



# AEB Business Quarterly

Association of European Businesses

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Spring 2013



## 10 years of HR in Russia: Achievements & Prospects

**With AEB updates on:**

HR market in Russia / The role of HR leaders in change management / Updates on employment law in Russia /  
Updates of the Russian state pension system / AEB Networking...and more



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## Dear Friends,

Welcome to the Spring edition of the AEB Business Quarterly, which is dedicated to the HR industry in Russia.

Globalization and the rapid advance of information technology have deeply affected the political and socio-economic environment, creating new opportunities along with new challenges. Now it is evident that to address emerging needs and combat upcoming challenges, businesses need to master the “human element” of change.

In recent years we have seen significant changes in the field of human resources. Their role has grown considerably, and they are now recognized as a key function influencing business strategy. Russia's markets are growing in volume so it is crucial for companies to understand what they should do to be an attractive employer and to manage effectively. According to the AEB-GfK survey conducted in 2012, qualified personnel along with large market potential and positive market developments are the key factors which attract foreign investment. In addition, Russia's WTO accession is expected to facilitate investment, accelerate the modernization of the Russian economy and thus trigger the further development of the HR sector of the country's economy.

Such a development is sorely needed, since efficiency is the critical operational business issue today. However, work efficiency in Russia is relatively low. As a consequence of the demographic crisis of 1990s, the lack of qualified staff is a burning issue for some companies. Also, salary costs are increasing. In addition, the Russian labour code imposes quite some restrictions on business.

Though there are many challenges to meet for foreign companies operating in Russia, the overall economic situation is positive. It means there are new opportunities available and new tasks to tackle. The AEB will take an active part in continuing to promote the interests of our member companies in Russia's ever-changing commercial landscape.

This edition of the AEB Business Quarterly features articles from leading experts in the HR sector in Russia. It will provide you with an insight into the Russian labour market, its legislative developments and much more.

Enjoy reading!

*Dr. Frank Schauff  
Chief Executive Officer  
The Association of European Businesses*

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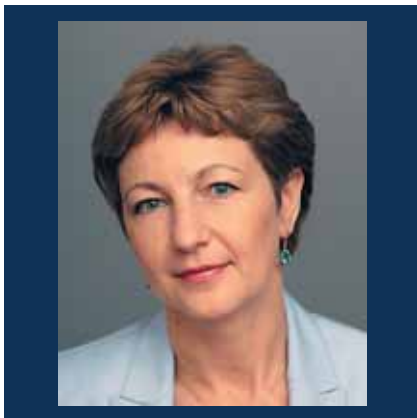
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# INTRODUCTION



**Olga Bantsekina**, Chief Representative, Coleman Services UK;  
Chair of the AEB HR Committee; Deputy Chairman, AEB Board

2013 is another notable year for the AEB HR Committee. On May 16 we are going to have our 10th Annual HR Conference ("10 Years of HR in Russia: Achievements & Prospects"), which we believe will be a most interesting event for the Russian HR and business community.

Since this is the jubilee Conference, we are planning to look back at the past ten years of the labour market in Russia, to evaluate its current conditions and peculiarities as well as to forecast its immediate prospects and opportunities.

Any jubilee is a proper time for evaluating what had been done in the past, and for deciding what else might be done, as well as planning for the future.

I recollect how the idea of the conference arose. I was walking in the autumn streets of Sochi, after a working day of the Kuban Economic Forum with Irina Aksenova (who was our HR Committee coordinator for more than ten years) and arguing about, and discussing, possibilities for developing the HR Committee's work and making it more lively and attractive. At the time, the AEB HR Committee was more about breakfast meetings dedicated to certain HR issues on a monthly basis and to general committee meetings, which used to be organizational ones.

During our discussion I mentioned that I had attended an HR conference at another business association, which I enjoyed but which could have been considerably improved and developed.

Irina stopped and said: "We will do it! It will be the best in Moscow!"

It took her quite some time to persuade her management as well as Tim Carty, who was the HR Committee Chair at that time. (By the way, Tim has kindly accepted our invitation to participate in our jubilee conference this year as a keynote speaker – please, come to listen to his fascinating stories.) Finally, next spring, we did it. And it was a success! Amazingly simple – just the focused intention of two people, plus perfect support from the team – and 10 years have passed as one!

Irina left the AEB last year, for a challenging top position in a professional institution. We wish her success in her career and highly appreciate Irina's invaluable input into the development of our Committee during the past decade.

2012 has been memorable for us due to the establishment of our fifth Sub-Committee, on Labour Law, which is going to address the most important and vital issues in the Russian Labour Code, including lobbying activities and the development of legislation in the area of human resources. We welcome Evgeny Reyzman (Chairman, Baker and McKenzie) and Julia Borozdna (Deputy Chair, Pepelyaev Group) onboard and wish them an active start (which has already happened), interesting involvement and further development.

As of now, besides Evgeny and Julia, our Steering Group consists of myself,

as the HR Committee Chair; Olga Gadetskaya (Sanofi-Aventis Group) – Deputy Chair of the Committee; Tatiana Khvatinina (SHL) – Assessment, Training and Development Sub-Committee Chair; Ekaterina Ukhova (Ernst&Young) – Compensation and Benefits Sub-Committee Chair; Michael Germershausen (Antal) – Recruitment Sub-Committee Chair; David Gilmartin (Troika Relocations) – Relocations Sub-Committee Chair.

I would like to express my deepest gratitude to our team, who are always active and involved, eager to invest their time, knowledge and efforts in our Committee's activities and to do their best in the interest of our respected Members of the AEB.

Special thanks for sure go to the whole AEB team, who are always supportive and helpful in any of our activities.

This edition is not dedicated to a single topic. We have decided to collect articles, which illustrate the most interesting and important issues in the present labour market situation in Russia, from the perspective of specific market participants. We hope that these points of view, from different professionals representing a wide variety of business sectors, will build up a realistic general picture of how HR in our country fares today.

I hope you will enjoy the reading this magazine and soon become one of the active members of the AEB HR Committee.

**BQ**



# OCCUPATIONAL STANDARDS



**Lyubov Yeltsova, Deputy Minister of Labour and Social Protection, Russian Federation**

The schedule defines top-priority occupational standards to be developed in 2013–2014 that cover 11 occupation groups on the basis of the All-Russian Job Classifier (in total – about 800 occupational standards).

This approach ensures development of occupational standards based on specific types of labour activity with regard to the international standard occupations classification as well as uniformity in their development and application in the sphere of labour, employment and professional education.

The number of occupational standards has been determined with the involvement of employers and expert associations, the Autonomous Non-Profit Organization “Agency for Strategic Initiatives on Promotion of New Projects” as well as on the basis of proposals made by federal executive bodies due to priorities in various economic sectors’ development.

Thus, the new qualification system will enlarge qualification requirements as compared to the existing system of guides (URSG, USG) that includes over 7,500 worker jobs and occupations and employee and specialist positions. It will result in the emergence of occupational standards to form the basis for educational standards and programs as well as companies’ job descriptions.

It is very important to explain the procedure for developing occupational standards. Professional associations or employers are expected to initiate development of occupational standards taking into consideration labour market needs. An Expert Council under the Russian Ministry of Labour has already been established. We attach great importance to it, and have granted it a lot of power. It is important that business sector representatives play the key role in it. As for the areas where the State is an employer (first of all, the budget sphere) the Council will include representatives of ministries.

Why do we need the Council? The occupational standards that are developed, should be approved by a pro-

fessional society and employers, those who have a direct interest in these qualification requirements. Thus, the primary function of the Expert Council is to adopt the occupational standard or, if need be, to reject or return it for improvement after an expert examination. Having been endorsed by the Expert Council, the occupational standard will be approved by order of the Ministry of Labour. The priority task is to determine the typical layout of the occupational standard in partnership with employers, professional associations, and trade unions. Today we have the foundation. The Russian Union of Industrialists and Entrepreneurs has been developing occupational standards for several years.

According to many employers, an official cannot write a good occupational standard. That’s why we have arranged the work in such a manner that employers are the key developers. The professional society will recommend them for preparation of occupational standards.

The state, in its turn, will help in relation to compliance with the law and provide organizational and instructional assistance. Once again, the most important point, I emphasize, is that business and professional associations should constitute the main driving force.

First of all, we plan to develop an occupational standard for teaching. In the near future it will be publicly discussed and approved. After that much will depend on activity of business organisations. It’s planned that the update of professional standards will be performed on the regular basis.

I think both employers and employees are interested in occupational standards today. For companies, first of all, it means the involvement of qualified employees with specifying new standards. For an individual, occupational standards will help to in the selection of occupation, area of employment, career planning, and choice of areas for professional education, additional training, and skills development improvement. **BQ**

There is such a gap between the realities of the labour market and the education system that employers often have to re-train yesterday’s graduates as well as carry out long-term adaptation of employees. For this purpose a program updating the current system of qualification requirements has been prepared.

The concepts of occupational standard and employee qualification were introduced to the Labour Code in 2012.

A procedure for development, approval and application of occupational standards has been established by the government of the Russian Federation applying the views of the Russian Tripartite Commission for the Regulation of Social and Labour Relations. A procedure for establishing a correspondence of job titles, occupations, and specialties in occupational standards and unified rating and skills guides will be established in the same way.

It should be noted that in accordance with the Labour Code occupational standards as well as URSG will be in the form of recommendations. At the same time in appliance with the new Educational Law, training programs will be obligatory developed on the occupational standards’ basis.

At the same time job titles for which any compensation, benefit or restriction are assigned must correspond to those indicated in skills guidelines or occupational standards.

The government of the Russian Federation has approved a plan for developing occupational standards for 2012–2015. An occupational standards preparation schedule for 2013–2014 has been approved by an order of the Ministry of Labour.

# SPANNING A DECADE: HR MARKET IN RUSSIA



**Andrey Chulakhvarov**, Head of Permanent Staffing, Coleman Services

a cautious revival in late 2009. A multitude of tendencies, both logical and at odds with expectations of both candidates and employers alike, emerged in 2010, leading up to an almost mature (in a Westernized sense) labour market in 2012. Now we observe a market where talent is available but at a price liable to raise eyebrows even in well-developed economies.

Let's look in more detail the current realities of the labour market in Russia, clarify the roots of all the trends and try to catch a glimpse of the future. Many economists agree that 2012 was the year when the Russian economy caught up with its pre-crisis levels on all fronts. With respect to the labour market, Russia recorded an all-time lowest unemployment rate of less than 5% nationally, with a staggering 0.9% in Moscow (according to Rosstat bulletin of December 2012). These figures look all the more impressive in comparison with southern European economies.

But many authoritative sources insist that human capital in Russia is not yet up to its potential, the underlying problem being ineffective management, regulatory limitations and lack of competition. Therefore labour productivity is still much lower than in developed economies, as is the automation of processes. Russia remains a country

where public sector and state enterprises remain the biggest employers. Small and medium enterprises are responsible for no more than 20-22% of the nation's GDP. By and large, the labour force is not encouraged to develop competencies. Having a job and being satisfied with it makes a world of difference, when it comes to efficiency. A person who does a job because he knows he can't subsist on state unemployment allowance is only marginally better off than an unemployed person in the US or EU. In practical terms it means two separate worlds – one of Russian giants, state-owned or leaning heavily on the state, where competition is either limited or minimal, and the other in which Western and Russian counterparts act in the markets with a high degree of rivalry.

Remarkably little has changed in the system of government bodies during the last decade. Quick advancement is unavailable to an ambitious person, and opportunities are based mostly on nepotism or seniority. On the other hand, if the ambitious person in question chooses to jump ship and join the real business world, he will not always find a meritocratic system there either. Connections are still the major source of both finding a job and getting promotion. Thus, the two worlds

**T**he number of events packed into a decade in an emerging economy may well defy the imagination of an outside observer. Such events not only encompass the transformation of economic realities, but deeply affect the fabric of society itself. No aspect of daily life remains unchanged, and the transformation goes at a tremendous pace. The amount of change that the past decade had brought us, and its rapidity, had made it seem much longer than 10 years. But that hardly comes as a surprise. Rapid development of an economy literally creates a new environment where the pace of life quickens to a new pitch, and fresh opportunities arise, like volcanic islands following a major earthquake, and they can be just as alluring.

This pace is all the more evident in the field of human resources, which has undergone something close to a revolution in just a decade. In this article we shall attempt to describe and analyze the most significant changes which we have witnessed since 2003.

Lack of qualifications, combined with abundance of trainable personnel, would be the snapshot of HR market realities ten years ago. This was followed by an explosive growth in headcount across all industries in the subsequent 4-5 years, resulting in a personnel deficit, irrespective of qualifications. Then there was a feverish recruitment drive, which ended in a crash in mid-autumn 2008 and was followed by





co-exist quite peacefully in terms of labour migration. People adjust and concentrate on establishing a network of personal connections. Most careers are made through that, not by sustained effort and achievement. Russian businesses still prefer rank and file executors and coordinators rather than managers (and never mind the official titles). That is one more aspect of the labour market that is strangely impermeable to change. But it is nothing to be marveled at – after all, a shift in business mentality requires a significantly longer period of time than a shift in the economy's rules. Even two decades of the market economy have not much affected the mentality of the labour force in general.

But business opportunities follow demand, not mentality. The soaring consumer demand of the past decade has opened wonderful opportunities to retail, production and service industries. Markets grew in volume, they diversified and became increasingly complex, as they followed the path of the developed economies. Western

companies brought in the experience, methods and management necessary to capitalize on those opportunities. In such circumstances, a speculative approach was prevalent: there was simply no way to go but up. New factories were put into operation, real estate properties were built, the consulting industry thrived. And of course, salaries grew across the board. Ambitious goals were set and achieved, careers were made, unique experience acquired. But just how much of the labour market did this transformation impact? How deep was its penetration? It is clear that everyone benefited from the growing economy – new products, new services and hence new life. But if we look at the labour force as a whole, we see that change has not been conspicuous.

It is all the more evident if we compare the Moscow labour market with the general national one. The difference is staggering. What regions lack in competence, they make up for in attitude. Even so, the lack of a competitive environment inflicts serious damage on the desire to develop professionally.

As a result, amateurism and bad management are ubiquitous, and good professionals hard to come by. The headlong growth of the economy did push salaries up but efficiency remained low. And now the personnel deficit hinders further development. A paradoxical situation arises: (A) businesses are reluctant to expand into regions where labour is not only unqualified but scarce; (B) the local labour force, desperate for a chance to move, is left to hold onto whatever jobs it has. Regional labour markets grow stagnant, and migration seems the only way to effect a change for the better. While regional salaries are a fraction of those in Moscow, moving offices is not an option for most employers. Transferring call centres and back office functions to regional cities is still a rarity.

When it comes to a new generation of workers, there is still not much hope for a quick change in quality. Graduates are still poorly prepared for work in a real business environment. The educational system has not adapted to employers' requirements over the past

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decade. Every third graduate chooses to work outside of his or her specialty. Qualified graduates need to be re-trained and supervised in their new responsibilities. English proficiency is on the rise, although lack of conversational practice leads many to forget what they have learned. The vast majority of workers, especially in the Russian regions, still see no point in learning languages.

On the positive side, training and development budgets have grown several times during the last decade and we can see the gratifying results: useful qualifications can be found. Experience has accumulated. So talent is out there. But an employer who invested heavily in his employees is not likely to give them up so easily. Sourcing talent is difficult. It is costly to recruit and train someone who might not fit. Retention has become the buzzword of the 2010s. Inevitably, salaries grow and labour costs rise significantly.

The future of the labour market is not hard to predict. The trends we currently see will continue. Specialists



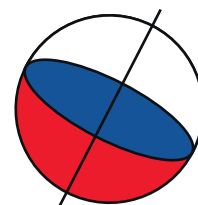
with rare qualifications will be in high demand and their salaries will likely approximate to those of their managers. The war for talent will continue, especially as the demographic trough of 1990s will begin to take its toll, with fewer graduates during the next 5 years or so. The length of service with one employer will grow from the current two years to three and more. Promotion will be the best way to replace employees, but on the whole attrition rates will diminish. Hence the career growth of younger specialists will be impeded by fewer available opportunities. This is

good news for a conscientious employer who values employees and is ready to invest in them. On the other hand, engagement levels must be monitored as employees accustomed to changing jobs frequently may succumb to routine and let their performance slip.

Furthermore, employers will face the challenge (many already do) of maintaining their profit margins despite the rising cost of labour. The necessity to increase labour productivity will be paramount. Such a challenge can be met either through the automation of processes or by diversifying business lines for sustainable development. In any case, the cream-skimming era is drawing to a close, calling for strategic reviews of business and long-term planning. These latter are the two managerial competencies most difficult to find in contemporary Russia. After all, Russia is still a young market economy and, though many markets approach saturation, businesses still have a long way to go before achieving maturity. There are still a lot of challenges and opportunities here. **BQ**

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# START IN COMPETENCE!



## Shostak Natalya, Head of Human Resources Department, OJSC «Hlebprom»

For supporting a standard implementation kit a communication program was developed directed at following tasks:

- Extension of corporate competences to all levels of personnel;
- Involvement in detection of marked and developed corporate competences by colleagues;
- Inspiration of employees' desire to develop company-oriented important competences.

This program lasted for a year, so it was called "The Competence marathon – 2012".

As in sport, our program has a number of rules:

- An employee can announce himself/herself or other employees to one or more competences.
- Many employees can be announced to the same competence. An application form should be supported by an example illustrating a relevant competence.

For providing a fair estimation of results all the participants are divided in two groups – "Top management league" and "Specialists league".

The program was announced by email and on the company's web portal. Colorful posters with information about the "Marathon" were placed on information stands throughout 2012. Emails included photos of employees and examples illustrating the relevant competence. All employees could vote online on a specially created internal internet resource. Votes were counted automatically, and total rankings could be checked online.

### Finish

The participants became increasingly active before the end of the year. Growing numbers of employees joined the Marathon, and encouraged others to participate.

In total, within the year 11 announcements were made and 39 employees joined the Marathon.

In December 2012, the HR department identified three leaders in each

competence, collected the maximum number of votes. Awards were presented at the company's New Year party. They included diplomas and valuable prizes. In addition, other diplomas and smaller prizes were given to other participants of the Marathon.

After the award ceremony, information about the winners was placed on the corporate portal, and special posters were made with photos of the Marathon leaders.

Without doubt, the Marathon has been a great success. The model of competences at "Hlebprom" became not a Western novelty, but a working tool for assessment and development.

Besides, for a company with such a wide geographical presence as "Hlebprom" the Marathon became an additional way for employees to get to know each other. By illustrating relevant competences employees were writing interesting stories about their everyday work and became a good example for others. Each division and each employee became a little bit closer by voting for each other.

Not only the HR department and the company's management, but also the employees themselves came to the conclusion that "The Competence Marathon" program is necessary for the company on a constant basis. A new start in 2013 was recently announced. BQ



In the 1970s American businessmen started making models of competences for their organizations. Twenty years later, the idea was picked up in Europe. Now in Russia the vast majority of employers compile their own corporate models of competences.

These models are used in different ways. Some prepare lists of important competences, place them on a corporate stand and forget about them, others estimate the level of knowledge, skills, abilities, and personal qualities of candidates for vacancies. The model of competences was not widely used as it was not properly implemented.

One model was developed in 2011 in OJSC "Hlebprom". It consists of nine fundamental competences:

- Approach to development
- Result orientation
- Effective communication skills
- Ability to work in a team
- Initiative and enthusiasm
- Approach to changes
- Planning and work organization
- Self-discipline and orderliness
- Systematic thinking

However, developing a unique model of competences which suits a company's strategy is just the first step. Lots of work follows at the stage of implementation.

The Human Resources department has not only to inform staff about the developed model of corporate competences, but also to explain it to each employee, teaching them to estimate the level of development of each competence, and also to stimulate a desire to develop them in the future.



# SPECIFICS OF THE RUSSIAN CANDIDATE'S MARKET



**Alexey Mironov**, Director for Strategic Development, ANCOR; **Elena Vitchak**, Executive Vice-President for HR, AFK Sistema

## Introduction

Russia is widely recognized as an emerging economy which is expected to grow at an above-average rate in the coming years, and is likely to become one of the most attractive places in the world in which to do business. GDP growth of 3.75% is forecast for 2013, which will drive consumption, boost investment in local production by international businesses, and thus drive the growing demand for staff.

At first sight, investors do not seem to be aware of the potential challenges of the labour market related to the number of people living in Russia now (about 142 million people), and therefore expenditures that need to be incurred.

Among the major challenges for most of employers is recruitment of qualified staff, the mobility issue, salary expectations of candidates and aspirations of the coming "Y generation".

## Economic Trends

The cost and time needed to recruit qualified professionals can be considerable. The growing shortage of staff in the labour market is mostly caused by the demographic crisis. The current population of 142 million people, with half of that of working age, has been declining, and will continue to decline considerably, due to a reduced birthrate in the 1990s. This will limit supply in the labour market and will increase the competition for qualified

professionals in the coming years. However, the current unemployment rate of 6% (a third being young people) is one of the lowest in the developed countries. Considering the decreasing labour pool and the increasing demand for new staff, there is likely to be a further decline in unemployment.

## Mobility

It is not uncommon for recruiters to search for candidates abroad or, at least, across the country. There have been projects in our practice when an appropriate candidate was found by a targeted search in one of the American universities, then was relocated to Russia. The current situation—imbalance of supply/demand in the labour market in the Russian regions—forces businesses to invest in relocating employees within Russia. But mobility

is another challenge for employers. The overall mobility of work force in Russia is still quite low. There are specific reasons behind the Russian people's commitment to living in the same place all their life, and their needs related to this, including work, provision of products and social services. The psychological factor plays a major role. People avoid uncertainty and the fear of leaving the region where they grew up and to which they are accustomed.

There are many stories about the residents of single industry town (mono-towns, which suffer from a high unemployment rate) who refuse to relocate to other regions to look for work. The following question then arises: "How do they manage to survive in this situation?" For many people a household plot is the main source of income and food.

Among the economic reasons is a huge gap in real estate prices between the regions. It's almost impossible to sell property in one region and then buy at the same price in another. More-



over, residential registration still exists in Russia, restricting access to state services like schools, nurseries, medical assistance and so on.

Due to these difficulties, employers face a shortage of labour. And so recruiters have to spend more time searching for, and selecting, candidates, as well as motivating them to take new employment opportunities. In our practice, recruiters have sometimes been able to persuade a candidate's husband or wife to relocate. The consultants had to make a presentation about living conditions in the area and the options for a candidate's relocation.

### Salaries

It is widely accepted that a high salary doesn't guarantee high labour efficiency. Salaries have been growing above the inflation rate, but still in the candidates' market, salary expectations of professionals are sometimes unrealistic. These expectations are mainly due to a shortage of qualified candidates on one hand, and candidates' exaggerated perception of their own qualifications

on the other. Moreover salaries in Russia have caught up with European levels, and sometimes exceed them.

### Specifics of Graduates

Recent graduates are generally in low demand due to the inadequate standard of education. The exception is the small number who developed their careers and gained experience while they were in high school. The best graduates are usually recruited by employers while they are still studying. Employers need to develop partner relationships with higher educational institutions, in order to persuade them to adjust their educational programs to business requirements, and to improve the quality of education they would-be employees are getting.

It is also true that students and graduates are not well enough informed about which professions are in demand, and what companies' requirements are. The result is high and sometimes unrealistic salary expectations, and therefore unemployment among young professionals.

### Specifics of X and Y generations

The specifics of different generations also have a serious impact on a candidates' market. Generation X (29-48 years old) tends to gradually build their career, moving in one direction during their lifetime. It's common for them to work for the same company for their entire life, moving from junior positions to the top level.

By contrast, generation Y (21-28 years old) appreciates freedom above all. Personal life is as important for them as a successful career, and they're seeking balance in life. Their mentality is not bounded by any restrictions, and embraces risks and rewards at the same time.

Y-employee management can be quite challenging. They tend to change a job quickly and easily, as soon as it doesn't seem rewarding any longer. The employer "brand" is not of great importance to them. It is opportunities to participate in the decision-making process which matter. And immediate compensation is the highest value. However Y-employees are the most



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creative and fresh-minded category, and that can be used to develop a company's projects and products.

Though currently company management is mostly represented by the X-generation, the Y-generation will take on managerial positions in the near future. They will develop and drive business, and it is they who will ensure a company's success in the next few years. According to statistics, this generation will account for 47% of the labour force by 2014.

This is why employers can't ignore the Y-generation, and have to adjust management strategies accordingly. It is crucial for HR specialists to be informed about this category of employee, and not just be informed, but know the values of this generation. They are driven by immediate results, are not willing to sacrifice personal time for work, and expect immediate compensation. This changes a company's management and HR department significantly, and the focus is shifted to attracting and retaining talent, to motivational tools and to strengthening the competitive advantage of an employing company.

### Mental Issues

On the average, Russians change jobs 3-5 times through their working life, as opposed to, for instance, Asians, amongst whom it is common to work for one employer for your whole life. Generally speaking, frequent job changes have an adverse effect on a career. But employees' tendency to acquire diverse professional experience is largely driven by employing companies themselves which, when recruiting staff, consider candidates' professional experience in different companies and projects as an asset.

### Social Media

The social media have become very important for candidates' search all over the world, and Russia is no exception. Here there are a few social networks which are popular among candidates, including Vkontakte and Facebook. Many companies feature on these networks in order to attract candidates and develop their HR brand. Recruiters also widely use LinkedIn in order to attract candidates, as well as to interact with people and communities on a regular basis.

The use of social media will definitely grow further. This might slightly change the business model of staffing companies, without having a major general impact on the industry and its growth rate.

It should also be noted that job boards like linkedin.com, superjob.ru, hh.ru or job.ru are also very popular and are often the first stop for job seekers who wish to post a CV and look for vacancies.

### Other Issues

There are other challenges which have indirect impact on the staffing market which, in Russia, is still far from being mature. This poses a big challenge for both employers and HR agencies. On the one hand, there is a lack of trust in recruiting agencies since it is widely believed that HR agencies provide paid services to candidates. On the other hand, the immaturity of the HR market influences the culture of job-search among the candidates. A lot of people, especially those who live in the regions,


do not know where and how to search for a job. It also worth noting that recruitment hasn't been recognized as a respectable profession for very long.

The lack of proper legislation for contract and temporary staffing is also a hurdle to development. New legislation is expected to be introduced soon in the State Duma, which might drastically change the temporary staffing business.

### Conclusion

In spite of all the restrictions related to work with the job-seekers market, Russia is still an attractive market for foreign companies to develop business in, as well as to sell products. The staffing business is no exception.

These factors, amongst others, will boost the growth of the local recruitment market (currently valued at 1.4 billion USD) quite substantially. Unlike European markets, the Russian recruitment industry has had a double-digit annual growth rate over the last few years. Projections for years to come are also favorable. BQ



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# HOW TO WIN IN THE HUMAN AGE



**Felix Kugel**, Vice-President and Managing Director of Manpower Group Russia & CIS

**T**he world is on the cusp of a new reality in which human potential itself will become the major agent of economic growth.

In the past, human ingenuity, endeavor and innovation led to new technologies, or ways of organizing the world, which transformed it. Previous eras were defined, first, by the raw materials our ancestors utilised – stone, iron and bronze – then they were characterized by the domains people conquered with ever-improving technology – industry, space and information. Next, it will be human potential itself that will be the catalyst for change, and the global driving force – economically, politically and socially. In this new reality, humans are rising to the challenge and taking their rightful place in the centre of the stage as the world's only source of inspiration and innovation.

This new era (the Human Age) is creating a situation in which the only way to adapt, evolve and rebuild will be through the determination of the human spirit. The single-minded focus on reducing costs (to do more with less) is creating innovation like we've never seen before. Companies that can harness this, and individuals who can truly engage with it and participate in the Human Age, will be those who get ahead. Employers need to adjust their mindset to ensure that they have the right workforce models and people-practices in place to attract, retain and unleash this inner human potential in order to succeed in the Human Age.

Unfortunately, this type of talent is becoming increasingly difficult to

find, creating a mismatch between the skills available and those needed by employers. According to the Manpower Group's most recent Talent Shortage Survey, which polled more than 35,000 employers across 36 countries, more than 30% are struggling to fill jobs they desperately need to in order to succeed.

That finding suggests that the "talent mismatch" – the inability to find the right skills in the right place at the right time – is a looming threat to all employers. Even those who are comfortable with where they are right now need to think hard about whether the recruitment plans they have in place will generate the talent that is needed in the rapidly changing world of work.

Increasing competition, changing demographics and demands from individuals as well as technology are putting unprecedented pressures on businesses. Employers need to ask themselves: "Do our current workforce strategies and plans support our goals for long-term growth in this changing environment?"

Knowing how dramatically the world has changed, and the fact that the speed of change is accelerating, the answer is probably: "No."

In this new and complex environment, talent is increasingly the key competitive differentiator. In less than a decade, people with high-demand skills will be the scarcest resource for companies. Even now, the talent gap is slowing recovery and growth for many

organizations. As the global economy improves, that situation will only worsen.

Business leaders can and should meet this challenge head-on. Now is the time to devise and implement a workforce strategy that takes account of the increasing pace of change and which drives corporate growth. In short, an organization's workforce strategy must be able to generate the talent needed to achieve the chief executive's vision and the long-term goals of the business.

## Where we are and how we got here

Over the last few years, businesses have been preoccupied with taking costs out of the system to improve productivity. This was most recently demonstrated at the height of the recession with wide-scale reductions in workforce numbers. At the same time, market demands have increased, which means companies often do not have all the right people with the right skills to drive innovation and business growth. And they tend to assume that there will be a ready supply of such people when they need them. Given the demographic shifts, this assumption will not serve companies well. Business leaders can't reset to pre-recession thinking. They must take a new approach to their workforce and the assumptions they are using to inform their strategy planning.

Too few organizations are prepared to address their long-term needs in the rapidly changing world of work. Sus-



tained competitive advantage requires not only a smart business strategy but also a workforce that is equipped to execute that strategy, and which understands its role in achieving its goals. The Manpower Group's new Workforce Strategy Survey reveals that nearly a quarter of employers across 36 nations concede that their organizations' workforce strategy does not support their business strategy, or they do not know if it does.

Even more alarming: among those two subsets of respondents, more than half (53 percent) admit that they are not doing anything about it. In too many cases, the emphasis on talent management is tactical and short term when it ought to be strategic and long term.

### Connecting strategy and organizational performance

Human Resource (HR) leaders are the essential link in aligning workforce strategy to business strategy. HR leaders must help their organization align its workforce strategy to its business strategy in order to drive business per-

formance. They need to facilitate the discussion with the leadership team around what the business needs from its workforce in the short term and in the long term, in order to close the gap between what the workforce is able to do and what the business needs it to do.

HR needs to not only help the business identify the gaps between its business strategy and its workforce strategy, but it needs also to design a roadmap for success. Armed with the survey of needs and the gap analysis, the HR leader can then help his or her business colleagues through the process of creating a workforce strategy and later an action plan that ensures that the organization will always have the right array of skills in the right places and at the right times to meet its evolving needs.

To attract, develop, engage and retain the talent needed, a robust and well-documented workforce strategy will:

- Be more comprehensive and longer-term focused than an annual talent plan.
- Be focused on which work-models will produce the best results for the organization.

- Be self-critical to the extent of understanding which people-practices need to be updated.
- Be inclusive by taking an outside-in view to talent sources.
- Be clear where the organization can "build" the skills and talent it needs rather than "buy" them.

Aligning workforce strategy to the business strategy is not a "once-and-done" activity. Just as with their business strategies, leaders must regularly revisit and challenge their workforce strategy for strategic alignment and accountability. It is the HR leader's role to facilitate this process with his or her company's leadership.

Until HR leaders consider the impact of external forces (such as demographic trends) combined with internal forces (such as demography of current workforce) on their company's ability to execute its business strategy, efforts will be no better than tactical plans and actions that are hit or miss. The organizations that get this right will have a competitive edge. This is the time for HR to step up and lead the way to ensure their company has the talent it needs to win. BQ



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*Nelson Mandela*

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# HOW TO BECOME THE BEST EMPLOYER?



**Elena Petrova**, Head of HR, DHL Express CIS and SE Europe

One of my colleagues went on a business trip to London. On her way back, heading for Heathrow, she got stuck in a huge traffic jam and seemed in danger of missing her flight. Then the driver took her to the wrong terminal, and the people at the information desk there gave her such complicated instructions for finding the correct one that she was completely confused and worried that she really would miss the flight.

By good fortune, she saw a man wearing an outfit that was very familiar to her; that of a DHL Express courier. He had come to make a delivery to one of the offices in the airport. She introduced herself as his colleague from Russia and noticed how keen he was to help.

He listened to her attentively, then found a public bus (which turned out to be the best way to get to the terminal) and talked to the driver explaining the whole situation. She didn't even have to buy a ticket!

Before getting on the bus, my colleague thanked the guy and all he answered was: "This is what Certified International Specialists are for!"

It wasn't the first time I have heard stories like that from our people. Willingness to help and a supportive attitude are the most obvious signs of employee engagement. We see these signs quite often. What is even more interesting about the situation I've just described, is that our staff do not just share corporate values and consider

them as guidance, they don't hesitate to demonstrate it to others.

"Certified International Specialists" (CIS) – the term our London courier used – is a training program launched in 2011 when 100,000 people in 220 countries learned the basics of the DHL Express business. So did our 2500 employees in Russia.

For two days they were steeped in corporate strategy, the importance of customer service, brand values etc. In our country, we chose to train people using our own resources. So our managers became trainers and facilitators who help others to become a single team and connect with people from different business units, functions and departments.

The CIS Foundation training was something that influenced the level of engagement in our company dramatically. Every year we ask our employees to take part in the Employee Opinion Survey (EOS). The 2011 results showed that our staff became 7% more

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**"It is not only the principle of equal opportunity that is implemented in our training. We try to follow the Respect and Result approach both inside the company and when communicating with our customers..."**

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engaged, that the quality of communications was 9% higher and teamwork became 10% more comfortable.

Our success in building an attractive HR brand was acknowledged not only by our own studies. In 2012, we took part in AON Hewitt's Best Employers study, where DHL Express in Russia took the 6th place in the Employers rating.

The Best Employers Study is widely recognized as one of the most in-depth and true-to-life HR studies in the world, and for a few years in a row it has helped us to get an objective view

of what is happening in our company, and where we are in terms of engagement. Such a view is necessary for any business aiming to achieve maximum efficiency with its human resources.

So what did we do in this training to help the level of engagement? How do we encourage people to help each other, to be proud of working for DHL?

First of all, we formed mixed groups of employees: one team had to include people of different ages, levels of experience (both DHL newbies and veterans could work together), grades and business functions. A courier, a sales representative, a financial analyst, a secretary – they all swapped roles in a business game. They were all equal, and everyone's contribution was important and highly valued by the others. That's how we helped people to know each other and learn to appreciate the work we do together. And this is why the London courier is as proud of his job as a training manager from Russia.

It is not only the principle of equal opportunity that is implemented in our training. We try to follow the Respect and Result approach, both inside the company and when communicating with our customers (and we evaluate our behavior according to these values – I'll discuss this below).

For example, an employee at any level is welcome in any of our senior managers' offices. The doors are always open, so long as there is no meeting or conference call in progress. No one has to arrange a visit beforehand. Anyone can come in with a question or an idea. Our managing director even chose to have his office in the busiest area in our building: the floor where the call centre is located. He says that seeing a lot of people answering our customers' calls all the time helps him to stay involved. So no wonder that his own example defines standards for others!

By the way, showing a good example is also a necessary condition for



L-R: Edward Stanoch, European Talent Practice Market Leader and Elena Petrova, Head of HR, DHL Express CIS and SE Europe

helping engagement to grow. I believe this is what many companies in Russia still lack. You'll never make people behave the way you want if you don't set a good example. There is no point in propagating corporate values if no one knows how to implement them.

At DHL Express, our managers pay great attention to this aspect. For example, many of them volunteer at events, especially during Volunteer's Day, an event happening in Deutsche Post DHL all around the world in September. They also share their experience during town-hall meetings and seminars. So, those successful and high-skilled professionals, who get a lot of respect in the company, are able to motivate others. Even the most active employees change their behavior little by little, and not only as part of volunteering events. For example, recently we had a team of sorters who offered their help to the communications department with corporate souvenirs. They could have used their break during the working day to rest. Instead, they chose to carry heavy boxes from the storeroom.

Of course, helpfulness and openness are widely recognized in our company. We make such people the "heroes" of articles in our internal media (we have a monthly news bulletin and a 24-page color magazine issued quarterly). But we also take this into account during the annual appraisal

of all our staff. This is a procedure which can open doors for professional and career growth, and it works as an important motivating factor. At DHL Express, we have created a "talent pool", and all our employees know how to get themselves included.

The evaluation criteria are 100% transparent, and are based on five main competencies that all employees should have, regardless of their role and position. At the same time, growth opportunities are almost unlimited. Our senior management team mostly consists of people who started their careers at the bottom.

The results we have achieved in promoting staff are significant. Over 60% of employees included in the "talent pool" get promotion within a year. An average DHL Express manager stays in the company for 7 years! In fact I don't know why so many Russian companies prefer to "buy a pig in a poke" rather than promoting their own talented and effective people. It costs less, and obviously helps to increase your staff's engagement.

The way DHL Express in Russia has developed its reputation as an employer of choice illustrates that fact that you can't have a good HR brand unless you become a good employer. There is no difference between the advertising you use to sell your product and the advertising you use to attract talented employees. It only works if the offer is fair! **BQ**

The Best Employers study, which Aon Hewitt has run in Central and Eastern Europe since 2001, recognises companies that stand out from their peers through the high quality and effectiveness of their HR practices, which have a positive impact on business results. The study looks at both the employer's and the employee's perspectives with business indicators to provide a fully objective picture.

#### Best Employers study 2012 – the numbers:

- Eight countries – Bulgaria, Czech Republic, Hungary, Lithuania, Poland, Russia, Slovakia and Turkey.
- More than 400 companies
- More than 250,000 participating employees, including 41,000 managers
- More than 2,600 senior leaders
- 29 Best Employers (three rankings according to size of company)

Aon Hewitt's Best Employers study examines people-management practices in leading organisations. It provides insights into how they can achieve a real competitive advantage through their people, explores what makes an organisation a good place to work and identifies a shortlist of the Best Employers in each country.

The research shows a strong correlation between high employee engagement and better business results. On average, CEE Best Employers companies:

- out-perform on financial targets (108% of EBITDA goal realisation versus 93% for other organisations),
- have lower staff turnover rates (6% turnover versus 9% for other organisations),
- have lower absenteeism (3.5 day/employee versus 5.5 day/employee for the rest).

In Russia the survey is conducted by AXES Management, an exclusive partner of Aon Hewitt in Russia. There were more than 110,000 employees surveyed in Russia in 2012.

#### Best Employers in Russia 2012

1. Tenex
2. Microsoft
3. Hilti
4. Takeda
5. Mars
6. DHL Express
7. Eli Lilly
8. Roche
9. 3M
10. Tele2

The survey is conducted annually from February till September. The results are announced at the end of November. To take part in the study call +7 (495) 665 6399 or email: [best@axesmg.ru](mailto:best@axesmg.ru).

# CHANGE MANAGEMENT AND HOW HR LEADERS CAN SUPPORT MAJOR CORPORATE TRANSFORMATION PROGRAMMES



**Ruxandra Stoian**, Partner, HRC, PWC;  
**Anton Nagralyan**, Head of HR Department,  
Russian Railways

## Why change management is so popular now: era of challenge – era of change

The first decade of the 21<sup>st</sup> century was a tumultuous one, setting the stage for an ongoing culture of challenge and change. As the pace of change accelerates, every company is compelled to react and transform itself to remain competitive. Much dynamic and inspiring change has come about through the influence of factors that are well beyond the control of any single entity, including:

- globalisation;
- the technological revolution;
- the Great Recession; and
- heightened regulatory and public scrutiny.

In turn, these have prompted businesses to respond by implementing a multitude of changes of their own, such as:

- enterprise resource planning (ERP);
- M&A;
- optimisation of operations including shared services and outsourcing; and
- enterprise-wide business transformation and reorganisation.

Along with challenges, such changes bring opportunities, especially for those organisations that have the right approach to their business. Most mod-

ern business leaders recognise that companies must be flexible and take into account changes around the world and in global markets.

According to Howard Schultz, CEO of Starbucks, his company is “operating in an intensely challenging environment, one in which our customers and partners have extremely high expectations of Starbucks. And we have to step up to the challenge of being strategic as well as nimble as our business evolves.”<sup>1</sup>

As the title of a popular business book puts it: “Change or die.” While this may be slightly exaggerated, the idea is right, as most companies that rejected change have been relegated to oblivion.

**Although the recipe for successful organisation change is not hidden within a Sphinx-like mystery: Aligning the people, processes, and technology to the strategy, and connecting the dots ... it remains an elusive task – a classic case of ‘easier said than done,’ that remains just out of reach for too many leaders in spite of their best intentions.**

<sup>1</sup> Howard Schultz, email to all Starbucks partners, STARBUCKS MAKES ORGANIZATIONAL CHANGES TO ENHANCE CUSTOMER EXPERIENCE, – [http://news.starbucks.com/article\\_print.cfm?article\\_id=66](http://news.starbucks.com/article_print.cfm?article_id=66)

Since a company is like the human body, where everything is interconnected with everything else, even minor changes can have an impact that is felt beyond the primary object of change. To understand the impact of change, an operational model should be considered and all processes affected should be highlighted.

## However...

**75% of change initiatives fail on their promises**

**98% of critical success factors depend on people**

Personnel issues and organisational problems can wreck opportunities for meaningful and sustainable change. These challenges fall into five categories:

1. Lack of clear connection between the project and the organisation's key strategy priorities create a situation where the organisation is mired in a state of inertia while training and coaching fail to fill in knowledge gaps.
2. Lack of rigour in benefits tracking and accountability for change levers creates a situation where changes, benefits and success indicators operate independently and fail to interact effectively.
3. Conflicting stakeholder interests, which can produce many small issues and gradually push the programme off course, create a situation where the company's priorities end up competing with each other and not with the market, while cross-functional collaboration lags behind.





4. Lack of sustainable buy-in and adoption throughout the organisation causes a struggle to “sell” the need for change, even as senior and middle managers lack of crucial management skills for change.
5. A piecemeal approach where changes are not supported or followed through at all levels (up-, down- and cross-stream) means employees have difficulties understanding and making changes while resources are strained.

Although change can be tricky, companies still experience it and, with the appropriate implementation, it delivers many advantages to business. Research confirms a clear link between a disciplined change management approach and high performance. Of the 27 companies that scored the highest in performance, 26 always or often use a standard change management and communication approach in their projects (*Boosting Business Performance through Programme and Project*

*Management*, a study of 200 organisations, PwC 2004):

- quicker ROI,
- expected attainment of productivity goals/business benefits,
- improved technology, processes, and people capabilities,
- reduced transition costs,
- clarity about new job roles, responsibilities, and behaviours,
- less retraining/post-rollout support,
- sustained capability for extensive leverage of programmes such as ERP.

### Why change? The story of British Airways

The airline industry is an intensely competitive market. It is generally characterised by low profit margins and high fixed costs. According to the Air Transport Association (ATA), labour costs are an airline's No.1 costs, with fuel ranking second. Other huge costs are airport capacity, technology and leasing or buying actual aircraft and fuel. A minor shortfall in forecast revenue can be harmful for business.

British Airways is the United Kingdom's biggest airline and one of the largest international airlines, flying more than 27 million passengers annually to over 550 destinations worldwide. Its two main operating bases are London Heathrow, the world's biggest international airport, and London Gatwick. With this in mind, British Airways looks for ways to keep customers, improve its services and boost efficiency. In 2003, the company decided to set up Self-Service Check-In kiosks. "[Self-Service Check-In] kiosks are a great example of how we are investing in modern technology while at the same time improving customer service and achieving greater levels of efficiency. We are making travel easier and

increasing the ways in which customers can deal with us." says Paul Coby, former British Airways's CIO. Along with Self-Service Check-In kiosks, British Airways improved its corporate website and databases. People think of queues when airports come to mind but British Airways were about to change the stereotype. Passengers would access the site "BA.com" to do things they would usually do in airports like book and pay for flights, or select a seat. Later at the airport, passengers would check themselves in at Self-Service Check-In kiosks. Help services would assist those with questions or problems. The new technology was implemented to reduce service costs, keep prices low and compete with low-costs airlines.

British Airways is one of the top-10 airlines in the world under criteria such as international passenger transport, total destinations and airliner fleet. However, British Airways was not the first company to set up Self-Service Check-In kiosks. Continental Airlines was the first to do this in 2005.

British Airlines needed to catch up because of the intense competition. Three key factors

motivated the company to change: maintaining customer satisfaction, fostering brand recognition and brand identity (as a provider of high quality services), and reducing costs.

This change had an impact on the company in several ways. Firstly, IT and airport personnel were directly affected by change. Furthermore, the company had to carry out major changes in operations to make use of the new technology effectively. Changes in information flow and the total information received impacted on how IT specialists worked and their required skills set. Customer services at the Airport Terminal faced the same challenge. The introduction of Self-Service Check-In kiosks also influenced how other departments functioned. HR, Airport Operations, Brand and Marketing, Communication and so on all had to deal with the new system. For instance, HR faced a new set of requirements and rules for new staff at terminals. Brand and Marketing and Communication, in turn, started promoting the change to the British Airways clients and employees. A chain reaction was felt throughout the company because of this change.

### Why change? A story of change – Russian Railways

In 2001, Russia's Ministry of Railways (after 2004 – Federal Agency of Rail Transport) embarked on a comprehensive Railway Structural Reform Programme that had been developed in cooperation with the government and published as Decree No. 384 of 18 May, 2001.

The Reform Programme set out the strategic priorities for the rail industry until 2010 and beyond in order to boost the efficiency and profitability of rail services in Russia by encouraging investment in modernisation and creating a highly functional holding company. The reform phases are:

- Phase I. Preparations (2001-2003)
- Phase II. Asset unbundling along functional lines (2003-2005)
- Phase III. Increased Competition (2006-2010)

#### • Phase IV. Creation of target model for railway market

The main objectives of reform were:

- Fostering competition in the railway market so quality of service improved,
- Improving transparency,
- Developing balanced control of operations and costs,
- Implementing organisational and legal changes.

This enormous change in the industry was meant to achieve a difference for all stakeholders in the company. Meeting growing demand for freight and passenger transportation, improving the quality and range of services and accessibility of railroad transportation were the main benefits for consumers. The desirable result for the economy was continuous control

and management of government-controlled infrastructure and reduction of total economic costs. The positive result for the industry was inflow of external private investment to upgrade fixed assets. Also, incentives for innovation and modernisation appeared. Russian Railways also focussed on developing profitable freight operations, options for disposing non-core assets, and reduction of subsidies for passenger transport.

It is almost impossible to estimate the impact of change on employees when considering that Russian Railways is huge company with operations all over Russia, especially for transforming a large and lumbering government-run company into a modern transport operator. This would affect the values, culture and behaviour of every company employee.

### How to make change work when it's unavoidable?

For a change process to be successful, it should feature five essential elements:

- **Vision** (why the initiative is being undertaken and what are the desired future outcomes and benefits),
- **Knowledge and skills** ("what" and "how" of work: the individual must know what to do and how to do it),
- **Resources** (adequate amount of resources with the correct skill sets and experience, as well as access to the right assets at the right time),
- **Incentives** (the right tools to encourage people and make the effort, as well as accept the risks involved in doing something new),
- **A Plan** (the work that needs to be completed in every stage of transformation).

All of these elements should be considered and be in place for a successful transformation. If one element is missing the whole process can fall apart:

- Without **Vision**, uncertainty will rise, thereby confusing employees – *Management Barometer* (PwC, May 2006) shows that 94% of companies consider "clarity about priorities" to be important/extremely important;
- Without **Knowledge and skills** people have a sense of hopelessness – 82% of companies see "training" as important/extremely important for success;
- Without **Resources** there is a possibility of greater disappointment – for 71% of companies "organisational

inertia" is a potential barrier which is seen as difficult/ extremely difficult;

- Without **Incentives**, resistance to change will increase – 98% of companies cite "sponsorship from senior management" as important/ extremely important factor for success;
- Without a **Plan**, change is chaotic – 80% of companies consider "Programme management" to be important/extremely important for success.

Change can be implemented when all of these elements are together. PwC methodology states that change management can be presented as a life cycle with several stages:

1. Strategy and Assess – understanding the business necessity, generating insights and providing options for change;
2. Design and Construct – designing changes to the operating model to optimize benefits, building and testing the operating model changes needed to generate benefits;
3. Implement, Operate and Review – roll-out and stabilisation of operating model changes and planning further benefits delivery, establishing the operating model changes in usual operation, bearing the benefits, and continuing improvements.





### What role does HR in change?

All roles in change can be divided into four types: *Driver (initiator)*, *Change leader*, *Change management* and *Target audience*. Every role has its own function and factors for success.

A **Driver** is usually the company's owner whose main function is to communicate vision and strategy, provide resources and minimize risks. To perform these functions, the Driver has to hold a top position and possess leadership and communication skills.

Top-management usually bears the role of **Change leader**. These people are talented and responsible for implementation process. They usually have a positive attitude toward change or they might be convinced about the need for change earlier than other employees

and start making it so in daily work. A **Change leader** should have leadership, problem-solving and communication skills, and experience in project management.

Formal support and/or change implementation are fulfilled by the **Change manager**. This person communicates the advantages of change and manages the efforts to be undertaken. In order to succeed, the **Change manager** should have technical, problem-solving and communication skills. Usually line-managers and HR specialists perform this role in a company.

And finally, the **Target audience** are those influenced by change. Success in this area would be informing people about the change, employing train-

ing tools and instruments, monitoring feedback and finding ways to motivate personnel.

When acting as a change manager, every line manager has to ask themselves several questions:

- How can I recruit new employees under the new conditions?
- What should I do to push through the change?
- How should I instruct employees to make the change work? What would be taught?
- How can I motivate people to carry out the change during their regular working day?

In turn, every employee affected by the change would have doubts about his/her future and work:

- Can I get fired or laid off?

### How British Airways changed...

British Airways combined all the elements of change to achieve its goals. First of all, the company developed clear and compelling vision: the "BA Way" to check in by making Self-Service Check-In the usual preference for customers and simplifying check-in. The company planned to sell 50% of its tickets online and 80% of passenger would use the kiosks to check in. E-tickets would be presented at all check-ins. This vision was properly communicated to the employees through means such as "Up to Speed" (the company's magazine), intranet communications, major conferences and events, and staff communication within their respective departments.

As the airline carried out these changes, knowledge and skills were revised while new skills were developed. A new IT system and new equipment means that employees should know how to use them. So training needs were assessed and, based on the findings, a strategy was devised. British Airways has over 300 training programmes. Since the programmes cover new systems and operations, employees gain the necessary knowledge and skills in IT, Head Office, Project Management and Customer Services on the job at Terminals. In addition, the company reshaped its

recruiting policy to fill vacancies with appropriately skilled people.

Essential resources were put in place in order to finalise the change process. Firstly, the timeframe was mapped out: the project was given a five-year timeframe (2003-2008). Secondly, a change group was formed to manage the process. Implementation was gradual so that all resources would be ready. Heathrow's Terminal 5 was the first point of implementation.

British Airways provided incentives to make sure change was made. For instance, the company awards employee performance. The company's culture also encourages personal engagement in change thanks to its active promotion of diversity and understanding. The quality commitment of BA's Customer Services is promoted from day one. For instance, the Terminal is the customer's starting point from where a smooth check-in is made, directions to the right gate are given, and assistance for disabled passengers is available. All of these services create a lasting impression on customers during the course of their trip. In this regard, change was presented as one more way of putting the customer first.

Furthermore, the plan for change was used when developing a step-by-step course of action.



### Constant support for change – internal communication at Russian Railways

**One can imagine – over million employees, plus those who are potential and former employees. And all of them are a target audience who can be influenced by any change in a company.**

In this situation, internal communication plays a dramatic role as a key channel for informing employees, shaping their opinion and collecting feedback to provide support, involvement and the ability to take opinions into consideration. Internal communication is a part of HR at Russian Railways since the audience is the same, a broad number of employees. Secondly, internal communications is a two-way channel, that allows HR to set up employee programmes based on both the company's and employees' goals and objectives. This may include revamping the education system based on company's move towards competency management and rewards, as well as motivating and involve key audiences within the employee population.

**Internal communication is one of key enablers for change Russian Railways.** The company has about 40 different types of internal

communications. Igor Molodtsov, Deputy Head of the Centre for Internal Policy and Organisational Culture Development says, "Russian Railways doesn't only use radio for its internal communications."

Russian Railways has conference calls for lead staff (so-called selectors), telegraphic messages, electronic systems of data and documents circulation, internal magazines, electronic mass media, a TV channel (Russian Railways TV), many internal events (meetings, youth gatherings, competitions and so on) and hotlines for employees.

Russian Railways' internal communication is also used for dialogue where the company is happy to receive feedback from employees about internal issues. User-generated channels and the company's needs form make input to flexibility and increasing actuality of content.

Communication is adjusted according to audience segment. The company's strategic priorities demand that the process be remade for several groups. For example, youth is a communication target group and has its own channels for information flows: gatherings, internet resources,

etc. Reaching this audience helps involve youth and advise them on achieving their potential. Communication oriented for younger employees produced a great result. Young people got together and started to develop other communication tools on their own (the company helps them and takes away barriers for new initiatives). However, the most important result from focusing on communications with young people in the company was an increase in innovative suggestions from younger employees. These ideas touch on many different company operations and all were important for ongoing improvements. Although youth had been identified as a particular target communication group, they have the same set of corporate benefits as all other employees. Identifying youth as a target group means that they were recognized as a separate segment. Russian Railways tracks communications between different groups in order to make the process easier.

Some might consider support for change through a large company division to be enormous and cumbersome but it is important when the company is engaged in change.

- Would my compensation decrease?
- Do I have to work more?
- What will change in my working day? Will it become more difficult?

Although managers and employees may pose different questions, they should all be addressed to make change work. Managers seek guidance in planning and communications, and HR specialists can help in this regard. Employees want clarity about their future and job security. They may and,

in some cases, will speak to HR specialists about these particular issues.

Therefore, HR specialists are usually change managers for the following reasons:

- HR specialists are close to the target audience,
- They are professionally competent in internal communications and learning,
- HR is usually independent in the change process since it might not directly affect HR's functions,

- HR specialists should have the employees' trust, thereby averting resistance to change.

The downside of HR's role as Change manager is that HR specialists are not always taken seriously since they do not have enough organisational power and they may not be knowledgeable about the operations undergoing change. Nevertheless, companies tend to delegate the role of Change manager to HR since companies can outsource



administrative HR functions, providing more time for strategic HR efforts.

### Continuous change

Change is part of life and companies of all industries face this demand every day. The necessity for change may appear from inside or outside a company. If this need is not addressed in time, the company can lose customers, market share or employees, eventually losing money. To respond to a changing environment, companies develop ways of bringing in new ideas such as tools to share ideas, assess them, create an implementation plan and manage the change with ease.

Change is part of a company's life since it is a never-ending process. A group of employees is given new responsibilities to carry out the entire transformation. Often this group is comprised of HR specialists who make change happen regularly by cultivating the right conditions in the company (culture, policies, compensation, internal IT software, etc.). This function fits in with HR's strategic nature. **BQ**



### Continuous change as competitive advantage: The case of British Airways

British Airways continues to improve and engage in change management in its day-to-day operations. For instance, a new programme was launched in 2012. Jo Boswell, the company's head of Customer Analysis says, "Last year [2011] we were re-committed to the ethos: To Fly. To Serve. That's what 'Know Me' is all about – enabling us to recognise our customers in a way that is individual to them. We're essentially trying to recreate the feeling of recognition you get in a favourite restaurant when you're welcomed there, but in our case it will be delivered by thousands of staff to millions of customers."

The company is now open to transformation and has the tools to react to the changes around it.








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# MARKET FOR HIGH-POTENTIAL GRADUATES



Safronov Ivan, Partner, Future Today  
Larysa Vaypan, Head of HR, Bain & Company

a very selective hiring process. This was due to both the general demographic situation, and a relatively low brand awareness of Bain among student and graduate communities,

its efforts on targeted events which would allow the firm to establish a better and more personal contact with its target audience. The event format gives students an opportunity to personally meet Bain employees, and is much more memorable than internet banners or advertising. At the same time, the Bain team has a chance to meet students individually and spot the high-potential candidates.

An important factor to bear in mind when planning events is company positioning. For Bain, the correct positioning of the firm as one of the most prestigious companies in its sector and a recognized top-tier employer worldwide was of the utmost importance.

To satisfy this goal, FutureToday developed for Bain a series of smaller events run on a regular basis with a pre-selected group of high-potential candidates rather than hosting a single big event. At each event every candidate can be given enough attention. No questions are left unanswered by the participants.

Deciding on an event format that would be different from a traditional company presentation was the next step.

The format chosen eventually was a series of events, called case clubs, aimed at helping students learn while practicing solving business cases. This was a simplified version of real consulting projects which are also used as an interviewing tool at Bain. Each case club meeting was moderated by Bain consultants, who are experts in solving cases on a daily basis. In addition, this format served as a demonstration of how the consulting profession works, and so helped students get a better understanding of the business of the company.

Case clubs were perceived as a very valuable and practical format by students. By providing instructions, and teaching students how to solve cases, Bain at the same time helped them pre-

especially in comparison with key competitors who had been in the market longer. The situation called for action.

## Project idea

A comprehensive graduate recruiting program was launched. It aimed

**As the demand for young professionals grows, reflecting the growth and development of the economy, more companies are starting to launch graduate programs to nurture a pool of unique experts difficult to find on the market.**

to combine different formats and serve both to raise awareness of Bain's employer brand, and to help attract the best recruits. The goals Bain Moscow pursued with the launch of its graduate recruitment initiatives were multiple. First of all the company had to find a way to increase Bain employer brand awareness with the student body, introducing the unique corporate culture and values of the firm, while distinguishing it from competitors. On the other hand, Bain aspired to educate potential recruits by providing a realistic picture of what a consultant's job at Bain is like and, in doing so, to recruit the best talent. Finally, Bain wanted to attract quality rather than quantity.

Several options for a recruiting activities format were considered. While online advertising is generally a cheap and easy option, Bain decided to focus

The demographic crisis of recent years in Russia has had an influence on the labour market of the country, and the situation is becoming rather worrying for many employers. Although the total number of students in all leading universities has been increasing over the years, the number of really talented, qualified and knowledgeable graduates continues to decline. And as the demand for young professionals grows, reflecting the growth and development of the economy, more companies are starting to launch graduate recruitment programs to nurture a pool of unique experts difficult to find in the market. Many of the top employers believe that employees trained and promoted internally have a much better understanding of a given business and its values, and prove to be more loyal in the longer run.

Recognized as one of the top employers, Bain & Company attracts young professionals around the world and invests substantially in their professional development. As in its other offices, the Moscow branch of Bain has, since it opened in 2007, launched a number of initiatives to attract the best graduates from most prestigious universities in Russia. Bain hires top calibre people, applying the same selection criteria in all of its offices.

Keeping the recruiting bar high in Russia, Bain faced the challenge of finding enough good-quality candidates able to successfully pass all stages of



# Guten Tag!



For the first time ever, Russia will host the international business forum "KNAUF days. The world experience. 20 years in Russia", which will take place from 3 to 4 April 2013 in Krasnogorsk, Moscow region. The forum will gather Russian and foreign architects, designers and builders, representatives of public authorities and non-government organizations. The key topics of the forum will include the latest trends in modern architecture and construction, innovative materials and technologies of the building industry. In the opinion of industry professionals, the forum shows promise to become the most remarkable event in the field of modern architecture and construction in 2013.

The latest information about the forum  
is available at [www.dniknauf.ru](http://www.dniknauf.ru)

pare for the recruiting process of the firm and, thus, helped them increase their chances of successfully passing Bain interviews. Given that case cracking is not normally part of the university curriculum, and even smart, capable students do not necessarily know how to approach it correctly, the case clubs proved to be very useful and sought-after event for interested students.

### Project implementation

Starting in 2011, the Moscow office of Bain & Company added the case club format to the broader graduate recruitment program. This initiative consisted of a series of case club events at three universities that were considered core for Bain's graduate recruiting: the New Economic School, the Higher School of Economics and MGIMO. At each university Bain organized three on-campus case club meetings held on a bi-weekly basis, followed by a final case club event held for the best performers in the Moscow office of Bain & Company.

The promotional campaign at each of the target universities started three weeks before the first meeting. Obviously, an interesting format attracts participants. However, there are many events at top universities organized by different employers these days, and more often than not there are several events on the same day. So proper and timely communication is critical to any given event: it guarantees that the maximum number of students is aware of it and has a chance to plan their attendance beforehand. We worked closely with the university career centres running a broad promotional campaign. University stands were used for the placement of printed posters, while online communication channels included university mailing lists and websites.

Unfortunately, even the best universities career centres can reach only part of the active student audience. Relying on university channels was therefore insufficient, so FutureToday made an effort to work with student associations and student clubs, putting roll-ups on the university premises, and using fut.ru mailing lists. It was not an easy task, and it required careful planning and meticulous attention to detail. But we managed it successfully!

As the project started, it became obvious that due to their lack of experience students were not doing well in solving cases, though they were keen to learn. The big plus of the case club meetings was the interactive format, in which each student had the opportunity to actually practice solving cases, and not just sit and listen.

**The event format gives students the opportunity to personally meet Bain employees, and is much more memorable than internet banners or advertising.**

At each event, pre-selected students formed four teams of six participants. There were also those students who opted to not be active participants, but still attend the event as observers. The discussion with the participating teams was always led by a Bain consultant, who guided them in solving cases by asking questions, providing feedback on students' answers and hypotheses, discussing suggested solutions, and just generally helping participants understand the

approach to solving business cases and hopefully come up with the right recommendation.

While a proper communication campaign, and a growing awareness of the Bain employer brand, contributed to the high interest in the firm among the student audience, one of the biggest challenges for the case club format was internal. Guaranteeing the participation of several Bain consultants at multiple events each running for a few hours proved to be difficult.

Working in a client-oriented business where delivering results for the client is the number one priority, consultants' time is obviously a scarce resource. At the same time, Bain places a lot of emphasis on maintaining its professional yet easy-going and down-to-earth corporate culture. This, in turn, leads to the fact that many of current Bain consultants are happy to volunteer and participate in numerous recruiting activities. They are proud to be part of the Bain team and are willing to help shape the future classes of new recruits.



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However, wanting to help and be involved on one hand, but having demanding client commitments on the other, can be problematic. Therefore, the Bain internal recruiting team works with consultants and their project managers.

Volunteers for recruiting events are selected well in advance; their respective project managers are notified and their approval is obtained; and consultants' time is booked. Bain also enforces a replacement policy: in the event that a consultant who has confirmed attendance an event has to cancel, it is his/her responsibility to find a replacement. In addition, the Bain recruiting team continuously recognizes top recruiters – consultants who are especially active in recruiting.

It is also worth mentioning that events with the same format can have a different atmosphere in different universities: NES students come across as very serious and analytical; MGIMO students have better knowledge of English and are more versatile in their interests; and HSE students, in addition to a good educational base, are the most proactive. Bain tried to take into account the peculiarities of each student body when preparing consultant-moderators for each of the case club meetings.

The three case clubs in each university took place over a period of two months. After these, Bain organized a final, fourth event for best candidates from each university. Final events took place in the Bain office and only the smartest and most motivated candidates

selected by consultants during three sessions at each institute, were invited to attend. The opportunity to visit the actual office of the company served as an additional motivation for students.

The final case club meetings gave participants an opportunity to once again practice solving a business case, but also to see the office, and meet more Bain representatives during an informal reception hosted by the company.

This final event was the icing on the cake. Students were impressed by the hospitality of the Bain team and the chance to see the actual working premises of one of the world's top consulting companies.

When asked, "Are you planning to apply to Bain?" the answer was a definite "Yes".

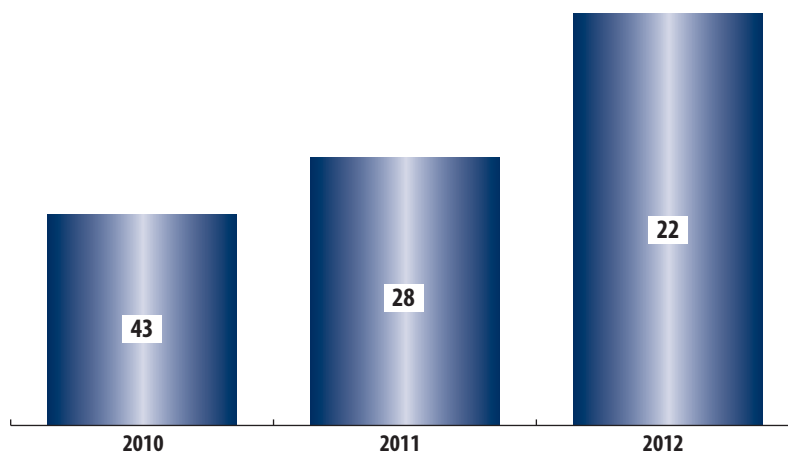
## Results

The case club meeting project has generated a number of positive results for Bain and is seen as a success. The initiative created a real buzz in the student audience, and especially among those who want to start a career in strategy consulting. It attracted a lot of attention from high-potential graduates to Bain. There were many examples of students who would attend all the Bain events on campus, week after week. The number of applications for entry level positions in the Moscow office of Bain & Company has gone up. Moreover, the Bain recruiting team has proactively reached out to the select list of the best performers in the final case club meeting and asked these students to come for an interview. A number of these participants received offers and joined Bain after graduation.

In addition, Bain has moved up in the rankings of the best employers in Russia after having been on the market for just five years. The company is consistently recognized as one of the most desirable employers for Russian graduates.

In conclusion, we believe that a top-tier company like Bain should have well thought-through and well-planned graduate recruiting programs with a focus on hosting targeted events as a way of meeting, communicating with and attracting high-potential candidates. Experience shows this format is a guaranteed way to meet and hire the best and most talented potential employees. **BQ**

**Bain & company's position in FutureToday ranking of the most attractive employers (Moscow top-10 Universities)**





# EMPLOYMENT LAW IN RUSSIA – DEVELOPMENTS OVER THE LAST DECADE



**Julia Borozdna**, Head of Employment and Migration Law Practice, Pepeliaev Group;  
**Valentina Matveenکو**, HR Manager CIS, Boart Longyear

Ten years ago the new Russian Labour Code came into force, replacing the old Soviet-style “KZoT” (Code of Labour Laws). This was a new dawn for employment relationships in Russia. Since then, practicing labour lawyers and HR specialists have witnessed far more dramatic developments and modernization in the sphere than in the preceding 30 years or more.

Across most of Europe HR and employment law issues have long been regarded as among the most significant for business. In contrast, just a decade ago in Russia the picture could not have been more different. Very few lawyers had much interest in practicing labour law as it was considered a secondary area of law.

We are pleased that nowadays the tables have been turned: businesses place a much greater emphasis on HR issues generally, and there are dramatically fewer violations of the law than there used to be. As a result of the change in attitude to labour law, now there are plenty of very experienced and talented experts capable of handling complex matters.

Russian labour law differs considerably from that in other countries. Various institutions that are commonplace elsewhere do not work in Russia. For example, an employee has no implied duty of loyalty. Moreover, the company must document all job duties and obligations in writing, in Russian, obtaining

free of them. Global corporate policies are only mandatory for employees if “localized” for Russia and translated into Russian. Non-competition and non-solicitation provisions are not enforceable even if the employee agrees to them in writing. Waivers of rights are not effective.

Thus, for example, if an employee agrees to work longer hours without additional pay or have less than the 28 days’ holiday required by law, such waivers are treated as invalid. At the same time, there is no Russian equivalent of European transfer of business rules, under which the employee follows the business in a corporate acquisition. Notably, Russian labour law applies to all employees working in Russia, even those who are foreign nationals.

A defining characteristic of Russian employment law is that it is extremely formalistic, with form usually prevailing over substance. Ultimately, employers should focus their attention on complying with legal formalities, especially upon hiring, changing employment terms and parting with employees. This will mean their legal position is more secure if the Russian labour inspectors carry out audits, or if disputes with employees go to court.

A recent positive and very important development is that all court rulings on employment cases are now available on the websites of relevant courts. Companies are thus much better able to plan HR actions, such as

the employee’s original signature to acknowledge their being advised of the duties; otherwise the employee is deemed to be

disciplining employees, restructuring and other significant HR manoeuvres. Of course, the role of court precedents in Russia differs from case law in countries such as the UK and the USA and a ruling here should not be regarded as more than a useful guide. The only exception is that a Resolution of the Plenum of the Supreme Court summarizing court practice in employment disputes does set out rules that bind all courts in Russia.

Given that employment litigation can last for several years and the award to an employee may include average monthly wages for the whole litigation period, plus reinstatement in their job, employers’ risks in litigation can be high. Another specific feature of Russian employment litigation is that employers cannot recover their litigation costs. In contrast, employees face practically no financial risks even if they lose the case as they do not even bear the burden of payment of the State fee. For them, the whole exercise may be a free ride.

Nonetheless, trends in employment litigation show a very positive improvement for employers. A decade ago it was almost impossible for a company to win an employment litigation case: firstly, judges were extremely employee-protective, and, secondly, companies were too prone to disregard employment law requirements. Now the picture looks significantly brighter. Judges today take an independent, impartial position when they hear most cases, while employers pay greater attention to employment law rules thus ensuring they have a solid legal position in disputes.

The increased employers’ consciousness of labour law issues has gone hand-in-hand with employees becoming very well-informed of their

employment rights, especially during the recent economic difficulties. As a result, employees at all levels require their employment rights to be observed and are quick to challenge employers' actions by lodging claims with Labour Inspectorates, the State Prosecutor's Office and the courts.

The serious risks when employment disputes arise or if a check is carried out by labour inspectors are driving increasing compliance by employers. The adverse consequences may include the need to correct all mistakes, make changes to employment contracts and other HR documentation, and pay amounts that were not paid earlier. Also, the company and its officers could face administrative fines and, most importantly, for repeated breaches of Russian labour law requirements, the head of the company could be disqualified for up to three years from holding similar senior management positions. In the worst case, albeit an exceptional one, heads of companies can face criminal liability.

The number of checks conducted by Labour Inspectorates has increased considerably in the last decade. Generally, these checks are scheduled in advance or are held after an employee complains that the employer infringed their employment rights. Examples are when a bonus is unpaid, terms of employment have changed, or an employee is dismissed unfairly. A recent positive development is that now the

companies can prepare for pre-planned visits of various inspectors, including labour inspectors, by checking online: all pre-planned checks for 2013 are listed at <http://plan.genproc.gov.ru/plan2013/>.

Trade unions are now very active and continue growing far beyond their traditional manufacturing stronghold. They can appear in companies in any sphere of business, including IT, beauty, cosmetics and consulting. Currently, the Russian Labour Code lets trade unions have their cake and eat it. For a trade union to be created just three persons is sufficient and there is no duty to inform the company management when it is formed. Their rights are extremely wide and there are almost no sanctions if they commit abuses. This encourages them to get in the company's hair, creating considerable work for the company's HR specialists and lawyers.

The State is now far more hands-on when it comes to monitoring compliance. For example, companies have long been required to provide workplaces for disabled individuals. In recent years the regime has become stricter and the Russian labour authorities harsher in applying it. The Russian labour authorities are also keen to ensure that companies assess workplace conditions and make sure that employees with harmful working conditions or hazardous jobs receive additional pay, additional vacations and reduced hours.

In order to push employers even harder towards compliance, there are plans to increase sanctions, including penalties for failure to observe labour law rules, meet requirements relating to disabled individuals and assessment of working places, and infringement of trade union rights. One of the draft laws that is currently before the State Duma proposes to raise such penalties to RUB 3 million (approximately USD 100,000). It is very unlikely that such extreme amounts will be legislated for but it does illustrate the prevailing trend.

Development continues apace with new areas such as data protection and mediation of employment disputes. For instance, the new Law on Mediation became effective over two years ago, allowing employment (and other) disputes in Russia to be resolved quickly

and cost-effectively using this out-of-court procedure in a similar manner to that used in the majority of developed countries.

Increased attention to labour law issues and the need for modernization of the law has resulted in there being more than a hundred draft laws pending in the State Duma currently. These, for example, include the Law on Remote Labour that would allow electronic signatures in employment relationships. This would be almost a revolutionary change as currently the law and courts only recognize employers' and employees' original signatures which is extremely inconvenient in cases where employees work in remote areas and it could take more than a day to deliver original documents.

Importantly, there is currently a high risk of agency labour and secondment being significantly restricted or even banned outright in Russia. This would be the effect of draft law No. 451173-5 On Prohibiting Agency Labour, initiated by Russia's Federation of Independent Trade Unions. It passed its first reading in the Duma in 2011 and is slated for its second reading during spring 2013. All companies that currently use these types of employment arrangements should keep a close eye on developments.

To address the increased importance of Russian employment law, in September 2013 the AEB HR Committee formed a new sub-committee with the principal objectives of:

- (1) coordinating and lobbying activities in labour law and related areas, including, for example, preserving agency labour and secondment;
- (2) collecting information on labour law cases and best practice, and arranging for this information to be shared among members;
- (3) creating a permanent forum for HR Committee members, including HR professionals and employment lawyers, to discuss the most important labour law-related problems they face, including seeking to protect companies in dealings with the ever more powerful trade unions.

All AEB members who wish to be involved with the new sub-committee are very welcome to take part in its activities.

**BQ**



# ONGOING REFORMS OF RUSSIAN STATE PENSION SYSTEM



**Alexander LORENZ**, Chairman of the Council Raiffeisen Pension Fund, Chairman of the AEB Insurance and Pensions Committee;  
**Elena Gorshkova**, Executive Director, NPF Raiffeisen

**T**o recapitulate: in 2002, the Russian government introduced a wide-ranging pension reform which, in essence, entailed adding a 2nd pillar to the existing pay-as-you-go system, as well as a 3rd voluntary pension pillar. Under the newly introduced pillar, all citizens born in or after 1967 will have the right to an individual account held at the state pension fund. This will be funded by social security payments by employers, to the amount of 6% of salary. Instead of going to fund payments of existing pensioners, these 6% deductions will now go towards creating retirement savings within the individual's own account with the state pension fund. At the same time, these account holders have been given the right to outsource the account to a licensed non-state pension fund or to outsource the asset management to a third-party asset manager. Those who did not opt to outsource, in Russia termed "molchuny" or "the silent ones", will have their assets managed in a pool by the state-owned VEB Bank.

By 2012, the Russian state pension fund was running an ever-increasing deficit. This required annual subsidies from the government, which was now faced with two rather unpleasant options. Either increase the pension age from current 55 (female)/60 (male), which would be the most sensible solution economically but which would be highly unpopular with what is a key electoral group, or try to back-track on

the 2002 reforms and re-channel the 6% back towards funding current pension payments. This would be, economically, only a short term fix, but it would be a solution without much political fall-out.

The government opted for the latter. In December 2012 the Russian state Duma approved Federal Law 243, which stipulates the following:

- As of 1<sup>st</sup> Jan 2014 contributions made into the fully funded part of the 2nd pillar pension accounts of entitled employees will be reduced from 6% to 2%. The 4% difference will be diverted to fund the insurance part of the pension system, i.e. will go towards funding payment of pensions to the current pool of entitled pensioners.
- This reduction applies only to the so-called "dormant" accounts in the state pension fund and not to those individuals who have or will have transferred their 2<sup>nd</sup> pillar account

to a non-state pension fund or asset management company before 31st December 2013. For them, the contribution will stay at 6%. So essentially there is a choice for employees: either outsource and stay at the 6% level or become a "dormant" account with a 2% contribution.

- As of 1<sup>st</sup> January 2013 new additional employer contributions will have to be made for workers who work in harsh and dangerous working conditions, who are entitled to early retirement. The extra amounts charged are staggered, and they depend on the type of work involved. In 2013 the fee will amount to 2-4% of payroll, in 2014 to 4-6% and in 2015 6-9%. Also, there will be no cap on the base salaries used to compute the additional fee and these fees will not be personalized, meaning that they will be transferred into the general pool used to finance old age pensions. Certain exemptions to these additional contributions are possible after a comprehensive analysis of the relevant working







conditions, which could lead to a reclassification of the type of work environment.

#### **What will this mean for employers?**

For employers that have employees working in harsh conditions there will be an immediate increase in pay-roll costs. For those employers that do not have such employees, there will be no immediate effect: they will pay the same social security contributions; but the government will distribute the

funds they receive in a different way. These reforms mean that payments to current pensioners will be secure for a while longer, while at the same time savings for individual employees (and the pension they can expect) will be reduced dramatically unless they are with a private pension fund, or switch to one, during 2013.

#### **What should employers do?**

First, it is important to raise awareness amongst employees concerning 2nd

pillar pensions. There are numerous providers (mostly Russian, one foreign) active in this market segment and willing to provide information on pension reforms, and to give free presentations to employees or workers on-site. Also, useful information on the reforms is provided by the government and on [www.pfrf.ru](http://www.pfrf.ru).

Secondly, since the government is reducing its commitment to funding future pensions, it is important that employers start taking more responsibility in this area. Russian citizens are amongst the least disciplined savers in the world, a fact for which there are many different reasons (distrust of financial institutions, "live now" mentality, etc.). Employers can help by offering instruments to staff to start generating long-term retirement savings. Even if it is a corporate pension plan with small monthly contributions made by employer and employee (e.g. 1 or 2% of salary by each party respectively), this can make a very big difference to savings discipline and actual asset accumulation of employees. **BQ**



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# LEGAL AND PRACTICAL ASPECTS OF ASSESSING WORKPLACES EXPOSED TO HAZARDOUS AND DANGEROUS CONDITIONS: HOW TO MINIMIZE COSTS AND RAISE EFFICIENCY



**Ludmila Sokolova**, Head of HR, The Knauf Group CIS; **Andrey Slepov**, Senior Associate, BEITEN BURKHARDT Moscow

One of the hottest topics on the agenda of most HR and labour safety managers today relates to the assessment of workplaces exposed to hazardous and dangerous conditions ("assessment"). The following key questions arise: When should the assessment of existing workplaces start? Which workplaces are subject to assessment? How can assessment costs be minimized? And finally, how can a business avoid the negative consequences of an assessment if hazardous and dangerous conditions are identified (including the provision of guarantees to employees exposed to hazardous and dangerous conditions at their workplaces, such as a shorter working day and extended leave, and also an increase in their base salaries)? Recently some of these questions have been clarified.

On the one hand, currently we can point to the evident liberalization and modernization of the approach adopted by the regulator responsible for assessment (the Russian Ministry for Labour and Social Development ("Mintruda")). On the other hand, we can see some initial steps taken by Mintruda to establish the economic mechanism previously announced to motivate employers to provide safe working conditions.

The change in the approach of Mintruda is evidenced in the official letters of Mintruda, and also in amendments to legal acts regulating assessments initiated by the Ministry. During the period

on the assessment results. Mintruda had, in the fourth quarter 2012, advocated an approach which stipulated that all minimum guarantees indicated in Resolution No. 870 of the Russian Government, dated 20 November 2008 (36-hour working week, seven additional days of paid leave per year and 4% increase in the base salary), are binding for employers on sites where hazardous and dangerous working conditions have been identified as the result of an assessment.

On 13 February 2013, however, the Ministry suddenly changed its position, and stated that before specifying guarantees relevant to the categories of working conditions, employers are free to choose one or several guarantees from a list. Mintruda intends to elaborate on this after consultation with representatives of employers and employees.

from 1 October 2012 to 13 February 2013 the Ministry issued three letters specifying the obligations of employers to provide guarantees to employees based

In addition, amendments to the assessment procedure adopted by Mintruda at the end of last year came into force on 26 February 2013. The best news for employers in this respect is that standard office workplaces, where employees work on PCs and use other similar devices, are as a rule not subject to an assessment. In contrast to the previous version of the assessment procedure, the range of workplaces subject to assessment has been narrowed from all to specific categories.

Another notable amendment is a complete revision of the timescale for assessments. An employer must conduct the first assessment of a workplace within a year of establishment of this workplace, while the creation of a new workplace should be duly documented. Repeat assessments are not required if the initial assessment demonstrates that there are no hazardous/dangerous factors and there are no other grounds for a new assessment, such as a prescription following a state inspection.

The introduction of economic motivation for employers to maintain safe labour conditions is also apparent in the rules of Mintruda applicable to



the calculation of discounts and additional charges on insurance tariffs for mandatory accident and occupational disease insurance, which came into effect in September 2012. A deviation from the existing tariff, to a maximum of 40% plus/minus, will be based primarily on the assessment results. Meanwhile the actual assessment costs may be partially offset from social contributions.

As a result, employers today would appear to be in a more comfortable position than in the past. In practice, however, a number of questions related to the assessment procedure and its consequences remain unanswered: How should employers react to the ever-changing position of Mintruda (including employers who have already conducted an assessment) when it comes to guarantees? To what extent should employers comply with the old Soviet rules on establishing enhanced guarantees for specific categories of employee? When will Mintruda finally adopt the long-awaited elaboration of details on specific types of guarantee? How can equal treatment be established for employees occupying similar workplaces that have been assessed differently?

The instability of legislation and law enforcement practice in the area of assessment can be attributed, among other things, to the contrasting interests of the stakeholders in this process (including the state authorities, businesses, the accredited assessment agencies, trade unions and employees). It would appear that there is only one way of resolving these contradictions: more constructive dialog between all the interested parties.

\* \* \* \* \*

The Knauf Group CIS may serve as an example of an organization which has decided to go further than existing legislative initiatives and provide enhanced occupational health and safety conditions for its employees. In the period 2008-2012 it implemented a number of corporate initiatives aimed at improving the state of the environment and the occupational health and safety conditions of employees at its production sites and in offices.

A particular example of the automation of production processes is provided by its modernization of the largest

gypsum mine in Europe, in the city of Novomoskovsk, Tula Region, in 2009. The company built an underground rock grinding complex, and loading, storage and transport facilities on the surface, and also introduced a unique method of lifting the raw material on a vertical conveyor system, Pocketlift. The new system replaced all the old equipment, raising productivity and at the same time improving occupational health and safety. Project investments totaled EUR 42 million, and all activities were automated, obviating the use of manual labour.

However, during the subsequent implementation of corporate standards, the enterprise was confronted by a conflict of laws due to loopholes and the inconsistent position of the Ministry of Labour and Social Development.

Workplaces as assessed in 2012 offer a greater list of guarantees for reduction in hazardous conditions than the same workplaces as assessed in 2010. At the same time, however, the application of different norms of guarantee for the same work positions is impossible without discriminating against some employees.

The Knauf Group is carrying out at its Russian enterprises its own plan to implement "Knauf Safety Standard", drawing on international experience with implementation of the Standard OHSAS 18001, while taking account of Russian legislation on occupational health and safety issues. We invest material resources to improve the working conditions for our employees, and look for state support in consolidating minimum requirements for safe occupational health and safety conditions. Such an incentive could be provided through the adoption of an approach involving a progressive reduction in the tax base for profits, taking into account the degree of stringency of the Occupational Health and Safety Standards implemented at the organization. The reduction in the transport tax in the European Union – if a car complies with a higher environmental standard (Euro-3, Euro-4, etc.) – could serve as an example. Such measures would make it possible to effect a qualitative transition from the paradigm "Compensation for Hazards" to the paradigm "Safety is Beneficial".

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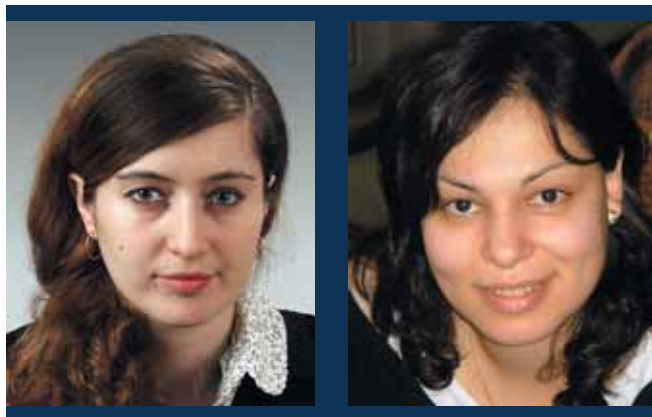


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# LABOUR MIGRATION IN RUSSIA AND ASPECTS OF ITS DEVELOPMENT



Asida Agrba, Associate, CMS, Russia  
Irina Agadzhanyan, HR Director, NORAUTO Russia

The existing mechanisms regulating labour migration in Russia indicate that migration policy tends towards a liberal approach. At the same time, it remains essential to control migration effectively and to secure the interests of all stakeholders in the migration process (the state, individuals and society).

Below we summarise the measures that have been implemented over the past few years to improve migration legislation in Russia:

1. The Federal Law "On Retail Markets" adopted in 2007; the law prohibits foreigners not registered with the local executive authorities from engaging in activities in domestic markets. In the same year, Russia and Switzerland signed an executive protocol on readmission by the Federal Migration Service, Ministry of Internal Affairs, Federal Security Service, addressing the national security issues arising in connection with migration flows from the CIS countries;
2. The notion of "highly qualified specialists" introduced on 1 July 2010; highly qualified specialists have become eligible to apply for work permits under a simplified procedure (14 business days), and the effective term of these permits has been extended to 3 years (as compared to 1 year under the previous restrictions, and at least 3 months for obtaining the required documents);

willing to work in the retail, utilities and public service sectors pass an examination in the Russian language;

4. Article 13.4.6 of Federal Law No. 115-FZ, dated 25.07.2002, effective 1 January 2013; the article provides that foreign nationals arriving in Russia from visa-free countries must undergo a fingerprinting procedure when applying for work, for temporary residence or for permanent residence permits. We note that in addition to crime-fighting considerations, the objective of the data collection is to control the migrants' activities, to prevent illegal labour exploitation, to recover documents, in the event of loss, and to establish the identity of a foreign national.
5. Starting from 1 January 2013, foreign nationals with temporary residential

permits ("TRP") in Russia are no longer required to apply for work permits to engage in employment activities. Pursuant to Article 13.4 of Federal Law N 115-FZ dated 25.07.2002 (as amended on 30.12.2012) "On the Legal Position of Foreign Nationals in the Russian Federation", the employment procedure rules that require foreign employees to have the work permits do NOT apply to foreign nationals permanently or temporarily residing in Russia (as amended by Federal Law N 320-FZ dated 30.12.2012).

In June 2012, President Vladimir Putin approved a long-awaited strategic document, entitled the Concept of the State Migration Policy for the Russian Federation until 2025. Both experts and the public have expressed the need for a policy that fits in with modern life. First of all it was essential to design certain national security mechanisms and create conditions to ensure sustainable economic growth amidst globalization. However, the formulation of the integral migration strategy proved to be costly in terms of time, money and expertise. This is not



surprising, given that the Russian Federation is one of the largest countries in the world and one of the richest in natural resources. It also has underdeveloped, sparsely populated territories and shares its borders with many densely populated countries that are not so rich in natural resources.

Today, in order to make the complex migration-related measures really work, the government has decided to set up a regulatory framework. An encouraging sign is that the Federal Migration Service (FMS) has already published an action plan for the implementation of the first stage of the Concept. Furthermore, a number of draft laws have been actively developed as part of the Migration Policy Concept. In particular, these include certain legislative initiatives that require labour migrants to pass an examination in the Russian language and the fundamentals of Russian law. Moreover, a draft law imposing criminal and administrative liability for organising illegal migration is expected to emerge in Q2 2013. A draft law that simplifies the procedure

for issuing residence permits to foreigners working in Russia over a long period of time, and introduces a scoring system for migrants, will be introduced early in 2014. This will also define a simplified entry procedure and lift restrictions on work and study for families of those foreigners who have long-term employment contracts.

Furthermore, before the end of Q1 2014, the State Duma will consider a draft law simplifying the procedure for granting Russian citizenship to entrepreneurs, investors and qualified specialists holding residence permits, and to their family members, as well as to graduates of Russian educational institutions. Further developments anticipated in the middle of 2014 include an improved procedure for evaluating the need for foreign workers and measures for attracting foreigners to fill vacant jobs not popular among Russian citizens. These measures are expected to result in an annual migration gain of 200,000 people (fellow nationals living abroad) by the end of 2015, and 250,000 by 2020.

According to experts, in the near future labour will become one of the most critical, if not the most critical, resource issue in Russia. Migration will play a key role in the country's development, economic growth, social stability, balanced regional development and, finally, in maintaining its integrity. An adequate migration policy is essential for further development. Also, immediate action is required to prevent a labour resource collapse in certain Russian regions. Some people think that neither technical improvements nor modernization of the economy will work without adequate labour resources. That is why state and civil institutions have become more aware of not only migration challenges and risks to society, but also the opportunities that inward migration presents.

The main goal of these measures is to develop a system that regulates Russia's migration processes and to support the sustainable social and economic development of the country. The key point is that migration policy must meet the realities of today and



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the changes that are occurring in the country and around the globe. So it is notable that as early as at the first implementation stage, the Concept proposes to create so-called migration support centres. The program proposes conducting medical examinations of migrants, developing residential infrastructure for labour migrants on a PPP basis, creating conditions for their integration and adaptation, including information and legal assistance centres, arranging courses in Russian language, history and culture and conducting selective studies on local and international migration issues. These efforts represent a new approach by the state in terms of solving a whole range of migration issues.

The second stage, which is scheduled to be implemented between 2016 and 2020, includes the consolidation and analysis of law enforcement practices to enable the implementation of the goals, objectives and directions of the Concept. This, it is hoped, will stop the migration outflow from Siberia and the Far East by 2021.

The third stage (2021-2025) will include a performance assessment of programs implemented as part of the main policies of the Concept, revision of the strategic framework, priorities and key implementation guidelines. Upon completion of the third stage, the Concept is expected to have achieved an inflow of immigrants to Siberia and the Far East.

To ensure consistency with the goals and objectives set out in the Concept of the State Migration Policy until 2025, and to improve regulation of external labour migration, the current migration laws are likely to change significantly in the near future. Furthermore, knowing that the Concept has been developed by migration specialists relying upon both domestic and international experience, as well as considering worldwide globalization trends, it is hoped that the measures proposed will help restrict illegal migration while at the same time allowing foreign specialists to enter the labour market. It should be emphasised that the Concept adopted by the President constitutes the first-ever attempt in modern Russia to

design a structure for national migration processes by means of an appropriate legislative framework. Until now, the only document regulating the flow of migrants was the compatriot resettlement program.

It appears that with the adoption of the Concept there is a real trend towards a straightforward set of rules and conditions designed not only to reduce illegal immigration, but also to attract the educated and qualified labour migrants that the country needs, and to help them integrate into society. It is notable that the document was approved by the Russian tripartite commission representing government, employers and trade unions. Importantly, the Concept has also received the seal of approval from the International Labour Organization, the International Migration Organization and the World Bank.

In sum, the Government is taking steps to enhance, liberalize and improve current Russian migration legislation, which should have a positive impact on both migration processes and the country's image in general. **BQ**

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# RECRUITING ENVIRONMENTAL, HEALTH AND SAFETY MANAGERS – NEEDS AND PROBLEMS



**Mikhail Divovich**, General Director, ECOTEAM  
**Olga Zinina**, Environmental, Health and Safety Manager, ROCKWOOL Russia

**A**ctivity in the EHS (Environment, Health, Safety) sphere includes environmental protection, labour protection and industrial safety. Creating a corporate EHS department led by an EHS manager is now common practice. Recruiting a good specialist in this sphere is important, but it is not easy.

## Case study

Let us begin by imagining a situation in the factory of a well-known multinational corporation based in a megapolis. There is a good atmosphere and high salaries, but despite all these advantages, the search for an EHS manager had taken more than six months. Finally one is hired, even though he made an unfavorable first impression. His performance on the job confirmed that initial impression: he involved the factory in problems with prosecutor's office.

Though he left six months ago, the factory has still not found a satisfactory replacement.

There are simple answers to the questions raised by this case. The HR manager in this factory used to work as a nurse. Another explanation is that somehow nobody wanted to apply for the job. Reading the requirements list in the vacancy advertisements helps to explain why.

Another multinational company invited a person with an education in

option. Despite all this, there are competent specialists in the EHS sphere receiving low salaries in Russian enterprises. Why? We discussed the problem with the EHS manager of Rockwool Russia, where an effective EHS department has been created.

The first thing to consider while recruiting workers in this sphere is knowledge of English. That is why the job was offered to the philosopher. For an engineer, it is preferable to learn English on the job. In Rockwool Russia there are no mandatory requirements in language competence for engineers. But the company creates a good atmo-

sphere for learning the language at the work place. Usually it takes several months to learn English well enough to be able to communicate with English-speaking managers and colleagues.

Underestimating the importance of qualified EHS managers is also a big problem. Practical environmental protection issues are often not high among company priorities. The same can be said regarding Health and Safety. We know of cases where the manager who was in charge of cleaning and land improvement was made responsible for environmental issues.

There is also a lack of understanding of the level of responsibility and workload that an EHS manager in Russia has. An American pharmaceutical factory was sure that one person for this job is more than enough. That was one of the reasons why nobody wanted to work there, so the company had to search among people with different qualifications. There are no places which train



EHS managers in Russia – at least we do not know of any reliable ones.

You can try to find a qualified EHS manager but it takes a lot of time. In most cases you will be forced to “headhunt” such a specialist from his present job. So there is a reason for taking a good specialist in one of the EHS spheres (environmental protection, labour protection or industrial safety) who has good learning ability, creativity and dedication to the job.

Russian EHS legislation requires different degrees and certificates, so you certainly will need training for your employees. You can try to find a suitable company that gives not just a certificate, but real knowledge and skills. Unfortunately there are few companies like that in Russia, and they charge extremely high rates for their educational services. In the EHS sphere, knowledge comes from experience. So it is good idea to be backed by a consulting company.

Almost all multinational companies which have factories in Russia use external consultants. For example, one

hired a smart graduate and a consulting company instead of one specialist. The cost of both of them was comparable with that for a qualified specialist. Smart young engineers and a consulting company can help a trainee become a highly qualified specialist in the future.

One of the co-authors of this article is an environmental engineer who gained knowledge and experience in labour protection and industrial safety with the help of training, consultants and self-education. The desire to do her job well was her strongest motivation.

In Russia, an EHS manager is often considered to be similar to a GR manager. But that is a big mistake! An EHS-manager has to be an engineer. You cannot put a psychologist in a chief engineer's position, however convincing he may be. At least we do not know examples of that working. If you need a GR manager, take a GR manager and he will help an EHS manager. But our experience shows that trying to solve EHS issues by means of “talks” will lead to even bigger problems. EHS legisla-

tion is obligatory so there is no scope for negotiation.

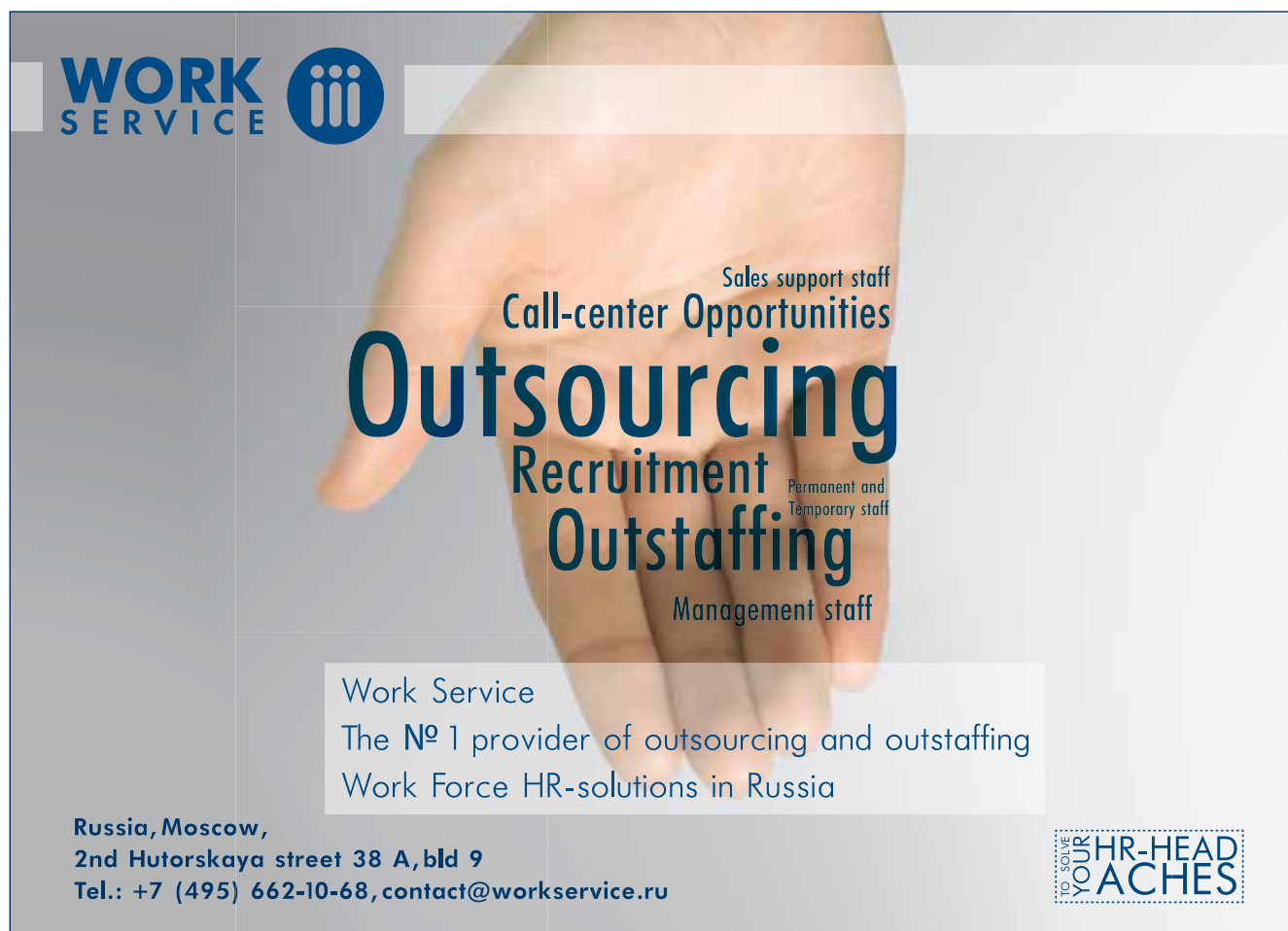
It is not like land transaction issues, where the result partly depends on GR qualifications. Agreements with the authorities are risky. Because new authorities can easily renege on any agreement made with previous ones and you will have many more problems than before. So hiring non-professionals will cost you much more than finding specialists or smart graduates and consultants.


In short, hiring professional EHS manager is not less important than a qualified top manager.

In recruiting EHS managers it is necessary to consider:

- ability to think and develop skills during the working process
- dedication to the work
- an engineering degree (alternatively hiring a consulting company on a permanent basis)
- knowledge of English
- professional experience (in the absence of experience a consulting company's services are necessary, at least at first).

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# MODULAR EMPLOYEE DEVELOPMENT PROGRAM: KEY SUCCESS FACTORS



Anastasia Mizitova, Expert Trainer, CBSD/Thunderbird Russia

Can you think of a reputable company that does not train and develop its employees? By now most leading companies in the Russian market have various employee development programs targeted at employee audiences. As a result, most companies offer their employees a multitude of courses. The question is – are companies really trying to make these multiple courses work as consistent programs? If so, how are courses meaningfully linked together to create a successful impact? What are the key success factors that ensure a higher impact for modular and complex programs?

## What makes it modular?

According to a survey by CBSD of the largest companies operating in the Russian market, consistent modular pro-

grams could last from only 2 training days to as many as 70 training days, with an average of 15. Target audiences could vary from 5 to 2,000 employees, with a median of 30.

The most common characteristic of such programs is their consistency with corporate competency models and corporate values. The most popular modules include leadership, personal and team effectiveness, and business simulations.

Other features vary widely. Only half of the companies in the survey reported using homework as an additional development tool between the modules. Half of the survey respondents reported having a compulsory project presentation by the participants at the end of the course. Just a few companies offer online support to their modular programs, or consistent reading and effective follow up activities.

According to the CBSD survey, consistent modular programs make up from 5% to 70% of all employee development programs offered by leading employers in the Russian market, with the median of 20%.

## Key success factors

In 2012, TNK-BP undertook the third roll-out of a complex employee devel-

opment program for HR management, with CBSD as a designated provider. The program consisted of four 3-day modules and covered a variety of areas, from finance, strategy and HR to leadership and soft skills. The participants were expected to complete homework between the modules and present their results to an expert panel.

This project was regarded as valuable and productive by the corporate client, the participants and the provider. The positive outcome of the program was driven by at least two key success factors described below.

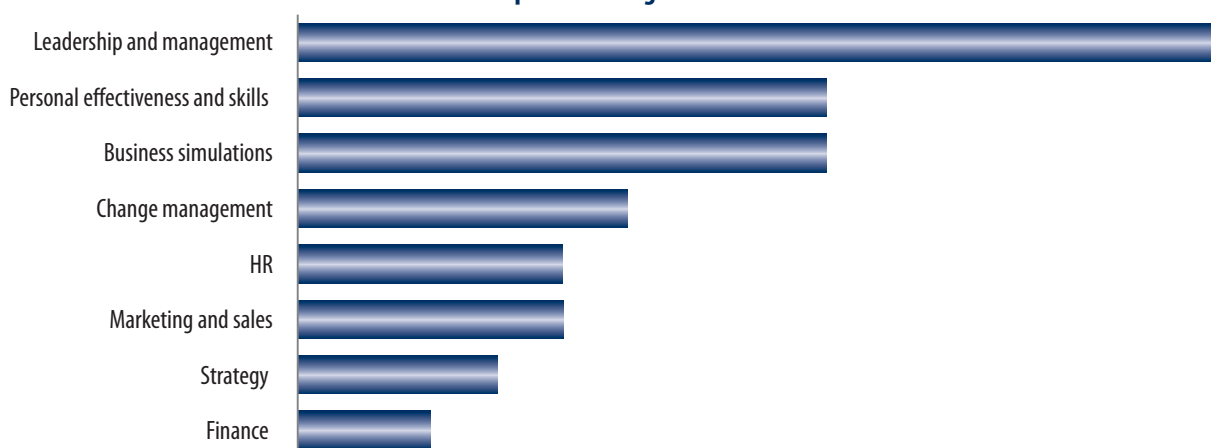
## Management support

Management support is by far the most important success factor in corporate employee development initiatives. The commitment of the course participants increases dramatically when they realize that the course outcomes really matter to their management and organization.

According to the CBSD survey results, management is most frequently involved in employee development programs by way of cost control, less frequently by content control and only seldom by direct process support.

The 2012 TNK-BP HR program was outstanding in terms of ensuring

Popular training modules







the management support necessary for success. First, a senior management team member was invited to mark the beginning of the program and to speak at each module on a relevant subject. The speakers maintained an open dialogue, addressing challenging questions and providing a helicopter business perspective to the participants. The speeches and discussions were structured around the module at hand, which gave a great kick-start to the learning process and the chance for the participants to validate the learning outcomes of the module.

Second, each module culminated with participants' presentations delivered to an expert panel represented by TNK-BP senior management as well as L&D leaders. Careful consideration was given to the role expected of the panel. Considering that the key purpose of the overall program was to promote continuous learning and initiate new ideas in the regional HR team the best role for the expert panel was to minimize judgment and promote collaboration among the participants. This approach proved to be immensely successful and provoked in-depth class discussions following each group presentation.

Finally, as a part of inter-modular assignments the participants were expected to work on some real-life projects. Any necessary management support was made available for the purpose of this project – all course participants could approach senior management for any relevant informa-

tion. The participants presented some excellent projects, including research on the T&D procedures for regional line managers.

#### **Inter – modular work**

The CBSD survey revealed that inter-modular work is widely recognized as a powerful development tool, yet only a few companies have been able to successfully introduce it into their programs. When implemented properly, such work helps maintain participants' interest throughout the whole course, ensure meaningful links between the modules and build up knowledge, skills and energy with each session.

One of the main success factors in the TNK-BP program was the assignments that the participants were expected to complete between the modules. The purpose of this work was to provide real life context to learning and to promote teamwork between regional staff. Last, but not least, assignments help establish personal accountability for the learning process.

The TNK-BP participants worked on a large case throughout the whole program. The case described a production company in an M&A transition that required a number of HR decisions to be taken. The issues in the case were relevant to each course module, and the participants were expected to research the whole case gradually as they progressed, and to produce their final recommendations at the end of the course. Additionally, they were expected to support their logic and

#### **Interview with Tatyana Sergeeva, Manager, Corporate Learning and Development department, TNK-BP Management**



**How does TNK-BP evaluate the extent to which participants deployed their learning on the job? In March 2013 (3 months after the completion of the**

**program) TNK-BP will survey the participants' managers to discover the impact of the acquired knowledge and skills in practice.**

**We are aware that the program participants held workshops to transfer program knowledge and skills to their colleagues.**

#### **Is it possible to estimate or forecast any business results associated with this development program?**

It is a challenge to determine the effect of a particular training program on, say, improving the service provided by HR business partners to the business. Some of the observed improvements in the HR organization include: established professional trust with business managers, more confident use of financial data, improved delivery of project presentations and consultation on HR matters.

The program participants have been initiating change actions which we are now discussing. These will be implemented in their home business entities and may be transferred to other entities as best practice. We will be able to provide success stories soon.

#### **Do you believe the training investments paid off?**

Definitely! Business leaders responsible for budgeting (including employee development) are annually increasing their corporate employee development investments – this is a pretty convincing argument.

findings through examples drawn from their own professional experiences.

#### **Are the modular programs more effective?**

According to the CBSD survey, modular employee development programs prove to be more successful in achieving company's goals than one-off or non-related courses. On the other hand, such modular programs are more difficult to manage and can be more expensive.

**BQ**

# NETWORKING

## Polish Euro Reception

On 22 January 2013, the Polish Embassy opened its doors to high-ranking guests, top businessmen, AEB member company representatives and the media. We would like to acknowledge our sponsors: **Oranta**, **Lindab**, **Vinogradnye Vina**, **Bella**.



The guests



L-R: Frank Schauff, AEB CEO; Wojciech Zajączkowski, Ambassador of Poland



L-R: Zbigniew Majchzat, Allianz oyscl; Piotr Kowalczyński, Oranta; Krzysztof Majczuk, IBEC Bank

## AEB Strategy Meeting 2013

On 24 January 2013, the AEB held its Annual Strategy Meeting. AEB Board members, Council of National Representation members, Auditing Commission and AEB Committee Chairpersons took part. Questions about the AEB's strategic development and possibilities for the future were discussed.



L-R: H.E. Fernando Valenzuela, Head of the EU Delegation to Russia; Reiner Hartmann, Chairman of AEB Board



The participants

## Conference "Recent Developments in the Regulatory Environment for Russian Banks with Specific Focus on the Basel Recommendations"

The AEB Finance and Investments Committee and the AEB Banking Committee held a Conference on "Recent Developments in the Regulatory Environment for Russian Banks with Specific Focus on the Basel Recommendations" on 29 January 2013. One of the keynote speakers was Nout Wellink, former Chairman of the Basel Committee on Banking Supervision and former President of the Dutch Central Bank. Mr Wellink was involved in the development and implementation of the Basel recommendations, and brought a unique insight into how these have impacted on the banking industry to date, and might do so in the future. Another keynote speaker was Alexey Simanovskiy, First Deputy Chairman of the Central Bank of Russia, who added his comments on recent and propo-



Nout Wellink, the former Chairman of the Basel Committee on Banking Supervision; former President of the Dutch Central Bank



Alexey Simanovskiy, First Deputy Chairman of the Central Bank of Russia



sed changes to the regulatory environment for Russian banks. These speeches were followed by an open debate among a panel of some of the leading Russian specialists.

About 200 banking specialists participated in the event. The AEB expresses its sincere gratitude to the Platinum Sponsor of the event **Ernst & Young**.



L-R: Zeyn Adam, Managing Director, Basel II Project, Alfa Bank Russia; Thomas Huertas, Partner, Ernst & Young, London; Vasily Pozdyshev, Director, Banking Regulation Department of the RF Central Bank; Stuart Lawson, Chairman of the AEB Finance & Investments Committee; Executive Director, Ernst & Young; Nout Wellink, former President of the Dutch Central Bank and former Chairman of the Basel Committee on Banking Supervision; Dmitry Ananiev, First Deputy Chairman, Committee on the Budget and Financial Markets, the Council of the Federation; Bruno Oppliger, Basel Specialist, Ernst & Young, Switzerland; Ekaterina Trofimova, First Vice-President, Gazprombank

### Briefing by Eric Peters

On 30 January 2013, the AEB once again welcomed Eric Peters, Adviser from the Bureau of European Policy Advisers (BEPA), who briefed the audience on EU Priorities in the Crisis and Relations with Russia. The event was co-chaired by Frank Schauff, AEB CEO, and Philippe Pegorier, President, Alstom Russia and an AEB Board Member.



L-R: Philippe Pegorier, President, Alstom Russia; Eric Peters, Adviser from the Bureau of European Policy Advisers; Frank Schauff, AEB CEO



Eric Peters, Adviser from the Bureau of European Policy Advisers



The audience



Vladimir Gruzdev, Governor of the Tula region

### Presentation on the investment potential of the Tula region

The AEB opened its doors to high-level representatives of the Tula region on 4 February 2013. On behalf of the AEB, Chairman of the AEB Board Reiner Hartmann welcomed Vladimir Gruzdev, Governor of the Tula Region, and Denis Tikhonov, Deputy Chairman of the Administration of the Tula Region, and Minister of Economic Development and Industry of the Tula region. Discussion focused on the investment climate, as well as the industrial potential of the region.



Denis Tikhonov, Deputy Chairman of the Administration of the Tula region

### The AEB visits Brussels

A delegation from the AEB visited Brussels on the 5-6 March 2013, meeting with representatives from the European Commission, the European Parliament, the European Council and some Brussels-based European business associations.

The AEB's delegation had a chance to present the work of the Association and its vision for the future of EU-Russia relations in the context of Russia's accession to the WTO, and negotiations for a new EU-Russia Agreement.

The AEB Board voiced the concerns of European businesses working in Russia, especially regarding migration policy, visa issues, the utilization fee for wheeled transport. The government-to-government meeting that took place on 21-22 March 2013 was also discussed.



L-R: Philippe Pegorier, AEB Board member, Alstom Russia; Jane Amilhat, DG Trade; Olga Bantsekin, Deputy Chair of the AEB Board, Coleman Services; Peter Balas, Deputy Director General, DG Trade European Commission; Andra Koke, Head of Economic Section, EU Delegation to Russia; Frank Schauff, AEB CEO; Timo Hammaren, Directorate General for Trade, EU Commission; Roger Munnings, Deputy Chairman of the Board



## Meeting With Moscow Deputy Mayor Regarding Quota Reduction in Moscow

On 7 March 2013, Frank Schauff, AEB CEO, and Ludmila Shiryayeva, Chairwoman of AEB Migration Committee, met with Leonid Pechatnikov, Moscow Deputy Mayor, on the issue of 2013 quota reduction for AEB member companies.

They discussed the decision of the Interdepartmental Commission on the Employment of Foreign Workers in Moscow (hereinafter, the IDC) which was adopted on 28 January 2013. In particular, the discussion covered such issues as the legality of the grounds for

refusing to approve the quotas for 2013 for certain companies, the revocation of the some previously approved quotas for 2013, and the adjustment of quotas in connection with violations of the current law requirements.

Frank Schauff underlined that certain aspects of the IDC decision of 28 January 2013 were applied incorrectly, as they are not envisaged by federal legislation. As a negative consequence of such a decision, and inability by the companies to apply for new work permits, certain employers

would now have to arrange the departure of certain foreign employees (and their families).

The participants in the meeting agreed on the following. *By the order of Leonid Pechatnikov, a special one-window procedure will be established for AEB member companies. Each case involving an AEB member company will be reviewed individually, as will be any possible grounds for quota reduction/refusal.*

The IDC decision from 28 January 2013 will be revised.

## Meeting with European Union Commission President, Jose Manuel Barroso

On 21 March 2013, the Board of the Association of European Businesses had a breakfast meeting with European Union Commission President, Jose Manuel Barroso, at the Baltschug Hotel, Moscow. This was the first event in Mr Barroso's programme during the largest-ever EU Commission visit to Russia, with the delegation including 16 Commissioners. The AEB was represented by Reiner Hartmann (Chairman of the AEB Executive Board), Frank Schauff (AEB CEO) and other AEB Board Members.



L-R: Gerald Sakuler, AEB Deputy Chairman and Treasurer, Bene; Vesa Vertanen, AEB Board Member, Itella Logistics; Reiner Hartmann, AEB Board Chairman, E.ON Ruhrgas AG; Roger Munnings, AEB Board First Deputy Chairman, Individual member; Jose Manuel Barroso, EU Commission President; Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee, Mazda Motor Rus; Jon Hellevig, AEB Board Member, Awara Group; Olga Bantsekina, AEB Board Deputy Chair, Coleman Services UK Ltd; Philippe Pegorier, AEB Board Deputy Chairman, Alstom Russia; Frank Schauff, AEB Chief Executive Officer; Fernando M. Valenzuela, Ambassador, Head of the Delegation of the European

# AEB COMMITTEE UPDATES

## AUTOMOBILE MANUFACTURERS COMMITTEE

### The 6<sup>th</sup> Annual Press Conference "REVIEW 2012"

The AEB Automotive Manufacturers' Committee held its 6<sup>th</sup> Annual Press Conference "REVIEW 2012" on 15 January 2013.

200 representatives of leading media and automobile manufacturers took part in the event. The main speakers at the

press-conference were Frank Schauff, AEB CEO, and Joerg Schreiber, AEB AMC Chairman (Mazda Motor Rus LLC). They presented sales results for the Russian automotive market in 2012, and prospects for 2013. Sales of new passenger cars and LCVs in Russia in 2012 increased by 11% as compared to 2011. The AMC forecast for 2013 suggests

that the market should consolidate at, or close to, the level of the year 2012.

At the press conference the main issues on the AMC Agenda such as distributor-dealer relations, disposal fees and Consumer Protection law were covered. The AEB thanks the sponsors of the conference: **Cesar Satellite, Continental, Goltsblat BLP, MetLife Alico.**



Frank Schauff, AEB CEO



Participants



Joerg Schreiber, the AEB AMC Chairman (Mazda Motor LLC)

## COMMERCIAL VEHICLES COMMITTEE

### Press conference "Commercial Vehicle Sales in Russia in 2012"

On 21 February 2013, the Commercial Vehicles Committee of the AEB held its annual press conference, "Commercial Vehicles Sales in Russia in 2012," at the Marriott Grand Hotel in Moscow.

A welcome speech was made by Philippe Pegorier, AEB Board Member and President, Alstom Russia. Andrey Chursin, Committee Chairman, Scania-Rus LLC, presented sales results for the Russian commercial vehicles market in 2012 and described the committee's activities.

CEOs and representatives of major commercial vehicle companies participated in the press conference. Leading media showed great interest in the event.



L-R: Philippe Pegorier, AEB Board Member; President, Alstom Russia; Andrey Chursin, AEB Commercial Vehicles Committee Chairman; Sales Director, Scania-Rus LLC; Ruslan Kokarev, AEB COO

Michelin was the gold sponsor of the conference.



L-R: Sergey Bogocharov, Key Account Department Director, MAN Truck & Bus RUS; Francois Poirier, CEO, Peugeot



Andrey Chursin, AEB Commercial Vehicles Committee Chairman; Sales Director, Scania Rus LLC



L-R: Vladimir Semakov, Autospezhnitsa; Andrey Savchenko, Avtotransport

## ENERGY COMMITTEE

### Briefing by Vladimir Konovalov, Executive Director of Petroleum Advisory Forum

On 8 February 2013, the Committee held its regular meeting with a high-ranking speaker, Vladimir Konovalov, Executive Director of Petroleum Advisory Forum, who briefed the audi-

ence on energy policy developments. He addressed such issues as oil and gas prices as a key factor in policy, major projects in the Russian oil and gas sector with foreign participation, the legal framework for subsoil use, the role of state and private companies offshore, and taxation initiatives.

## SMALL AND MEDIUM-SIZED ENTERPRISES COMMITTEE

### Managing finances in crisis time

The AEB Small and Medium-Sized Enterprises Committee held an open event, dedicated to financial management for SMEs, on 4 December 2012.

The event provided a platform for discussion of such important topics as due diligence, factoring, private equity and venture investment and financing programs available for SMEs

at such institutions as the European Bank for Reconstruction and Development, SME Bank and NOMOS Bank. Participants received high-quality information from professionals working in these areas.

The AEB thanks the Platinum Sponsor of the event, the Alinga Consulting Group.



Chet Bowling, Partner at Alinga Consulting Group (gold sponsor)



L-R: Konstantin Dzhimbinov, Partner at RB Partners; Roman Lesokhin, Director of the Small Business Department at NOMOS Bank; Chet Bowling; Kristoffer Laurson, Principal Banker at the EBRD; Orlin Efremov, Chairman of the SME Cte, General Director of Manutan.



## HEALTH AND PHARMACEUTICALS COMMITTEE

### Ceremony of the Prix Galien Russia Awards

On 7 February 2013, the Chairman of the AEB Health and Pharmaceuticals Committee, Sergei Smirnov, took part in the launch ceremony of the Prix Galien Russia Awards at the residence of the French Ambassador to Russia. The Prix Galien

recognizes outstanding efforts to improve human health and well-being through the use of biomedical and technological innovations, and is highly regarded in the biopharmaceutical research domain. The AEB is represented on the Organizational Board of the Prix Galien Russia.



Guests at the ceremony

## HUMAN RESOURCES COMMITTEE

### Labour Law Sub-Committee formed

In September 2012, the AEB HR Committee formed a new sub-committee, the Labour Law Sub-Committee, the principle aims of which are:

- To coordinate and promote the lobbying activities of AEB HR Committee members with regard to labour law and related areas;
- To collect information on labour law cases and best practice, and arrange the sharing of this information with Sub-Committee members;

- To create a permanent forum for HR Committee members and other HR professionals to discuss the most important labour law-related problems of HR practitioners.

Currently the most important topic at Labour Law Sub-Committee meetings is the status of the draft bill intended to ban contract labour (staff leasing and partial secondment), which is pending in the State Duma. It was introduced at the initiative of the Fed-

eration of Independent Trade Unions of Russia. This bill, if passed into law, will materially affect the business interests of many AEB members.

All AEB members are kindly invited to participate in the activities of the new Sub-Committee. Please share with us your ideas as to the most important topics for HR professionals and options for enhancing our lobbying activities. Your participation in the work of our Sub-Committee is highly welcome!

## INTELLECTUAL PROPERTY COMMITTEE

### Meeting with Natalia Romasheva, Head of Legal Department of the Ministry of Culture of Russia

The AEB Intellectual Property Committee, represented by Chairman, Eugene Arievidh, had a meeting with Natalia Romasheva, Head of the Legal Department of the Ministry of Culture, on 24 December 2012. The focus of the discussion was the draft law on piracy prepared by the Ministry

of Culture. The Law aims to strengthen the responsibility of internet providers, owners of sites and users for distributing and downloading illegal content. At the meeting, further possible cooperation on the development of this Law and other matters of mutual interest were discussed.

### EU-Russia IPR Dialogue

The Intellectual Property Committee, represented by Chairman Eugene Arievidh and Deputy Chairwoman Ekaterina Tilling, took part at the 12<sup>th</sup> EU-Russia IPR Dialogue held on 13 March 2013 at the Federal Service for Intellectual Property. Within the Dialogue, experts exchanged information and experience on IPR-related issues, on national IP legislation and practices, enforcement problems and on IPR protection within the Customs Union.

The EU-Russia IPR dialogue is an integral part of the Roadmap for a Common Economic Space, and is currently carried forward within the framework of the EU-Russia Partnership for Modernization.



## PRODUCT CONFORMITY ASSESSMENT COMMITTEE

### Meeting with Norbert Anselmann, Head of Enterprise DG, European Commission

On 15 March 2013, the AEB Product Conformity Assessment Committee held a meeting with Norbert Anselmann, Head of the Standardization Unit, European Commission/Enterprise DG and with representatives of the European Profiles company. Dimitris Bakolas, President of European Profiles, presented a new project funded by the European Union: "Approximation of EU and RF technical regulation and standardization systems". Committee members and participants at the meeting exchanged views and agreed to work together on this project.



Participants at the meeting

## REAL ESTATE COMMITTEE

### Office and Administration Managers Working Group formed

The Committee is glad to inform you about the formation of a new Office and Administration Managers Working Group within the Real Estate Committee. The aim of the Working Group is to help all AEB members deal with issues relating to office management. Don't hesitate to join the Working Group and put forward ideas and proposals.

### Open event "What will influence the real estate market in Moscow in 2013 and beyond?"



L-R: Karima Nigmatulina, Acting Director, Research and Design Institute of General Plan of Moscow, Moscow Government; Kirill Makarishev, General Manager, ZAO "Arena Park Management"; Tomas Devonshire-Griffin, Head of Capital Markets, Regional Director Russia and CIS, Jones Lang LaSalle; Olga Arkhangelskaya, Head of Real Estate Advisory Services, Ernst & Young; Christophe Vici, COO, Jones Lang LaSalle, Chairman of the AEB Real Estate Committee; Ekaterina Lapidus, Associate, Salans; Ruslan Kokarev, COO AEB; Sergey Trakhtenberg, Partner, Co-head of Russian Real Estate/Construction Practice, Salans.

On 18 March 2013, the AEB Real Estate Committee held an open event entitled "What will influence the real estate market in Moscow in 2013 and beyond?"

The welcome speeches were made by Christophe Vici, COO of Jones Lang LaSalle, Chairman of the AEB Real Estate Committee, and Ruslan Kokarev, AEB COO. The event attracted almost 90 participants. The AEB kindly thanks **Salans**, the platinum sponsor of the event, for its support.

## SHES SECURITY& COMPLIANCE SUB-COMMITTEE

### Round table on security services outsourcing

On 14 March 2013, the SHES Security & Compliance Sub-Committee held a round-table on security services outsourcing.

Mikhail Balev, Business Development Executive of MIG Services, and Tim Fisher, Security Director, ZAO Deloitte, presented their views on current trends in the security industry and on existing corporate security practices for companies. The event stimulated interactive dialogue and provided the participants with valuable information.



L-R: Oleg Babinov, Head of Eurasia Practice, Risk Advisory; Frank Schauf, AEB CEO; Tim Fisher, Security Director, ZAO "Deloitte"



L-R: Mikhail Balev, Business Development Executive, MIG Security Services, Oleg Babinov (above);

## SOUTH REGIONAL COMMITTEE

### Charter for Corporate Social Partnership Principles

For the AEB South Regional Committee, the new year 2013 began with the traditional AEB Christmas reception, which was held at the restaurant, 8<sup>th</sup> Sky, in the Platan-Yuzhnyy hotel on 16 January 2013.

Before the reception, a presentation on the Charter for Corporate Social Partnership Principles was organized. The

Charter united the companies operating in Krasnodar in setting an example of international business standards. Among these companies are (not all of them AEB members): CLAAS, JSC NIPigas-pererabotka, Philip Morris Kuban, Cargill-Yug, VEGAS LEX, Advocates Bureau Yug, Gubskiy Kirpichnyy Zavod, KrasnodarEXPO (Part of the ITE Group).

The event gave everyone the opportunity to interact, while listening to beautiful music and enjoying the lovely cuisine. The AEB South regional committee would like to express its most sincere gratitude to the sponsors at the event: **Ernst and Young, Gubskiy Kirpichnyy Zavod, Cargill-Yug, Nestle, Bonduel Kuban.**



Igor Brener, Cargill, Deputy Chairman of the AEB South Regional Committee



Oleg Zharko, Chairman of the AEB South Regional Committee



Participants at the event

## TAXATION COMMITTEE

### Business meeting "Developments of the Russian Tax System in 2012 and prospects for the years 2013-2015"

On 19 December 2012, the AEB Taxation Committee organized a business meeting dedicated to developments in the Russian taxation system in 2012, and prospects for the years 2013-2015. The event brought together government representatives and tax experts.



Sergey Shatalov, State Secretary and Deputy Minister of Finance



Daniel Egorov, Deputy Head of the Federal Tax Service of the RF



Audience

Among the high-ranking guests were Sergey Shatalov, State Secretary and Deputy Minister of Finance, Daniel Egorov and Alexey Overchuk, Deputy Heads of the Federal Tax Service. As in the past, the event provided an excellent platform for

discussion of such up-to-the-minute issues as amendments to profits tax law, transfer pricing, developments in international taxation, VAT on bonuses, etc.



L-R: Alexey Sobchuk, Deloitte; Evgenia Veter, Ernst & Young; Svetlana Stroykova, PwC; Alexey Overchuk, Federal Tax Service of the RF; Frank Schauf, AEB CEO; Sergey Shatalov, State Secretary and Deputy Minister of Finance; Alina Lavrentieva, PwC, AEB Taxation Committee Chairwoman; Dmitry Volvach, Federal Tax Service of the RF; Olga Kirova, Federal Tax Service of the RF.



# MEMBER NEWS

## ALPE Consulting

### SAP Gold Partner Status:

ALPE consulting is a SAP Channel Partner and achieved the highest status in December 2012, the Gold Partner status. Previously, ALPE consulting was awarded the SAP Quality Award in 2010 and the SAP Initiative of the Year Award in 2008.

### ALPE consulting opens new office in Kazan:

On the 1st of January 2013 a new office was opened in Kazan and it is planned to employ 30 consultants by the year end. It will provide all SAP consulting services including SAP ERP and SAP BI implementation, support, ABAP programming and SAP Basis services.

### SAP project in Uzbekistan – first of its kind:

ALPE consulting and AKFA Group Holding, one of the leading conglomerate enterprises in Central Asia, have launched a SAP implementation. The project is the first of its kind in automation on such a large scale in the Republic of Uzbekistan. It is planned that on the 1st of May 2013 the pilot project at a subsidiary company, a gas heater plant, will launch the full SAP ERP solution including modules in finance, accounting, production, logistics and plant maintenance.

### SAP implementation at clients Continental and Schaeffler Group in Russia:

Continental's Russian representative office had to part with the old IS and start using the corporate standard. The project was launched in the fall of 2011 and successfully implemented in the fall of 2012 with the planned functional volume consisting of the following modules: CO, MM, SD, FI, PP, WM, QM, and SL.

For similar reasons Schaeffler Group in Russia launched a SAP Roll-Out project in July 2012 and the productive work in the user part of Schaeffler's system is planned for the 1st of April 2013.

## ECOTEAM

### ECOTEAM – 15 years in Russia

In December, 2012 legal EHS (Environment, Health, and Safety) consulting company ECOTEAM celebrated 15 years of its business in Russia.

Being a leading company in this specific sector of legal consulting ECOTEAM provides support for multinational corporations working in Russia. Long-term practical experience helps ECOTEAM provide high quality consulting support for companies from different branches of industry such as IKEA, Coca-Cola, Rockwool, Saint-Gobain, etc.

Major services offering by ECOTEAM:

- Legal support of planning and ongoing activities in compliance with Russian EHS legislation;
- Defense of the client's interests in court, in prosecutor's office, and in the disputes with federal or local authorities;
- Legal EHS audit;

- Developing appropriate environmental documentation;
- Monthly digest of Russian EHS legislation – ECOZAKON.

ECOTEAM's staff consists of the leading experts of government institutions such as the State Duma, the Ministry of Natural Resources and Environment, the Moscow City Duma, local authorities, etc. All staff members have extensive experience in environmental and legal consulting.

## EGO Translating

### EGO Translating and Cambridge University

ANO DPO ((ANPO CPE) Autonomous Non-Profit Organisation for Continuing Professional Education) EGO Translating University has signed a Memorandum of Cooperation with the Representative Office of the Examination Department of Cambridge University (Cambridge ESOL) and the Representative Office of Cambridge University Press.

The Memorandum deals with the international education programme Cambridge English. Signing of the Memorandum is associated with further development of the EGO Translating University block tasked with preparing corporate clients to take professional language exams according to the Cambridge English programme and organising the international certification of program participants.

"One of our main goals is to improve the quality of corporate education in the field of professional foreign-language proficiency. Today, international certification represents a tremendous opportunity for our clients – generating a professional assessment of personnel in terms of their linguistic competencies and motivating employees to achieve specific results. HR Directors use the information yielded during the assessment to calculate KPI, which is particularly important for companies targeting international cooperation," says Natalia Alexandrovna Molchanova, President of EGO Translating Holding, which encompasses the University.

EGO Translating University conducts training in 88 languages, across 50 industries. The University also offers preparatory courses for various professional and general language exams such as: Business Certificates (BEC), ILEC, IFEC, BULATS, Zentrale Oberstufenprüfung (ZOP), Test-Daf, DLF, CEFPX, CILS, DELE, DSE, TEUB, TRKI (Test of Russian as a Foreign Language), and many more. Training sessions are also offered with respect to expatriate adaptation, developing emotional intelligence when working in an international team, etc.

EGO Translating Company conducts its operations under a quality management system complying with ISO 9001:2008.

## FutureToday

### FutureToday becomes a partner of TMP Worldwide in Russia.

FutureToday is the leading Russian employer branding agency helping the top-tier clients to create and implement state of the art HR programs and communications on the Russian market. From creating EVP to drafting an advertising campaign to managing the selection process FutureToday offers unique solutions assortment – from full scale end-to-end projects to small niche initiatives, depending on the Client's requirements.

TMP Worldwide Advertising & Communications, LLC is a global, tech-enabled talent acquisition company that



leverages software, advertising and creativity to develop and deploy its clients' employer brands across digital, social and mobile outlets. Headquartered in New York City, with offices throughout North America, Europe and Asia with affiliates around the globe, TMP continues to set the standard for measurable and cost-effective HR communications. TMP is recognized among AdAge's Top US Digital Agencies.

"The agreement with TMP Worldwide will definitely produce a win-win solution: on the one hand TMP Worldwide clients will receive a professional partner in Russia, on the other hand FutureToday's clients will have access to international expertise of a leading global player," says FutureToday founding partner Ivan Safronov.

### goFLUENT

#### **goFLUENT expands its operations in Britain and discusses the importance of English testing in corporate settings**

Increasing demand for its products globally has prompted goFLUENT, a leading provider of Business English training, to begin a recruiting drive for British-based native English speakers.

Skye Kennedy, goFLUENT's Production manager, explained: "The ongoing recruitment efforts in the UK demonstrate goFLUENT's commitment to the quality of our live training services. We're proud to be the only player in the market that doesn't outsource its training to freelance trainers. Our clients are assured that trainers giving goFLUENT lessons are 100% our own employees."

In today's increasingly global economy, companies interested in developing their international business strategies must consider the English proficiency levels of their employees. During the goFLUENT webinar on March 6th our training specialist Amy Wood gave an overview of the field of English Tests and Proficiency Frameworks used in the academic and corporate settings and explored, among other topics:

- Why Proficiency Frameworks are relevant to the corporate setting
- What English language tests aim to measure
- Which standardized tests might meet your corporate needs
- The effects of testing on recruitment, career development and evaluation.

### Jones Lang LaSalle

#### **Jones Lang LaSalle appointed an Exclusive Leasing Agent of Tsentralny Detsky Magazin on Lubyanka**

Hals-Development announced the start of brokerage of Tsentralny Detsky Magazin on Lubyanka of 35,000 sq m GLA. Jones Lang LaSalle announced the exclusive leasing agent of the project.

First anchor tenants of Tsentralny Detsky Magazin on Lubyanka are Hamleys (IDEAS4RETAIL), Formula Kino (KINOMIR-21 Century) and Azbuka Vkusa. IDEAS4RETAIL will open the flagship 2-storey Hamleys toy shop. With an area of 6,340 sq m Hamleys on Lubyanka is to become the biggest toy shop in the world. KINOMIR-21 Century is to open cinema and restaurants on the area of 2,517 sq m. Food anchor of the project is Azbuka Vkusa.

Supermarket with an area of 1,500 sq m will be situated on the -1 floor. Tsentralny Detsky Magazin on Lubyanka will be delivered in Q4 2014.

#### **Japanese restaurant chain Toridoll debuts on the Russian market**

Toridoll Corporation which is developing several restaurant chains with traditional Japanese food, opened its first restaurant in Russia. The first one named Marugame will open on Pyatnitskaya street. The leasing agent for the transaction is Jones Lang LaSalle.

According to the terms of the transaction, Marugame restaurant occupies the space of 200 sq m. It was opened in February 2013.

Toridoll Corporation has in its portfolio four restaurant brands, and each of them specializes in a particular type of food. Apart from Marugame Seimen, the company is developing the chains Toridoll, Nagatahonjoken and Marushoya.

#### **Morgan Stanley Real Estate Investing Acquires Metropolis Mall in Moscow**

A real estate fund managed by Morgan Stanley Real Estate Investing (MSREI) announced the acquisition of the Metropolis Shopping and Entertainment Mall, a 205,000 sq m shopping centre in Moscow, from Capital Partners. The agent of this largest-ever transaction in the Russian commercial real estate market was Jones Lang LaSalle.

Developed by Capital Partners, Metropolis opened in 2009 and provides 82,000 sq m of fully enclosed retail accommodation and 2,900 parking spaces. It is widely recognized as Russia's premier retail development with a favorable location in the north-west of the city, along the Leningradskiy highway and next to the metro station Voykovskaya. The shopping centre is part of the institutional quality mixed-use complex, Metropolis, which has 311,000 sq m of gross built area. Apart from the shopping centre, this includes three office buildings with a total GLA of approximately 80,000 sq m. Metropolis is one of the most-visited shopping centres in Moscow with approximately 55,000 customers per day in 2012. The complex is fully leased and has a waiting list for retailers wanting to rent space. Major tenants include food hypermarket Karusel and a department store.

### Legrand

#### **Gallery of Electrical Equipment Legrand – Space elevated into comfort cult**

At the end of 2012 the first electric Gallery in Russia has turned 2 years old.

In the Gallery of electrical equipment various opportunities of home automation systems My Home Legrand Group are demonstrated in action and series of exclusive installation equipment – Celiane (Legrand, France) and Axolute (BTicino, Italy) are presented. Everything in the house, from lighting to temperature and sound, should serve for comfortable living. And an Intelligent Building is smart, because it saves without hesitation and without giving up the comfort. The Gallery is focused on the energy-saving opportunities of home automation systems. Elevation of home comfort into a cult is the main purpose of modern

technology in the systems of the Intelligent Building Group Legrand. Offering technological solutions in the particular field, the experts of Legrand Group hope that the architects and the designers fully share their commitment to wise usage of electricity.

The Gallery project combines two directions: the European gallery of installation electrical equipment and home automation systems, and the art gallery. Thus, almost all the gallery space is designed to enjoy the Legrand: beautiful sockets and switches, the play of light, furnishings, original works of photographers and artists.

In two years there have been a number of photo exhibitions at the gallery Legrand, such as Environment, by Dmitry Muzaleva, Spaces of Alienation, by Tamara Verbovoy, Without the Why and Metaphors by Yuri Gavrilenko, and an exhibition of photographs by Anton Tereshchenko.

### Marriott International

#### **MOXY HOTELS: Marriott's new brand aims for 150 hotels in 10 countries across Europe**

Marriott International announced the launch of MOXY HOTELS, its first entry into three-star hospitality segment in Europe. Designed to capture the rapidly emerging millennial traveler, the new brand combines contemporary stylish design, approachable service and, most importantly, an affordable price. The brand will debut in Italy, with the first MOXY HOTEL expected to open in Milan in early 2014.

To grow the brand rapidly, Marriott is working closely with Inter Hospitality who will be the initial developer and owner of the first MOXY HOTELS properties. Marriott has selected Nordic Hospitality to be its first franchisee to operate the brand.



"MOXY HOTELS is the essence of the next generation traveler, not only Gen X and Y but people with a younger sensibility, for whom contemporary style is paramount," said Arne Sorenson, President and CEO of Marriott International.

The contemporary and stylish 150- to 300-room MOXY HOTELS will cater to today's budget-minded, savvy travelers who thrive on self-service and embrace new technology. Guestrooms will be functional and well-designed, with upscale bath amenities, large flat screen televisions.

Marriott plans to add 150 franchised MOXY HOTELS in Europe over the next 10 years, aiming for locations in Germany, Austria, United Kingdom, Ireland, Belgium, Italy,

The Netherlands, Denmark, Finland, Norway, and Sweden. The new brand will fuel Marriott's companywide growth in the region, which is expected to reach 80,000 rooms by 2015.

### Pepeliaev Group

#### **Pepeliaev Group's Siberian office opens in Krasnoyarsk**

Leading Russian law firm Pepeliaev Group has branched out into Siberia, having created in February 2013 a permanent presence in Krasnoyarsk. Opening this new office in Siberia is part of the firm's programme to continue its regional growth and support its clients.

Pepeliaev Group's Siberian office will provide the full range of legal services, advising on tax, corporate, antimonopoly, land, employment, customs, commercial and intellectual property issues, defending business in administrative and criminal law matters, and resolving commercial and tax disputes, however complicated they may be.

Pepeliaev Group's Siberian office will be headed by Egor Lysenko. Egor has a track record of supporting businesses and settling disputes for more than 12 years. Egor is positive that "the Siberian office will be able to handle any client assignment on its own, ranging from legal support at the onset of investment projects, assistance with the purchase of land and real estate, support in developing production facilities and importing equipment, to post-investment support in terms of tax, corporate and commercial law both for new and growing businesses, and for major corporations."

In Pepeliaev Group's Siberian office, client matters will be handled by leading lawyers who have expertise in different areas of legislation and in-depth knowledge of the region. We will place particular emphasis on providing value for money and supporting fast and stable growth of clients' businesses.

### Roca

#### **Armani/Roca showroom opened in Tbilisi in November.**

In 2012 the leading global bathroom brand Roca presented a unique concept, created in collaboration with the Giorgio Armani group, in three metropolises in Russia and Georgia. The first Armani/Roca show-room appeared in Moscow (Konzept salon), and then in June the collection exposition was opened in St. Petersburg in bathroom gallery DOM-Lavarna.



The third presentation took place in Gallery Demasi (Tbilisi) on 27 November 2012, marking a turning point for sales in Georgia. The concept was shown in the gallery as an isolated island divided into the zones separated by means of a sophisticated system of glass partitions with a metal rim: Beauty, Wellness and Basic needs. Armani/Roca concept has a comprehensive line of ceramic products, built-in acrylic bathtub and shower area with integrated hydromassage system.

The event was opened with the speech of the General Manager of Demasi Malkhaz Sabadze and the General Manager of Roca in Russia and CIS, Antonio Linares. After Roca representatives were giving a talk on the features of the new concept and philosophy of the brand, Armani/Roca collection was unveiled and guests at the event were able to get acquainted with the collection.

### Volkswagen Group

#### Volkswagen Group delivers over nine million vehicles for first time

The Volkswagen Group recorded a further strong increase in worldwide deliveries for the full year 2012 and exceeded the prior-year delivery record. The Company delivered 9.07 (2011: 8.16; +11.2 percent)\* million vehicles for the first time in a twelve-month period.

Full-year deliveries developed especially well on the American continent, with the number of vehicles handed over in the North America region in the period to December growing 26.2 percent to 841,500 (666,800) units.

The Volkswagen Group handed over 1.01 (0.93; +8.2 percent) million vehicles to customers in the South America region during the same period.

The Group also recorded very satisfactory figures in the Asia-Pacific region, where deliveries topped the three million mark for the first time in a twelve-month period, with 3.17 (2.57; +23.3 percent) million vehicles handed over to customers.

Deliveries by the Volkswagen Group in the overall European market remained stable in spite of the continuing difficult situation in the markets of Southern Europe, and ran at 3.67 (3.68; -0.3 percent) million vehicles. The Volkswagen Group continued to enjoy strong growth in Central and Eastern Europe, where 644,300 (547,800; +17.6 percent) vehicles were handed over to customers, of which 317,700 (229,000; +38.8 percent) were delivered in Russia, the region's largest single market.



# APPOINTMENTS

### ALPE consulting

#### ALPE consulting strengthens its international business development efforts



Christopher Ballnath has joined ALPE consulting as Director of Business Development, responsible for the acquisition and support of international clients in Russia and the CIS. Prior to joining ALPE consulting in January 2013, Christopher was the Co-Founder and Business Development

Director of Pyro Power, a unique Swiss/German Technology called PYROMEX® in the waste-to-energy business. He has 12 years of sales and business development experience in the banking, IT, insurance and waste/energy industry. He worked as an Associate Director at UBS AG in Switzerland and Germany and as an Account Manager for EMC Corporation and Allianz AG. Christopher holds a B.Sc. in Business Administration from the University of Oregon (USA) and an M.Sc. in Finance & Management from Cranfield School of Management (UK).

### ART DE LEX

#### A new Head of the International Arbitration and Litigation Practice Group



In January 2013, Artur Zurabyan was appointed Head of the International Arbitration and Litigation Practice Group of ART DE LEX Law Firm

Artur has a vast experience of providing services in the field of dispute resolution.

On numerous occasions he represented clients in different international arbitration proceedings in Sweden, UK and Russia as part of ad hoc and institutional arbitration.

Artur also participated in disciplinary procedures of the international sports federation in Switzerland and represented the all-Russian sports federation in the Court of Arbitration for Sport. Artur has extensive experience in representing clients in all instances of arbitration courts, including the Supreme Commercial Court of the Russian Federation, on different legal relations, including disputes connected with the recognition and enforcement of foreign arbitration awards in the Russian Federation.

Artur graduated from the Faculty of Law of the Lomonosov Moscow State University with honours. He has a PhD in law.

Before moving to ART DE LEX, Artur worked at Non-Profit Partnership Legal Intelligence Group, where he started as Associate and eventually became Acting Managing Partner. His job duties included management and coordination of the process of legal service rendering to key clients of the company in such fields as court and arbitration proceedings (including the international ones), structuring and implementation of joint venture and shareholders' agreements in different jurisdictions.



## CBRE

**Leonid Volokh named the Head of the Property Management department of CBRE**

Leonid Volokh has been appointed Head of the Property Management department, CBRE, Russia. Leonid will be responsible for the overall management and growth of the entire PM department, adding a retail segment to the office and industrial segments that he was in charge of before.

Leonid Volokh with his team advise clients on property management aspects during the design phase, construction works, building commissioning, and subsequent provision of a full range of property and facilities management services in Moscow and the regions.

Alexander Polenok, Managing Director, CBRE, Russia, comments: "Our company provides wide variety of real estate solutions in the commercial real estate sector, and property management is one of our strong areas. Leonid has vast experience in this field, and I am confident that with his comprehensive knowledge and execution we have all the potential to further grow our market share."

## Jones Lang LaSalle

**Jones Lang LaSalle appoints new Head of Hotels and Hospitality Russia & CIS**

David Jenkins joined from Cushman & Wakefield London-Moscow, 04 March 2013 – Jones Lang LaSalle has confirmed that David Jenkins joined the firm as Head of Hotels & Hospitality, Russia & CIS. David joined Jones Lang LaSalle from Cushman & Wakefield Russia where for the last three years he has headed their Hospitality department.

David Jenkins has outstanding experience, with almost 25 years spent in the hospitality and hotel industry with a particular focus on Russia. Starting his Moscow career in hotel operations with Starwood, he moved to Interstate Hotels & Resorts in 1997. During his almost 10-year tenure he has occupied a variety of positions in the three Moscow Marriott hotels, culminating in a three-year period as Director of Operations for the Marriott Aurora Hotel. In 2006 he moved into hospitality consulting, helping to establish the Horwath HTL Moscow office as its country director. In 2008 David joined DTZ to open the company's Russian Hospitality office, subsequently leaving in May 2010 to set up the hospitality practice at Cushman & Wakefield Russia.

At Jones Lang LaSalle, David is managing the Hotels & Hospitality Group for Russia & CIS, leading its ongoing consulting and investment projects and securing new and exciting mandates. The hotel real estate services of Jones Lang LaSalle include feasibility studies, resort development, valuations, asset management and operator search, as well as investment sales and debt financing.

**Tim Millard joins Jones Lang LaSalle, Russia & CIS**

Jones Lang LaSalle is strengthening the Advisory business with a new strategic appointment. Tim Millard, ex-Managing Partner of Cushman & Wakefield, Russia & CIS, joins the company as Regional Director, Head of Advisory Group.

Tim has been working in the real estate market in Russia since 2003. At Cushman & Wakefield, Russia & CIS, he set up the company's Valuation and Development Consultancy and ran the team for five years. In 2006 Tim was named C&W Global Valuation Manager of the Year. As of 2009 he acted as Chief Operating Officer in C&W Moscow Office, then from 2010 till 2012 as Managing Partner for Russia and CIS. Prior to joining Jones Lang LaSalle, Tim was Managing Director of Senator MC, a leading player in the St Petersburg office realty market.

Tim is an associate Member of the Royal Institution of Chartered Surveyors and a founding member of RICS Russia. He has a degree in Land Economics from Fitzwilliam College, Cambridge University. In 2001-2002 he took an MBA at Business School Lausanne, specializing in Corporate Finance.

In his new role at Jones Lang LaSalle Tim will lead Strategic Consulting, Valuations and Hotels & Hospitality Group.

**Natalia Tischendorf appointed Head of Corporate Finance for Russia & CIS at Jones Lang LaSalle**

Jones Lang LaSalle announced a new appointment. Natalia Tischendorf is promoted to Head of Corporate Finance for Russia & CIS. Having joined Jones Lang LaSalle seven years ago, she has been working as a National Director in the Capital Markets department where she has successfully closed several landmark transactions.

In her new role, as well as providing broad commercial advice, Natalia is focusing on helping local and international companies raise equity and attract construction and senior debt financing, as well as continuing to advise on deal structuring.

Her appointment follows strong growth in Jones Lang LaSalle's Corporate Finance activities over the past 3 years. With her advisory and debt-raising experience, combined with her industry knowledge and relationships in the sector, Jones Lang LaSalle will successfully continue to further grow in the Corporate Finance field. This follows a global theme for Jones Lang LaSalle with a growing focus on the Corporate Finance arena driven by Christian Ulbrich, the EMEA CEO.

# NEW MEMBERS



## A-FILM

A-FILM is a Russian-German film production company with offices in Moscow and Berlin. The company specializes in distribution of Russian movies abroad, performs all kinds of services for international filmmakers and produces image films (corporate videos, commercials and Web-TV) for Russian and international customers. Founded in 2004 by film director and photographer Matthias Aicher, today A-FILM is an official representation office for BAVARIA FILM GROUP in Russia and CIS.



## ABBYY Language Services

ABBYY Language Services today

- offers a wide range of language services to more than 2,000 corporate clients around the world, including
  - 25 companies in the TOP 100 Global Brands and
  - 35 Fortune 500 companies;
- develops advanced solutions aiding translation processes;
- has solid experience in
  - multilingual software, website and marketing localization into more than 80 different languages and
  - comprehensive language support for major international events;
- provides a world-class team of more than 700 professionals that includes translators, interpreters, editors, proof-readers, DTP designers, developers and test engineers from different countries to work on client projects on a daily basis.

Our company is part of ABBYY Group, a global leader in developing optical character recognition technologies and language software, including FineReader Optical Character Recognition Systems and Lingvo Dictionaries. More than 30 million people in over 150 countries use ABBYY products.

Our core competences include

- comprehensive language support for corporate clients and
- cutting-edge language solutions and services.



## Atos

Atos is an international information technology services company with annual 2011 pro-forma revenue of EUR 8.5 billion and 74,000 employees in 48 countries. Serving a global client base, it delivers hi-tech transactional services, consulting and technology services, systems integration and managed services. With its deep technology expertise and industry knowledge, it works with clients across the following market sectors: Manufacturing, Retail, Services; Public, Health & Transports; Financial Services; Telecoms, Media & Technology; Energy & Utilities.

Atos is focused on business technology that powers progress and helps organizations to create their firm of the future. It is the Worldwide Information Technology Partner for the Olympic and Paralympic Games and is quoted on the Paris Eurolist Market

Atos Russia: 1000 Employees, 4 Locations: Moscow, St.Petersburg, Voronezh, Sochi.

The Global Delivery Centre in Voronezh, the part of international network of competence and service centres, counts more than 600 employees.

More information: [ru.atos.net](http://ru.atos.net)



## AVITO.ru

AVITO.ru is a leading classifieds site in Russia with more than 30 million monthly unique visitors, which makes it one of the top-5 Russian websites. Since its inception, millions of Russians have used the service to buy and sell goods such as home electronics, clothing, cars and real estate. Thousands of Russian businesses use AVITO.ru as a sales channel. AVITO charges professional sellers for hosting a dedicated online store. Consumers can also pay for extras such as prominence in search results or highlighted ads. AVITO also operates the leading classifieds site in Morocco, AVITO.ma and is currently rolling out a site in Egypt.



## Coca-Cola Hellenic Bottling Co. Eurasia

Coca-Cola Hellenic is one of the largest bottlers of products for the Coca-Cola

Company in terms of volume, with sales over 2 billion unit cases. It operates in 28 countries serving a population of more than 579 million people. In Russia Coca-Cola Hellenic is represented by Coca-Cola HBC Eurasia and owns 14 plants across Russia with 13,000 highly qualified employees. The company offers a diverse range of ready-to drink non-alcoholic beverages in the sparkling, juice, water, sport, energy, ice tea and kvas categories. In 2005 the company acquired Russian juice producer Multon. Besides, the company handles distribution of Brown-Forman Corporation premium spirits in Russia.

Detailed information on Coca-Cola Hellenic and the company's activities in Russia is available on the company's website [www.coca-colahellenic.ru](http://www.coca-colahellenic.ru)



## ECUSTOMS

ECUSTOMS Company Limited is a customs rep-

resentative and provides services in the field of customs affairs on the basis of Certificate of registration in Register of customs representatives number 0430/00 dated 31.01.2013.

Core assets: customs clearance, logistics, consulting on customs legislation and assisting in certification.

Regions of activity: Moscow and Moscow region, St. Petersburg, Smolensk, Vladivostok (seaport Vladivostok), Nakhodka (seaport Vostochny), Sheremetyevo airport.

Our priorities: quality of services, an integrated approach to clearance, full compliance services to the Russian legislation.

Our advantages: 100% electronic declaration (including the preliminary declaration), remote declaration through the E-declaration Centres with possibility of customs clearance of goods at any customs/logistics terminal in the RF.

We promote the development of companies and shoulder all problems of transportation, shipping, customs clearance and storage processing.



ERP WITH KNOWLEDGE AND EXPERTISE

### FTS Maconomy

FTS is an international IT consulting company that offers ERP, CRM and ECM solutions based on the well-known products of Microsoft Dynamics (AX, NAV, and CRM), Deltek Maconomy and M-Files. Founded in the Netherlands in 1994, FTS operates through its regional offices in Central & Eastern Europe and Russia. Many successful projects proved FTS as a trustworthy partner that supplies innovative IT solutions to both local and international customers. FTS services ensure fluent and efficient workflows in customer's organization through development of modern enterprise information systems. The successful results of each project are guaranteed by a team of experienced professionals.



English as a Business Communication Tool

### goFLUENT

goFLUENT offers distance Business English training combining eLearning, telephone lessons and written practice solutions. Each year, goFLUENT helps over 60,000 business executives in more than 5,000 international corporations in making their companies more efficient and profitable when doing business globally and managing intercultural situations. goFLUENT is established in 10 countries and has 560 employees, including 400 teachers, and the world's third largest telecom company, NTT Communications (NTT Group) owns 30% of goFLUENT's shares.

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50a/8, Zemlyanoy Val, Moscow, 109028 Russia

Phone: +7 (495) 937 40 20

E-mail: [russia@gofluent.com](mailto:russia@gofluent.com)

Web: <http://www.gofluent.com>



### Mamaison Pokrovka Hotel

Mamaison All-Suites Spa Hotel Pokrovka, the first and the only all-suite design hotel in Moscow, offering accommodation only in "deluxe" suites. Mamaison All-Suites Spa Hotel Pokrovka, exclusively designed by Jestico+Whiles, is the first genuine all-suite hotel in Moscow featuring spacious and uniquely rooms started at 35sqm, an exquisite restaurant, "Numbers", with creative cuisine and state-of-the-art SPA by legendary French brand Algoritherm with full assortment of care programs. Full range of business centre services and the latest technical equipment are available 24 hours a day. Our desire to escape from the traditional perception of a hotel as temporary accommodation by offering our guests a feeling of coziness and the comfort to be gained from a luxurious private house.

### nne pharmaplan® NNE Pharmaplan

Engineering for a healthier world

NNE Pharmaplan is an international engineering company with 80 years worldwide experience in the pharma and biotech industries.

NNE Pharmaplan covers all segments from biopharmaceuticals and vaccines to medical devices and helps our customers develop, establish and improve their product

manufacturing. We combine engagement in global health issues with a holistic approach, focusing on our customers' need for total solutions.

NNE Pharmaplan headquarters is located in Copenhagen. Our company employs 1,700 people at more than 30 locations around the world who are ready to share their expertise in order to create state-of-the-art projects for our customers. We have two design offices in Russia with 75 engineers in all disciplines necessary for the execution of general design functions.



### SARTORIAL

### SARTORIAL

Sartorial is a multi-brand Menswear salon which brings together an impressive range of ready-to-wear Menswear collections of leading European brands. Each collection is meticulously chosen from Menswear collections of only the highest distinction and consists of exquisitely made suits, jackets, shirts, jeans, trousers, shoes and accessories reflecting a look of Modern Elegance.

Sartorial is also the final destination for seekers of sartorial splendor. Sartorial offers the largest choice of options available not only in a tailored suit and shirt, but in a tailored jacket, coat and shoes as well. Sartorial works with famous world brands such as Scabal, Raffaele Caruso, Lubiam, Gallotti, Moreschi and others, known for painstaking handwork and unparalleled craftsmanship. The final result is perfect tailoring and an extraordinary fit.



### TeliaSonera International Carrier

### TeliaSonera

TeliaSonera International Carrier owns and operates one of the world's most extensive fiber backbones. Our mission is to provide exceptional network infrastructure and services, empowering individuals, businesses and societies to execute their most critical activities. By working close to our customers we make big ideas happen at the speed of fiber.

We are a part of the TeliaSonera group, Europe's 5th largest operator with more than 180 million subscriptions from the Nordics to Nepal.

Discover more at [teliasoneraic.com](http://teliasoneraic.com)



### WEG

WEG is a global industrial corporation operating worldwide in the electric engineering, power and automation technology areas. The company produces electric motors, generators, transformers, drives and coatings. WEG has operations in around 100 countries, and approximately 27,000 employees.

WEG products are present in almost every electrical engineering interest area: Generation (Generators, transformers and switchgear), Transmission (EPC, switchgear, transformers), Distribution (EPC, transformers), Electric products (motors, switchgear, frequency inverters, AC/DC converters, contactors, fuses, circuit breakers and servomotors, among others), Automation (Hardware and Software), Integration Engineering with products of different manufacturers.



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**АССОЦИАЦИЯ  
ЕВРОПЕЙСКОГО БИЗНЕСА**

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info@aebrus.ru. http://www.aebrus.ru

**AEB MEMBERSHIP APPLICATION FORM / ЗАЯВЛЕНИЕ НА ЧЛЕНСТВО АЕБ**

Please fill out the Application Form in CAPITAL letters, sign it and fax it: 234 28 07/

Заполните заявление печатными буквами и пришлите по факсу 234 28 07

Calendar year / Календарный год: 2013 ☐ (Please check the appropriate box/boxes / Укажите соответствующий год/года)

Name of your AEB Contact / Ваше контактное лицо в АЕБ: \_\_\_\_\_

**1. COMPANY / СВЕДЕНИЯ О КОМПАНИИ**

Company Name in full, according to company charter. (Individual applicants: please indicate the company for which you work /  
Название компании в соответствии с уставом. (Для индивидуальных членов – название компании, в которой работает заявитель):

Legal Address (and Postal Address,  
if different from Legal Address) /  
Юридический и фактический адрес,  
если он отличается от юридического:

INN / KPP / ИНН/КПП:

Phone Number / Номер телефона:

Fax Number / Номер факса:

Website Address / Страница в интернете:

**2. CATEGORY / КАТЕГОРИЯ:**

**THE CATEGORY IS DETERMINED ACCORDING TO THE COMPANY'S WORLD TURNOVER**

Please indicate your AEB Category / Отметьте категорию	Company's world-wide turnover (euro per annum) / Мировой оборот компании (евро в год)	AEB Membership Fee / Членский взнос в АЕБ
<input type="checkbox"/> SPONSORSHIP / Спонсорство	–	10,000 euro/евро
<input type="checkbox"/> CATEGORY A / Категория А	>500 million/миллионов	6,300 euro/евро
<input type="checkbox"/> CATEGORY B / Категория Б	50–499 million/миллионов	3,800 euro/евро
<input type="checkbox"/> CATEGORY C / Категория С	1–49 million/миллионов	2,200 euro/евро
<input type="checkbox"/> CATEGORY D / Категория Д	<1 million/миллионов	800 euro/евро
<input type="checkbox"/> INDIVIDUAL (EU/EFTA citizens only) / Индивидуальное (только для граждан Евросоюза/ЕАСТ)	–	800 euro/евро

**Any non-EU / non-EFTA Legal Entities applying to become Associate Members must be endorsed by two Ordinary Members  
(AEB members that are Legal Entities registered in an EU / EFTA member state or Individual Members –  
EU/EFTA citizens) in writing/**

Заявление любого юридического лица из страны, не входящей в Евросоюз/ЕАСТ, и желающего стать членом АЕБ,  
должно быть письменно подтверждено двумя членами АЕБ (юридическими лицами, зарегистрированными  
в Евросоюзе/ЕАСТ, или индивидуальными членами – гражданами Евросоюза/ЕАСТ)

**Individual AEB Membership is restricted to EU / EFTA member state citizens, who are not employed  
by a company registered in an EU / EFTA member state /**

К рассмотрению принимаются заявления на индивидуальное членство от граждан Евросоюза/ЕАСТ,  
работающих в компаниях, страна происхождения которых не входит в Евросоюз/ЕАСТ

**Please bear in mind that all applications are subject to the AEB Executive Board approval /**  
Все заявления утверждаются Правлением АЕБ

**3. CONTACT PERSON / INDIVIDUAL MEMBER / КОНТАКТНОЕ ЛИЦО / ИНДИВИДУАЛЬНЫЙ ЧЛЕН**

Title, First Name, Surname / Ф.И.О:	
Position in Company / Должность:	
E-mail Address / Адрес эл. почты:	

4. COUNTRY OF ORIGIN / СТРАНА ПРОИСХОЖДЕНИЯ	
<b>A. For a company / Компаниям:</b> <b>Please specify COMPANY'S country of origin /</b> Указать страну происхождения компании <sup>1</sup>	
<b>or B. For an individual applicant /</b> <b>Индивидуальным заявителям:</b> <b>Please specify the country, of which you hold CITIZENSHIP /</b> Указать гражданство	
<p><b>Please note that only EU / EFTA members can serve on the Executive Board and the Council of National Representatives/</b>          Внимание! В Совет национальных представителей и Правление могут быть избраны члены, представляющие страны Евросоюза или ЕАСТ.</p> <p><b>Please fill in either A or B below/ Заполните только графу А или В</b></p>	

5. COMPANY DETAILS / ИНФОРМАЦИЯ О КОМПАНИИ			
<b>Company present in Russia since: _____ / Компания присутствует на российском рынке с: _____ г.</b>			
<b>Company activities/</b> Деятельность компании	<b>Primary /</b> Основная:	<b>Secondary /</b> Второстепенная:	
<b>Company turnover (euro)/</b> Оборот компании (в Евро)	<b>In Russia /</b> в России:	<b>Worldwide /</b> в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<b>Number of employees/</b> Количество сотрудников	<b>In Russia /</b> в России:	<b>Worldwide /</b> в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<p><b>Please briefly describe your company's activities (for inclusion in the AEB Database and in the AEB Newsletter) /</b>          Краткое описание деятельности Вашей компании (для включения в базу данных АЕБ и публикаций АЕБ)</p>			

6. HOW DID YOU LEARN ABOUT THE AEB / КАК ВЫ УЗНАЛИ ОБ АЕБ?	
<input type="checkbox"/> <b>Personal Contact /</b> Личный контакт	<input type="checkbox"/> <b>Internet /</b> Интернет
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**Signature of Authorised Representative of Applicant**  
**Company /** Подпись уполномоченного лица заявителя:

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**Подпись Руководителя АЕБ:**

\_\_\_\_\_  
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 Date/Дата:

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 Date/Дата:

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