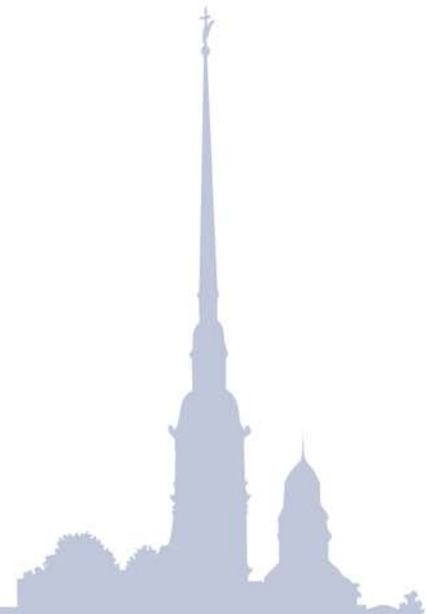




**THE FORUM OF RUSSIAN
AND EUROPEAN
BUSINESSES
2011**

PARTNERS IN MODERNISATION:
**NEW OPPORTUNITIES
FOR DOING BUSINESS
IN RUSSIA**

Saint Petersburg, September 23, 2011



Parallel Sessions

HR Challenges in the Modernisation Process

Moderator:

Olga Bantsekina

***Head of Representative Office, Coleman
Services UK in Russia; Chair of the AEB HR
Committee***



Your Personal or Corporate HR
Adviser

HR Market Overview



St. Pete Forum
September 23, 2011

- **General Observations**
- **3”Rs”- Recruitment, Retention, Resourcing**
- **Compensation and Benefits**
- **Assessment, Training and Development**
- **Technical Issues**
- **Conclusions**

- **The crisis?**
- **Renewed labor market started growing and further changing**
- **HR deeper involvement into strategic planning and development**
- **Employees' engagement policies, leadership development and talent management as key HR roles in the present reality**

- **Back to candidates' market**
- **Expanded recruitment plans with headcount increases, not only replacements**
- **Start-up of new businesses necessitating team recruitment**
- **Candidates' main drivers for changing jobs-compensation and opportunities**
- **A new stage of war for talent**
- **Enforcing retention policies**

- **Actual salary increase exceeding inflation rate in 2010. What about 2011?**
- **Benefits- sort of stability over time, with a tendency to flexibility**
- **C&B schemes “tuned” to talents**



Assessment, Training and Development



- **Rising budgets for personnel development**
- **E-learning growth**
- **Full-time programs' further individualization**
- **Performance management, leadership development and succession planning as top 3 priorities in AT&D field**

- **Tax reform – a “mistake of the year”?. - Is it still a question or a statement?**
- **Migration – a constant process - new rules, new amendments**
- **New Draft law on outstaffing and secondment – is it going to prohibit agency labor and ruin investment climate in Russia?**

- **New stage of war for talent is in place**
- **Strategic role of HR being much more obvious than ever**
- **Employment brand sustaining has already become critical**

How companies are operating under these tough labor market conditions???

THANK YOU!

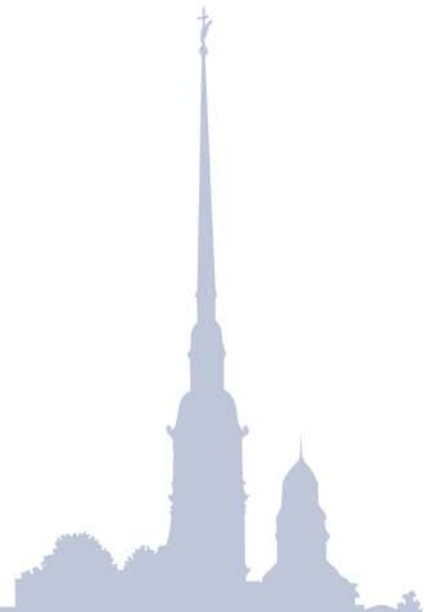
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Howard Gibson

*Director Human Resources, Caterpillar
Eurasia LLC*





The Challenges of Developing a Workforce Strategy in the CIS

Caterpillar is...

The world's largest manufacturer of construction and mining equipment, diesel and natural gas engines & industrial gas turbines

A technology leader in construction, transportation, forestry, mining, energy, logistics & electric power generation

- ✓ Number 58 in the Fortune 500 list
- ✓ 700 employees in the CIS in 9 locations
- ✓ CIS presence for 35+ years
- ✓ B2B with dealership network



CIS Workforce Strategy Challenges

Employee “Brand”

**Local Employee
Development**

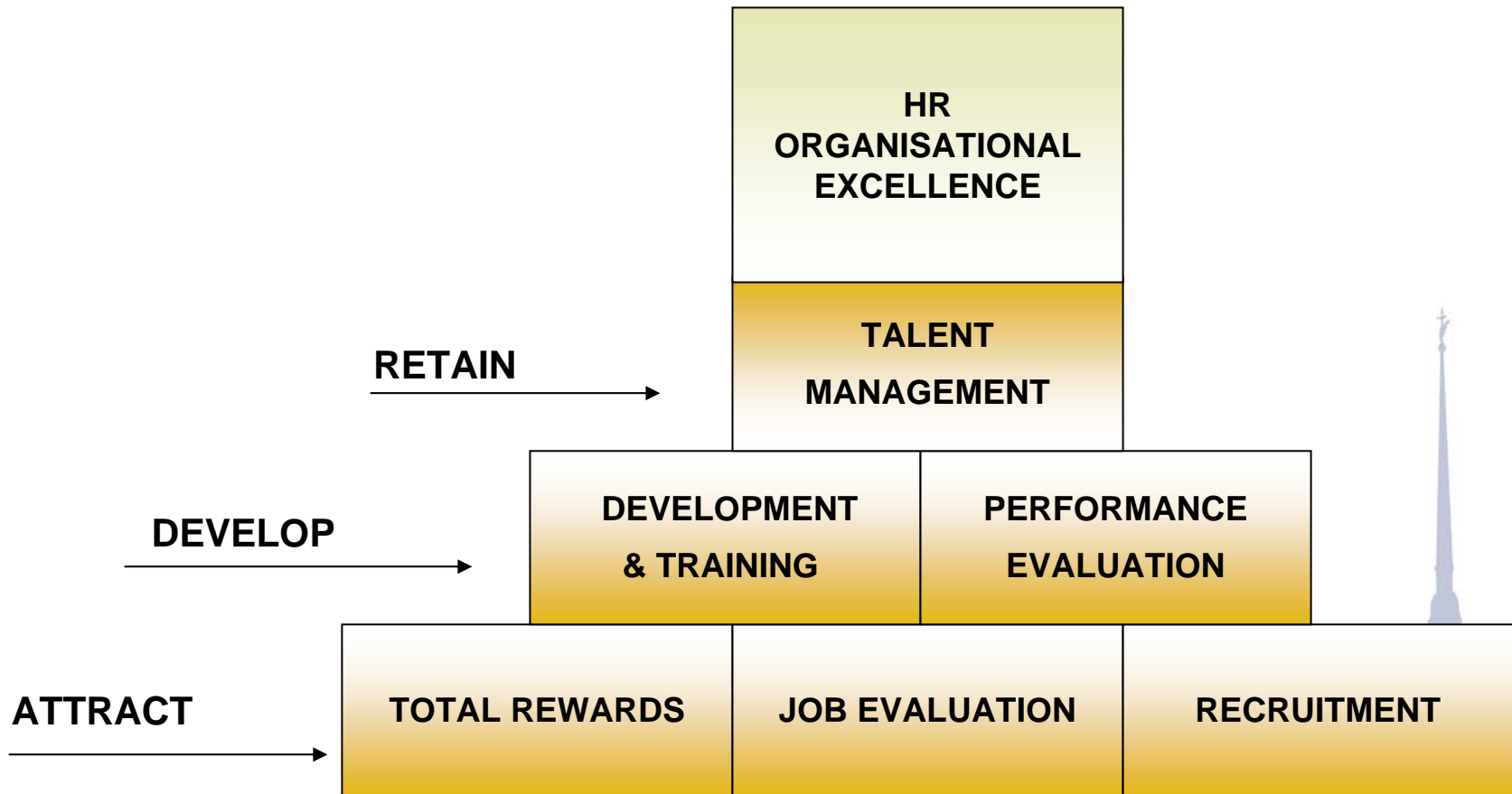
**Employee Motivation,
Engagement & Productivity**



ATTRACT DEVELOP RETAIN



Cat CIS People Strategy



CIS Challenge

- **No tradition of Corporate loyalty**
- **High inflation**
- **Fixed + Variable + Fringe Benefits culture unimaginitive**
- **Recruitment tradition of head-hunters**

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Cat Approach

- **Strong and transparent career & succession planning culture**
- **Annual salary survey process and local “Total Rewards” philosophy**
- **Variable benefits programme**
- **Ownership of recruitment function in HR**
- **Strong training policy including language training**

CIS Challenge

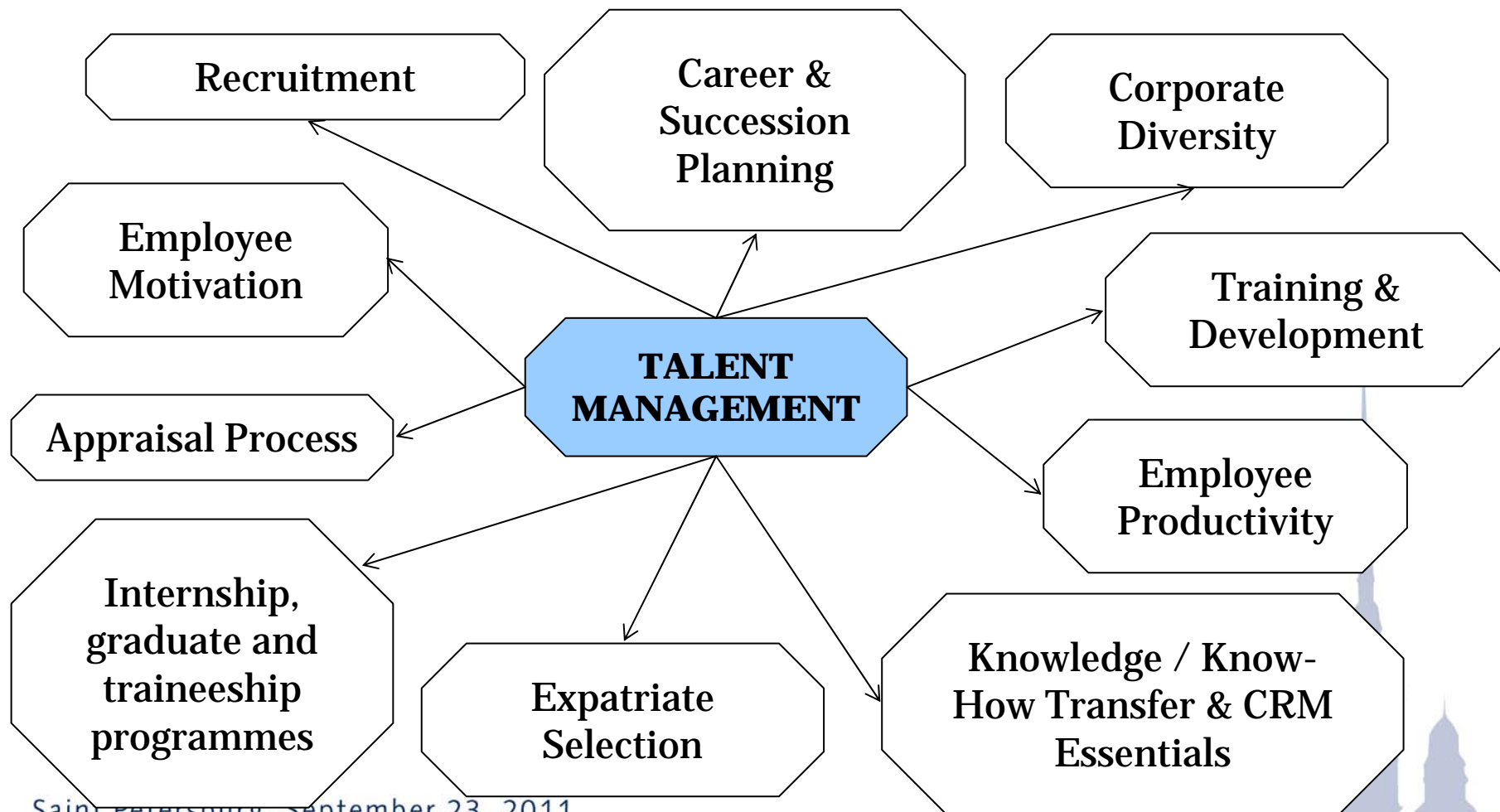
- **Accountable leadership culture**
- **Local senior experience in soft skill evaluation**
- **Limited managerial buy-in for full performance evaluation process**

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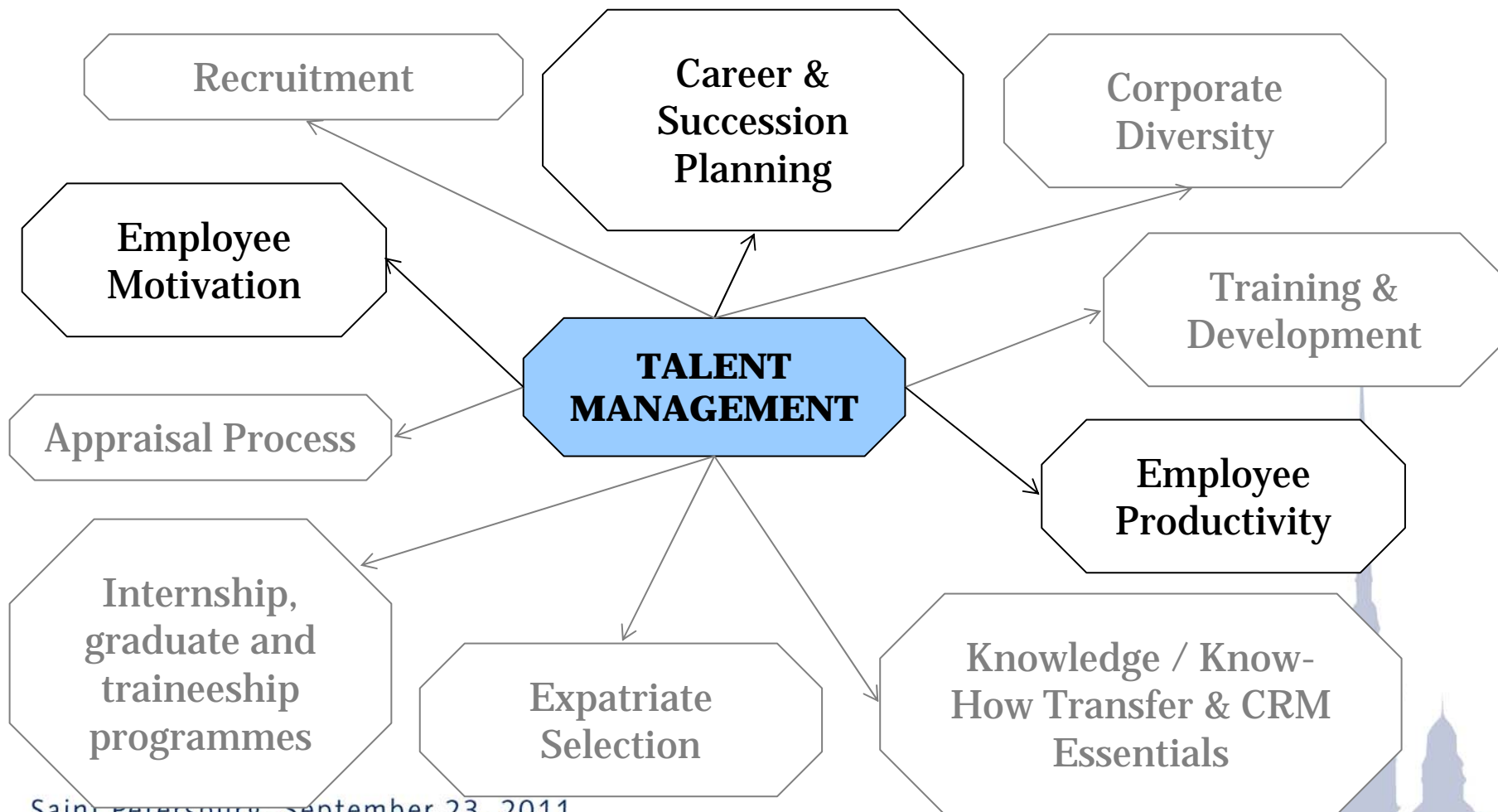
Cat Approach

- **Leadership Development programmes tailored for Russian culture**
- **HR led o-o-o managerial training for PMP**
- **Pre-supervisory and managerial training programmes. Link of ILP to PMP embedded**
- **Coaching to coach – reward for participation**
- **KT IT tool and eLearning developed**

Retain Talent Management



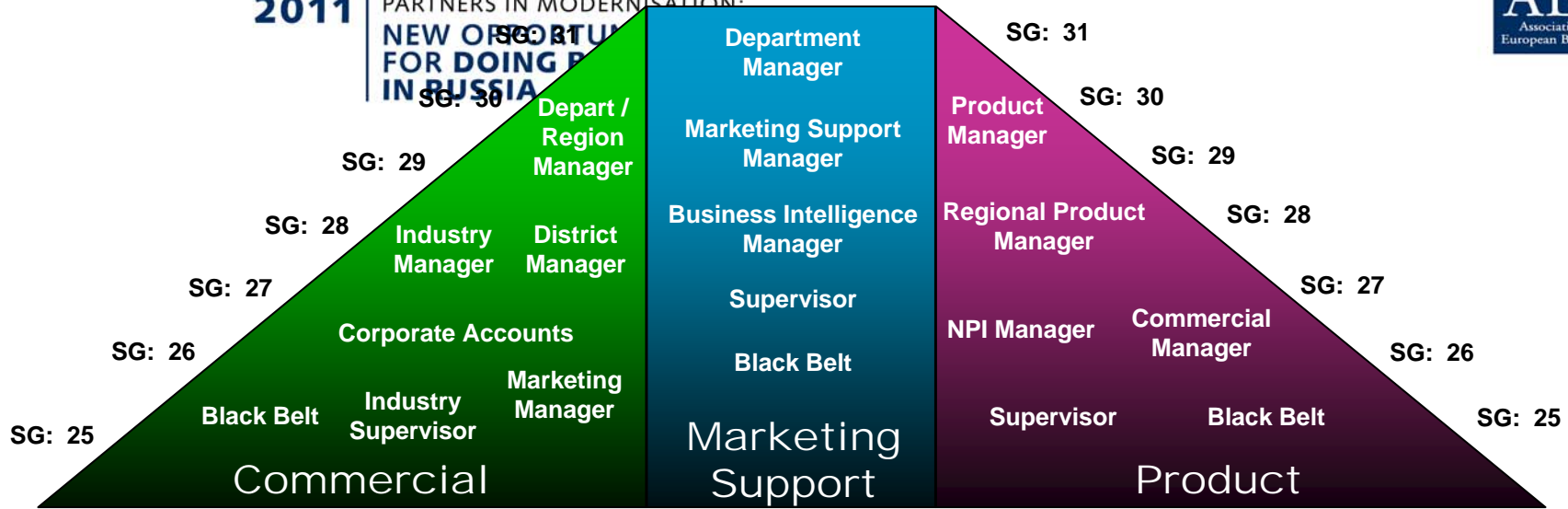
Retain Talent Management



THE FORUM OF RUSSIAN AND EUROPEAN BUSINESSES 2011 Career Planning



PARTNERS IN MODERNISATION:
NEW OPPORTUNITIES FOR DOING BUSINESS IN RUSSIA



Leadership - 25%

Base Skills & Competencies

Leadership - Technical - Cultural Diversity - Commercial - Marketing - Dealer Operations - 6Sigma - Application

8+ Years of
Cat / Industry Experience

Salary Grade		Marketing & Sales	Product Groups	Segment Groups	Product Support	Service Center	Power Systems
24	Senior Field Assignment	█		█			█
23 - 24	Senior Staff / Black Belt	█	█	█	█	█	█
22 - 23	2 nd Field Assignment	█		█			█
21 - 22	Staff Assignment	█	█	█	█	█	█
21	1 st Field Assignment	█		█			█
20 - 21	Developmental Assignment	█	█	█	█	█	█

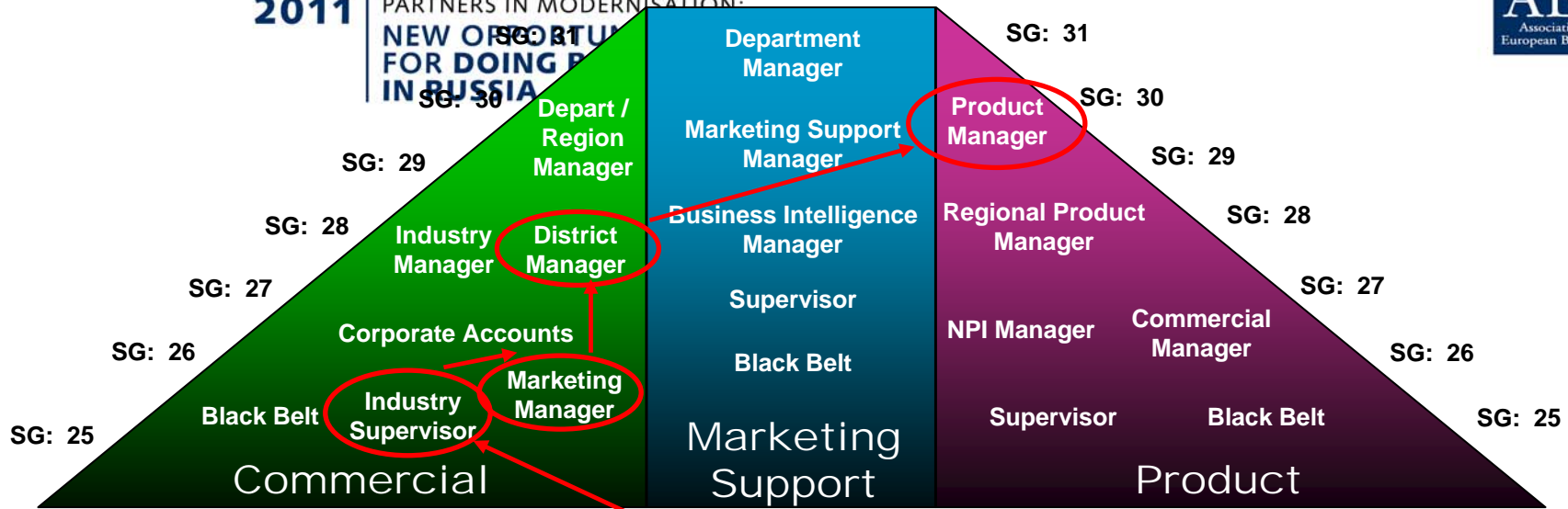
Staff & Field Support - 75%

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Marketing Training Class - Transfer to Marketing - External Hire

Career Management

PARTNERS IN MODERNISATION:
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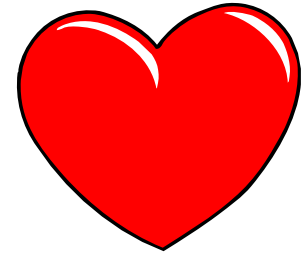
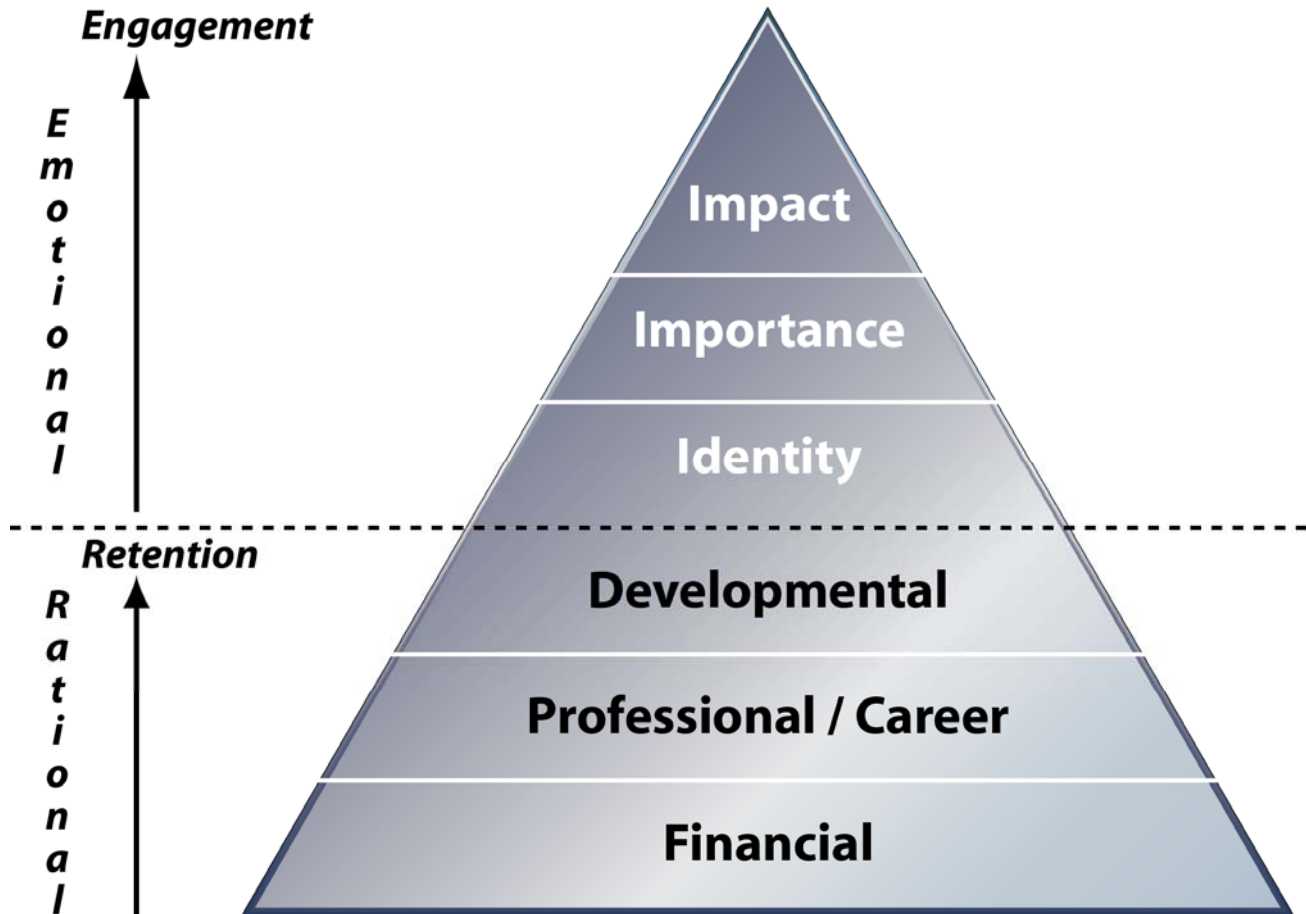
Salary Grade	Assignment	Marketing & Sales	Product Groups	Segment Groups	Product Support	Service Center	Power Systems
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Staff & Field Support - 75%

Saint Petersburg, September 23,

Marketing Training Class - Transfer to Marketing - External Hire

Two Drivers of Engagement: Rational & Emotional

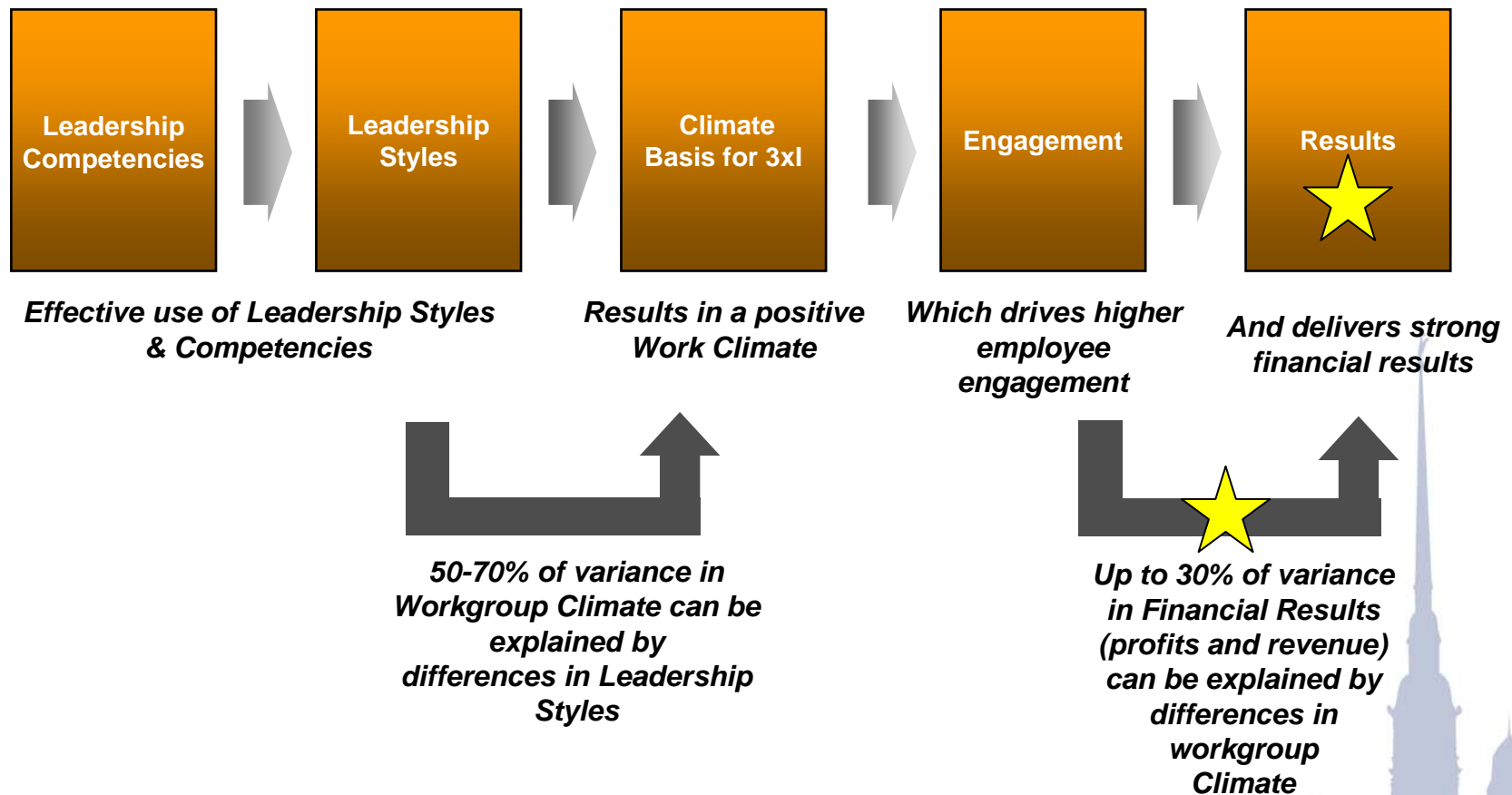


**Discretionary
Effort
(productivity)**



Intent to stay

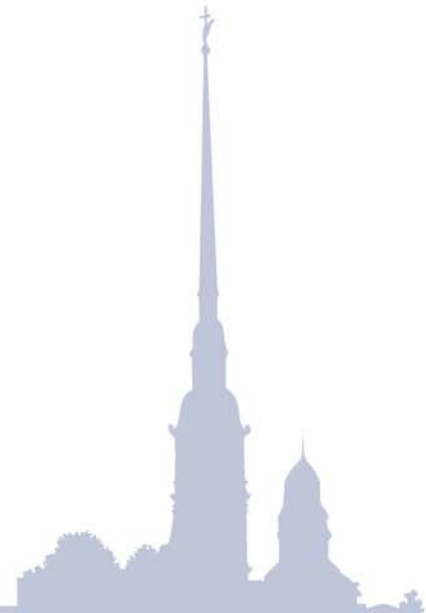
Leaders Create the Climate for Success: Caterpillar's Leadership Framework



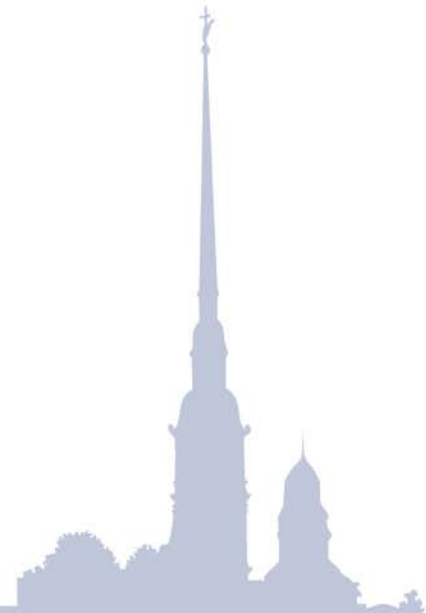
Thank you for your attention

Caterpillar Eurasia LLC
Howard Gibson
Director HR & CIS Shared Services

Saint Petersburg, September 23, 2011



Back-up Slides



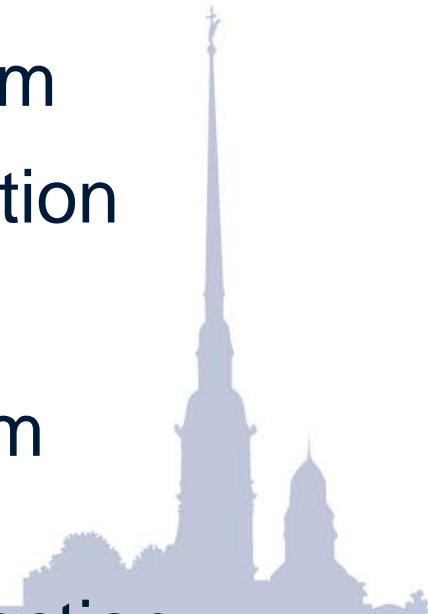
Operational Definition: Engagement

Q: Is an engaged employee the same as a satisfied employee?

Satisfied Employees	Engaged Employees
Are Present	Are Committed
Don't Leave	Plan to Stay & Advance
Go Through the Motions ... Do Only What They Are Told	Contribute in an Active, Positive Way

Engagement – Why Should We Care?

**Employee
Engagement**



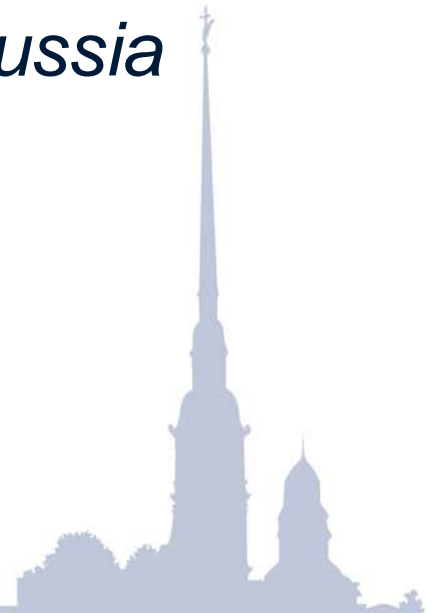
Examples of Discretionary Effort are When an Employee...



- **Chooses** to work late to complete a project (team commitment)
- **Asks** how they can better serve a customer, their team, or another co-worker
- **Inquires** about how their actions affect the customer
- **Makes** the connection between their decisions and business results
- **Treats** company resources with the same concern as their own
- **Initiates** improvements in work methods
- **Pursues** self development by their own initiative
- **Comes** to work even when they are not “feeling” the best

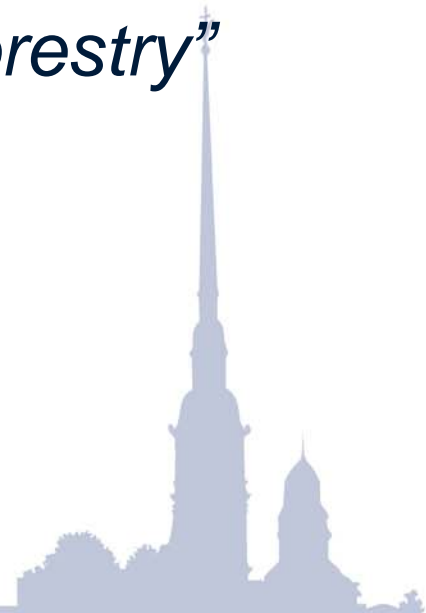
Elena Fedotova

Head of HR department, John Deere Russia



Anatoly Khasyanov

General Director, ZAO “John Deere Forestry”



Daria Andreeva

HR Director, JTI, St Petersburg

