



The Association of European Businesses

AEB JUBILEE CONFERENCE

10 YEARS OF HR IN RUSSIA: ACHIEVEMENTS AND PROSPECTS

Quality Information | Effective Lobbying | Valuable Networking

SILVER SPONSORS



May 16, 2013

Marriott Grand Hotel

www.aebrus.ru

Welcome speech

Ruslan Kokarev
COO

*Association of European
Businesses*

Overview of HR in Russia

Olga Bantsekina

Chair of the AEB HR Committee

Member of the AEB Board

Chief representative

Coleman Services UK

**Your Personal or Corporate HR
Adviser**

HR Market Overview



10th AEB HR Conference


May 16, 2013

- **Slight changes in format**
- **4 streams – 2 before and 2 after lunch**
- **Keynote speaker**
- **HRDs' Panel Discussion**
- **Meet peers, ask questions, enjoy yourselves**
- **Thank you to sponsors**
- **Mobile phones**
- **Feedback**

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

- **2012 – “time of uncertainty and apprehension”**
- **Lack of personnel - #1 “headache” for all HRs in all business sectors in Russia**
- **Low qualification levels with high salary expectations of scarcely existing candidates**
- **Reasonable growth of the labor market volumes - both in 2012 and predicted for 2013**
- **Continued growth of in-house HR workload, pace and tasks’ volumes**

- **Top 3 HR roles for 2013 being predicted as training and development, personnel efficiency management, personnel search and attraction (compare to personnel reserve, performance management and talent retention in 2012)**
- **Sufficient growth of TU activity and labor protests in 2012 (maximum for the last 5 years)**



People are still
willing to do an
honest day's
work. The
trouble is they
want a week's
pay for it.

~ Joey Adams

Recruitment, Retention, Resourcing

- **Extreme shortage of available talent** →
retention gains weight
- **Significant growth of time-to-hire (12-24% of time added if compared to Q1 2012)**
- **Paradox: more “long-lasting” vacancies (more than 6 months) – more “longer unemployed” candidates (3-6 months and longer)**
- **Rise of competition on recruitment market, quality of services not improving (“price wars”)**
- **Growth in numbers of vacancies in Q1 2013**

Compensation and Benefits

- **Actual salary increase in 2012 - lower than predicted, similar rate of growth forecasted for 2013**
- **Benefits seem to be stable over time, but even more flexible and “tuned”**
- **Incentive schemes tied to personal and corporate performance indicators**
- **Instruments of “nonfinancial” motivation – growth of significance (training)**
- **Corporate parking as a new “trend”, especially in Moscow**

- **Personnel training and development – top HR priority for 2013**
- **Main training topics for 2013 (Amplua Insights) – professional training, sales skills and personnel management**
- **Decreasing number of companies using external training providers**

- **Draft law on prohibition of outstaffing and secondment – new version adopted in the second reading April, 26!!!**

- **Personnel deficit at all levels as the most destructive HR factor at present**
- **HR focus on personnel development and raising employees' efficiency**
- **“Price wars” between the HR service providers, initiated by procurement departments, lead to overall decrease of service level**



THANK YOU!

Olga Bantsekina
Coleman Services UK Ltd.

Tel: (495) 660-56-00

www.coleman.ru

Keynote speech by

Tim Carty

Partner, Ernst & Young

*Former Chair of the AEB HR
Committee*



Ten years of HR in Russia – Achievements and Prospects

Tim Carty

16 May 2013

Ten Years of HR in Russia – Achievements and Prospects

- ▶ Opening remarks
- ▶ A look back into history
- ▶ Changes
- ▶ Prospects for the future
- ▶ Closing remarks

Lessons from the great poets....

(I was brought up in Liverpool.....)

Lessons from the great poets....

“It was twenty years ago
today.....”

Lennon/McCartney



Lessons from the great poets....

“It was twenty years ago
today.....”

Lennon/McCartney



A look back in History

First HR Conference 28 May 2004

- ▶ EBC not AEB
- ▶ Three streams
 - ▶ Compensation & Benefits
 - ▶ Recruitment
 - ▶ Training & Development
- ▶ Star attraction was the compensation & benefits survey presented by Olga.
- ▶ Other topics included
 - ▶ Pensions; comp package make up; outsourcing instead of recruiting; cultural challenges in performance management; recruiting in Moscow oblast
- ▶ Rbl 3,000

Some themes

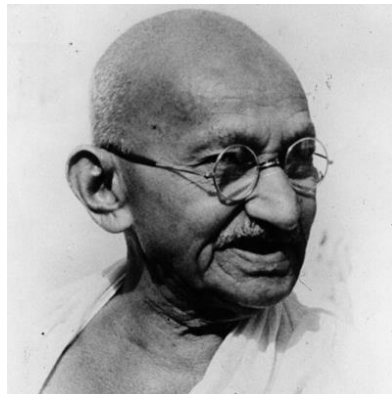
- ▶ Resource was key
 - ▶ Finding it, paying it, developing it and keeping it
- ▶ Data was in short supply and rumour was rife
- ▶ Reward was evolving rapidly in terms of scale and complexity
- ▶ The recruitment industry was flying
- ▶ Regionalisation was in its infancy
- ▶ Internationalisation was an inbound issue with managing cultural problems – normally a problem for we foreigners!
- ▶ There were issues with the regulatory environment

Some other observations from the time

- ▶ Russian industry was only just beginning to emerge into the market
- ▶ Rapid housing inflation, historical instability from the 1990s, especially the 1998 crisis ➡ short term horizons
- ▶ HR's tactical and administrative focus— HR compliance!!
- ▶ Growth was everywhere, the single biggest constraint on growth was people, the least developed component of corporate functionality was HR
- ▶ 95% of people were convinced they were better than average (and could prove this to be a fact)

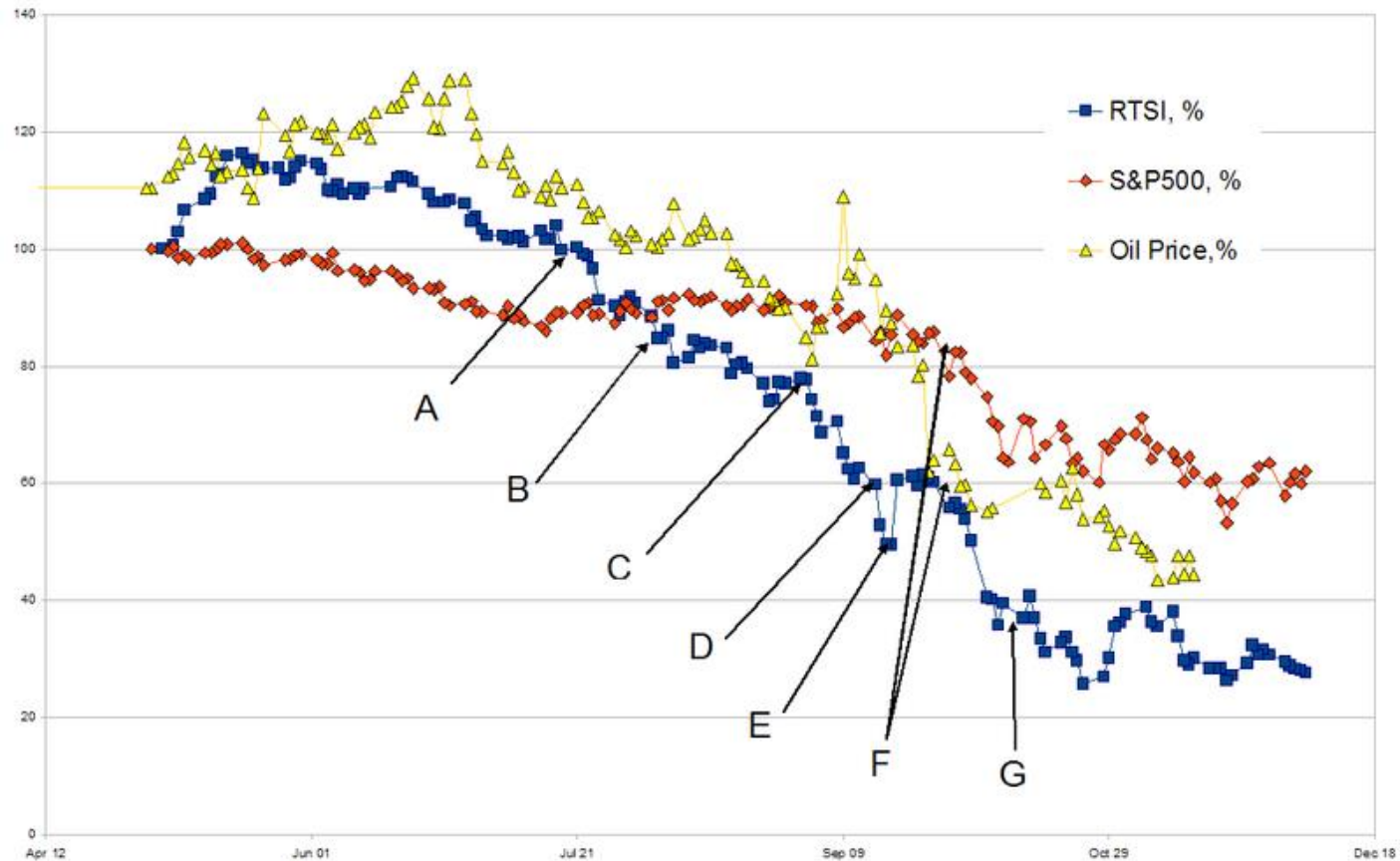
Some conclusions

- ▶ Managing people in a boom environment is hard
- ▶ The best laid long term plans can be savaged by short term demands
- ▶ “Jam tomorrow” is a difficult sell
- ▶ Russia is an administratively challenging environment



*Note : Russia is 112th
ranked in “ease of
places to do business
in”*

2008/2009 Crisis



2008 / 2009 Crisis

- ▶ Russian financial markets reacted negatively in summer autumn 2008
- ▶ The business environment reacted less swiftly, but by the end of 2008 matters were developing rapidly
- ▶ Inflation up from 10% to 15%
- ▶ Divergence of approach between international and domestic companies
- ▶ Cutting managerial (8%) and lower level (6%) positions; reduced working hours; reduced pay; incentive remuneration (EY survey November 2008)
- ▶ February 2009 unemployment reached a 7 year high of 9.4% in February 2009

2010 to 2013 ??



Prospects

Dynamics of a changing world:

- ▶ VUCA – volatility, uncertainty, complexity, ambiguity

To “win” - focus on four linked dynamics:

- ▶ Customer reach
 - ▶ Where is your growth coming from?
- ▶ Operational agility
 - ▶ Will you get there first?
- ▶ Cost competitiveness
 - ▶ Will you make any money?
- ▶ Stakeholder confidence
 - ▶ Will the people you need believe you?

Prospects – what does this mean for HR in Russia?

Customer Reach

- Regionalisation
- Internationalisation

Operational Agility

- Experience
- Policies & process

Cost Competitiveness

- Cost base
- Return on investment

Stakeholder Confidence

- Compliance
- Employee value proposition

Some final thoughts

“Knowledge is of no value unless you put it into practice”

Anton Chekhov 1860-1904



“You don’t know how lucky you are”

John Lennon 1940-1980



Thank you



TEN YEARS OF PAY PILGRIMAGE (HALL I)

Chaired by

Ekaterina Ukhova

Partner, Ernst & Young

*Chair of the Compensation &
Benefits Sub-Committee*

Rewards of Tomorrow: Intrinsic –Focused Pay Philosophy

Daria Kiseleva

C&B Manager

Sberbank

Ekaterina Ukhova

Partner

Ernst & Young



Rewards of tomorrow: intrinsic-focused pay philosophy

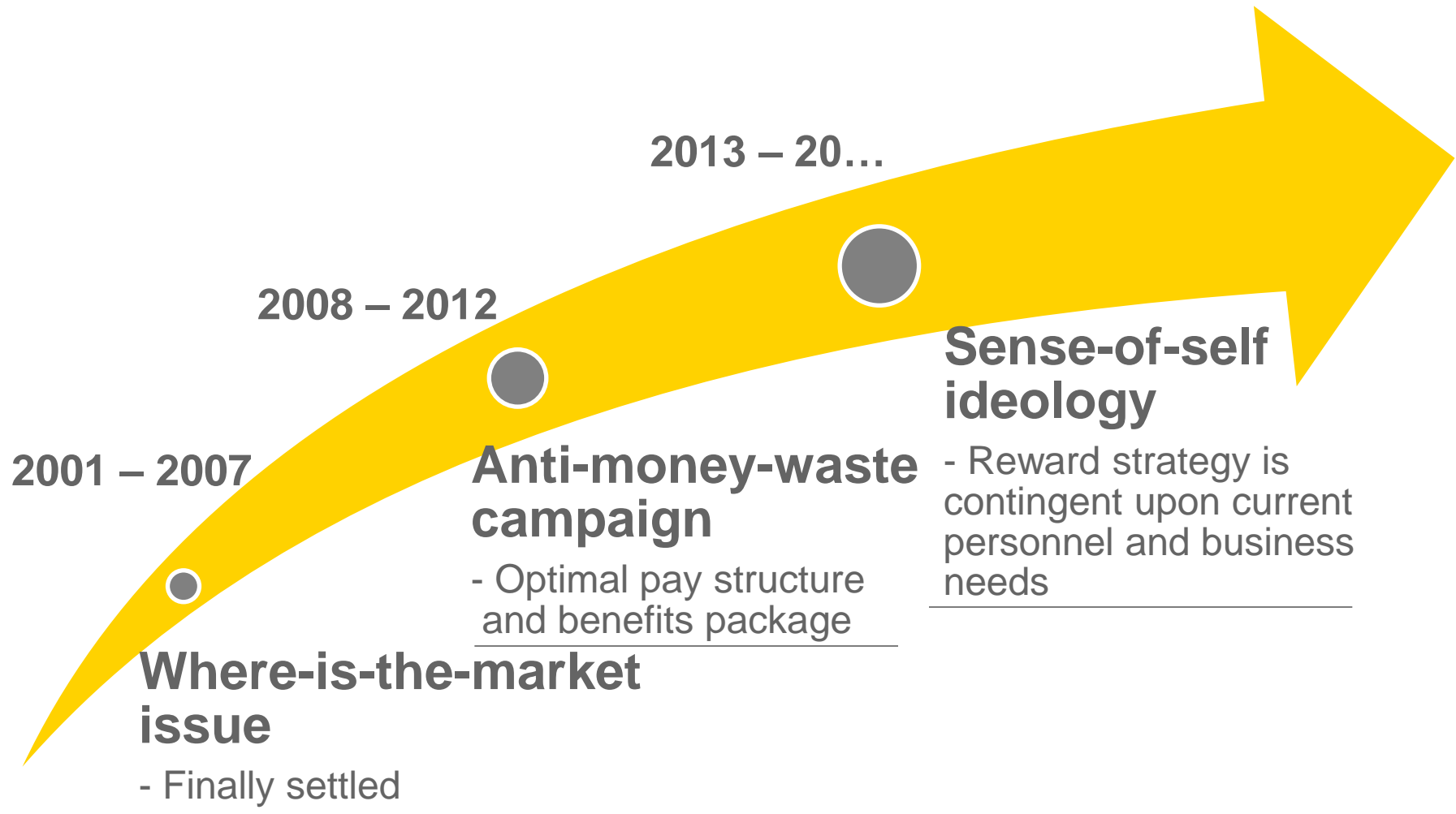
Ekaterina Ukhova

Partner, Ernst & Young

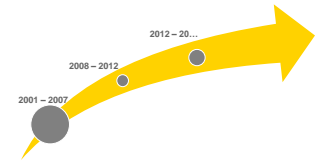
Daria Kiseleva

C&B Project Leader, Sberbank

From “the market” to “the employees”



Where-is-the-market issue



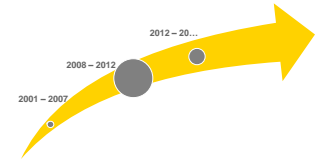
In the early 2000's:

- ▶ Non-public financial results and “closed” industries
- ▶ Lack of trustworthy providers of C&B data
- ▶ Understanding “your” market
- ▶ Studying competitor’s business strategy (trend to implement the same HR practice as your competitor has)
- ▶ Expats employed in abundance

At present:

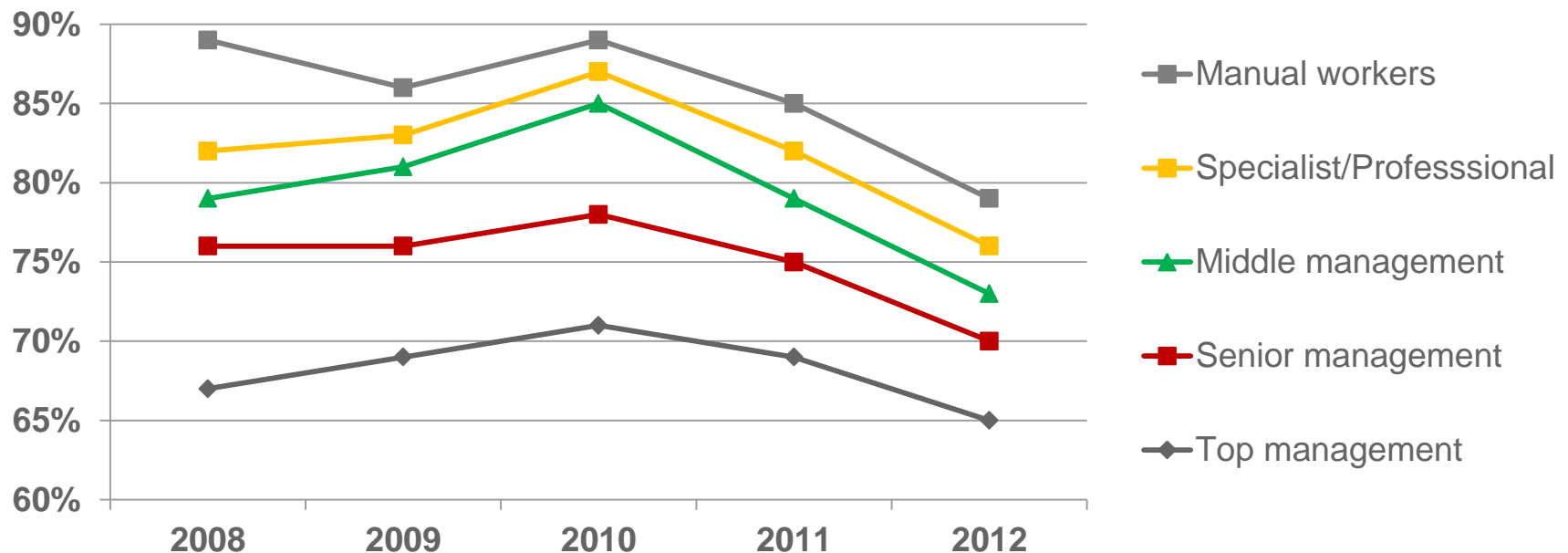
- ▶ Transparency in C&B politics and procedures
- ▶ A pool of trustworthy providers formed
- ▶ Right peer groups identified (great demand in “club” surveys)
- ▶ Studying and considering success factors without copying politics and procedures
- ▶ Local specialists at all levels

Anti-money-waste campaign (1)



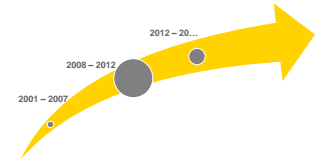
From 2008 to 2012 we observed the tendency to experiment with the structure of compensation packages: post-crisis increase in fixed elements followed by significant decrease which will continue in future

Fixed element of compensation package (including base salary, company provided allowances and monthly bonus)*:



*According to Ernst & Young compensation and benefits surveys, conducted in 2008-2012

Anti-money-waste campaign (2)



Before the 2008 financial crisis, companies established a fixed percentage of salary review. Now the overwhelming majority of companies apply an individual approach to the salary review, especially for employees on management level.

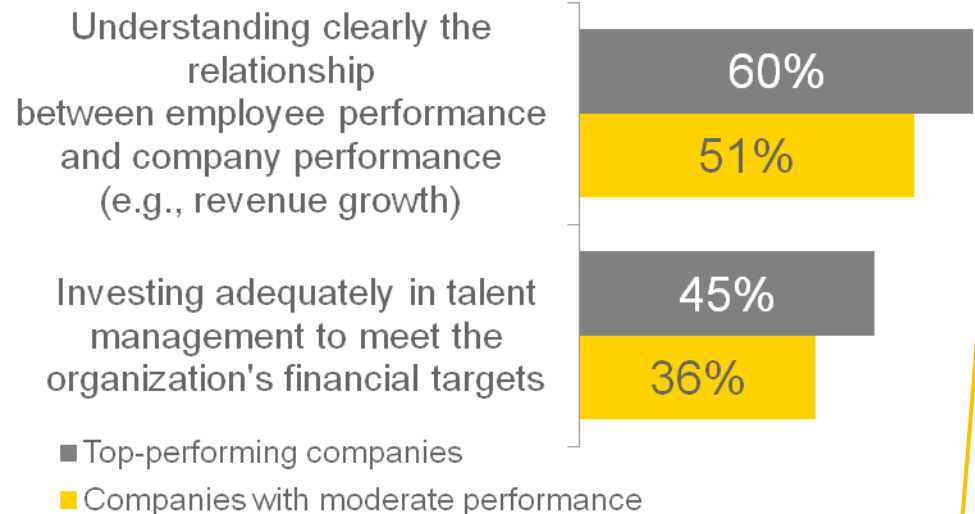
Criteria of individual approach to salary review:

- ▶ Line manager estimation
- ▶ Market benchmark
- ▶ Performance evaluation results

Individual approach to salary review aligned with a smooth-operating performance management system allows companies to attract and retain high performers and talents

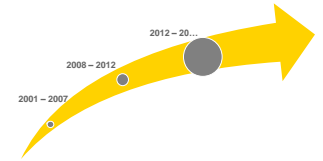
How effective is your company?

% of companies, which identify themselves as excellent and good in the following aspects of performance and talent management*



* According to the Ernst & Young global survey
"Paradigm shift: building a new talent model to boost growth"

Sense-of-self ideology (1)



Nowadays “pay philosophy” does not exist apart from other HR processes.

Reward strategy design has become a pre-strategic activity and answers the following questions:

- ▶ Who gets paid?
- ▶ What does he/she get paid for?
- ▶ How can costs be reduced and productivity multiplied by non-monetary benefits?

The only answer is: get sense-of-self
Know your people and specify HR goals!



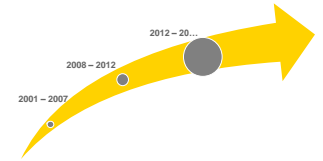
Sense-of-self

What personnel does the business need?
What personnel do we have to retain?
What motivates them?
How do they work and live?

Reward strategy indicators

- ▶ Qualification/stratification of personnel
- ▶ Talents and key competency owners
- ▶ **Agile performance management**
- ▶ **Work-life benefits**

Sense-of-Self Ideology (2)



Agile performance management



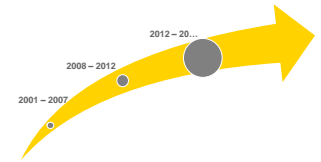
- ▶ Cross-functional reporting and assessment
- ▶ Day-to-day performance review and feedback
- ▶ Talent mobility programs:
from the university to competency diversity
- ▶ Succession planning
(as a part of performance management)

- ▶ Flexible working arrangements
- ▶ International mobility opportunities
(as a part of managing diversity)
- ▶ Corporate wellness initiatives
(as a part of basic human needs in belonging
and safety)

Work-life benefits



Sberbank: from reward philosophy to pay system implementation



Reward philosophy



Alignment of reward philosophy and strategy with business needs

Paying for high performance and demonstration of core competences:

- self-improving
- client oriented
- innovative
- team player

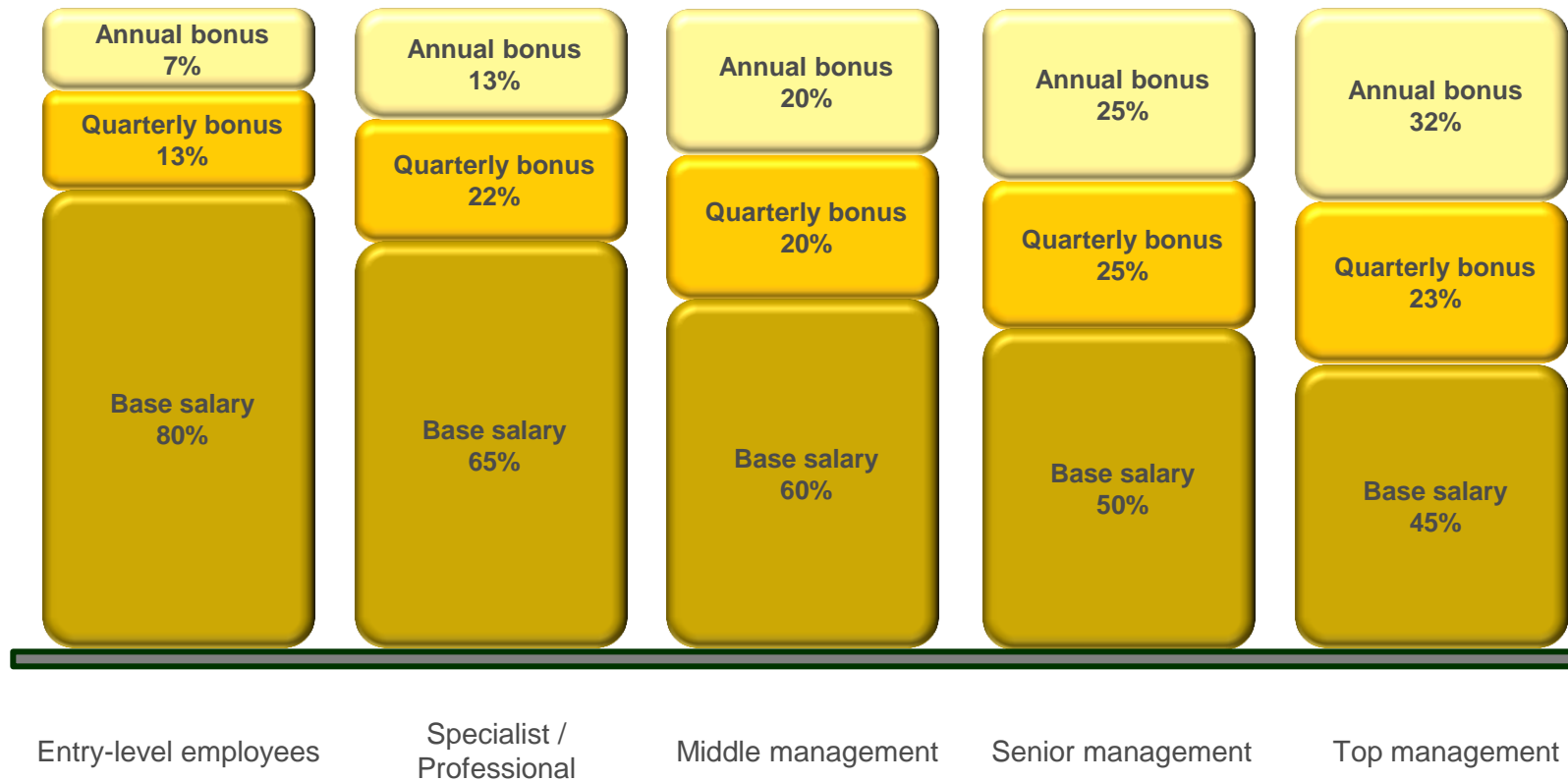
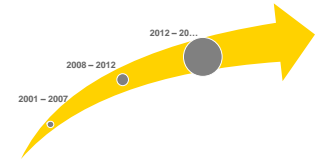
Employee value proposition

- competitive remuneration package
- transparent and fair motivation system
- alignment of performance with remuneration

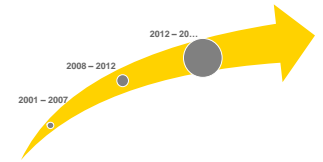
- ▶ Job evaluation and grading
- ▶ Competitive salary through market benchmarking
- ▶ Redesign of total comp structure and bonus system
- ▶ Performance management implementation

Pay system development and implementation

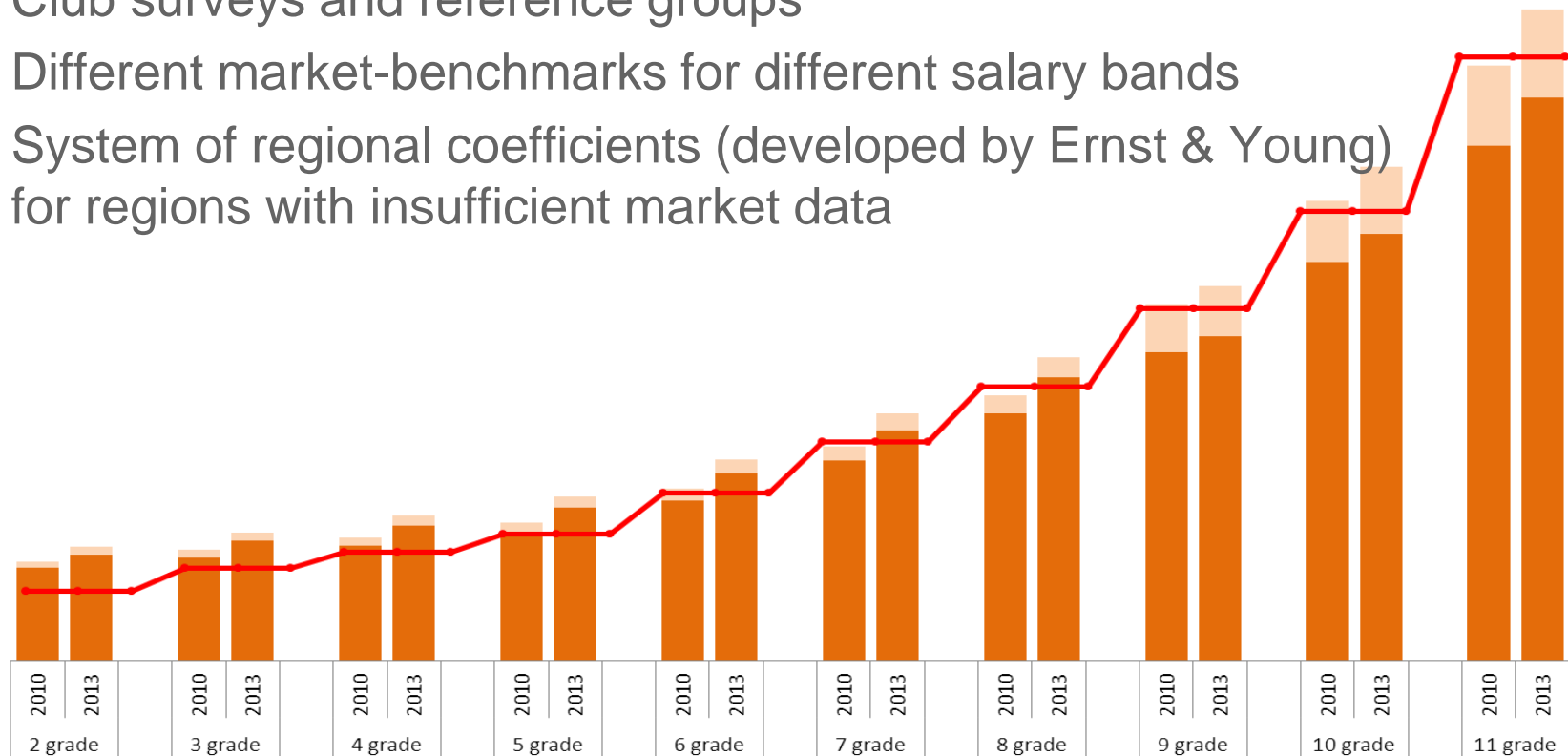
Sberbank: total comp structure



Sberbank: regional labour markets challenges



- ▶ Integrated approach to salary review process: “from-top-to-bottom” and vice versa
- ▶ Club surveys and reference groups
- ▶ Different market-benchmarks for different salary bands
- ▶ System of regional coefficients (developed by Ernst & Young) for regions with insufficient market data



Questions?



Ekaterina Ukhova

**Partner
Human Capital**

Tel +7 495 755 9675

Fax +7 495 755 9701

E-mail Ekaterina.Ukhova@ru.ey.com



Daria Kiseleva

**C&B Project Leader
Sberbank**

Tel +7 916 420 1152

E-mail DSKiseleva@sberbank.ru

Evolverment of attraction and retention elements in last decade in Russia

Elena Loginova

*Senior Vice President, HR Director
Renaissance Credit*

Alexandra Ivanova

*Director, Talent & Rewards for Russia & CIS
Towers Watson*

Employee Value Proposition

Florin Petrescu

Head of HR, Russia and CIS, Citi

Nikolai Romanov

Human Resource Consulting, PwC

PwC HR Consulting

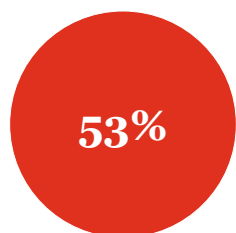
Market trends in Talent Management and Employee Value Proposition



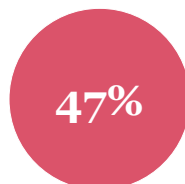
Survey participants

Origin

Russian companies



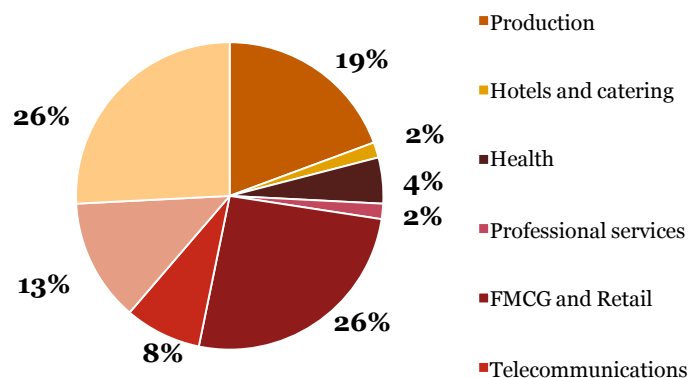
International companies



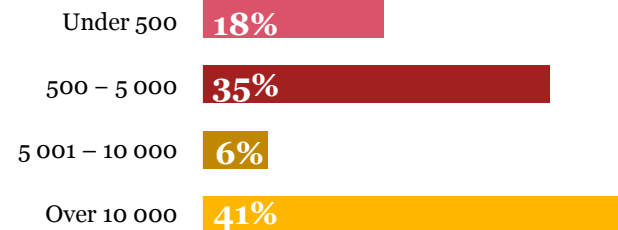
62

*companies
participated in
the 2013 Survey*

Sector



Headcount



***Talent management:** expanding opportunities for the future leaders development*

92%

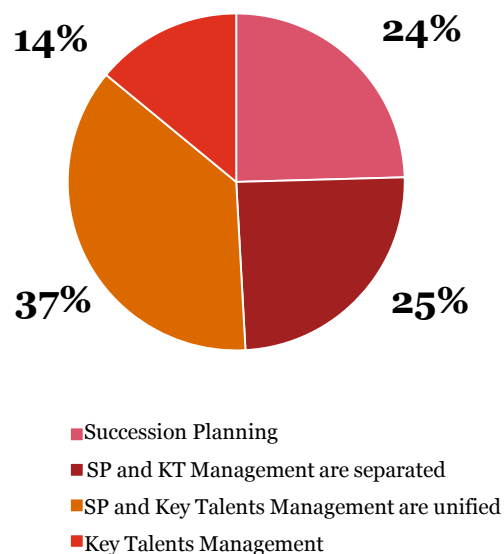
***respondent
companies** have
projects in a field of
Talent Management*

86%

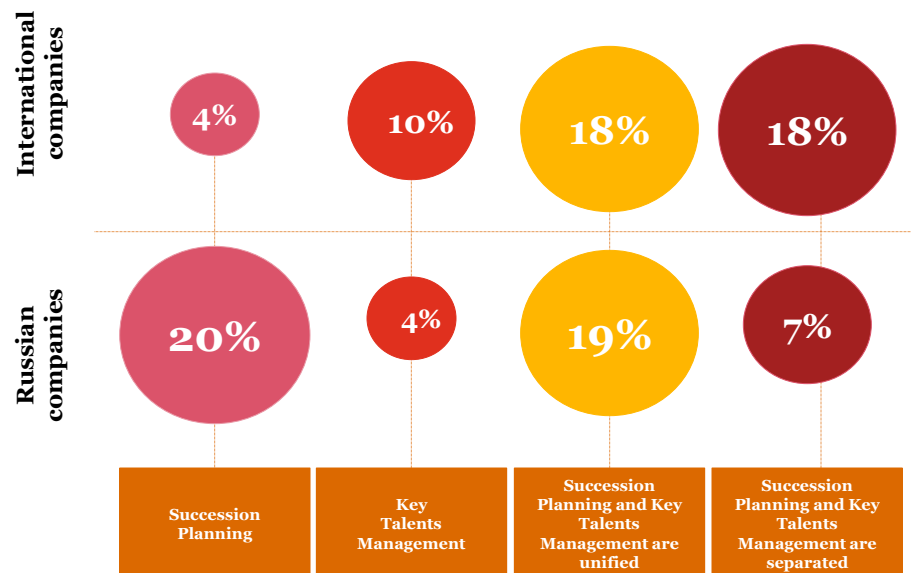
***respondent
companies** have Talent
Management projects
which cover all
population*

Within the Talent Management Programs most of the companies do not differentiate the concept of “succession planning” from "key talents management”

Answers of all participated companies



Distribution of answers by company types

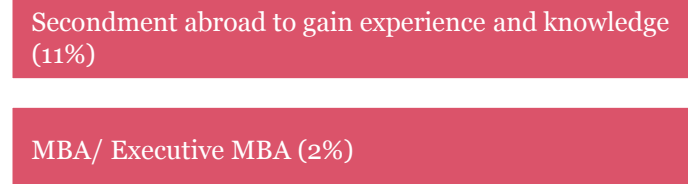
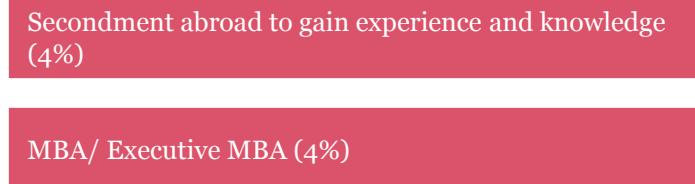


Wide range of development tools is used by companies, however some of the tools are undeservedly ignored

The most used tools for successors and/or key talents development (percentage of respondent companies that indicated using of the tools as «often» and «very often»)



The least used tools



Companies are equally oriented at the external and the internal labor markets when searching for candidates to fill key positions

Companies do not always use Successors and Key Talents as the source for the key positions replacement in spite of the fact that they actively use Key Talent Management programs.

Only 11% of companies fill vacancies with Successors and Key Talents «often» or «very often».

11%

of companies fill vacancies with successors and key talents

70%

of companies fill vacant key position using other employees or with the help of external labor market

The source for key position vacancies filling (average for all companies)

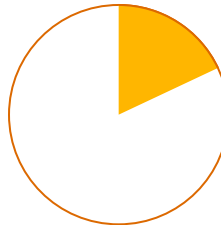
Successors/ Key Talents

39%



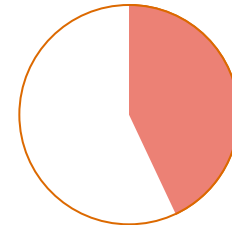
Other Employees

18%



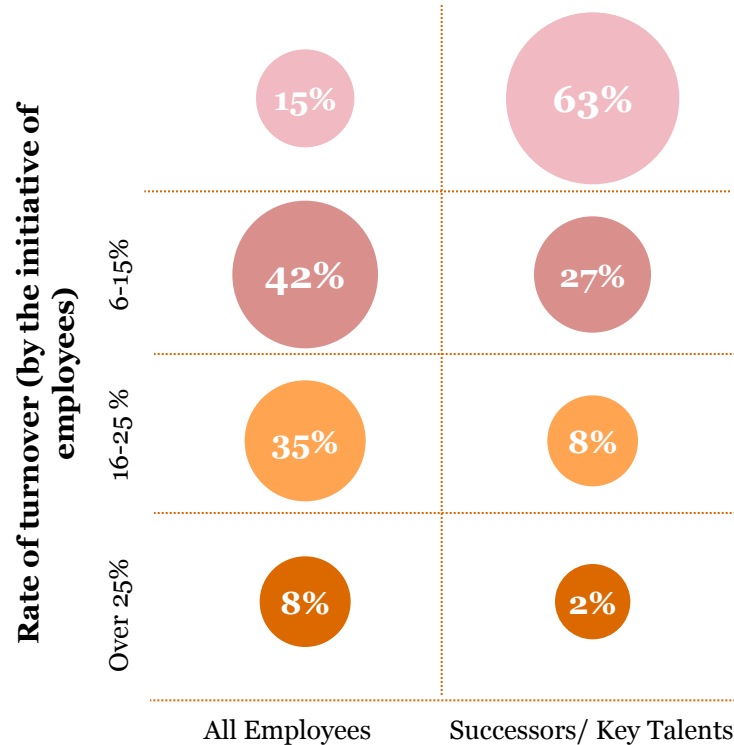
External Market

43%



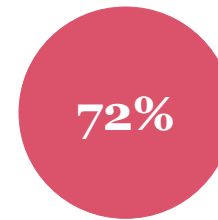
The turnover rate of Successors/ Key Talents is significantly lower than the average in a company

Percentage of companies that indicated the respective rate of turnover by the employee's initiative

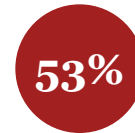


Percentage of companies that indicated the turnover rate of Successors/ Key Talents as less than 5%

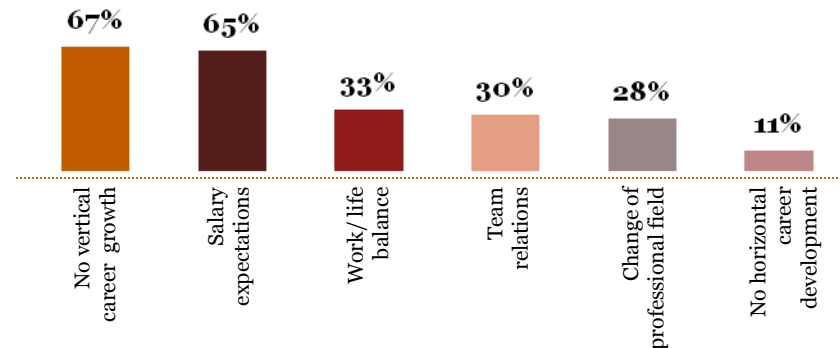
Russian companies



International companies



Percentage of companies that indicated the specific reasons of Successors/ Key Talents turnover by the employee's initiative



Companies are aware of the necessity to further work in the field of Talent Management

25%

of the respondent companies highly evaluate the effectiveness of their work in Succession Planning and Key Talents Development



Employee Value Proposition: Keeping eyes on the ball and investing in the future

27%

*of the respondent
companies in Russia
plan to elaborate
Employee Value
Proposition for their
employees*

91%

*of companies in the
world elaborated
Employee Value
Proposition Programs
for their employees*

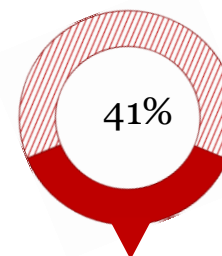
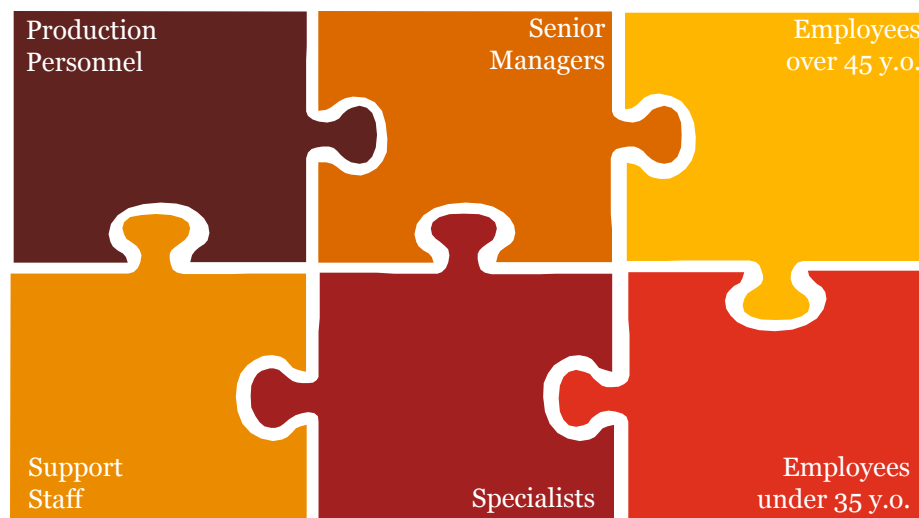
68%

*of respondent
companies in Russia
have already
elaborated Employee
Value Proposition to
their employees*

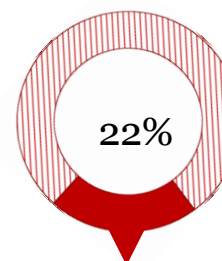
When creating a Value Proposition companies begin to take into account the preferences and interests of different categories of personnel

Recently global HR community has made another step further in the Value Proposition management: differentiation of separate elements of Value Proposition for different categories of employees within the same company. Is there a need to follow this trend?

Example of Employees Categories, production sector



41% of international respondent companies that have Value Proposition use a differentiated approach



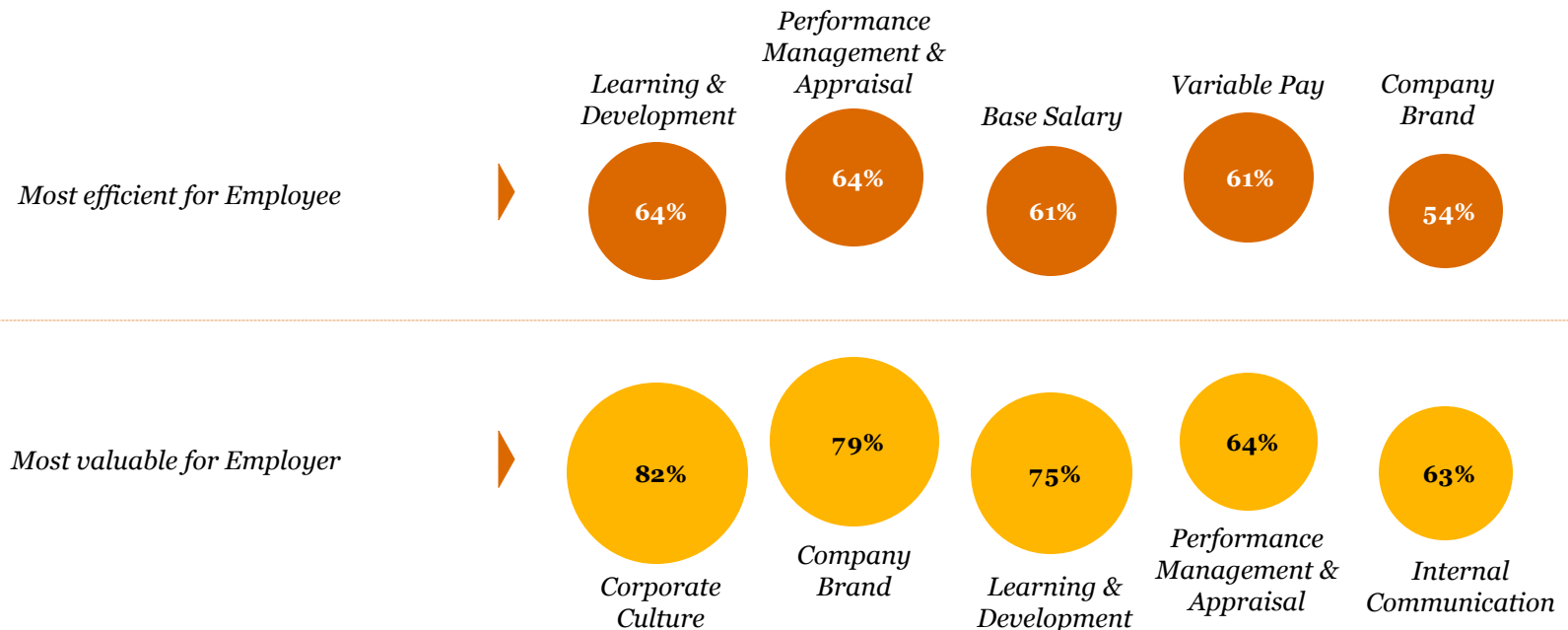
22% of Russian respondent companies that have Value Proposition use a differentiated approach

Employee Value Proposition reinforces the importance of non-material incentives, however, the material factor still remains one of the most important for employees

The Value Proposition is designed to highlight benefits of a company as an employer so that on a rational and emotional level they are "in line" with the values and expectations of candidates and employees.

What are the benefits that are estimated to be meaningful and effective today?

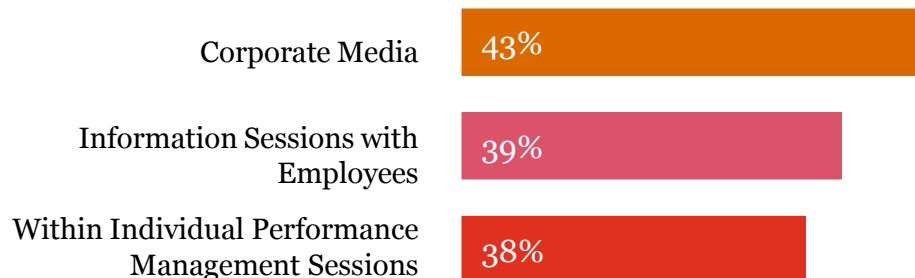
Top 5 elements to attract and motivate employees
(percentage of respondent companies which determined the importance of these elements as "high" and "very high")



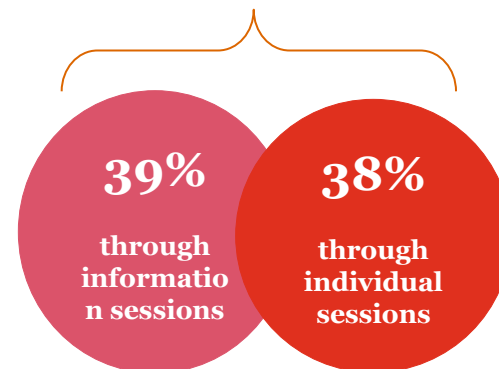
When communicating Value Proposition within the company the role of line managers increases

Internal and external communication channels of the Value Proposition are well known.
How effective the today's channels will be tomorrow?

Top 3 effective channels of internal communication
(percentage of respondent companies which determined the importance of these channels effectiveness as "high" and "very high")



77% of respondent companies identified as effective those channels of communication that involve the line managers*

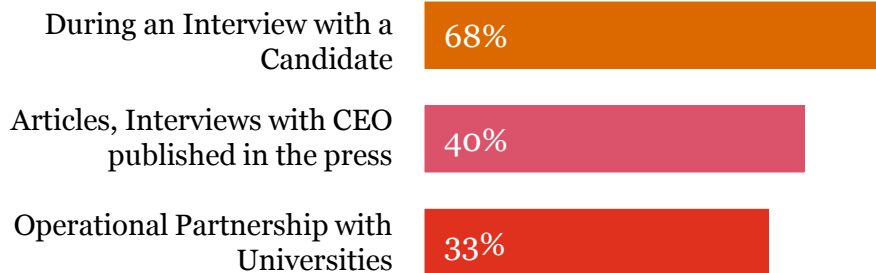


* Percentage of respondent companies which determined the effectiveness of a channel as "average", "high" and "very high"

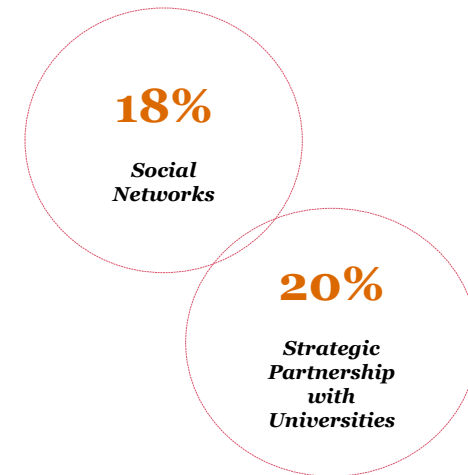
Employee Value Proposition communication to the labor market should be more strategic in nature

Companies also rely on traditional channels, which have proven effective in external communications.

Top 3 effective channels for internal communication
(percentage of respondent companies that determine the effectiveness as “high” and “very high”)



Channels aimed at the “future candidates”
(percentage of respondent companies that determine their effectiveness as “high” and “very high”)

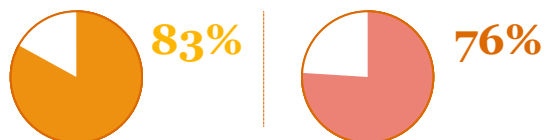


Introduction of the Value Proposition is accompanied by a decrease in the ratio of layoffs caused by the initiative of an employee and an increase of an employee's engagement

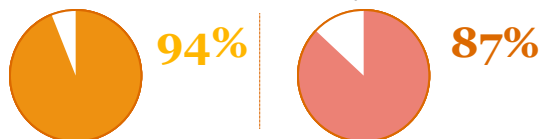
How can we measure the effectiveness of the Value Proposition elaboration?

HR Trends (percentage of respondent companies that indicated such trends)

Coefficient of layoffs by the initiative of employees:
decrease or at the level of 2011



Engagement Index:
increase or at the level of 2011



Recruitment Costs:
decrease compared to 2011



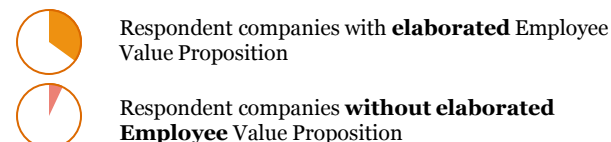
Days To Close vacancy :
decrease compared to 2011



Rating In The Best Employer Nomination :
increase compared to 2011



Legend:



Effective Value Proposition management - our eyes on the ball with respect of the current employees and work in a 3-year horizon for the future employees

The Employee Value Proposition is a fairly new concept to the Russian labour market, but today most companies are aware of its necessity



www.pwc.com

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, [insert legal name of the PwC firm], its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2013 PwC Russia. All rights reserved. Not for further distribution without the permission of PwC Russia. "PwC Russia" refers to PwCIL member-firms operating in Russia.

"PwC" is the brand under which member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide services. Together, these firms form the PwC network. Each firm in the network is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way.



Employee Value Proposition at Citi

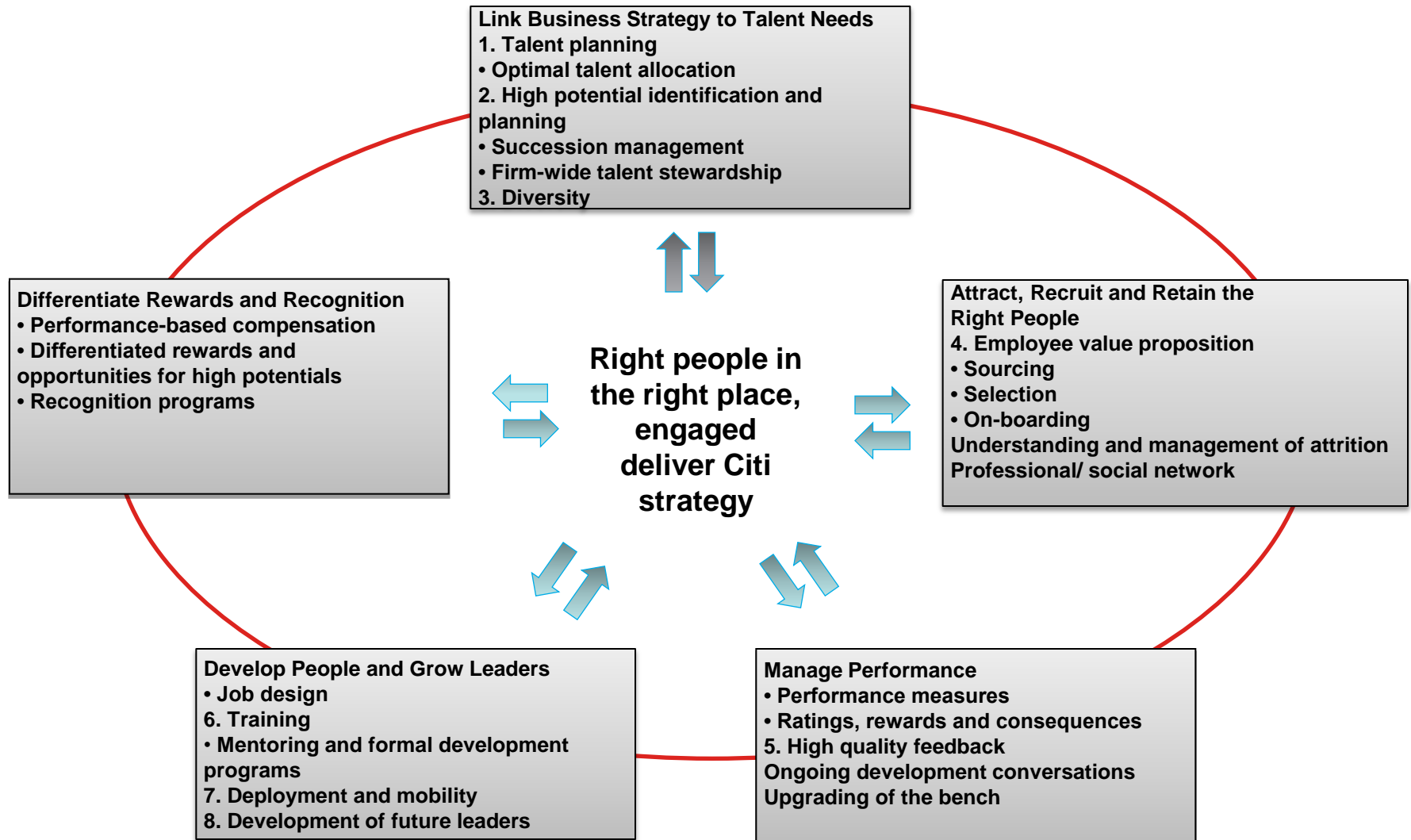
AEB HR Jubilee Conference: 10 Years of HR in Russia:
Achievements and Prospects, May 16th, 2013



Context – Significant changes at Citi

- Stock price down over 90% from peak
- Significant changes to senior leadership team
- Redefined strategy and priorities
- Global reorganization of businesses
 - Regional structure
 - Citicorp & Citi Holdings
- Repaid TARP and exited loss-sharing agreement
- Ongoing re-engineering and expense management with resulting reductions in headcount
- Changing global regulatory and market environments – U.S. Gov't stress testing

Citi Talent Framework and Strategy



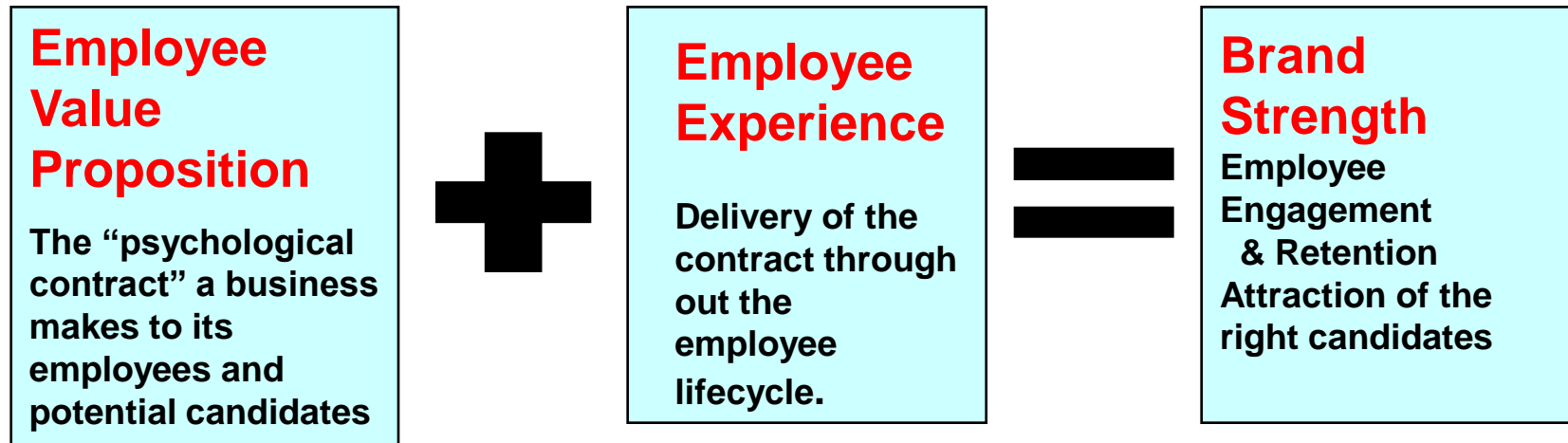
- We have rebuilt our financial foundation
- Our strategy is clear
- Now we need to build on our strategy and define the kind of company we will be for the next decade, or century.
- Four focus areas: Clients, Innovation, Brand, Talent

“With 200 years of experience meeting the world's toughest challenges and seizing its greatest opportunities, we strive to create the best outcomes for our clients with financial solutions that are simple, creative and responsible. An institution connecting over 1,000 cities, 160 countries and millions of people, we are your global bank; we are Citi.”

Citi Mission Statement , February 2011

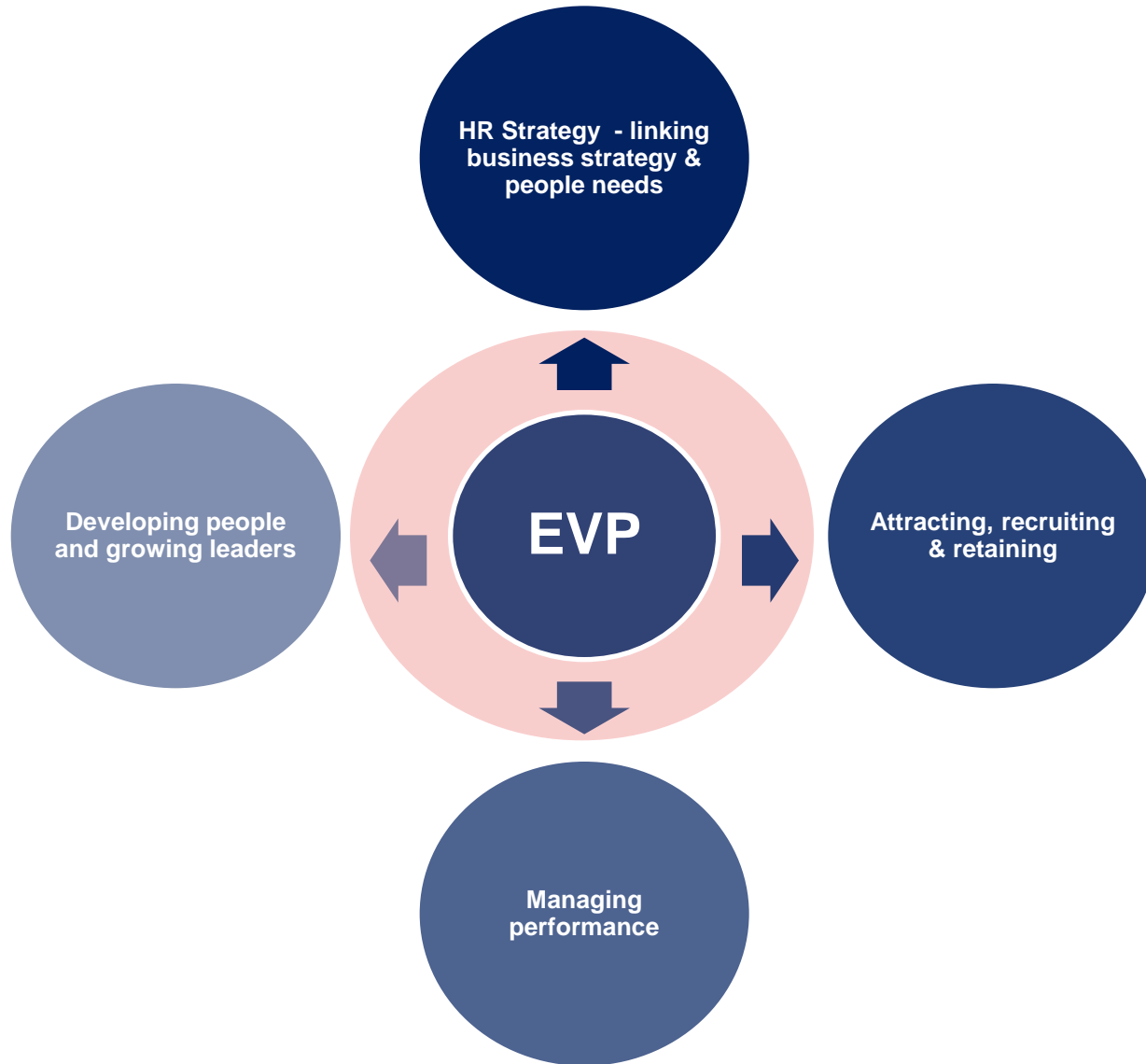
“If your company has undergone many changes in the past two years, a clear restatement of the EVP could reinforce positive feelings about the EVP and, as a result, strengthen engagement.”

Finney, John: “The new 'new deal'”, Communication World, Mar/Apr2010

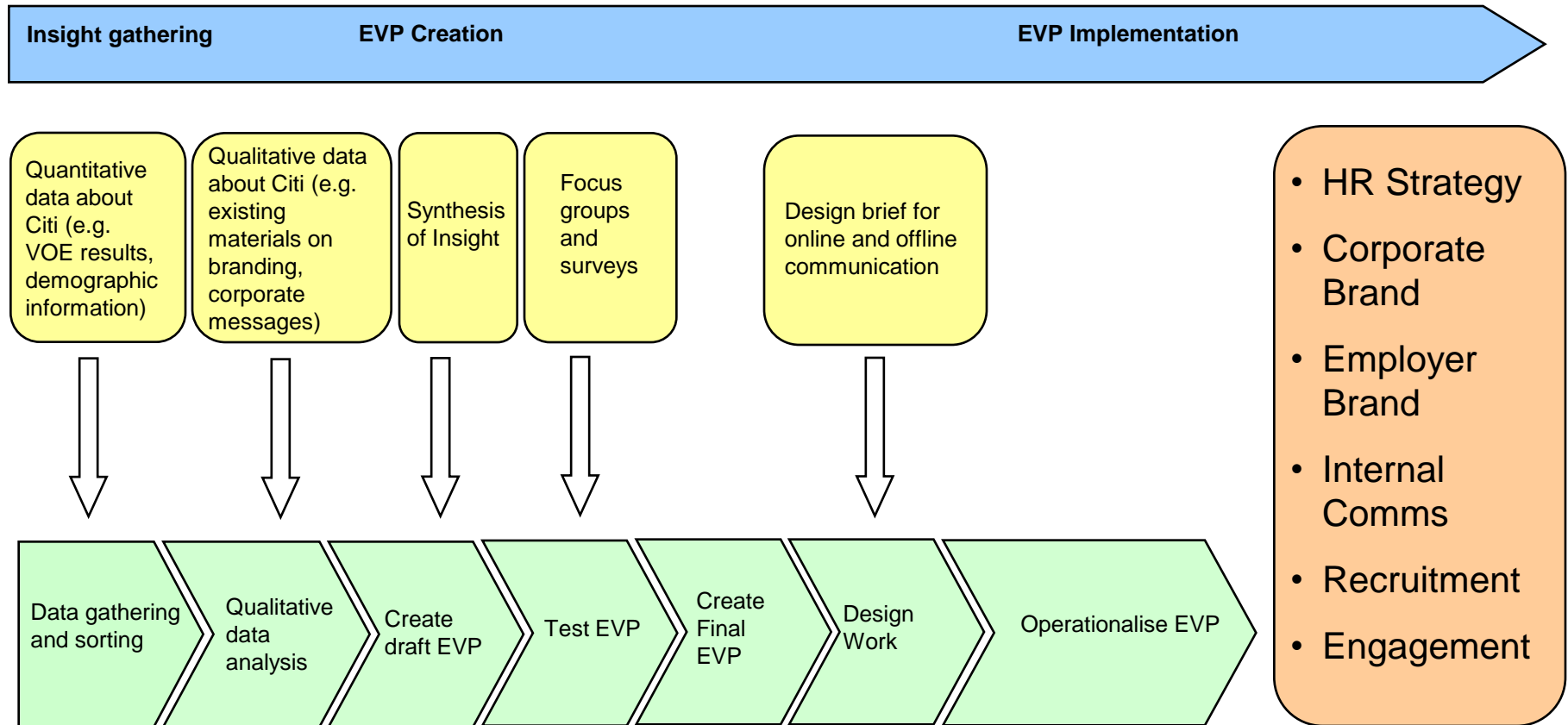


EVP Objectives

- Increase employee engagement through strong resonance with the brand values.
- Articulate and reinforce the new Citi culture
- Provide a compelling vision of the unique opportunity offered by Citi
- Underpinning our global footprint with shared values



EVP Project Plan



- 570 senior leaders and a random selection of hi-potential employees were surveyed.
- 101 focus groups took place around the world with approximately 1,300 participants.
- Existing Citi survey data was collected including:
 - ⇒ VOE results
 - ⇒ Exit interview analysis
 - ⇒ Graduate recruitment surveys
 - ⇒ Global cultural survey
 - ⇒ Senior Business Leader anecdotal input

Why did you join Citi? Why do you remain at Citi?
How satisfied are you with Citi's ability to provide these attributes?

Citi's EVP

Theme 1. Citi's Globality & Brand



Citi's global presence provides a worldwide network allowing mobility of people and practices to create a unique proposition. A long history around the world translates into a well-respected, iconic global brand.

Theme 2. Citi's Culture & People



Citi's collaborative culture provides unique opportunities to, build global networks and work in teams where there is talent, trust and diversity.

Theme 3. Citi's Development Opportunities



Experience.

Advantage.

*Benefit from the knowledge
of those who set the benchmark.*

Citi allows each employee to continuously learn and develop providing opportunities to stretch themselves professionally, facilitating new experiences and harnessing the power of learning.

Thank you

A black and white photograph showing a hand holding a pen, writing the words 'Thank you' in a cursive script on a white surface. The pen is positioned at the end of the word 'you', and a soft shadow is cast to the right. A thin horizontal line is visible in the upper left corner of the frame.

HOW HR PROVIDES BUSINESS SUSTAINABILITY FOR VUCA ENVIRONMENT (VUCA: volatility, uncertainty, complexity and ambiguity)

Chaired by

Tatiana Khvatinina

Managing Director

*SHL Russia & CIS, Chair of the Assessment
Training & Development Sub-Committee*

The CEO perspective: Driving business performance through engagement

Ian Strikland

CEO of OBI Russia

Pete Sanborn

*Co-President Performance,
Reward & Talent Aon Hewitt*



5th Annual

Employee Engagement

Enhancing Organisational Performance to Empower Productivity

20th & 21st March 2013

The CEO Perspective - Driving Business Performance through Engagement

- Developing a high performance culture
 - A story of transformation through engagement surveys and actions
 - Challenges, Successes, Lessons learned and return on investment
-



A man with short, dark, spiky hair is smiling broadly at the camera. He is wearing a dark suit jacket over a light-colored, vertically striped dress shirt and a dark, solid-colored necktie. He has his hands in his pockets. The background is a white wall or whiteboard covered with several papers, including a calendar and some documents with text and diagrams. A small, bright orange circle is overlaid on the left side of the image, near the man's head.



Early learning at the workplace..... (2/3)

What really matters.....

- ✓ Benefits
- ✓ Working conditions
- ✓ Career Progression
- ✓ Building credibility
- ✓ Regular communication
- ✓ Teamwork
- ✓ Training and Development
- ✓ Incentives
- ✓ Job satisfaction



Early learning at the workplace..... (3/3)



Respecting;
Educating;
Supporting
Person's
Expectations;
Choices with
Trust



“NEW WAYS TO ATTRACT AND RETAIN YOUR WORKFORCE”



Going International - Shanghai China, 1999

It's all about the People!



- ✓ compensation & benefits plan;
- ✓ recruitment plan;
- ✓ „tool kit“ to bring the essential people qualities

B&Q China „Purpose & Values“ criteria
where like-minded people would thrive

Six core elements:

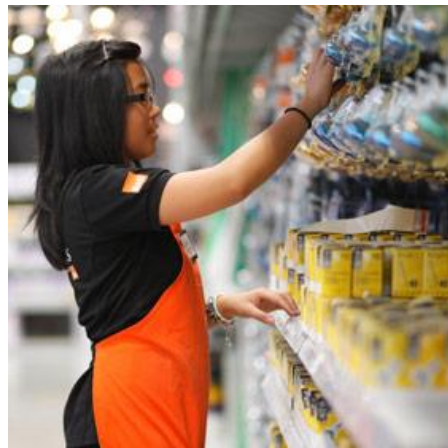
- ✓ striving to be better;
- ✓ continuous improvements;
- ✓ customer driven;
- ✓ down to Earth, Respect
- ✓ people;
- ✓ openness



Going International - Shanghai China, 1999

B&Q went on a rapid journey of expansion and between 2000 -2005:

- ✓ opening 28 stores
- ✓ developing a further 14 stores at that time in the pipeline
- ✓ recruiting in excess of 7,500 employees and creating indirect employment to the number of over 20,000 employees
- ✓ labour turnover was the envy of retail at 14% (industry levels at 34%)
- ✓ moreover bottom line success unimaginable for a business so young within a new market



- ✓The biggest contribution into the Group profit
- ✓Annual **Double-digit growth** in sales
- ✓More than **50 mio visitors** in 2012
- ✓**Preferred retailer** in Russia – 66%
- ✓**OBI RUS Brand Awareness** – 45%



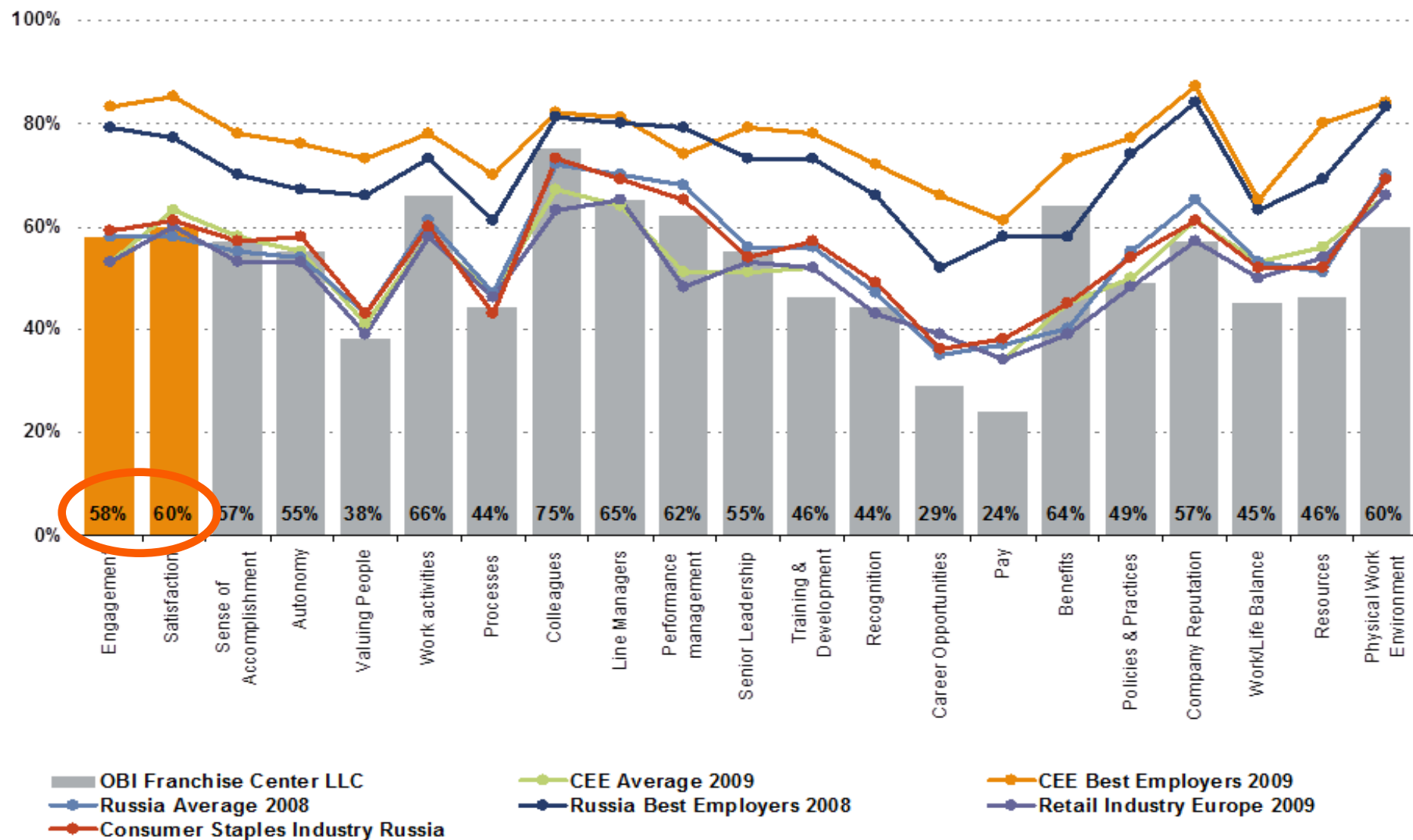
- **10 years** in Russia
- **19 stores**
- **220 000 sq.m.**

Leading the Organization

Strive to be
the best DIY
retailer in Russia,
but moreover the
Best employer in
retail



Engagement and Satisfaction 2009



Values

Starting with recruitment, aligning to an 'OBI values person' was needed and had to be developed.

ВИДЕНИЕ, МИССИЯ И ЦЕННОСТИ

РЕЗУЛЬТАТ

Мы честны и хотим быть лучшими во всем

- Под честным результатом мы понимаем честное отношение к участникам рынка нашей работы и честное убеждение, что мы достигли цели.
- Мы искренне и открыто делимся информацией, опытом.
- Мы понимаем ценность своего труда и хотим быть честными, не пытаясь обмануть. Хотим быть открытыми.
- Мы понимаем ценность своего труда, который несет в себе честность.
- Мы понимаем ответственность за свои действия и решения.
- Мы хотим быть честными и открытыми к участникам рынка.
- Мы хотим быть честными и открытыми к участникам рынка.
- Мы хотим быть честными и открытыми к участникам рынка.
- Мы хотим быть честными и открытыми к участникам рынка.

OBI ЦЕННОСТИ



ОТВЕТСТВЕННОСТЬ

Мы понимаем нашу работу и берем на себя ответственность за нее

- Мы осознаем ответственность перед обществом, перед работниками и перед клиентами.
- Мы осознаем ответственность перед обществом, перед работниками и перед клиентами.
- Мы осознаем ответственность перед обществом, перед работниками и перед клиентами.
- Мы осознаем ответственность перед обществом, перед работниками и перед клиентами.

Компания существует и успешно развивается благодаря своим сотрудникам. Сотрудники - это формула успеха OBI. Они - лучшие профессионалы в сфере благоустройства дома.

OBI дает своим покупателям возможность благоустроить свой дом от А до Я в дружелюбной атмосфере, легко и удобно.

ОТКРЫТОСТЬ

Мы всегда открыты для новых идей

- Мы всегда открыты для новых идей, новых технологий и новых решений.
- Мы всегда открыты для новых идей, новых технологий и новых решений.
- Мы всегда открыты для новых идей, новых технологий и новых решений.
- Мы всегда открыты для новых идей, новых технологий и новых решений.

КОРПОРАТИВНЫЕ ЦЕННОСТИ И КОМПЕТЕНЦИИ OBI



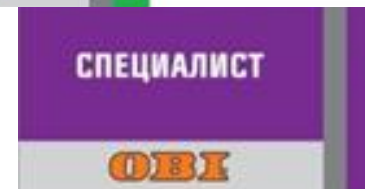
- ✓ Openness
- ✓ Result
- ✓ Respect
- ✓ Responsibility

Taking those values the tool-kit was developed in ensuring only 'like-minded' were recruited and shared people opinion were employed.

- ✓ competencies and qualities lists per positions

[illegible]

- ✓ interview check-lists;
- ✓ evaluation forms upon interview;
- ✓ questionnaires



Service School



Introduction of OBI service school opened on 11th July 2011 and has been a huge success



Assessment Center

- ✓ more than 100 participants in 2012
- ✓ 52% of participants successfully passed



Communication

'Understanding the Staff room' approach was adopted.

Regular communication was introduced with a communication 'update' every other day with bulletins via email.



OBI NEWS



**Weekly news OBI Russia
(4-8 February, 2013)**

KEY EVENTS:

- The Best Store – we know the winners
- "Carnival" in Nizhny Novgorod
- Brazilian party in Ekaterinburg
- OBI Stores – repairing works go on
- Organizational changes in OBI Russia

The Best Store – we know the winners



On January 7, Regular Quarterly Store managers meeting was held in the Central office. During the meeting winners of contest "The Best Store 2H2012" were announced.

The winners announcement started with a speech of Evgeny Drozdov, Sales Director OBI Russia. He summed up sale results of the second half-year period 2012 and pointed out that to choose winners was not an easy task, as all Stores showed perfect results, dynamics and

operational standards. Then Regional managers made short presentations about Stores of their region and announced winners' names! It was the most long-awaited moment of the meeting.

So, our winners are OBI Filion (031), OBI Parnas (015), OBI Fedyakovo (011) and OBI Karnaval (019). Store Managers got Golden Stars and diploma of the winners. Some Stores became winners not for the first time. Thus, OBI Parnas got its 5th Star, OBI Fedyakovo – the 4th one. For OBI Filion it was the very first victory in the contest.



Communication at store

At store level control of notice boards were adopted and statutory information shown but also information and communication updates to start the process.



Leadership demonstration



Breakfast with Tops
and Team Insight
sessions



Senior management were encouraged to visit stores regularly through an 'open dialogue' initiative.



ОТКРЫТЫЙ ДИАЛОГ

ОВИ

Встреча с
Гюльей Гараевой,
Директором по персоналу

Когда:
21 сентября 2012 г. в 13:00

Где:
ОВИ Казань (008)

6 директоров и 17 руководителей направлений
готовы ответить на ваши вопросы в рамках проекта «Открытый диалог»

Хочешь принять участие?
Обращайся к менеджеру по персоналу

Store Boards; Best Store & Best Team Competitions

- ✓ added value to the company;
- ✓ improvement of store's awareness and engagement;
- ✓ chance for functional departments to understand the operational side of the business better;
- ✓ a direct dialog with FC representatives



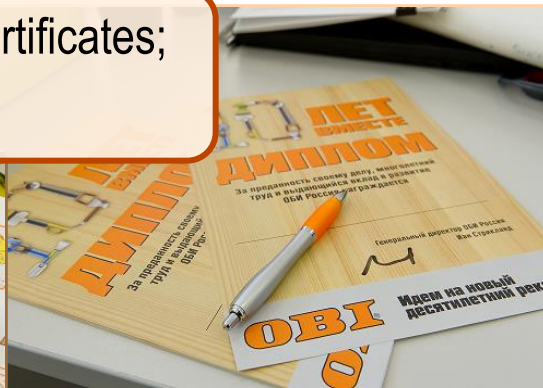
Quarterly Review Management Meetings

- ✓ a full Quarterly Review of business performance
- ✓ shared information on key financial performance & key initiatives
- ✓ teamwork and togetherness being the key!



Recognition & Certification

- ✓ 5 year and 10 year service certificates;
- ✓ appreciation diplomas



- ✓ Social events have been encouraged promoting and celebrating achievements and traditional Russian cultural aspects combined with business success.
- ✓ Other initiatives of note include employees children events

Social Touch

Measuring the impact of initiatives



- ✓ Successfully passed the Assessment center: **52%** participants
- ✓ Success of traineeship of internal candidates **95%**, external **65%**
- ✓ **100%** of management vacancies were closed by Talent management program graduates

OBI Fluctuation rate –
55% (vs. 80%** in retail area in general)



Engagement and Satisfaction 2012

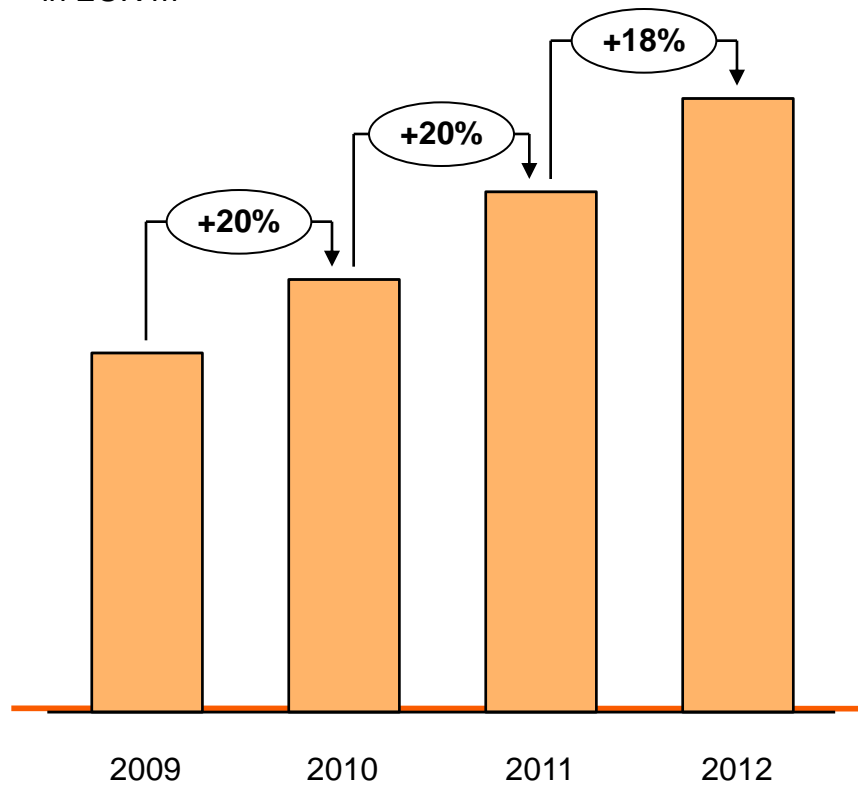
Engagement monitoring through the great help and follow up of AON Hewitt has been greatly appreciated and the success of the last 4 years has been greatly assisted by Edward Stanoch and team. Helping understand and put in action what the results mean and how to further influence them has been a huge help



Impact upon Business Results

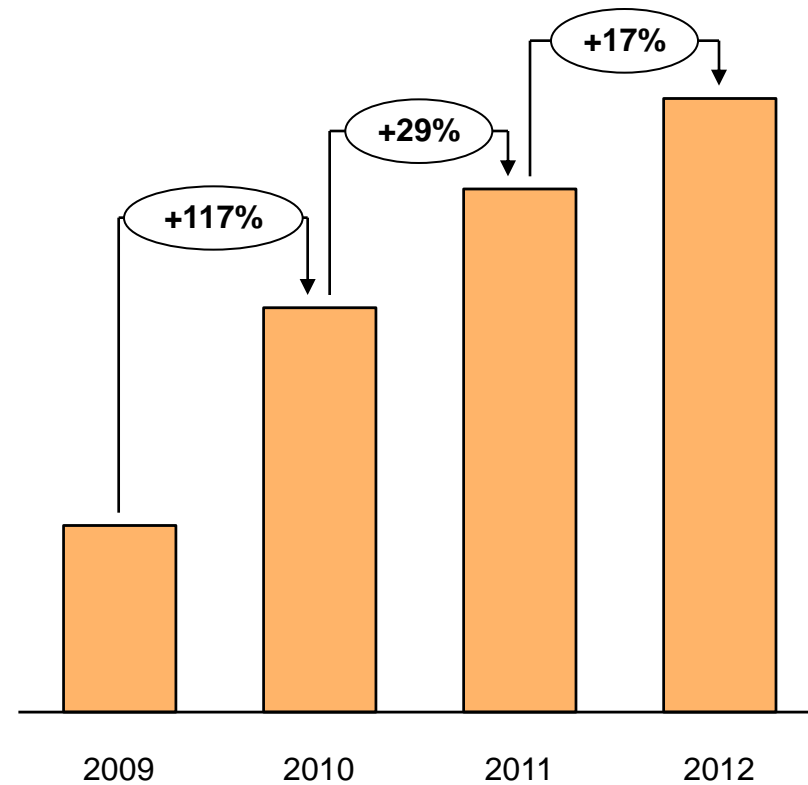
Sales

in EUR m



EBIT

in EUR m



Thank you!



2013 Trends in Global Employee Engagement

Highlights

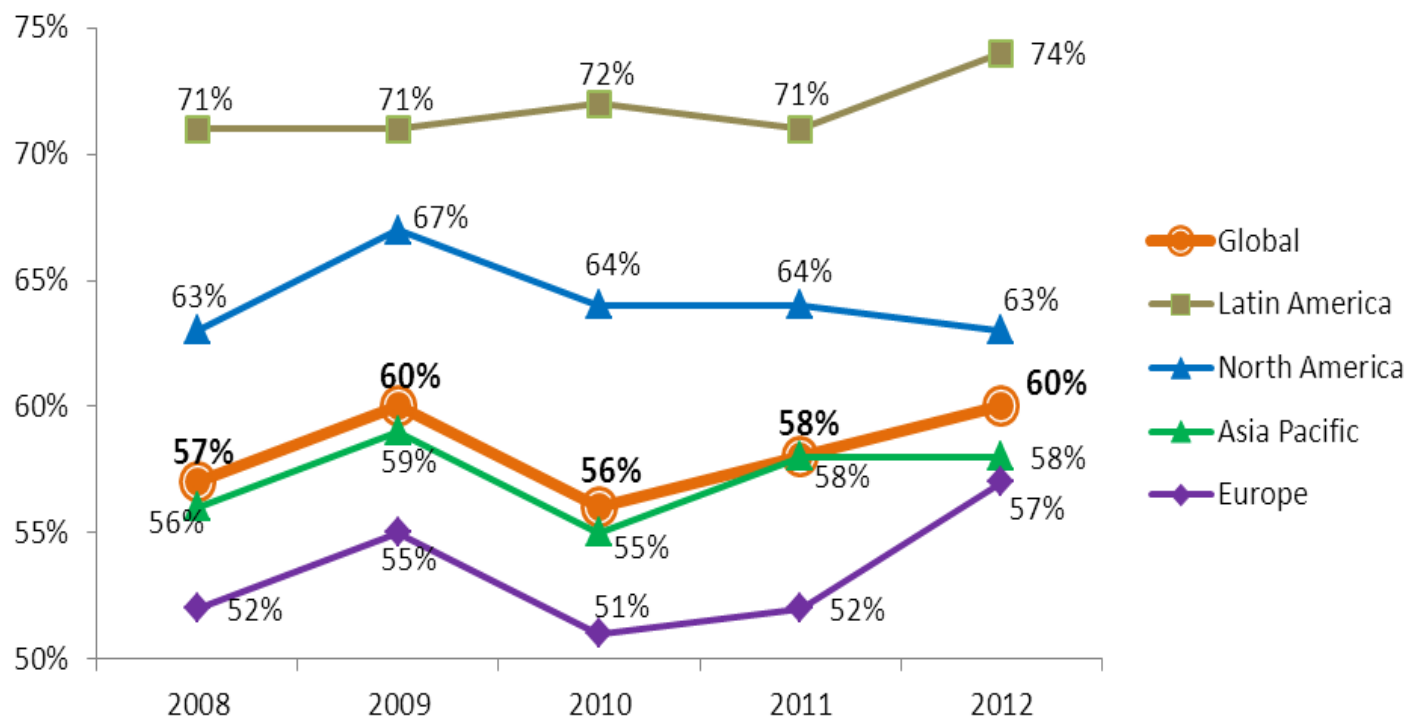
May 2013

Prepared by Consulting
Performance, Reward & Talent

Pete Sanborn, Co-President Performance, Reward & Talent



Engagement Levels Are on the Rise Globally



65%
Say



56%
Stay



57%
Strive



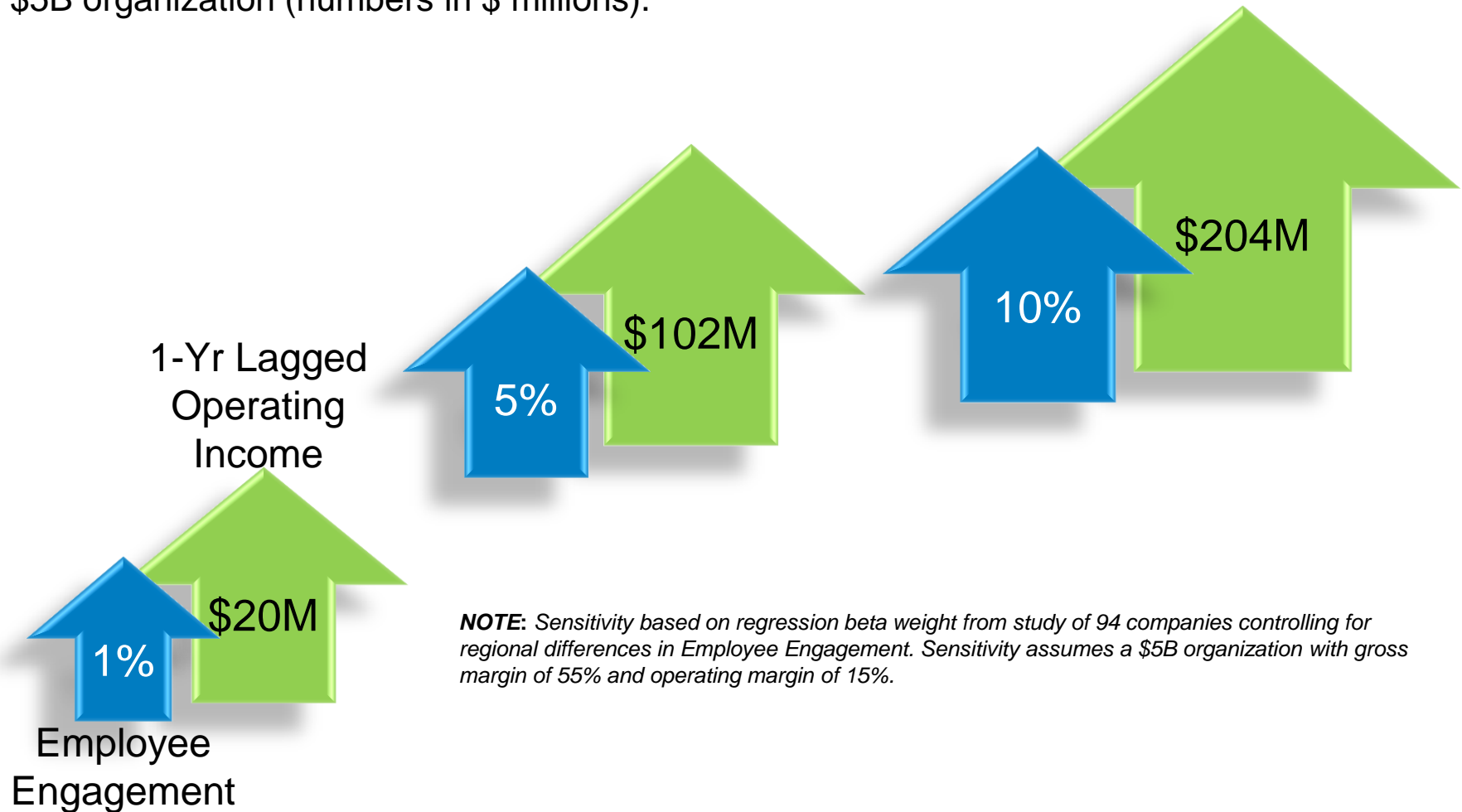
...But We Aren't Out of the Woods Yet

	Mature Markets		Growing Markets	
	North America	Europe	Asia Pacific	Latin America
GDP	2.2%	0.2%	6.6%	2.7%
GDP Growth Trend				
Engagement Trend	1%	5%		3%
Work Environment Trend		4%		2%
Top Engagement Drivers	3%	5%	1%	2%

Source: Aon Hewitt 2013 Trends in Global Employee Engagement Report

Engagement Is a Leading Indicator of Growth

Sensitivity of lagged operating income to changes in employee engagement for a \$5B organization (numbers in \$ millions).



Source: Aon Hewitt 2013 Trends in Global Employee Engagement Report

Leadership

The Consistent Key to Engagement

CEO Builds a Culture of Engagement

"We've just hired a new CEO. He's very big on engagement and the people side of the business. He's especially interested in leadership development and what leaders can do to build a more engaged workforce. He strongly values engagement and wants to help other leaders understand its value."

Leaders and Managers Drive Engagement Action Plans

"We are absolutely relentless with unit managers regarding action plans and ensuring the right leadership sponsor."

Engagement Is a Business Imperative for Leaders

"[We] will be looking at the correlation between engagement and customer scores and sales. We need to make the business case as to why engagement matters to them."

Leaders Are Assessed, Selected, and Developed to Engage Others

"We established a Leadership Style program, with hand-picked managers whose teams have high engagement scores—we analyzed their leadership style and behaviors to define a desired (company) leadership style."

Source: *Making Engagement Happen: Best Practices from Best Employers Best Employer Interviews*

Your Speaker



Pete Sanborn

Co-President, Performance Reward & Talent

Aon Hewitt

Pete.sanborn@aonhewitt.com

Role of Blended Learning in Assuring Business Sustainability

Irina Kolbukova

HRD Orange Business Services

Evgeny Boychuk

*Country Manager Russia & CIS
goFLUENT*



The Role of Blended Learning in Assuring Business Sustainability: Blended Language Learning



**AEB HR Conference
10 Years of HR in Russia: Achievements and Prospects**

May, 16 2013

goFLUENT



Blended Business English training combining eLearning,
written coaching and live training by telephone



Why is blended learning relevant?

Right people have right skills and knowledge

Individually tailor-made course

Learning support

Training availability

Definition

What is Blended learning?

Integration

Different platforms or media

Goal: Real value for business

Integration



Benefits

Both for the learner and the Company

Extended learning opportunities

Cost effective

Learning outcome gains

Increased enrollment retention

Business sustainability

How blended learning helps HR?

Fast information flow needs constant new skills and knowledge acquisition/renewal

Application at work > accomplish business goals

Reduce training costs and administrative support

Tailor-made course
Individual Practice

Better Results and
Retention

Faster Progression

Improved
Application at Work

Blended Language Learning (BLL)

Why BLL?

Globalization

HR role to remove barriers

Course integrating live lessons and e-learning resources

Live lessons = face-to-face or distance trainer

Learners can communicate with live trainers at distance

Share their knowledge in real time

Migration to online

BLL replacing e-learning

Early 2000s' illusions: online + self-paced approach without a trainer

Human interaction with a live trainer is prerequisite

- Learn languages to communicate with other people

- Constant interactive feedback

- Guidance and encouragement of a trainer

BLL = cost advantages with flexibility by emerging technology + be accompanied by a trainer

Advantages of BLL for Business

Reduce costs

Customization

Relevant content

Enhance motivation

Boost learning effectiveness

Implementation

Initial diagnostics

Evaluation and measurement of results

Deployment and management

Trainer expertise

Seamless integration

Flexible, customized programs

Continuous support



Orange Business Services in Russia

Irina Kolbukova, HRD

Orange Business Services

Orange Business Services is a trademark that incorporated in 2006 all companies of France Telecom that work for the corporate market under one name. Orange Business Services is the only international supplier of telecommunication and integration services in Russia with its own developed infrastructure, a wide range of licenses, and authorized as a long-distance operator in Russia. There are 1000 employees working in 38 large cities in Russia.



Challenges

Lack of space for face-to-face lessons

Group classes \neq Individual needs

Top Talent Dissatisfaction (avg. level of the class)

Inconvenient lesson time

Reporting: level regression or no signs of improve

Manual reports

Several providers (Moscow and regions) – high admin workload

Group lessons give more freedom and less responsibility for results (collective approach)

BLL Pilot Project with goFLUENT

To meet essential needs on developing communications

Training with native speaking trainers

Real-time Reporting

24x7 service (weekends, vacations, national holidays)

Individual training sessions

3-month pilot starting October 2012

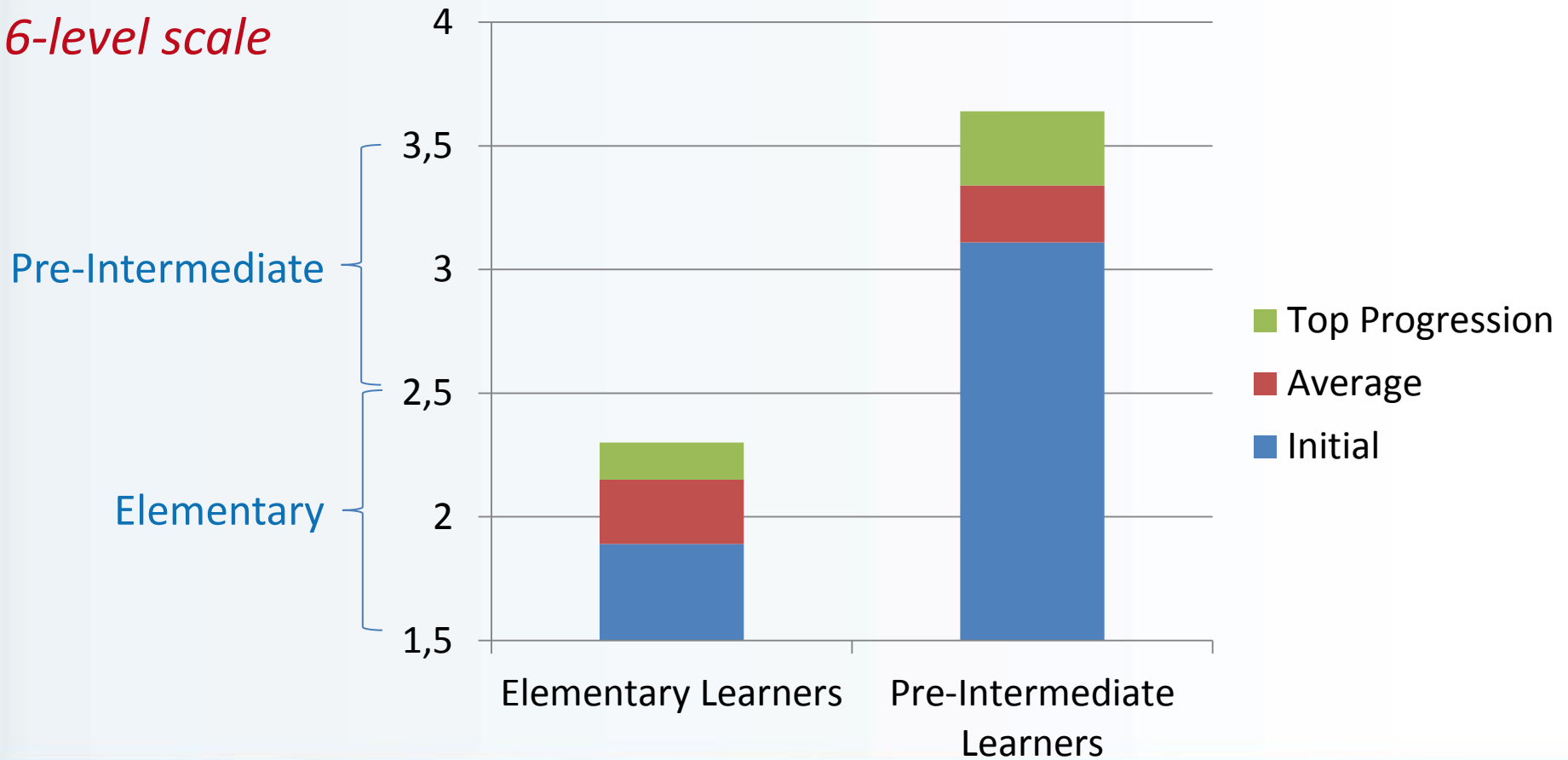
44 persons enrolled in Blended Learning Pilot

Quick Wins

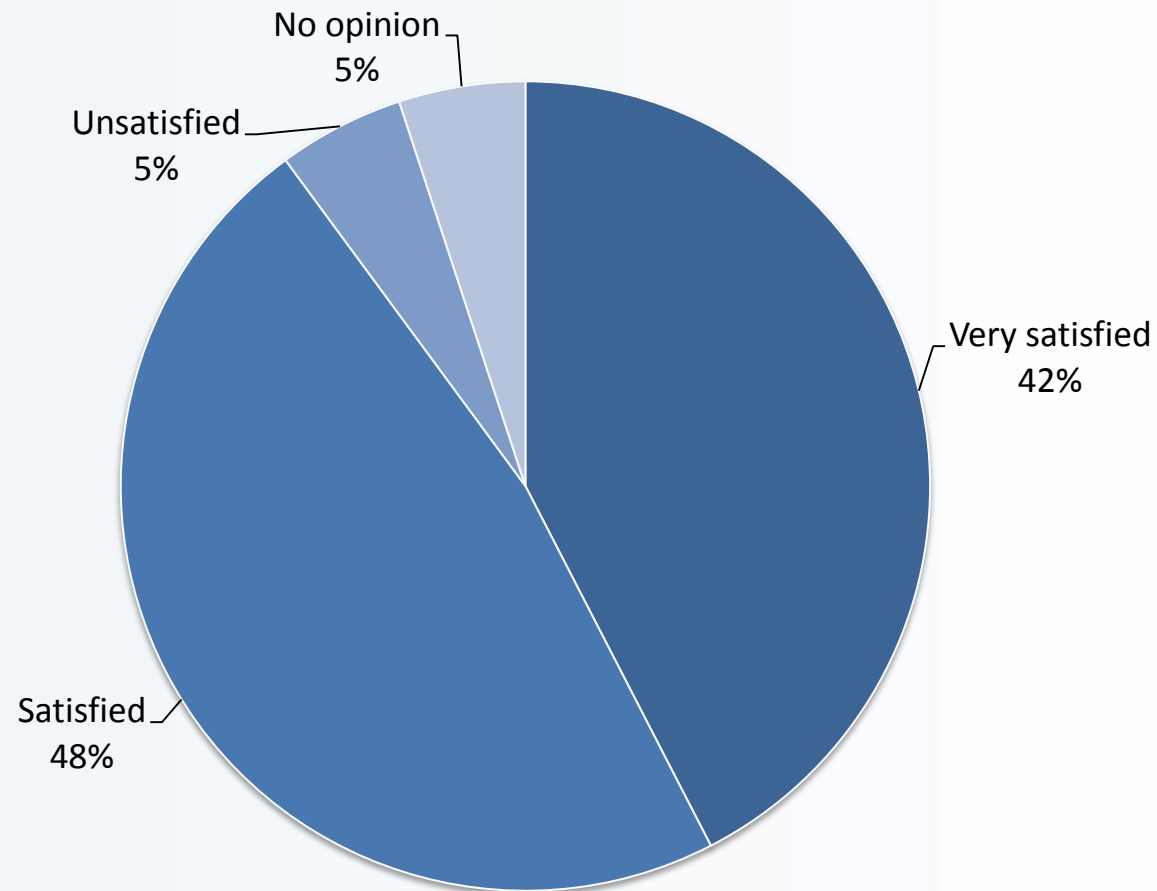
- Level progression (even within a Pilot Project) for Moscow and regions
- Learners' satisfaction survey
- Positive feedback from top management
- Administrative support by goFLUENT
- Single provider for all regions
- ROE (Return on Expectations)

Learning graph

6-level scale



Satisfaction Survey





QUESTIONS?

Thank you



- OFFICES
- REGIONAL HEADQUARTERS

Evgeny Boychuk

+7 926 705 1601

eboychuk@gofluent.com

FRANCE REGIONAL HQ

52, rue de la Chaussée d'Antin
75009 Paris
+33 1 72 71 83 00
france@gofluent.com

ITALY

via Bolla, 12
20151 Milano
+39 02 33 94 91 11
italia@gofluent.com

piazza Galeno, 1
00161 Roma
+39 02 33 94 91 11
italia@gofluent.com

SWITZERLAND

Bldv George Favon, 20
CH 1204 Geneva
+41 (0)22 311 10 01
Switzerland@gofluent.com

RUSSIA

Zemlyanoy Val ul., 50a/8
office 105
109028 Moscow
+7 495 937 40 20
russia@gofluent.com

GERMANY

Schadowplatz, 12
D-40212 Dusseldorf
+49 211/669694-00
germany@gofluent.com

SPAIN

Calle Fernández de la Hoz , 33
28010 Madrid
+34 91 447 66 90
spain@gofluent.com

USA - REGIONAL HQ

101 Jefferson Avenue
Endicott, NY 13760
+1 515 528 8164
international@gofluent.com

CANADA

666, Sherbrooke W (Suite. 104)
Montreal, QC, H3A 1E7
+1 514 844 2112
canada@gofluent.com

JAPAN - REGIONAL HQ

3-chome Bldg., 3F
3-22-1 Toranomon,
Minato-ku
105-0001 Tokyo
03-6205-3043
japan@gofluent.com

PHILIPPINES

10/F IBM Plaza,
Eastwood City,
Libis 1110, Quezon City
+63(2)900-2569
philippines@gofluent.com

Succession planning for business sustainability

Philip Rybakov

VP HR JTI

Irina Zarina

*Head of Consulting
SHL Russia & CIS*

Succession Planning

Philip Rybakov,
HR Vice President, JTI Russia
Chartered MCIPD

Why me?

Investors in People



93%

90%*

wers Watson EES 2012

0%

Why?

Manage the change

Engagement:

This last year, have I had
opportunities at work to learn
and grow?*

* Gallup Q12

Wellbeing:
Do you like what you do each
day?

* Gallup Q12

20% - strong Yes*

“Wellbeing” Gallup Press, page 15

How?

1.Consistency

2. Clear “Dao” of Succession Planning

There are 10 types of
people.

Those who
understand binary
and those who don't.

3. Top Management Support

4. Clear Focus

(SHL - Thanks!)

5. Communication

Thank you

Succession Planning for *business sustainability*

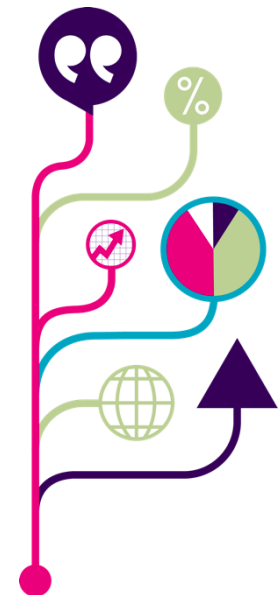


Philip Rybakov, VP HR JTI

Irina Zarina, Head of Consulting SHL Russia & CIS

May, 16, 2013

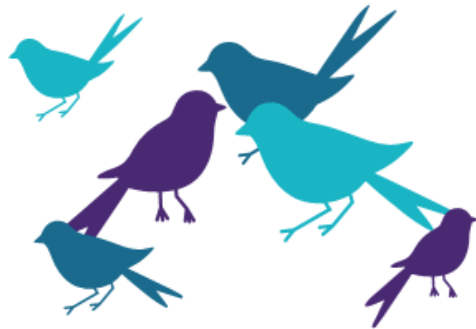
- Succession Planning. Why now?
- Succession Planning Solutions in action. JTI example
- Succession Planning as a part of “Investors in People”



Top five HR priorities. Global Assessment Trends Report 2013

Emerging economies

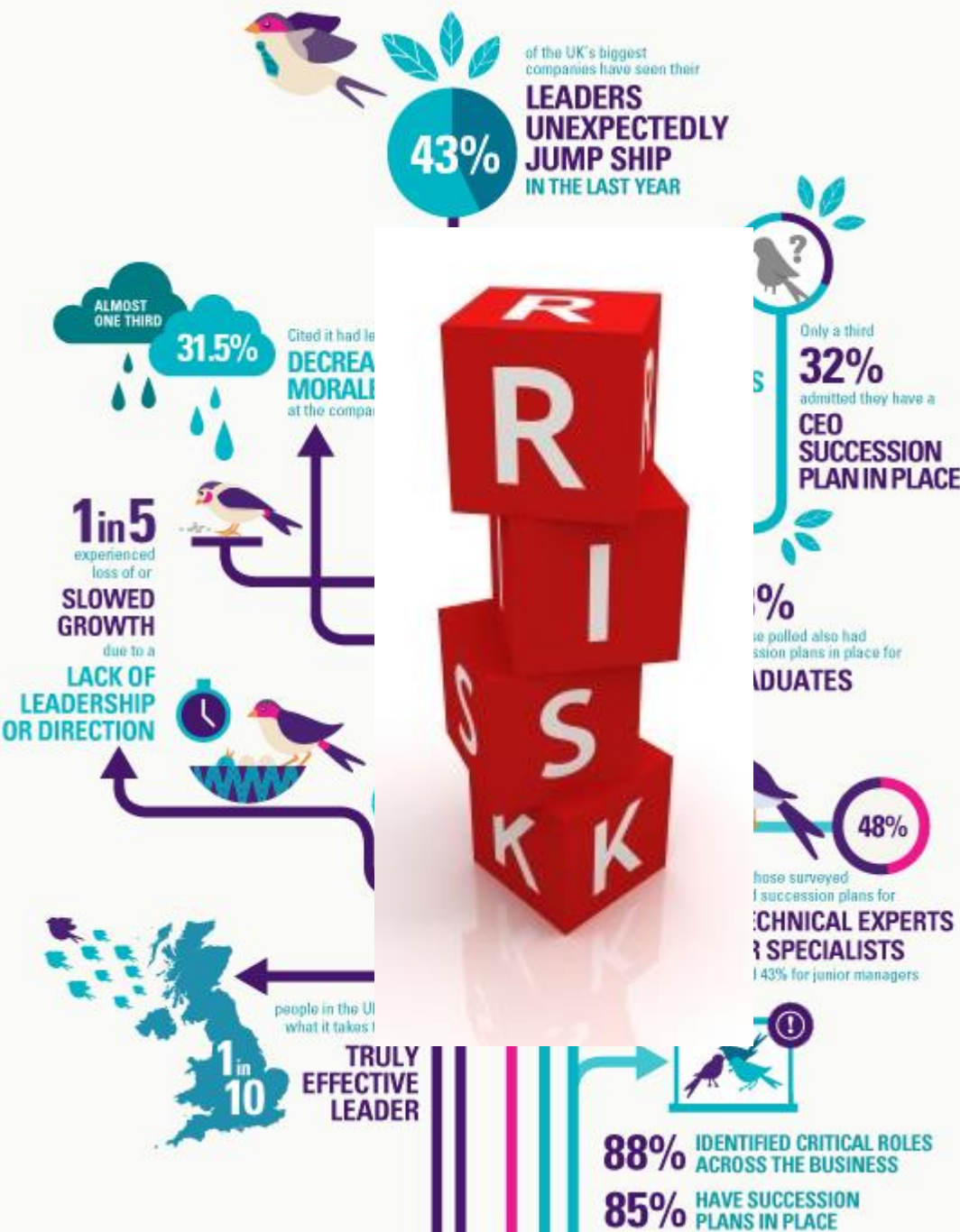
- Engagement/retention
- Performance management
- Leadership development
- Workforce planning/talent analytics
- Training



Established economies

- Leadership development
 - Engagement/retention
- Performance management
 - **Succession planning**
- Workforce planning/talent analytics

Source: SHL CEB, 2013, Global Assessment Trends Report



Succession Planning: why bother?

- Shareholders demand transparency!
- “A lack of planning or a badly executed CEO succession can have an immediate negative impact on company *share price*, strategic *momentum*, company *reputation*, and employee *morale*.”

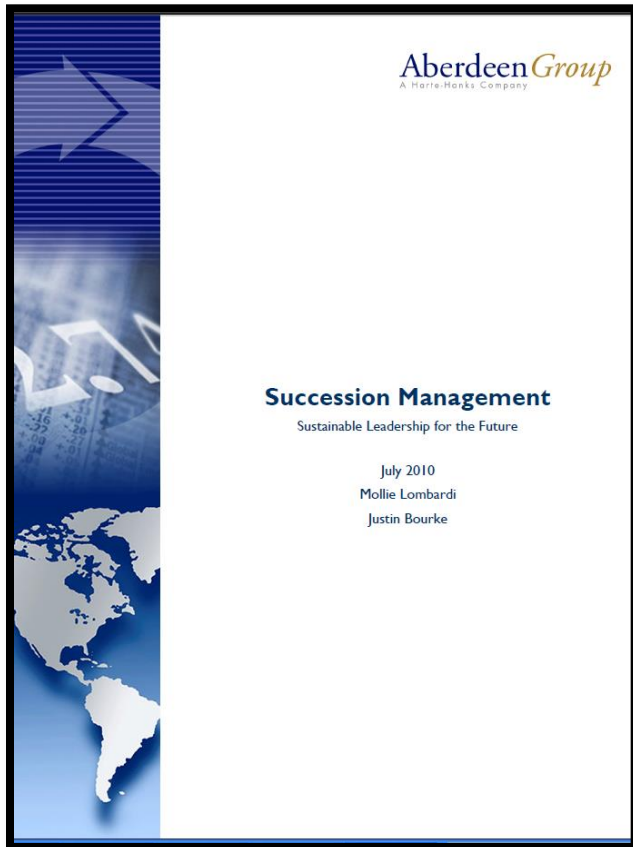
Source: Bloomberg Business Week, June 2011

- “Poor succession planning is wiping *£2 billion* a year from the stock market value of FTSE 350 companies – equivalent to 0.6 per cent of total UK annual company profits”.

Source: Investors in People, 2006

Source: SHL CEB, 2012, Navigating your way through Succession Planning.

Why good succession planning matters: The Payoffs:



Best-In-Class companies achieved;

- **77%** of newly promoted leaders in key positions achieved a rating of “exceeds expectation” in their most recent performance interview
- **66%** of key positions in the organisation have at least one ready and willing successor
- **14%** year on year reduction in time to fill key positions

.....



Talent Audit:

Allows an organisation to get a current understanding of its talent at a single point in time, often driven by a specific and current issue or organisational objective/strategy.

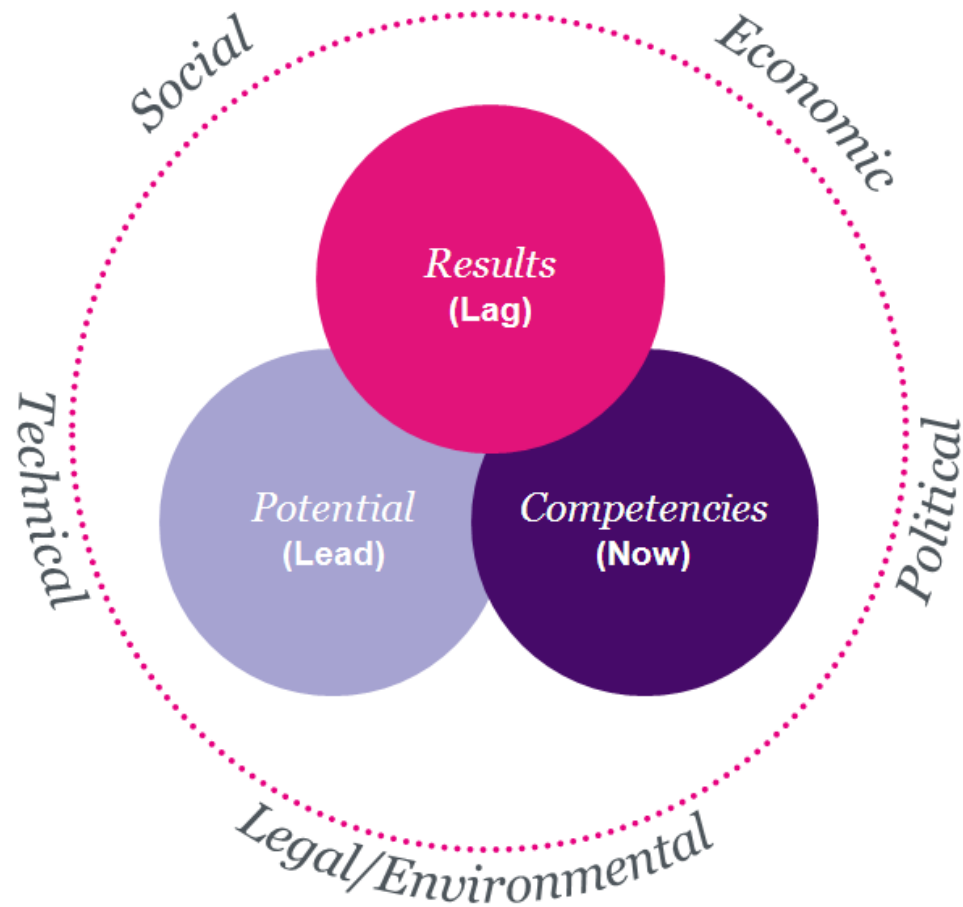
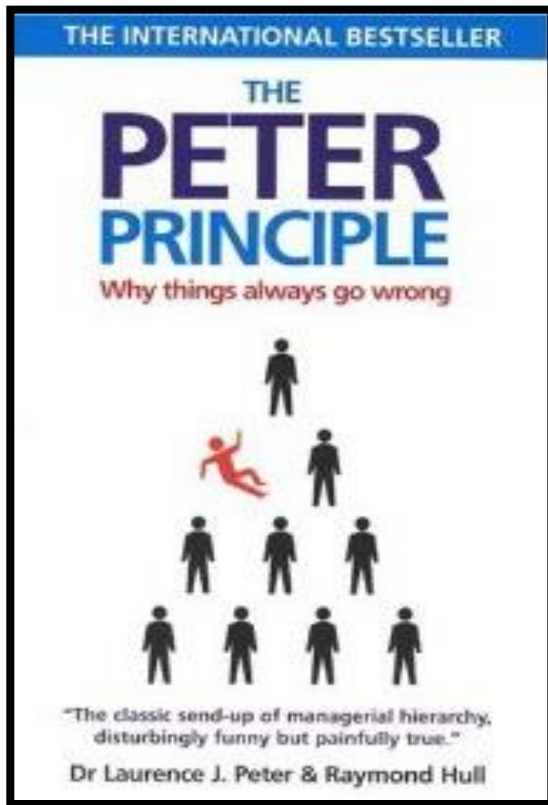


Succession planning

An on-going process of identifying, selecting and managing talent for future roles, with an emphasis on accelerated development opportunities to support high potentials transition effectively into these roles.

High performer or high potential?

Confusing performance and potential can have **damaging impact** on the company, as well as on the employee;



Working with JTI

Context

- Internal promotion policy and on-going development
- Single function (leadership pipeline), critical one for the business

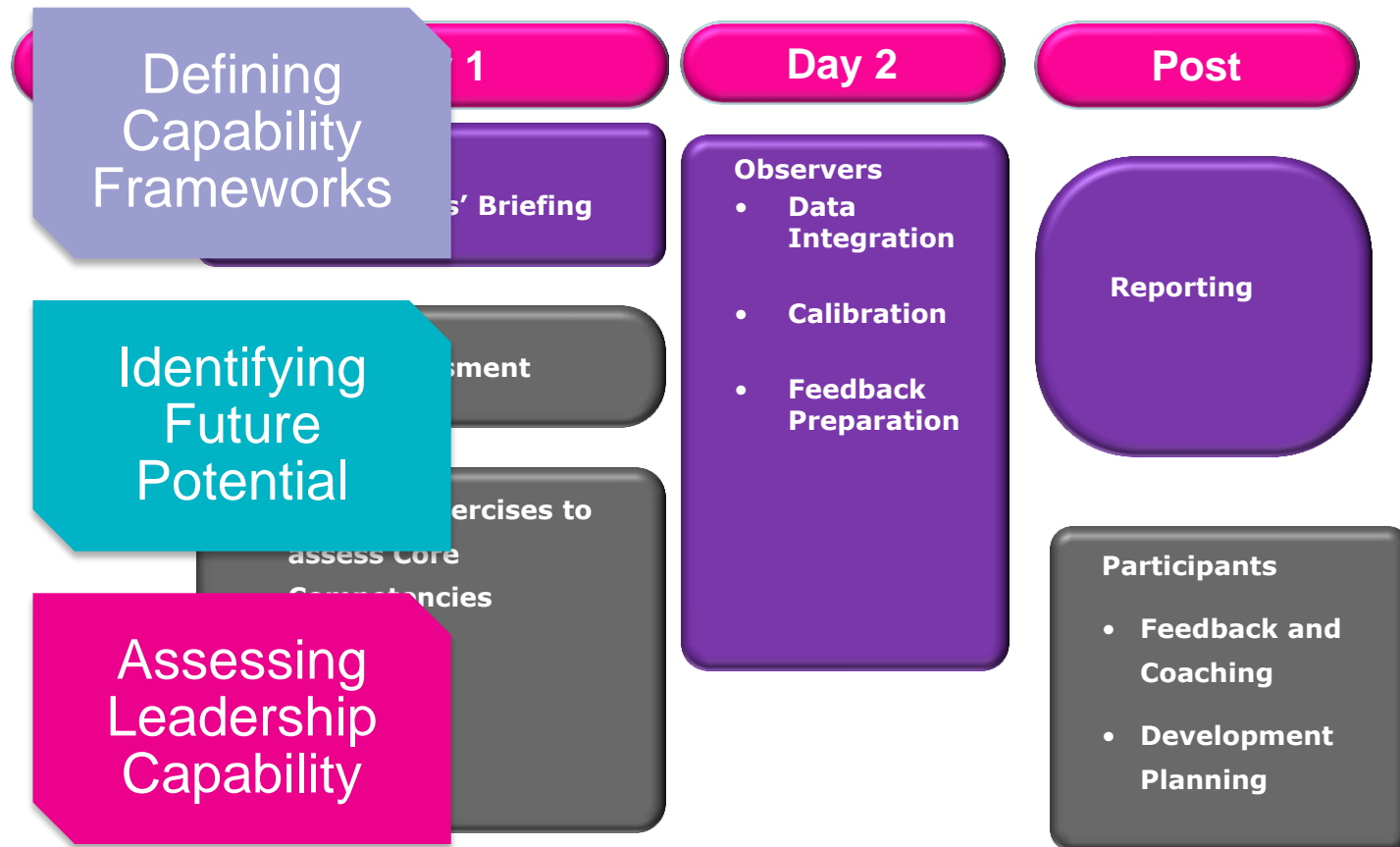
Solution

- Worked together to define a set of competencies of a future leader and to conduct the assessment
- One day development centre: dealing with tasks and with people (partly in English)
 - OPQ assessment to measure behavioural style and potential
 - Joint wrap-up session with JTI managers (with prior briefing)
 - Feedback and personal development planning sessions for the participants

Outcomes

- Increased insight into leadership pipeline resulting in greater levels of internal talent mobility and promotion
 - Ownership and commitment from the line
-

JTI Assessment Solution



Six Strategies for achieving effective Succession Planning

- Take a holistic approach and establish a culture of talent sharing.
- Define what a high-potential candidate is in your organisation.
- Capture talent analytics data and use it to inform succession planning.
- Consider individual's aspirations and motivations when creating talent pool
- Measuring readiness
- Continually review and refine your Succession Planning strategy.

Source: SHL CEB, 2012, Navigating your way through Succession Planning. Why Organisations Need To Plan Today For Unexpected Changes in Business Tomorrow



Panel discussion by HR Directors – moderator

Olga Gadetskaya
HR Director
Sanofi

Design of a modern HR Function

Recent trends in a corporate HR Function design have revealed common features and division of responsibilities. Typical modern HR Function consists of:

HR shared services with self-service opportunities for employees and managers

Centers of Expertise, mostly dealing with policies on C&B, T&D, Recruitment, Career Development, Succession Planning etc.

Institute of HR Business Partners

A decade ago more common HR Function Design would imply:

HR generalists, providing support to their respective internal customers

Centers of Expertise developing and implementing respective policies

HR administration in charge of paperwork and compliance with the labor legislation

Marissa Mayer

On July 16, 2012, Marissa Mayer was appointed President and CEO of Yahoo!

She was born in 1975 and became the youngest CEO of a Fortune 500 company. Her current wealth is estimated at 300 million dollars. Prior to joining Yahoo! Marissa had worked for Google for 13 years, exiting the company in a capacity of Vice President. She was famous in Google of having 130 hours long work weeks.

The first measures Marissa undertook at Yahoo were providing all employees with free of charge lunches and iPhones.

Shortly thereafter, she drew fire for issuing a ban on telecommuting meaning that all remote- working employees must convert to in-office roles, or leave the company – exactly opposite to what has been always practiced at Google and considered to be a competitive advantage. By those measures she wanted to strengthen teamwork and intra- corporate communications.

Closing of the conference

Olga Bantsekina

Chair of the AEB HR Committee

Member of the AEB Board

Chief representative

Coleman Services UK



The Association of European Businesses (AEB)

Ul. Krasnoproletarskya 16, bld.3

127473 Moscow, Russia

Tel.: +7 (495) 234 27 64

www.aebrus.ru