

HUMAN RESOURCES AND LEADERSHIP POTENTIAL IN RUSSIA

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THEEXECUTIVES

&

DR. DANIEL THORNILEY

President, DT-Global Business Consulting

danielthorniley@dt-gbc.com

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INTRODUCTION

For more than 10 years our team has been deeply engaged in a wide range of high-profile executive search assignments and other leadership development activities across the former FSU/CIS region. As a result we have managed to collect extensive data on such topics such as diversity of corporate cultures, approaches to business and leadership styles and the impact of these factors on overall business results. In nearly all our discussions with clients, at least one of the above topics was raised. Against this background and in the environment of constantly increasing pace and level of change, the role leadership shines out as the decisive factor.

To complement our accumulated knowledge, we recently conducted a series of interviews with twenty high-profile executives from global and multinational organisations with solid knowledge of and/or extensive experience in this region. To insure a balanced perspective we interviewed expatriates based in Russia as well as executives who have good exposure/responsibility for the region but who have never worked or lived in the region. Positions and functions ranged from General/ Regional (business) Managers to heads of Human Resources.

Our intention was to shed light on these issues (diversity of corporate cultures, leadership styles), as well as to share the various practical and strategic approaches companies chose to follow. We have incorporated actual quotations.

To start with, we share anecdotes and perceptions from executives coming to the Russian market, which we believe touch on some key underlying areas.

SOME ANECDOTES/IMPRESSIONS

The first impression:

"When I arrived in Asia it was clear to me that I should be aware of the cultural difference, as people looked different. When I arrived in Russia from my previous assignment from Asia, I first noticed that people here look the same as in Europe/ West. Therefore, I assumed that perceptions, culture, behavior/ approaches, etc. should be identical too. Later, I came to realise that despite the apparent similarities and my presumptions, people in Russia are actually quite different inside."

So the idea that

"They look the same, they talk the same, they must be the same"

doesn't necessarily hold.

The „Coconut versus mango“: another executive from an international FMCG company described the Russian & CIS culture as more as a coconut compared to the European style which he described as a mango. He means by that: Russians look hard on the surface, but are soft inside, whereas European look soft, but are hard inside. As funny as it may sound, we found many comments confirming this comparison and we think this metaphor is worth noting.

RUSSIANS MAY LOOK TOUGH BUT ARE BIG SOFTIES ON THE INSIDE (OR MAYBE NOT!).

The „talent versus education“ story was highlighted by a seasoned high-level Human Resources Director, who said, "Natural and born-in affinity to leadership definitely exists here, but people often lack education or an academic base in this field." This line of thinking actually kept popping up during our conversations with almost all of our partners. Almost all respondents noted that there is a lot of „raw talent“ and generally no lack of „technical/academic knowledge“. The education system provided people with good core expertise but it usually failed to grant the same "know-how" for managing businesses and people.

The „Trust“ story comes from an executive with extensive knowledge of Russia and the region:

“the issue of trust here is different than in the West. In Europe (especially western) you first deliver on a promise. In Russia: you first find a way – for example quite often a personal contact – to build relationships and personal trust before anything else.”

Trust is one of the fundamental things in leadership, business, management, in everything we do. Trust affects decision-making, communication and other core elements of business. This observation applies to not only Russia but can also be applied to nearly all the post-Soviet Union countries.

Dr Daniel Thorniley, President of the Russia Business Group, comments:

“Relationships, partnerships and trust are critical in doing business in Russia, nearly all emerging markets and indeed globally. Anyone can be a good business partner when the sun is shining but how do you treat your clients, customers and partners when the weather is very bad and you are going through a crisis?”

Overall we found the performance of the local management teams relatively satisfactory (especially in comparison with the “historic” period of the 1990s) with undeniably a lot of potential. However, compared to Western standards or to their executive-counterparts in the West there are certainly significant differences; to some extent, comparing Russia and the West is like comparing apples and pears.

Taking the above into consideration we found these comments from business leaders quite illuminating as regards the specifics of this particular market. It is important to mention that the uniqueness of the market and means of conducting business influence all aspects of this report. Certain attributes - or some might even say competencies - are identified as being critical for running business in Russia although they might not be as important for example in the West.

Specific areas identified as requiring exceptional competency include managing foreign exchange fluctuations, managing compliance (especially under Russian legislation) and understanding macroeconomics, as well as patience for and an understanding of Russian bureaucracy. Some or all of these factors may apply to all emerging markets, but Russia offers its own unique combination of circumstances and behaviors.

LEADERSHIP TEAMS AND STATISTICS

Among the companies interviewed, the Russian/CIS share of business varied widely from 4% to 30% of total worldwide business. In terms of headcount Russia/CIS represented on average less than 10% of the total global workforce.

In the course of our year long informal survey only one executive originating from the Russia/CIS region has subsequently assumed a position on a global corporate board. As one experienced GM stated during our conversation:

"A glass ceiling definitely exists for people coming from Russia, CIS or even to a certain extent for CEE staff."

Looking at Russia's business performance over the last few decades it has become a serious player and sits large on the radars of most international companies. Even in this current challenging situation it still remains a significant "business factor". Yet for some reason its strategic importance does not correlate to Russian citizens sitting in positions at global/corporate levels.

One Russian HR Director comments on this theme:

"Some/many Russians are very well educated and now have more than enough business skills and understanding of business/corporate culture. But I think one reason they don't get to the very top is that they are still missing the final marginal elements of "international sophistication" and "insider abilities on the global scale". This may come with a little more time."

Why is this so? Do the answers lie with Russian executives or are companies' policies hindering talent promotion from this geography?

In terms of representation of Russian/CIS staff on regional boards (e.g. Europe or EMEA), the picture was varied: many companies responded that they have up to 10% representatives from this region on European or sub-regional levels; with three companies reporting a figure at or over 40% - the average level is around 30%. There is clearly a cluster of companies fostering the development and promotion of local leaders, which we assess as a very positive sign.

On the local level, we observed – quite logically – a reversed tendency: most of the companies have mixed teams, i.e. a certain number of expats on the country board. However, one third of

the companies surveyed only have one expatriate representative – as a rule this is the most senior person, most frequently this is the General Manager or sometimes the Finance Director/ CFO. We can state with some certainty that based on our observations and discussions, many companies are now striving for full localisation across the management echelon although in some cases maintaining one expat on the board (GM or CFO). As much as localization of the management is a logical step for any organisation and very much in line with the current environment - based on our observations of best practice the mixed team is still the most desirable since it both provides exposure to international mentors for the local talent and offers a gate-keeper to the international culture of the company.

Global headquarters may also be more nervous of entirely totally localised management teams in Russia given that many companies are now running \$1-3bn business with reasonable growth in local currency: a sizeable train-set to let out of your sight!

AGE/SENIORITY/MATURITY

Among the executives interviewed, probably the most frequently recurring topic was the age and maturity of the local leadership/management teams. Most of the expatriates noted that compared with Western Europe, management teams in Russia are considerably younger and relatively less experienced than their counterparts in established and mature markets.

In the early 1990s international companies faced a rather limited pool of existing and potential leaders. People who were educated and had worked for too long within the "old system" often lacked commercial understanding and acumen, as well as a knowledge of foreign languages enabling them to communicate directly with their immediate bosses and/or headquarters. Western companies often responded by picking promising English-speaking high-potentials (often in their late 20's or early 30's at most) so as to develop them into "western-formatted" executives, often "shadowing" them locally with mentors.

Russia does have more expatriates operating at senior levels than in other CEE markets and again it seems that the question of trust at global headquarters plays a part. Although in recent years this disparity has narrowed with the current international tension companies have more excuses to scale back localisation of staff. Against this companies are also very wary of cost issues: expatriates are much more expensive than locals and inevitably there has been a limited exodus of expatriates given the current tensions squeezing supply. Against these short term developments there is arguably a wider trend whereby expatriates who built up the businesses in the early days, nurtured the local team successfully are now less vital to the ongoing success of organisations.

Although many Russian GM's are running successful operations integrated within an international corporate culture the question of a "glass ceiling" as regards moving into senior international positions remains and is only likely to be exacerbated by the current tensions between Russia and the West.

FLEXIBILITY, CREATIVITY AND PRO-ACTIVENESS: MANAGING A CRISIS

There were mixed views from respondents concerning creativity and innovation displayed by Russian staff: approximately half of the interviewees saw this as a definably strong aspect of the local leadership (and work) culture:

"Russians are very innovative and simply must be creative in order to be successful in this environment"

noted one GM of a global B2B conglomerate. Many executives saw Russians as very creative and flexible, especially when shortcuts were needed and when something had to be done quickly.

"Russians are very flexible in finding non-standard solutions",

said a locally based expat-GM of a global multi-divisional group.

Other comments underlining local abilities included:

"They possess high work dynamics. The workforce is smart here, especially in getting things done quickly, much quicker than in Western Europe"

commented another GM. An experienced Human Resources Director said,

"Russians have a lot of energy and lot of emotional reserves and energy surplus and this helps them adapt and innovate".

Other comments included:

"Agile. Eager to develop. Curious for new things. Strong ability to learn".

Several senior executives reported that in their view: "Russians are able to handle crises very well because that's what Russian history has been about". In their daily lives Russians had to

overcome critical bottle necks and work in "families" to achieve things and even to survive. This applied of course more to soviet times but was carried forward into the new Russia. Then a different dynamic was felt in the period from 2002 to 2009 when the economy was generally booming and most young Russian staff became accustomed to working only in an environment of double digit sales growth. How do we boost sales to customers who want to buy and buy? There was very little experience of working in a crisis as the memories of 1998 started to fade.

When the recession of 2009 hit, one regional director remarked at the time:

"most of the Russian staff and all the youngsters, don't know how to operate in a downward market. This is going to be a cold shower".

Now of course, after several years of a sinking market Russian staff do know how to handle a crisis and many expatriates have been pleased with what they've seen. The MD of an international FMCG notes:

"Our Russian staff have responded well over the last few years. They haven't obsessed about salaries and money, although that is important and they have been willing to sit down to try out new ideas to get the business going. I have been impressed with the way they have adapted."

Many other executives interviewed argued similarly. There was not unanimity of course; a minority has been somewhat disappointed that their Russian staff has not been quite up to the job of fully adapting to all the facets of the "new normal".

"Most of the local managers do not have the ability to innovate and think out-of-the-box",

said the European GM of an industrial company who has been working in Russia for two decades.

We found also came across a great deal of varying assessments as regards the "the initiative and follow-through qualities" of local leaders. Many executives we spoke to did rate this quality poorly. Russians were said to have the mentality of:

"Why should we embark on this, if we don't know 100% that it will work?"

Conversely other expatriate leaders put a strong accent on the dedication and "everything is possible" culture and approach within their respective companies. A GM of a global food-FMCG

group was very positively surprised by the strong "go-for-it" culture when he took up his post in Russia:

"The local entrepreneurial spirit definitely exists – but I wonder if it is due to chaos, due to the young market or due to the individualistic culture?"

COMMUNICATION STYLES AND BEHAVIORS

When discussing communication styles, most respondents in our interviews (both locals and non-locals) accentuated the differences observed between "East and West". Many noted the local preference towards a more formal style and approach to communication and especially in their communications with their seniors: such as emails preferred over personal conversations and the timeliness and quality/depth of communication was often "looked upon critically".

Not surprisingly Russians know how to communicate with each other. Problems arise when the Russians talk with the Westerners, when local executives have to communicate in new and often unfamiliar environments. We often heard remarks that Russians (and colleagues across Eastern Europe) come across as too straight-forward and frank to the point of perceived rudeness. But others comment that this can be easily attributed to the more reserved communication style or culture established in this part of the world over many generations dating back to soviet times and even the tsarist period.

Russians and Eastern European employees tend to consider themselves as extremely polite, but some simply do not see the necessity of adapting and living by "Western cultural norms". For some Russians and especially middle-aged ones, the cliché is that "small talk" is not widely appreciated, as conversations are either limited to functional/ business issues or deep/important in-depth discussion of life-matters. For some Russians, again more middle-aged ones (?) networking/ small talk is perceived locally as "artificial" or a "waste of time", sometimes even labelled as "false" or "insincere". Perhaps this relates to the famous issues of the "Russian soul" whereby Russians have a different and deeper „spiritual formation and deeper/more sophisticated roots" than their western counterparts. There may be something to this but one also doesn't want to conform too strongly to stereotype.

Communications abilities and skills are often considered less developed (or locals might argue "different") in Russia compared with the West and one explanation may lie in the educational system. One experienced HR director in a global FMCG company commented:

"It's no surprise that communication abilities are less developed in Russia: the education system here has never addressed these key competencies, which are needed in business."

Effective communications have not been part of the core curriculum in local universities and/or other educational institutions. The good news here is that this is changing. However many respondents share the view of one executive that

"the education system is still too theoretical, not pragmatic and easily applicable."

When it comes to non-verbal communication - such as body language, eye contact, gestures, smiling, etc. - many respondents noted the reserved attitude among many Russians. For example, direct eye contact is often considered to be provocative or uncomfortable in the local culture. Based on this observation some Westerners may conclude that Russians are not as friendly as their western counterparts who want to engage more. Psychologists have suggested that this may be tied to the issues of security and "comfort feeling" within the Russian nation or at the level of local communities. One perceived conclusion is that Russians are much more open and outgoing in their communications with their closer or more trusted circle of friends and family to the detriment of their discourse with outsiders who include foreigners but also other Russians.

These issues of communication have a tremendous impact on the operational running of companies and organisations in Russia. HR departments and senior managers have to (and do) spend a lot of dedicated time on addressing these communication-related topics.

Several respondents noted that in Russian culture and the business environment a structured system of feedback has not been historically fostered. Obviously, it is a matter of both trust and regular practice and nearly all western companies have an institutionalised process of professional feedback at all levels of the organisations.

A few executives commented on one obvious point about communication: language skills. Russian staff either need good English skills and/or expatriate staff need to have some Russian. Other languages are also important but English dominates in Russia and globally as the language of international business. Anecdotally many Russian managers in Russian companies and government institutions are not as highly-skilled as their European counterparts and to some extent this simply reflects the historical isolation of the country from the west. That said, most Russian staff within western companies have acquired good language skills.

HOW GOOD ARE THE RUSSIANS?

When we discussed this topic with executives we also received a wide range of responses: in summary the consensus was that 10 years ago Russian staff were excellent compared with those in other countries. The current consensus (although by no means unanimous) is that the quality has deteriorated over the last 5-7 years but remains at a high level when benchmarked internationally.

The MD of one consumer products company with 20 years' experience in Russia is quite firm that the quality remains good despite any marginal deterioration over recent years. He explained that:

"Sure, the quality may not be as good as 15 years ago but we still see very high quality overall. I think that the Russian educational system is still relatively strong and I send our two children to a local school. The teachers are good and the parent community is highly motivated and engaged and the relations with teachers are good."

Compared with earlier crises, more Russian staff have experience of how to manage a crisis: today most executives remember 2009 and some can still remember the traumatic 1998–1999 period. In 2009 senior managers were saying that most Russian staff and all the younger ones only knew how to perform in a booming, growing market. Today skills, shaped by these experiences, are broader.

There is a huge and continuing debate about the quality of Russian staff.

Certainly for many years Russian staff were among the very best in the world: they worked very hard, they were well educated and they accepted reasonable salary levels. Very nice.

Over the last 10 years the overall quality level has deteriorated along with the Russian educational system but thanks to the diligence of Russian teachers (poorly-paid women) this has not turned into a collapse. But at the (growing) margins, quality has inevitably deteriorated and pay demands have sky-rocketed over the last 10-15 years with western companies and Russian staff both accustomed to high salary levels and expectations.

In general there remains a broad satisfaction with Russian staff and their capabilities and their diligence. But this is by no means total.

The Russian MD of one western consumer products company states that:

"Russians have become lazy and increasingly dumb over the last 20 years. And I am not saying this because I come from the "golden generation" of executives who were young/middle-aged when the Soviet Union collapsed". He continued, "But the quality is night and day. I am hugely disappointed with what is on the market today."

The HR director of one major western services company reported this year:

"We interview hundreds of candidates who are ending the final year of university and the trouble is they think themselves to be fantastic and brilliant but they are not. Most of them are ok at best. These university leavers have an extremely elevated sense of themselves and sadly for them their expectations have to be managed downwards very rapidly. Actually we are not so interested in the large majority and are forced to pick and choose. There is room to train them up but if they are arrogant about their own abilities, this becomes a waste of time."

The point was underlined when one HR Director noted that,

"The curriculum at universities doesn't match our business needs."

Although a valid complaint around much of the world it seems to apply particularly to Russia.

Sales and marketing staff will come under more job pressure for at least two reasons: the market is getting more competitive and also companies are looking at affordable innovation. Both these factors mean that staff have to think outside the box and stretch themselves and think of change management/behaviour.

One manager stated that,

"Russians have great technical skill sets and they focus on this, but they must realise that this is far from enough. They need broader education and a broader hinterland."

A senior western executive in 20 years' experience in Russia (and a Russophile) was also downbeat about the current generation in a recent dinner conversation:

"I am disappointed with people we interview. They don't seem that interested and don't really know what they want to do. They have no fire and little imagination. They don't ask in interviews where they will be in the company in 5 years because they

plan to be somewhere else. They can be quite shameless too: one candidate for the post of IT consultant wanted \$20,000 per month, to work from Cyprus and to have two paid flights per month to Moscow and back. He was serious. We said goodbye to him."

This lack of commitment was noted by the regional MD of a major western pharmaceutical investor who said:

"There are far fewer committed leaders around in the Russian job market. We are building a big business here and we need talented people who can take responsibility and who have leadership skills but also the drive and commitment. We can train people up but I am not sure that you can train them to be committed."

Conversely the MD of a major western consumer product company with 20 years' experience in Russia has argued the situation well:

"I don't think the quality of Russian staff has deteriorated that much; they are typically quite good or very good. The issue is more the expectations of western companies and the real supply and demand. The demand for talent has gone through the roof in the last 5-10 years and major companies need an array of skills. The talent market simply can't match the corporate need of western and Russian companies. Also we still have to realise that the market changes in Russia have only been in place for 20 years and the first 5 years or more were turmoil and chaos. The remaining 15 years or so has been just enough time to build a generation or half a generation who can adapt to western corporate needs. When a western company takes a Russian line manager and then tries to transform him into the director of major pulp mill in Russia in charge of hundreds of staff requiring refined soft internal corporate skills then I am not surprised that such Russian managers "fall short". I do think the western companies have to manage their expectations as much as the Russian staff."

There is also an on-going discussion revolving around whether the younger generation is more focused and IT savvy which helps companies, or whether they are less hard working and not as good as their predecessors. There is no consensus on this and none is really expected.

In summary: Russian staff remain good or better in comparative terms than many international counterparts but not as good as they were 5-10-15 years ago.

INDIVIDUALISTIC VS. COLLECTIVISM

Russian employees are not always instinctively good at establishing teams and need training for this. They are conversely good at setting up "family" structures which is certainly not the same as a proper team.

Senior western managers also raise questions about the "commitment to the company medium-term" but then one can argue back that companies must also show long-term commitment to staff and not engage in deep cuts in business downturns. To be fair to companies, so far in 2015 and 2016, they are not yet engaging in brutal cuts.

Another fairly frequent comment is that some Russians, especially men (and that's not a sexist remark) can often be loners: self-focused, internally driven and quite egotistical. All these "failings" can of course have positive aspects and it's up to senior managers and HR directors to identify those facets, manage them and then direct them into positive channels.

STRATEGIC THINKING

Many commentators note that globally the lack of strategic thinking capabilities is one of the greatest challenges facing organisations. Russia is no exception. In fact, strategic agility was frequently mentioned in many of our discussions as a talent which needs improvement. The majority of the interviewees mentioned that when it comes to the short-term view, a quick response and action, the Russians are unbeatable:

"The people here are excellent in finding shortcuts and new ways of doing things, especially when something needs to be done quickly".

But just as many respondents though shared the critical view on the strategic abilities which can be summed up in one comment from the GM of a global FMCG group:

"The combination of strategic skills and leadership abilities is a very rare find here. Leaders, particularly in this region, are so busy putting out fires and trying to adjust to the constantly changing conditions, that strategy just does not show up on their screens or get enough consistent focus and attention to develop this skill."

One senior western executive had one suggestion: a more simplistic way of thinking. As he said,

"People are overthinking here: there is definitely a need to simplify."

A few other respondents also mentioned that they observed this phenomenon, that they often felt that things are unnecessarily overcomplicated. In their view, people are going into too many details, gathering and analysing an excessive amount of information, facts and data. But this point may be a "two-sided coin": deep analysis at an appropriate level shows seriousness and ability; but over-doing it wastes time and energy. As with much in life, the right balance is required and learned if it does not come naturally.

MOBILITY (DOMESTIC AND INTERNATIONAL)

Russians (and most employees in Central Europe) have not been very mobile. The reasons are well known: strong family ties and orientation, extended families, caring for parents, the need to be close to the relatives for practical reasons etc.

But the strong consensus is that this is changing.

Business has picked up strongly in the Russian regions and companies are making considerable efforts to mobilise their executives domestically, positioning them to develop emerging Russian regional geographies. Besides historical and cultural reasons, there is the distance between Moscow and the regions. Very few executives living in cosmopolitan Moscow would want a long-term assignment in the "backward" regions; conversely, most Russians working in the regions would love to be "promoted" to Moscow. The HR director of a global beverage FMCG group saw her company's ability to mobilise and relocate its leaders to the required geographies as a major competitive advantage.

Being transferred abroad is another issue; some senior Russian executives have even been reluctant to move to the West in senior roles because they do not want to leave parents behind. On the other hand, we are hearing of many Russian executives who want to leave Russia to work abroad: the infamous "brain drain". One practical problem in relocating Russians abroad for a long time is reconciling their salaries. In the past these have not been low when compared with international peers and Russians are very accustomed to their low, flat tax. When transferred abroad, they want to be "netted up" in income. Those executives whose salaries are denominated in roubles have in the last two years become "cheap" both locally and internationally for western MNC's working and thinking in Dollars, Euros, Pounds or Yen.

“THE BIG COUNTRY MENTALITY”

A number of respondents commented on the specifics of this “Big Country mentality” i.e.

“We are big and sufficient, no need to change”.

This was perhaps understandable and even acceptable when sales were growing double-digit in a stable currency. One respondent compared Russian staff with the Turkish employees:

“the Turks also have the Big Country mind-set but they are a bit more willing than the Russians to modify it”.

Some executives suggested that this mentality was one factor holding back the highest international promotions for Russian candidates.

But one should not exaggerate this facet either and it tends to predominate among middle-aged men, although youngsters too can get a bit carried away. Times are also changing and Russian staff who want to progress quickly in their companies realise that they need to adapt and must work collaboratively with their colleagues from dozens of different countries and cultures.

THE “GENDER FACTOR” AND MISCELLANEOUS

The “gender factor” came up in many discussions with executives.

Gender diversity appears to be a high priority policy-issue for most international companies and this is actually a positive for Russia: a clear trend was confirmed in our conversations with executives who essentially agreed with the proposition that “Women are typically better than men” in Russia.

In order to explain this one HR Director stated:

“This is a matriarchal society, based on women” and “approximately 70% of our staff are women and they are some of the best in the entire Group world-wide”.

Another such comment from the HR Director of major western services firm confirmed:

“Women are more flexible, and therefore have more potential”.

Women are undoubtedly retaining a strong profile in the Russian workplace.

Executives also note that some Russian male executives are overly-aggressive and sometimes can act as "lone wolves" to quote one senior MD. The stereotype here is that some male executives are overly-ambitious and want excessively rapid promotions on the basis that

"I am the very best there is, I have been here for 9 months, I am great and I should be the managing director now. I haven't worked closely with my colleagues but that is just because they cannot meet my standards. I want more."

This is clearly an exaggeration and a stereotype but when this is compared with the often effusive compliments paid to female staff, then a gender trend is clear.

However, several senior western managers also felt that this dynamic in the Russian workplace was changing as the "gap" between the sexes narrowed. Russian staff patterns are taking on similarities with global HR trends with Russian female employees showing more foibles and less perfectionism, while Russian men are losing their rough edges. Social media is tending to standardise corporate behaviours and expectations and this is changing things generally for the better but sometimes also for the worse.

RECOMMENDATIONS

BEHAVIOR/APPROACHES

PERSISTENCE – Many executives interviewed said that in their opinion the ultimate key to be a successful leader is to be persistent. Many things have to be accepted as they are and many things have to be done regularly and repeatedly – in short, this was the recipe for consistently meeting set objectives.

CONSISTENCY – Staff assessment plans and evaluation programs and leadership programs must be followed through. The worst thing a company can do is to establish any of these projects and then let them fizzle out. Staff everywhere become frustrated with such developments and especially in Russia.

LEADING AND TEACHING BY EXAMPLE – Dedicated and devoted general managers and HR directors are essential. General managers need to be very willing to act as mentors to senior local staff. Every manager needs to be a HR director. Middle managers must devote more time to nurturing their junior colleagues and the GM and HR director need to create programs to achieve all this but even more to instill it into the corporate culture at all levels of the company.

CARE AND GET INVOLVED – "If you want to make an impact, you have to care and get involved deeply to understand what needs to be done". When it comes to motivating staff in Russia, one seasoned leader shared his observation: "Besides the regular stuff you would do at home, here you have to go really deep, identify and analyse people's private triggers. If you want to be truly successful, you should go beyond the regular boundaries of management and pay more attention to underlying private dynamics and motivations".

This also relates to the earlier point that all managers must be HR directors. Most staff globally, and in Russia, leave their jobs because they think their boss is an "idiot"! or more diplomatically expressed: "My boss does not care for me as an individual employee; I am just a unit"

START EARLY – Age was a frequent topic in conversations and interviews. While opinions about the ideal or optimal age of leaders were vague, all our partners agreed that organisations need to start nurturing leaders as soon as possible. Young talent has more energy, vitality, ability and last but not least more curiosity to absorb knowledge, working styles, etc. Building the new, young generation is critical and key...but obviously don't forget or ignore the "oldies" who have given long service and have extensive experience.

FOCUSED TAILOR MADE PROGRAMS FOR TOP TALENT (INTERNAL LEADERSHIP

ACADEMIES) – Be consistent; don't alienate the rest of the staff; follow through to the end of the program and never abandon them in mid-track.

INTERNATIONAL ASSIGNMENTS – As part of regular and planned structure: use these in a sensible and well-planned or "rationed" approach. Make sure that locals want such assignments and that they benefit both the company and employee development.

PUT THE HR DEPARTMENT IN THE CENTRE OF THE BUSINESS MODEL – Companies globally and in Russia do not pay enough, long-term serious attention to their HR departments. They should be seen less as functional centres and take on a more strategic role within the organisation. This also demands more of the HR directors and their teams.

On our side we at The Xecutives (an international consultancy company) would be delighted to discuss further with you any and all aspects of your leadership development programs, coaching and mentoring and international transfers. We are also always happy to liaise with you on your cross-border executive search requirements and would like to share with you personally our experiences of working in this field in Russia and the Central European region over the last two decades.

ABOUT THE AUTHORS

THEXECUTIVES

WHAT WE DO

- Our **EXECUTIVE SEARCH** stand for excellence, confidentiality and performance in matching the ideal person with the ultimate employer – matching not only in terms of required competence but also in terms of personality and corporate values.
- TheXecutives' **TALENT DEVELOPMENT PROGRAMS** stand for discovering the strategic talent of the future – it is about the recruitment of the potential and skills – at practically every layer of corporate organization, regardless of hierarchies.
- Our **ASSESSMENT SERVICES** provide clarity about the fit between the corporate strategy and human assets. Assessment Services consist of Senior Executive Assessment, Management Review and Individual Potential Analysis.

WHAT WE STAND FOR

TheXecutives stand for delivering excellence in executive recruitment, talent development and assessment services.

- We are **THE BRIDGE BUILDERS** – experts working together for decade, who have lived and worked in developed and emerging markets, and who possess both - broad industry knowledge and extensive cross border understanding.
- We deliver **QUALITY & CLARITY** – we use an extremely systematic, research based and process driven search methodology that is fully transparent, efficient and flexible in responding to the needs of our partners.
- We are individuals **PASSIONATE** for profession and people, focusing **ON BUILDING** long-lasting **RELATIONSHIPS** with clients and candidates.

WHERE WE ARE

Strongly combining both, local presence and international helicopter view, we are THE cross-border advisors, serving our partners with particular business focus in:
RUSSIA/CIS | D-A-CH REGION (GERMANY, AUSTRIA AND SWITZERLAND)
CENTRAL EUROPE | SOUTH-EASTERN EUROPE

DR DANIEL THORNILEY

Dr Daniel Thorniley is a leading authority on global emerging markets, in particular Russia, Central and Eastern Europe, Middle East and Africa office, based in Vienna. He is formerly Senior Vice President with the Economist Intelligence Unit where he ran the CEEMEA operations including its CEO peer group programmes and a series of business-to-government dialogues. He has over 25 years' experience observing and advising senior executives about global business strategies, with special focus and expertise on the BRIC markets (Brazil, Russia, India, China) along with other emerging markets. He has spent many years managing the Economist Intelligence Unit's client, advisory and research services, which included a senior executive membership programme on Central Eastern European Middle-East and Africa. He personally chairs and leads top level discussion at conferences and government roundtables around the world.



He conducts a number of public speeches and in-house briefings. He writes custom reports and advises on many business issues, his broad experience spanning many areas, including global financial, economic and political affairs, issues investment and operational decisions. He regularly works with investment banks, consultants and various service firms to support their key client group activities. He contributes to various media and is a published author. "Doing Business in Emerging Markets" (Profile Books 2004) was co-written with Nenad Pacek most recently and he previously wrote "The Rise and Fall of the Soviet Communist Party" (Macmillan), "Rural Economics and Rural Sociology: East-West Perspectives" (Gower), "East-West Trade in the Gorbachev Era", in the Regional Review of Eastern Europe (NATO Books) and "A Business Profile of the Soviet Agroindustrial Sector" (Business International). He is a contributor to Time, East European Newsletter, Foreign Report, Moscow Times. He has been featured regularly on the BBC, CNN, Channel Four (UK) and CNBC. Previously Dr Thorniley worked at the United Nations as the United Kingdom representative at the Vienna Centre, a United Nations office for political and economic research, based in Vienna, Austria.

Daniel Thorniley is a graduate of Worcester College, University of Oxford (1977) graduating with a Bachelor of Arts degree, Diploma in Russian Language and Soviet Politics (1979) from the University of Surrey with subsequently attended the Centre for Russian and East European studies, UK where he gained his Doctorate in Soviet political economy (1982). He is proficient in French, Russian and German.

CONTACT

THEEXECUTIVES | VIENNA

Mladen Kasagic | Managing Partner

Teinfaltstraße 4/12AT
1010 Wien

T +43 1 3000 933 310
M +43 664 140 4766
E mladen.kasagic@thexecutives.com
W www.thexecutives.com

DT GLOBAL BUSINESS CONSULTING GMBH

Dr. Daniel Thorniley | President, DT Global Business Consulting GmbH

T +43 1 272 44 03
M +43 676 534 6853
E danielthorniley@dt-gbc.com
W www.ceemeabusinessgroup.com

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DT Global Business Consulting GmbH, Keinerergasse 8/33, 1030 Vienna
Company registration number FN 331137t

and GSA; Global Success Advisors GmbH, Hoffeldstraße 1, 2522 Oberwaltersdorf
Company registration number FN 331082 k

Source: DT Global Business Consulting GmbH and CEEMEA Business Group research

Basic data sources come from central banks, own intelligence network, CEEMEA Business Group corporate survey, governments and other public sources, interpretation, views, forecasts, business quotes and business outlooks by DT Global Business Consulting GmbH and CEEMEA Business Group.

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Contact: Dr Daniel Thorniley, President, DT Global Business Consulting GmbH
M +43 676 534 6853 | E danielthorniley@dt-gbc.com | W www.ceemeabusinessgroup.com