



The Association of European Businesses

EXPANSION IN THE REGIONS (Hall III)

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May 17, 2012

Marriott Grand Hotel

www.aebrus.ru

Chaired by

Olga Gadetskaya
HRD Henkel

May 17, 2012

Going to the regions, lessons learnt

Derk Jan Koole

General director, Hay Group

Lack of regional talents and how to balance with

special programme

Natalia Turkulets

HR Director

Lafarge

Going to the regions

Why should we go and how can we make it work?



We are:



HayGroup



bringing materials to *life*™

We would like to discuss:

- 1. The situation in the regions**
- 2. The reasons, opportunities and threats for going to the regions**
- 3. How to make it work**

The situation in the regions: is it really that bad?

People in the regions don't want to work



The situation in the regions: is it really that bad?

They only work if you force them



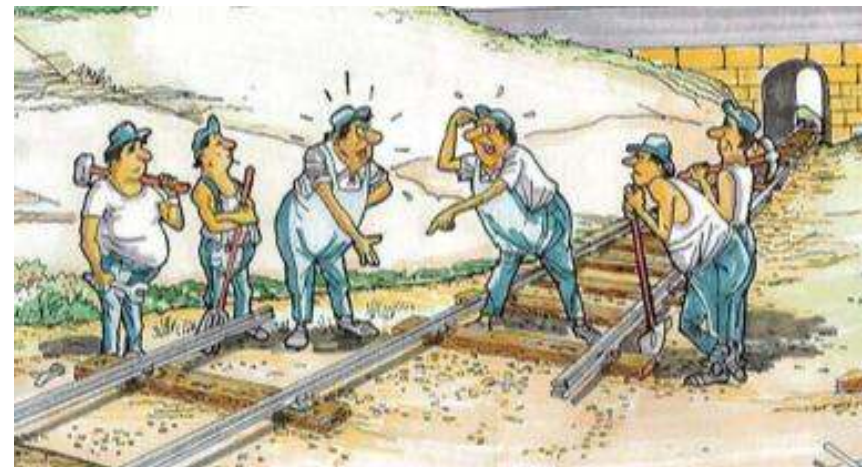
The situation in the regions: is it really that bad?

Their skills and competencies are from Soviet times



The situation in the regions: is it really that bad?

And nobody is thinking about the results of their work



Or could it also be like this?

Highly committed and motivated people



Or could it also be like this?

Being able to manage themselves



Or could it also be like this?

Being very good professionals in their work



Or could it also be like this?

Keeping their work environment safe and clean



How to make it effectively work?

Main struggles in the regions are:

Productivity

Innovation

Customer loyalty

Financial performance

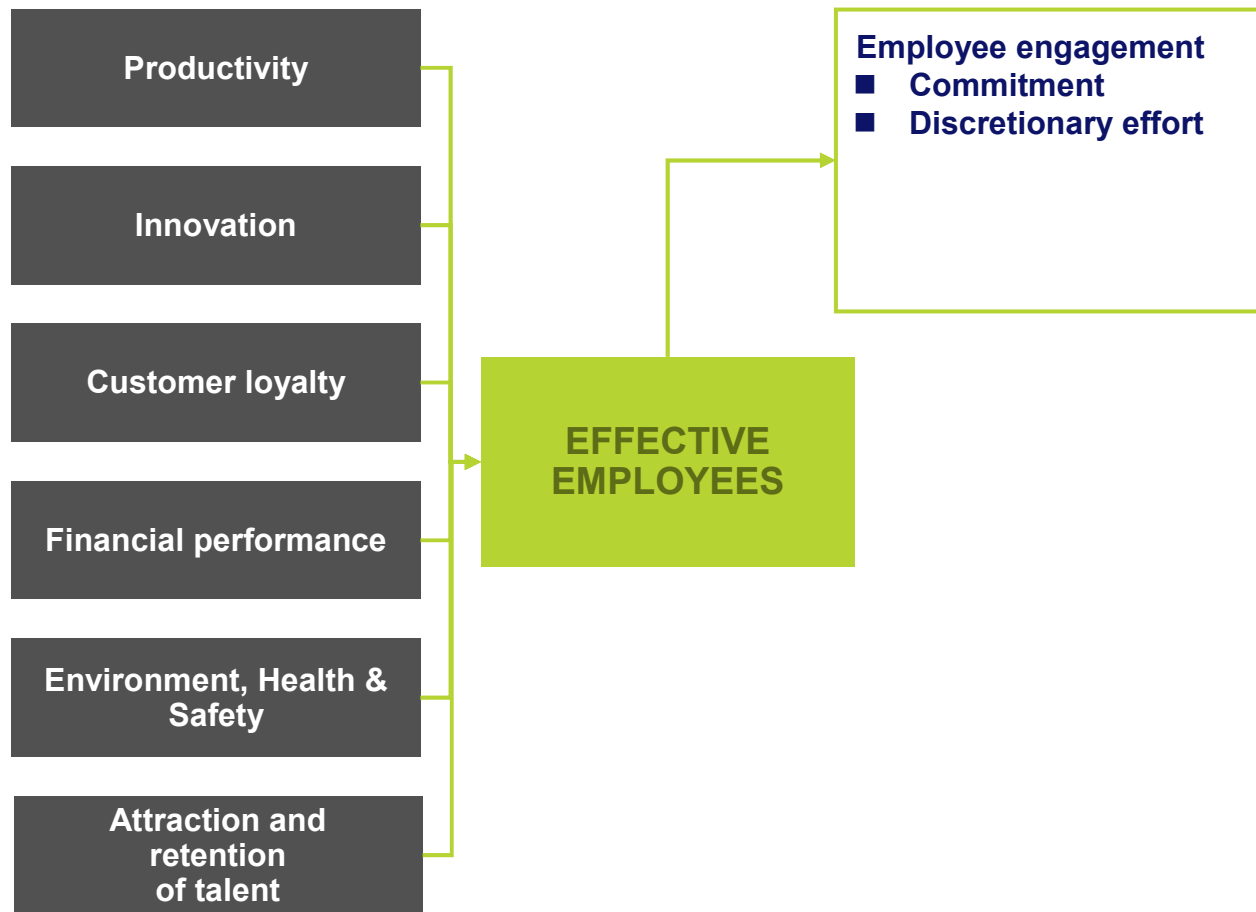
**Environment, Health &
Safety**

**Attraction and
retention
of talent**

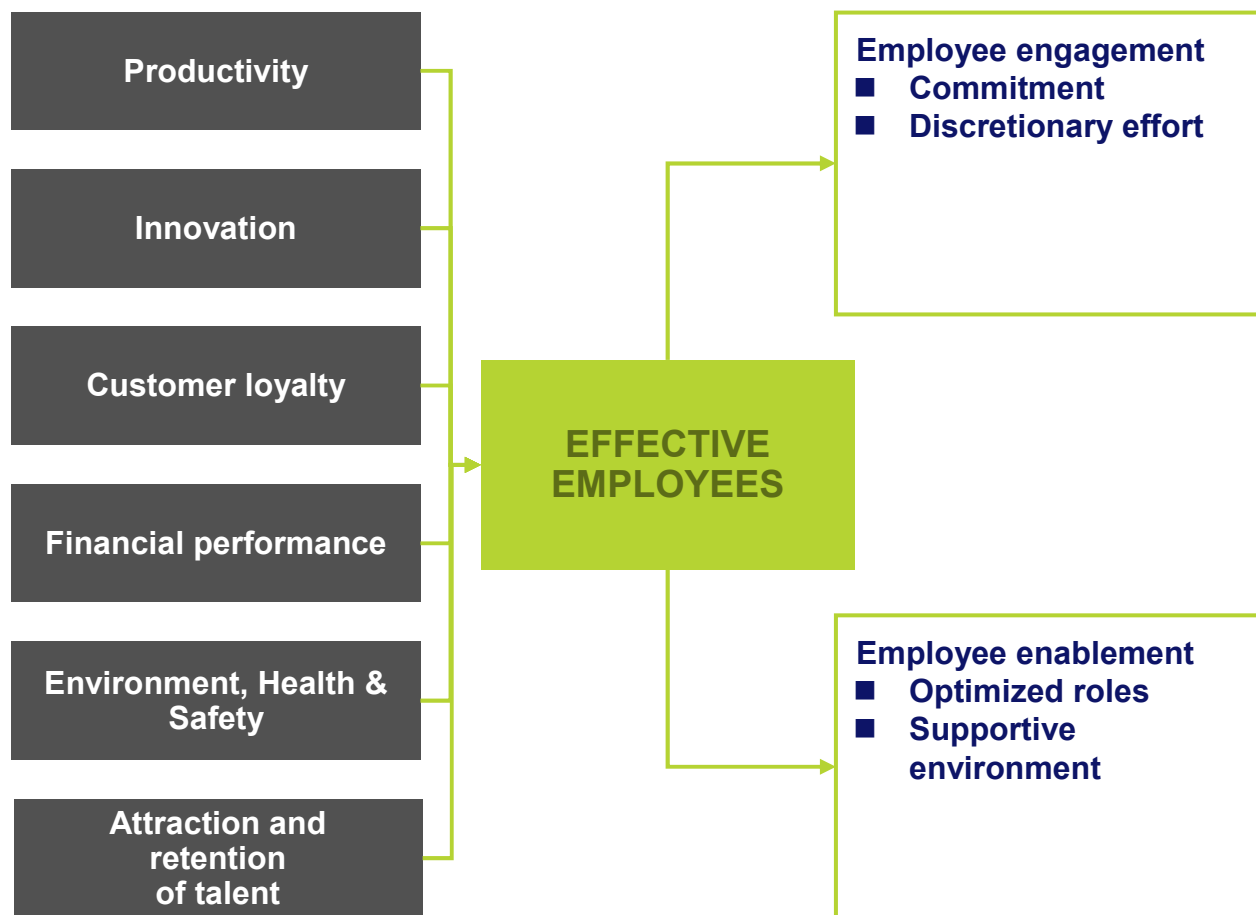
The key to the solution is:



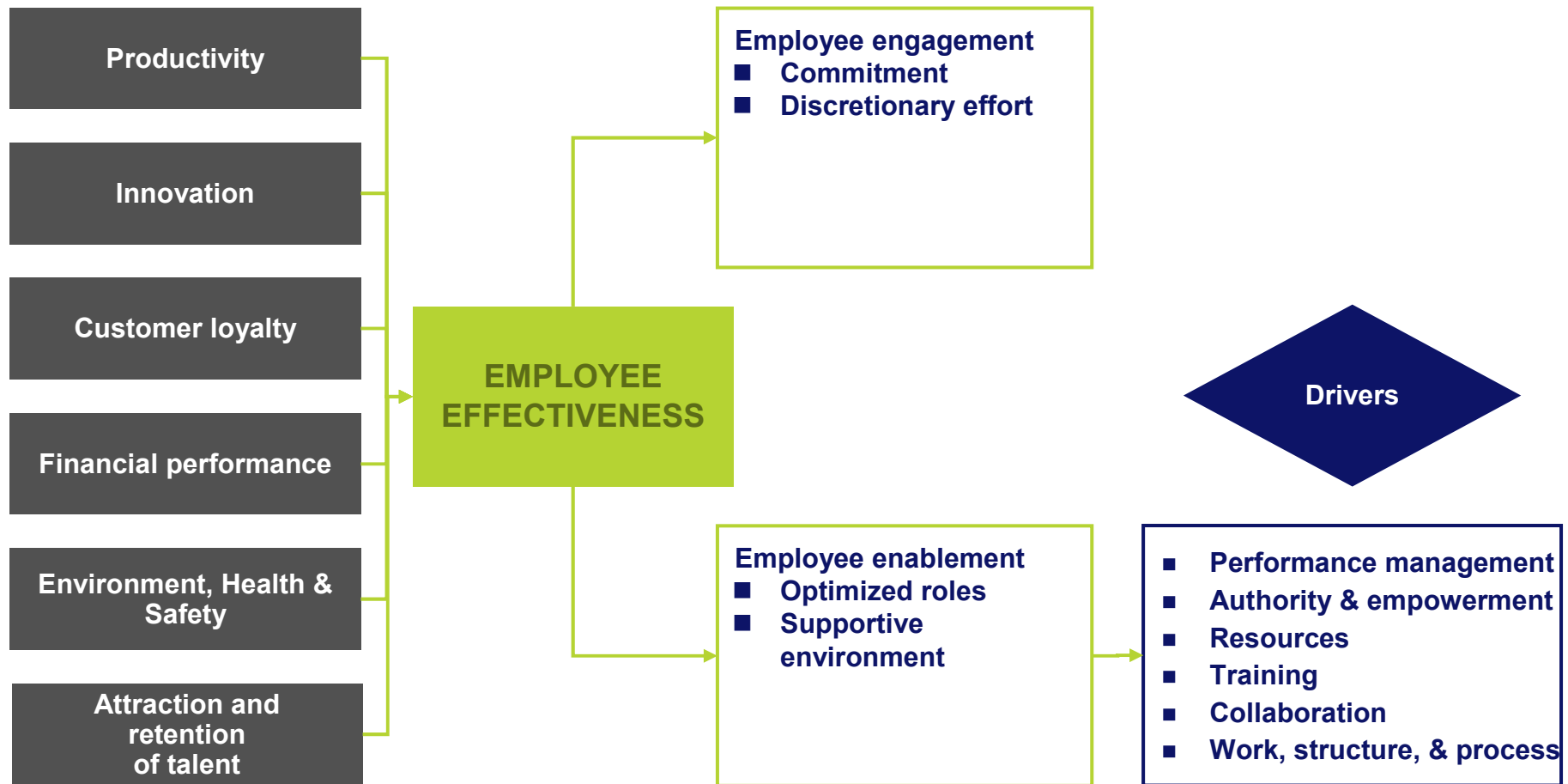
Employees are effective if they are engaged



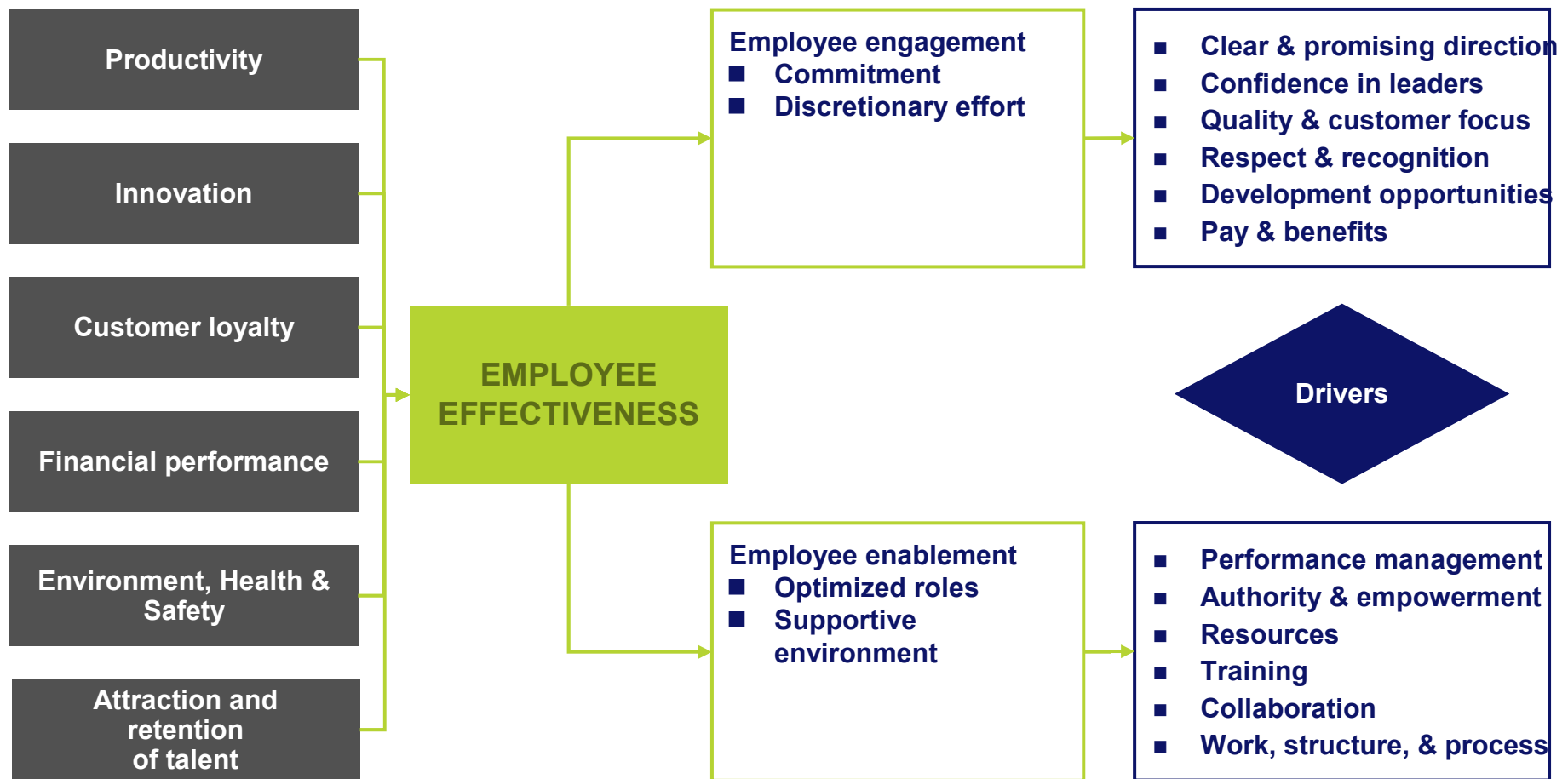
But also enabled



Key drivers for enablement are:



Key drivers for engagement are:



**How did
Lafarge realize
this?**

Creating a practical program

1. POM is low cost
2. POM requires very little investment
3. POM is implemented by the Plant teams
4. POM will enable to achieve “Plant Mastery” allowing all plants to reach durably excellence in all areas.
 - A non mastered plant cannot be cost efficient
 - A non mastered plant cannot push its process performance to accommodate difficult fossil fuels, more AF, a higher C/K etc. while preserving Safety, RF, Production & Quality



POM 4 Key Principles apply to plant operations

- Anticipation
 - Actions taken to consider known or expected evolutions (organization, competencies or equipment)
- Prevention
 - Action to determine potential risks (inspection)
- Continuous improvement
 - Implementation of a structured process of incident trends and analysis
- Certification
 - Success depends on the systematic and constant implementation of same approaches by qualified people.

The 16 key elements of POM

MANAGEMENT PRACTICES

M1

A clearly defined and communicated plant ambition and relevant objectives for all

M2

A visible and engaged plant management team

M3

Empowered employees and teamwork

M4

A structured HR management process for long-term HR management

P1

1st level inspection

P2

Instrumentation quality assurance

P3

Daily operation management

P4

Specific inspection

CROSS FUNCTIONAL PROCESSES

P5

Weekly/monthly management

P6

Performance improvement and project

P7

Shutdown preparation, execution and restart

P8

Mid long-term plant sustainability and cost control

COMPETENCIES

C1

Shift operations

C2

Key technical support

C3

Front line supervision

C4

Operational management

***Challenges of a multifunctional commercial company
in the Russian regions***

Philip Rybakov
***HR VP JTI Marketing and Sales,
Russia***

May 17, 2012

Work in the Regions

Sales in Russia:

1 legal entity

28 Offices

70 locations

2600 employees

Moscow
S-Pete
Regions

Challenges...

1. Geography
2. Availability of
resources
3. Legislation

Which region is located in the European part of Russia?

1. Khanty-Mansi Autonomous Okrug
2. Bashkortostan Republic
3. Yamalo-Nenetsy Autonomous Okrug
4. Tyumen Oblast

Bashkortostan Republic



Which Russian region has +1
hour time in comparison
with Moscow?

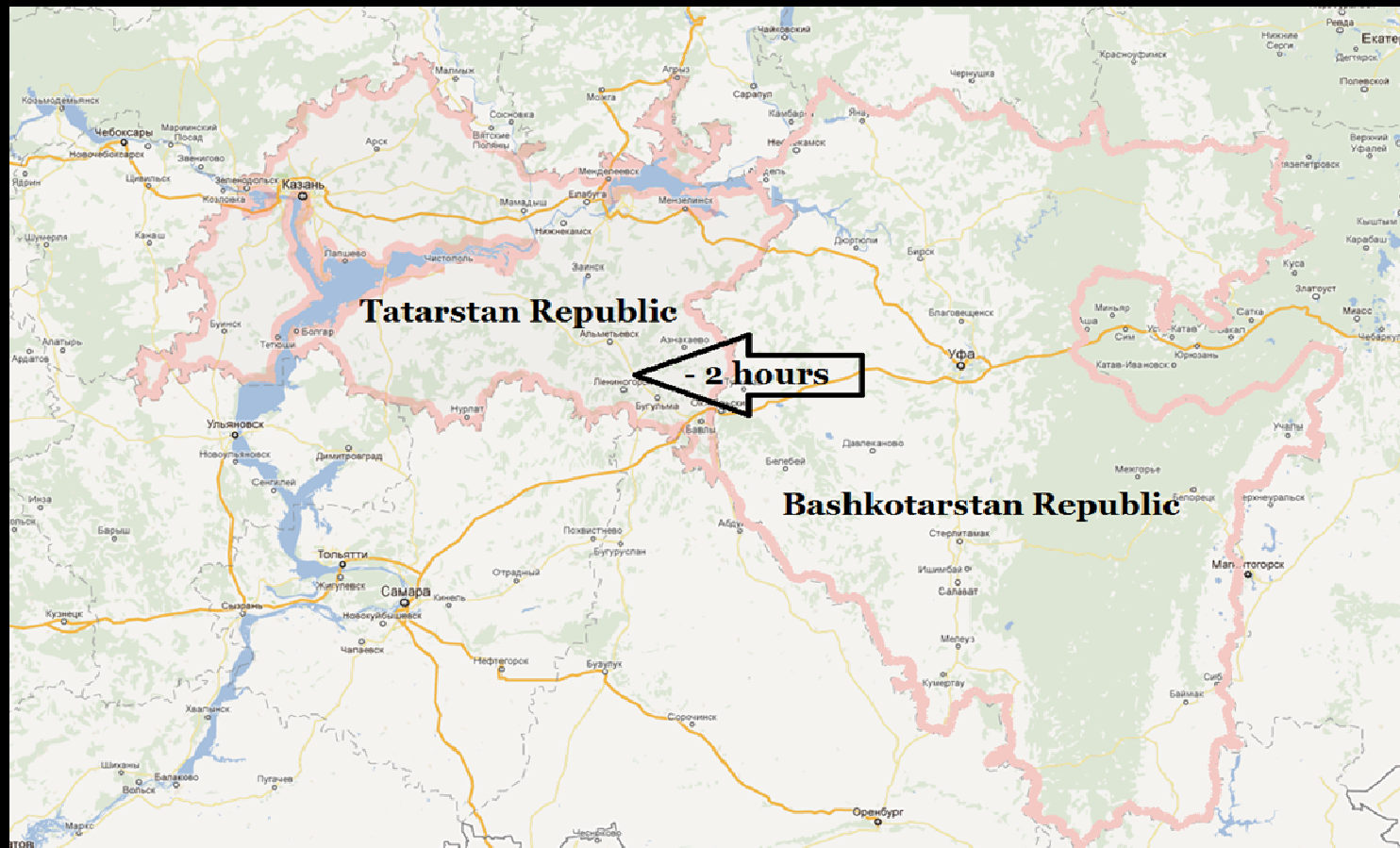
There is no region with +1 hour in comparison with Moscow

- Government regulation №166 “About application of the second time zone in the Udmurt Republic territory” 17.03.2010
- Government regulation, № 170 “About application of the second time zone in the Samara Oblast territory” 19.03.2010

Crossing what regions borders it is possible to return back in time on 2 hours?

1. Dagestan Republic and Astrakhan region
2. Tatarstan and Bashkortostan Republics
3. Tuva Republic and Altai Krai
4. Sakhalin Oblast and Kamchatka Krai

From Bashkortostan Republic to Tatarstan Republic



In which region titular ethnic group prevails?

1. Chuvashia Republic
2. Buryatia Republic
3. Adygea Republic
4. Kamchatka Krai

Chuvashia Republic

*Rosstat rating, 2010

According to Rosstat rating, 2010:

1. Chuvashia Republic – 67,7% chuvashes
2. Buryatia Republic - 30% buryats
3. Adygea Republic - 25,2% adygeis
4. Kamchatka Krai - 2,3 % koryaks

Which region is considered to have the most dangerous roads*?

1. Dagestan Republic
2. Primorsky Krai
3. Moscow and Moscow Oblast
4. Tuva Republic

* calculation of victims number in traffic accidents per 1000 people

Tuva Republic

*The most dangerous roads, Forbes rating, 2010

According to Forbes rating, 2010 (based on the statistics rating of car accidents provided by the Department of safety driving in 2009, the amount of population provided by Rosstat and the amount of vehicle park in Russian regions for 01.01.2010 provided by the analytical agency “Avtostat”)*:

1. Dagestan Republic – 1,58
2. Primorskiy Krai – 0,33
3. Moscow and Moscow regions – 0,51
4. Tuva Republic – 2,71

- calculation of victims number in traffic accidents per 1000 people

<http://www.forbes.ru/rating/gde-opasnee-vsego-ezdit-reiting-rossiiskih-regionov/2010#pages-1>

Which region has the greatest number of traffic accidents*?

1. Ivanovo Oblast
2. Tomsk Oblast
3. Tuva Republic
4. Khabarovsk Krai

* calculation of traffic accidents per 1000 autos

Ivanovo Oblast

*The most dangerous roads, Forbes rating, 2010

According to Forbes rating, 2010
(based on the statistics of car
accidents of the Department of
safety driving, 2009)*:

1. Ivanovo Oblast— 13,46
2. Tomsk Oblast— 3,74
3. Tuva Republic— 8
4. Khabarovsk Krai— 9,43

*The most dangerous roads, Forbes rating, 2010

Which region has the highest level of salary*?

1. Saint-Petersburg Federal City
2. Moscow Federal City
3. Yamalo-Nenets Autonomous Okrug
4. Khanty-Mansi Autonomous Okrug

* calculation of mid-annual monthly nominal salary

Yamalo-Nenets Autonomous Okrug

*Rosstat rating, 2011

According to Rosstat:

1. St.Petersburg – 30172 RUR
2. Moscow – 43547 RUR
3. Yamalo-Nenets Autonomous Okrug– 59018 RUR
4. Khanty-Mansi Autonomous Okrug– 46424 RUR

* calculation of mid-annual monthly nominal salary

Regions are different

Some Regions are
very different

One country – one
approach

One country –
different solutions to
reflect regional
specifics?





Availability of resources

Solutions?

2003

1. Recruitment
2. Relocation
3. Development

2012

1. Development
2. Relocation
3. Recruitment

Legislation

Regional Payments

Canada

North Provinces	Sales Tax %
Nunavut	0
Yukon	0
Northwest Territories	0

South Provinces	Sales Tax %
Nova Scotia	10
Quebec	9,5
British Columbia	7

USA

	Sales Tax %
Alaska	0
Oregon	0
Montana	0

	Sales Tax %
California	7,25
Nevada	6,85
Texas	6,25

Vacation



