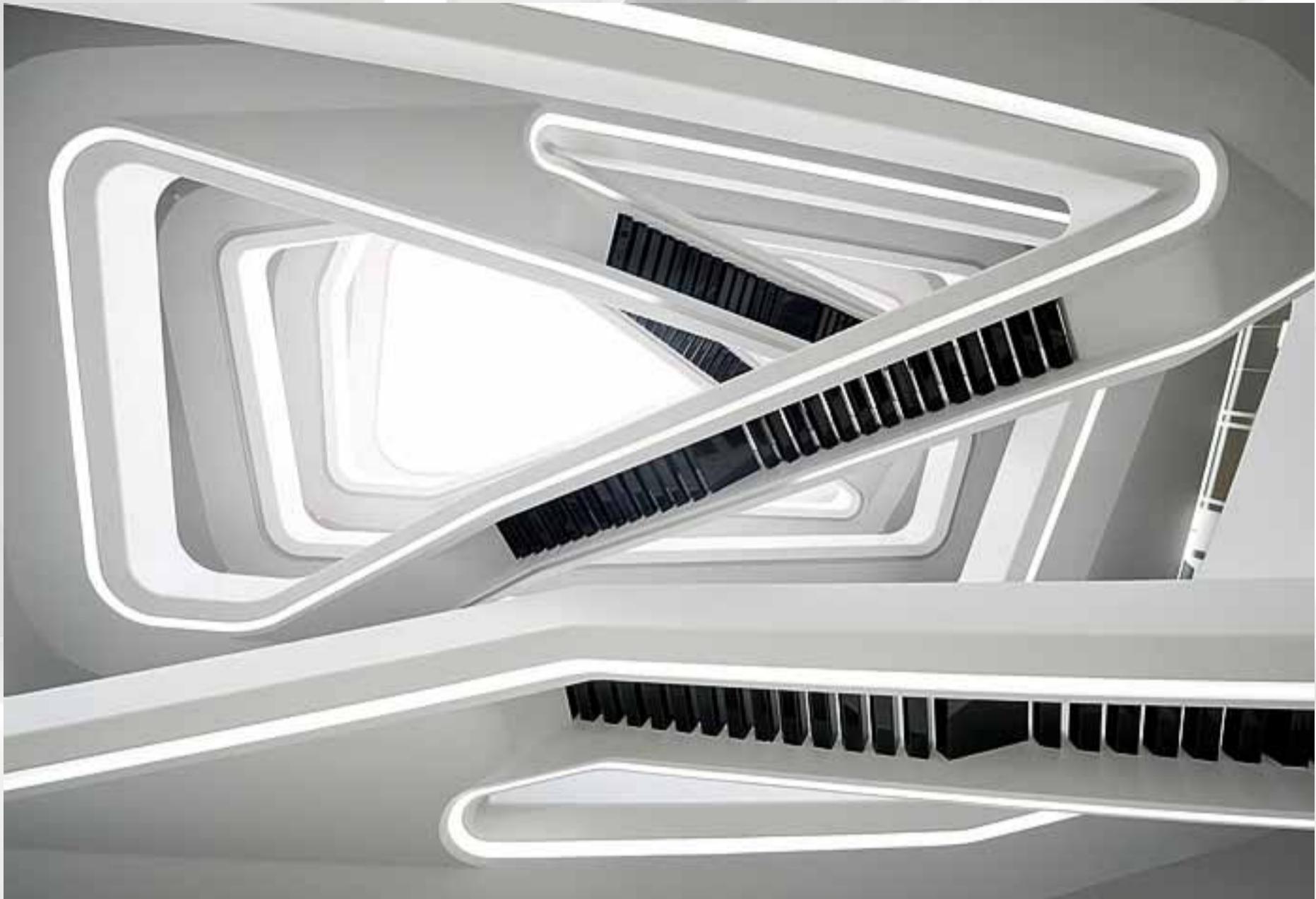
The author of the Dominion Tower concept is the famous British architect Zaha Hadid, the first woman in the world to win the Pritzker Prize (the architectural equivalent of the Nobel Prize) in 2004.





The building is in an avant-garde style, changing the traditional concepts of space and architectural geometry. The use of white as the main colour and the open spaces filled with light create a sensation of limitlessness and weightlessness.



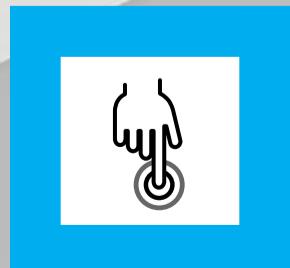


Alongside it are Moscow's main transport arteries: the Sadovoye and Tretye Transportnoye Ring Roads, the bank of the Moskva River and Volgogradski Prospekt. Parking spaces for 251 cars. The most modern engineering systems and security and control systems. Standby electricity supply and optic fibre telecommunications.





The special “Augmented Reality” technology makes it possible to take a virtual tour of the Dominion Tower on virtually any Mac IOS or Android-controlled mobile device. The special marker and programme can be downloaded on the office complex website.



LIVING IN MOSCOW



The Korean **Ingo Jung** is confident that living and working in Moscow is a good thing for a foreigner and offers good prospects

The Main Thing is to Reject Stereotypes

BY: NIKOLAI MIROSHNIK | PHOTO: EVGENY DUDIN | TRANSLATION BY: JACK DOUGHTY

Ingo Jung is the marketing manager of the company SK Lubricants RUS LLC in Moscow. He has been living in Russia for almost 13 years. His job is to be responsible for promoting the ZIC brand on the markets of Russia, the CIS countries and Eastern Europe. ZIC is a well-known Korean brand of motor oil. At a certain point in his life, he was “overcome by restlessness, a desire to go somewhere else”. The usual thing for a South Korean is to study in the USA, Japan or China. But our hero decided he wanted to go to Russia.

– Did the thought of working in Russia come to you suddenly?

– It was unexpected. Coming across a map of the world, I began studying it – and suddenly thought: but Russia is the biggest country in the world. Surely there must be great potential and great opportunities there.

– So you decided to go immediately?

– No, not at once. At first I began to take an interest in Russian history and literature, I read all of Dostoyevsky... After a while I realized it was time to go and see with my own eyes. I chose St. Petersburg. Incidentally, when I went to buy the airline ticket,

it turned out that no-one in the travel agency had any idea where that city was.

– That was a rather strange agency, wasn’t it?

– Not at all. Believe me: they still know very little about Russia in South Korea. I could not find a single Korean website saying anything about Russia. Not even a tourist site.

While I was living in St. Petersburg, I even sent a letter to the RF Ministry of Culture: you advertise tourist



About Ingo Jung

trips to South Korea for Russians but why does no-one call on Koreans to come and visit Russia?

– When you yourself are in your homeland, do you invite friends to come to Russia?

– Of course! And as a student at St. Petersburg University, I was

an active blogger. I told my fellow-countrymen about my life in Russia, what I was seeing, who I was meeting. I tried to acquaint Korean Internet users with your country.

– Are you still blogging?

– Alas, I don't have time for it now. But I haven't given up on another idea



They still know very little about Russia in South Korea.

I had then – to create a Korean site and publish fresh and objective information about Russian life. I hope to go ahead with this project.

– In such an information vacuum, what did your relatives think of your idea of working in Russia?

– It was a shock for them. My mother wept.

– Why was she so upset?

– She was afraid for me. She was worried: Oh God, my son has become a communist!

You have to understand that she is of the older generation, brought up in the years of the “Cold War”. At that time the Soviet Union was considered virtually our main enemy. Korea had complicated history in the twentieth century: the Korean War, the division of the country into South and North. The image of the enemy was firmly planted in the heads of our fathers and grandfathers.

– Why did you move to Moscow after studying in St. Petersburg?

– In St. Petersburg I first studied Russian, then international relations. I liked the city very much. I wouldn't have minded staying there. I started looking for work in a good firm and realized that virtually all the Korean companies were based in Moscow. Eventually they took me on in the Samsung office, so I had to move.

– Do you regret it?

– I have been in the Russian capital since 2006. I have long considered myself a Muscovite. But I do travel to St. Petersburg about once every six months, to visit friends.

– Do you have many friends there?

– Yes, as in many other places. Young lads from all the regions of Russia studied with me at university, so

ABOUT
SK LUBRICANTS





I likes St. Petersburg a lot.
But I found work in Moscow.
So I had to move.

we got to know each other. I try to visit them all.

– *Where have you been so far?*

– To Volgograd, Kizhi, Baykal, Kalmykia; I've even been as far as Kamchatka and Sakhalin. I travelled from Moscow to Vladivostok by train.

– *When you arrived in Moscow, did you sense any difference as compared to St. Petersburg?*

What surprised you?

– The scale! Compared with Seoul, Moscow is a simply vast city! Really wide streets. We have nothing like them. And in St. Petersburg everything is quite close, you can often get where you want to go on foot. You won't get far on foot in Moscow, though I love walking. And people here move around probably thirty per cent faster. They're in a great hurry. The rhythm is different.

The first thing that surprised me was how far it was from Sheremetyevo to the Third Transport Ring, without stops, without being held up by a single traffic light.

– *And apart from external impressions? Are the approaches to life and business different in Russia and Korea?*

– We are accustomed to different standards. For example, education. You might say that our education standards are American. We do not study the theory so much as the practical application. That is, the question “Why is it so?” is not at the top of the agenda, the main thing is how the theory is used in practice, discovery, development of what others have already thought up. A purely pragmatic approach.

In Russia, education is more profound. In St. Petersburg, everything began with the theoretical substantiation. At first this seemed boring and unnecessary, but I now realize that this approach is the correct one, it provides a broader view of things.

– *You consider yourself a Muscovite. But not everything pleases even a Muscovite, I think, for all his love of his own city. Can you imagine for a minute that you are in charge of this city?*

I haven't given up on the of creating a Korean site about Russian life.





**My favourite leisure occupation in Moscow
is to walk with my wife and child,
or as a whole family.**

– Yes, very easily! When my friends ask me about my plans for the future, I sometimes jokingly reply “I don’t know, maybe I’ll stand for Mayor of Moscow!”

– *Then this is the very time to announce your “election programme”! What would you change in the city, if it were your hand on the tiller?*

– I’ll try... Moscow has long winters and a rainy autumn. Sometimes, in bad weather, it looks too grey and gloomy. I would paint the buildings in brighter colours. Everything would look different. It would be great!

What else? I live not far from our office, from Moscow city centre. And of course I have great difficulty in parking. I think they ought to build more housing blocks with underground garages. And not just single-storey ones, but at least two or three storeys. In Seoul no-one is surprised that a building has six or seven storeys for cars under it. It’s expensive, of course, but it justifies itself.

But I would also like to give my potential “rival”, the present mayor,

his due. In recent years, Moscow has changed greatly for the better. My wife and I both think so. There are many new parks and squares, where you can walk and breathe fresh air. They have improved Gorki Park and the Neskuchny Garden, where we often go on days off. It was quite right to create pedestrian zones in various places.

– *You mentioned the long winter. How do you personally get through it?*

– I’m used to it by now. Yes, there isn’t much sun, not enough Vitamin D, you have to take it as an extra.

– *Koreans are well known to be workaholics. But even they can’t work 24 hours a day. What do you do in your spare time in Moscow?*

– I go skating and snowboarding. They have artificial slopes in Moscow, I go there.

But most of all I like strolling round the city. My favourite occupation is to walk with my wife and child, or

Mama looked at everything in Moscow all goggle-eyed, and was totally delighted.



as a whole family. Not far from our home are the Moskva River bank, and Krasnaya Presnya Park, very green. There are many events there, programmes for children, skating in winter. So our family has picked up the purely Russian habit of going out for a walk.

– Why “purely Russian”?

– Because for a Korean, “walking round the streets” is a totally literary concept. We have not had this habit for a long time. What does “going for

isn’t there anything else to do in Moscow, is there nothing here?

– *So your mother has reconciled herself to your choice of Russia?*

– Once I was established in Moscow, I invited her for a visit. I made thorough preparations, I worked out a complete programme: where to take her, what to show her. She looked at it all goggle-eyed, and after about three days, she was totally delighted. Eventually she asked: “Can I stay?”

In Russia, education is more profound. Everything began with the theoretical substantiation. This provides a broader view of things.

a walk” mean? Don’t you have anything to do? Or are you short of money? If you’re going somewhere, you have to go with a specific purpose: to drink coffee, sit in a bar, dine, go shopping... But I could easily say to a Russian colleague: “We’ve been sitting down a long time, Let’s go for a walk, we can discuss everything at the same time”. I remember when my mother first came, my wife said “Let’s take your grandson for a walk”. Mother wondered: what,

– *Long walks stimulate the appetite. I don’t know much about Korean restaurants in Moscow. Chinese ones are more familiar. But after going to China, I realized that it’s hard to find real Chinese cuisine here. How is it with Korean cuisine?*

– Well, the sushi you find in Moscow wherever you go is certainly not Japanese. Korean cuisine is another matter. There are 15 Korean





restaurants in Moscow. And the food they offer is really Korean.

– Do you go to them to eat?

– Only when we invite partners to lunch. My wife prepares Korean dishes for me at home. If we go out anywhere, I usually prefer European, Russian or Ukrainian cuisine. My wife has recently taken a great fancy to Georgian.

– You speak excellent Russian. Is the Russian language difficult for a Korean?

– When I was studying English, it seemed extremely complicated to me. But then I took up Russian, and realized that English is quite easy.

– Do you get homesick?

– I visit Korea about twice a year, on

business. Recently my company asked me “How would you like to stay on another year in Moscow, and then we’ll transfer you to head office back home?”

– And what did you reply?

– I told my wife, and she protested. “Why leave? I’d be happy to live here another five to seven years”. We got to know each other in Korea, got married, and she came to Moscow three years

– As a veteran Muscovite, what would be your advice to a foreign colleague thinking of coming here to work or open a business?

– First of all, to forget the many stereotype views about Russia which he probably has. To keep an open mind and take everything as a clean sheet, as it were. And in doing so, to try to understand the different cultural

I would advise foreigners to forget their many stereotype views about Russia.

ago. When she first came, she spoke differently about it. “Let’s just stay another couple of years, then we’ll go home.” Now she likes it here. And I’m not thinking about leaving yet, we’ll live here a bit longer.

and life standards, which may not be those to which he is accustomed. You must always try to understand a different point of view. This is a great help in life. ■

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