

WINTER
2010/2011

GO INSIDE

SKOLKOVO



THE SCHOOL'S BIRTHDAY // BUSINESS EDUCATION TRENDS // PEOPLE, IDEAS
LEARNING BY DOING // BUSINESS IN BRIC
CONVERSATION IN ESSENCE // OUR GRADUATES

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DEAR READERS,



This autumn has been action-packed for SKOLKOVO, with the opening of the Campus, the first graduation, new students, interesting programmes, memorable trips and fresh ideas. In our magazine we have tried to gather together the most notable events from the life of the school, combining business with pleasure and the practical with the philosophical.

In this edition you can sample the atmosphere that filled the Campus on SKOLKOVO's birthday, find out why the Founding Partners decided to participate in the project to establish the school, and become acquainted with our students, graduates, professors and experts. We tell you about the Executive Education industry programmes, about macro leadership, about studying at MIT... and that is far from all!

We hope you enjoy the second edition of the SKOLKOVO magazine Go Inside.

HAPPY READING!

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GO INSIDE
SKOLKOVO

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FACTS'N'FIGURES

19
SEPTEMBER

On 19 September 2010 the time 03:02:41 marked 2,100,000 minutes since the moment that Vladimir Putin laid the first stone at the foundation of the SKOLKOVO Campus on 21 September 2006

 **445**

There are 445 trees, more than 7,000 conifers and deciduous shrubs, and around 50,000 flowers and shrubs in 800 m² of plant beds at SKOLKOVO


500

500 kilogrammes of apples were bought for SKOLKOVO's fourth anniversary

Some 1,630 m² of walls on Campus are covered in Ideal paint

If all of the Philips Maxus lamps on Campus were laid end-to-end, they would stretch 1,500 metres



In 2010 928 people visited SKOLKOVO Information Sessions


1:3

One third of SKOLKOVO's students are women, and really beautiful ☺

The Campus has 272 Wi-Fi access points



THE SCHOOLS'S



GUESTS AT THE EVENT



RUBEN VARDANIAN AND MIKHAIL KUSNIROVICH GREET GUESTS



A MEETING OF SKOLKOVO'S FOUNDING PARTNERS AND INTERNATIONAL ADVISORY BOARD



THE FOUNDING PARTNERS READ OUR MAGAZINE



GUESTS AT THE OFFICIAL PART



STUDENT CARDS ARE PRESENTED TO PEOPLE ON THE SECOND MBA COURSE

On September 19 SKOLKOVO celebrated its fourth anniversary. The day was full of events: the school's International Advisory Board met, student cards were presented to the new MBA intake, the first graduates of the Executive MBA received their diplomas. An open day master classes and art performances were held. More than 2,500 people visited the Campus.

To find out how that Sunday went, what architect David Adjaye thinks about the Campus project, what the Founding Partners are interested in, and what SKOLKOVO means for MBA students, have a look at the section dedicated to that special day.

YE

BIRTHDAY



A GENERAL MEETING



THE OFFICIAL CEREMONY IN THE CONFERENCE HALL



DIPLOMAS ARE AWARDED TO GRADUATES FROM THE FIRST MBA COURSE



SKOLKOVO'S FIRST GRADUATES



AN AGREEMENT IS SIGNED WITH THE GOVERNOR OF VOLOGDA REGION



A FUTURE SKOLKOVO STUDENT



THE OPEN DAY





GUESTS GATHER



THE SECOND MBA INTAKE WITH THEIR NEW STUDENT CARDS



LEE KUAN YEW AMONG GUESTS AT THE OFFICIAL CEREMONY



IGOR SHUVALOV EXAMINES SKOLKOVO PROGRAMMES



INNOVATIVE DIPLOMAS



AN OPEN MASTER CLASS WITH PIERRE CASSE



AN ART PERFORMANCE BY SASHA FROLOVA



THE OPEN DAY AND A TOUR OF THE CAMPUS



A CULINARY MASTER CLASS FROM CORREA'S



SKOLKOVO GRADUATES



A MASTER CLASS FROM PLANET FITNESS

ARCHITECT'S VIEW





Briton David Adjaye has become the first of the star architects to have bridged all stages of the construction process in modern Russia. He was born in 1966 in Dar-es-Salaam, Tanzania, in a family of diplomats from Ghana. He graduated from the Royal College of Art in London, received a prize from the Royal Institute of British Architects that same year and opened his own firm in the following year. Adjaye is a recipient of the Sterling prize. He also organised the Urban Africa exhibition of photographs taken during a trip to African capitals. In 2006 he began work on the architecture project of the Campus at the Moscow School of Management SKOLKOVO



WHAT ROLE HAS THE WORK ON THE BUILDING OF SKOLKOVO BUSINESS SCHOOL PLAYED IN YOUR LIFE?

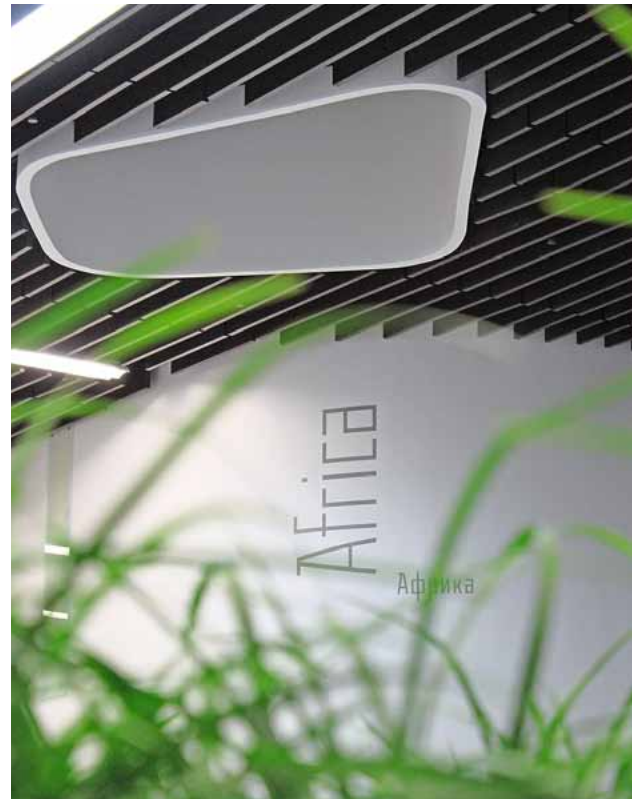
DAVID ADJAYE: The project is the most significant and substantial for a social building in my biography and to begin work of such a scale was a bit daunting. But building on such a level is a great rarity for Europe and even for the US. It is possible only in countries that are actively developing and rebuilding: in India, Russia, China and possible South America and Africa. These are countries where such projects may be carried out in the near future or in the next 100 years. This is the first national project that works not so much for an actual client as for a state. The Russian president came to SKOLKOVO and he noted the importance of this project for the country. For me this is an enormous step forward.

SPEAKING OF RUSSIA, YOU MENTIONED THAT YOU ARE INSPIRED BY NOT ONLY CONSTRUCTIVISM BUT ALSO BY OUR ARCHITECTURE OF THE 70s...

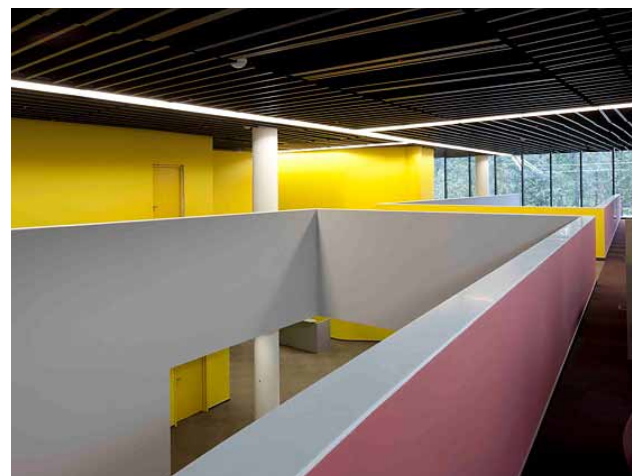
D.A.: As regards the Brezhnev era, it was something of a heroic time: industrial construction, building en masse. The buildings are very simple and can be built very quickly. They are not ideal, but they are certainly better than slums: this is clear for me from Tripoli, for example. In essence, constructivism was a way of reviewing the world order on the basis of a scientific approach, the idea of mass mechanisation. In this sense, constructivism is close to the idea of SKOLKOVO, as here we are also talking about a scientific approach to seeing the world.

BUT YOUR OWN PROJECTS ARE FAR FROM BEING "MECHANISTIC".

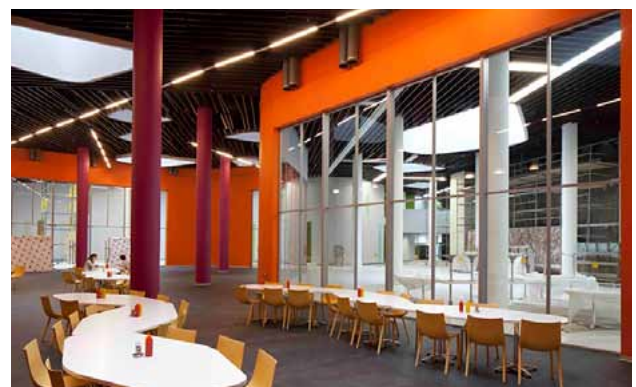
D.A.: I think about how to create spaces that can be used flexibly. A library is primarily not a building but a system. Previously it was otherwise: social buildings had to convey the idea of power. A clear example is Washington. You go to the post office, which looks like a palace, but you only need to send a letter. At the same time, one needs to understand that a building is more than a successfully packaged sum of its functions. And not just a little more, but much more. In a social building, residents should be able to fulfil their various needs, and that is what I am trying to do. In SKOLKOVO it seems that this has been achieved: people walk around, relax and study the landscape.



HALL



EDUCATIONAL CLUSTER



CAFETERIA

WHAT DO YOU DERIVE INSPIRATION FROM? OR DO THE ARCHITECTS OF THE MODERN AVANT GARDE CONSIDER AN IDEA LIKE "INSPIRATION" OLD-FASHIONED?

D.A.: For 15 years now I have been finding inspiration in my work. I can't think for a long time about volumes and their interrelationships; I try to embody my ideas immediately without analysing them. I test how they work in reality, not in theory. I would call this the theory of reality.

WHAT SHOULD BE THE IDEAL BUILDING FOR A MODERN PERSON?

D.A.: I do not have a conception of a universal paradise; every time I create a building for a specific person. There is also an ideal, although, to be honest I admit that I don't believe in ideals in architecture. 🍏



CONFERENCE HALL



SPORT CENTER



LOUNGE BAR

CONSTRUCTIVISM IS CLOSE TO THE IDEA OF SKOLKOVO, AS HERE WE ARE ALSO TALKING ABOUT A SCIENTIFIC APPROACH TO SEEING THE WORLD

This article uses quotes from interviews with David Adjaye in Vedomosti.Pyatnitsa, House & Interior and www.rdh.ru.



SKOLKOVO CAMPUS, NOVEMBER 2010

Ruben Vardanian has attracted many well known people to SKOLKOVO as partners. We asked three Founding Partners why they not only gave money, but also participated actively in the development of the project. Here are their answers.

“I AS BOTH A CITIZEN AND



Valentin Zavadnikov,
Chairman of the Federation Council Industrial
Policy Committee

WHY DID YOU DECIDE TO PARTICIPATE IN FOUNDING A BUSINESS SCHOOL?

▷ I had long discussed with friends a major problem in our society: many of the people making important decisions in different areas are far from the relevant knowledge. Some are not able to think; some have forgotten. This problem can be solved with the help of adequate educational projects, just like SKOLKOVO. So I was offered the chance to participate, I agreed immediately.

HOW DO YOU PARTICIPATE IN THE LIFE OF THE SCHOOL?

▷ First, I am a member of the Advisory Board, and once a quarter we meet to discuss problematic issues, such as financial ones and those that relate to the educational process. Second, I am on the publishing committee of the school, which decides which books will be published under the SKOLKOVO brand; are they in line with the ideas behind the project. Third, as part of student selection process, we, the founders, hold interviews with candidates. I am curious about who these people are: they are an interesting cross-section of society, who seek and are able to receive new knowledge. It is interesting to observe how students change from class to class. My personal opinion is that the second intake was the most intelligent: they knew precisely why to go to SKOLKOVO. We look at people's CVs and work and understand what a person wants. As a rule, this was confirmed in our conversations. Fourth, I sometimes attend open programmes to recount something, when for some reason I am curious. For example, I spoke twice before a group of foreign visitors who had discussed whether it was possible to do business in Russia. I know the answer: it is possible, but you have to be prepared to play by the local rules.

WHAT DOES SKOLKOVO GIVE TO YOU PERSONALLY?

▷ Everything that I have been doing consciously for the last twenty years is personal development. Partnership with SKOLKOVO gives me an understanding of what is happening around me.

HAVE AN INTEREST A BUSINESSMAN”



Alexey Mordashov,
CEO JSC «Severstal»

WHY DID YOU DECIDE TO PARTICIPATE IN FOUNDING A BUSINESS SCHOOL?

▷ I am not indifferent to Russia's fate. We need organisations around which an intellectual environment can be created that can help to develop Russia's economy. I have an interest in this both as a citizen and as a businessman. SKOLKOVO is one such example. It has set itself the goal of preparing qualified people in accordance with best international practices.

HOW DO YOU PARTICIPATE IN THE LIFE OF THE SCHOOL?

▷ As founders, we provided financial support to SKOLKOVO. I lead a group of three students. We discuss their projects and develop potential options for development.

WHAT HAS PARTICIPATING IN FOUNDING THE SCHOOL DONE FOR YOU PERSONALLY AND YOUR BUSINESS?

▷ From May 26 to June 26, participants in the full-time MBA programme at SKOLKOVO worked on recommendations for a five-year development strategy for the Investor Relations department of Severstal. SKOLKOVO students analysed best international practice in IR in different industries. This enabled us to take a fresh look and find non-standard solutions and new ideas for developing the area and the company as a whole more dynamically.

In addition, Severstal supported the initiative of the Cherepovets mayor's office to invite students to analyse the city's economic attractiveness and devised a concept for a municipal structure capable of attracting the private investment needed to diversify the city's economy. As a result of the students' work, the Investment Assistance Agency was founded.

In 2011 the plan is for SKOLKOVO MBA students to take part in devising and implementing a project for the integrated development and use of the land where the Galsky Estate historical and ethnographic museum is located.

Numerous graduates from the school have already begun the interview process for positions at Severstal.



Roustam Tariko, the holding's head, company founder and the "Russian Standard" brand originator

WHY DID YOU DECIDE TO PARTICIPATE IN FOUNDING A BUSINESS SCHOOL?

▷ For me personally, investments in education have a more charitable character. These are big investments, and we are not just talking about money, but attention. I liked the idea as soon as Ruben spoke about it. Russia is not a small country and we should have our own world-class business school.

SKOLKOVO is an excellent project in terms of atmosphere and it was created with the support of private businesspeople, which is crucial. There is energy and it is interesting to work there. I am convinced that SKOLKOVO will be a good brand both within the country and abroad.

I am extremely grateful to Ruben for how the project has turned out. It is in a decent location and is growing. SKOLKOVO is a huge investment, one that has been made with thought, and I have always liked such capital investment.

DO YOU OFTEN COME TO SEE THE STUDENTS?

▷ I will be coming even more often. I find it very interesting to interact with the students: they are diverse and do not ask boring questions. I talk a lot with students from INSEAD and students from Harvard come to visit. And I can say that the people from SKOLKOVO are very lively and interesting. It is extremely interesting to watch them, involve them as part of the study process in one of our cases, and hear their ideas.

WHAT DOES SKOLKOVO GIVE TO YOU PERSONALLY?

▷ I spend a lot of time talking with students, because they are my potential employees. The management of Russian Standard will involve more and more young students: I want there to be more people who are 10-15 years younger than me in my company. They can know things that for us, who are older, have a harder time understanding. For example, I have a hard time understanding a 40-year-old IT specialist. Today's SKOLKOVO students are the generation that will soon occupy all of our positions.

WHY DID YOU CHOOSE SKOLKOVO

The second MBA class began their studies in August: 33 students from 12 countries joined together in the world of SKOLKOVO! Read today in this issue of Go Inside SKOLKOVO why they chose the Russian business school and what expectations they have of the programme.

Alexey Nazarov / Russia → First, the SKOLKOVO MBA



programme is a unique approach delivered in a unique way. It contains both theoretical and practical parts with the emphasis on the latter. I truly believe that this approach will give me the combination of skills needed in my future career. And these skills will be both challenged and absorbed by me during the project work.

Second, the programme provides multinational experience, especially in developing countries. I suppose that this knowledge will provide me with a clear understanding of the key underlying factors shaping their current development.

Third, the chief advantage of a good business school is the excellent networking opportunities in a business environment. With SKOLKOVO having emerged as the pre-eminent business school in the CIS, I see it as the one place capable of expanding my network of professional contacts.

Christian Graggaber / Austria → After six years of work



experience in both emerging and developed countries, SKOLKOVO gives me the opportunity to obtain additional entrepreneurial and academic experience in emerging countries in an environment characterised by out-of-the-box thinking. The diverse mix of international students coming from a variety of sectors provides me with the opportunity to widen my pool of knowl-

edge by tapping into their diverse expertise. Being among the first students to attend SKOLKOVO and consequently being one of the fast movers, is a competitive advantage. I believe that SKOLKOVO will give me the right tools around the three-dimensional model to be able to participate actively in and promote the development process of fast-moving economies. I want to be challenged to broaden my perspective and question assumptions. I want to develop and test my skills in a practical environment so that I am ready to successfully take on a new business challenge in an emerging market after I complete the MBA.

Marina Zazharskaya / Russia → I chose SKOLKOVO



because this is the only school that combines both practice and theory. I believe that SKOLKOVO will give me the opportunity to work on my weak points as well as make my strong points even stronger and benefit my career. I also look forward to the founders and other partners sharing their experience; this will be very helpful in building up my career and business.


Anna Shaykhutdinova / Russia → I think everyone has



completely different motivations for attending SKOLKOVO. In my case, the story is quite simple. I have spent my whole life abroad, but I always knew that I would come back to Russia to build my career. However, this is difficult when you are so detached from Russian reality, especially from the business sector. It was the unique opportunity to learn about business

not only from books, but also through working on real life projects that attracted me to this programme. I could have gone anywhere else to do my MBA, but I think we should support such ambitious initiatives in our country. I think the fundamental reason behind my decision to apply was my belief in the idea and desire to be part of it. At the end of the day, who wouldn't want to join the ranks of successful people on a mission to become more successful?

I expect this programme to give me an understanding of the Russian business sector, while also providing me with the set of essential tools needed to start up my own business. I very much hope that this experience will prepare me for both the bad and the good aspects of the business world. At the time of admission, I was working on an innovative social project in the Russian market. I am continuing to work on it today outside of the school, as well as inside, and I hope that with the knowledge and support of SKOLKOVO, I will be able to fulfil my ideas on a larger scale.



EXPECTATIONS
DIVERGE FROM RESULTS
IN MOST PROJECTS,
AND OFTEN THE COMBINED
ADDITIONAL COSTS
ARE HIGHER
THAN THE PROFITS
EXPECTED

COMMENTS

The programme for the oil and gas industry is being conducted at SKOLKOVO for the second time. Its primary goals, first, are to present Russian managers in the oil and gas sector with methods for managing large projects of leading world companies, particularly BP. Second, it should become a platform on which representatives of various companies can discuss real, and not academic, cases and identify potential solutions for the industry's "problem areas". Third, the programme is one of the few places where representatives of the oil and gas business and regulatory agencies engage in a working dialogue over several days, can better identify with and understand each other, and seek and find common ideas for developing the industry.

AT ONE TABLE

WHAT COMMUNICATION WITH COMPETITORS PROVIDES

Business school programmes for individual corporations are increasingly oriented towards the concrete projects and the concrete goals of a company. But can a business school help an entire industry? Yes, it seems. Moscow School of Management SKOLKOVO recently began implement industry programme: listening to lectures and talking with professors, experts, company senior managers and ministry representatives to discuss the issues and outlook for the development of the industry.

...It is the beginning of September. Saturday. 9 am. At round tables in the hall are senior managers from oil and gas companies working in Russia (both private and state-owned) and officials from ministries involved in the industry. These are participants in the "Oil and Gas Industry: Leading Major Projects in Russia 2010" programme developed by Moscow School of Management SKOLKOVO in partnership with the Massachusetts Institute of Technology (MIT) Sloan School of Management. A group discussion is taking place: the participants discuss examples from their own practice, when expectations of a project have not been met in reality. At some point the characteristics of a field have prevented the planned volumes of liquid hydrocarbons from being extracted. Already while implementing the project, someone has explained that in this region there is only one contractor with the requisite technology, and the cost of service has grown significantly compared with the plan. Or, for example, the business plan was prepared based on the results of test drilling, but only when additional wells have been drilled does it become apparent that the cost of developing the field did not justify itself.

Don Lessard, professor at MIT Sloan School of Management, starts the theme for discussion. He explains that expectations diverge from results in most projects, and often the combined additional costs are higher than the profits expected. The main issue is to understand why and on what the company is losing money.



DON LESSARD, PROFESSOR AT MIT SLOAN SCHOOL OF MANAGEMENT

He discusses how to evaluate strategic options for projects and how to maximise profit at each stage. "You can say that everything depends on the region and the tax regime. But taxation is an external factor; many drivers depend on the team's work. Sources of value creation can be managed," Lessard believes.

One of the professor's pieces of advice to the oil and gas representatives is to send geologists to talk to economists, and to send economists together with engineers to the site as early as possible.

Professor Lessard is extremely well versed in the specifications of the oil and gas industry and illustrates theory with multiple examples from projects in various countries. Since 2003 MIT has cooperated closely with BP as part of the oil company's Projects & Engineering Academy, a unique education programme for its key employees. The programme "Oil and Gas Industry: Leading Major Projects in Russia 2010" is also conducted with the support of BP. Alongside lectures by MIT and SKOLKOVO professors, group talks and discussions of cases, the programme also features a "Deep Dive": participants have to demonstrate how to apply the concepts that they have learned in real-life situations. As part of the first module, the case used for the Deep Dive is BP's project in Alaska. After changes in the tax regime and the start of several projects in different regions, the pressing issue arose of whether the company really needed to be present in Alaska, where assets are old and the outlook is murky. The folders containing materials for participants in the programme are marked "Confidential". There are real



Vyacheslav Grigoriev, SKOLKOVO's manager of the programme for corporate training and the person responsible for preparing the industry programme, is happy with the result: "The level of the group is very high. When discussing BP's strategy, most participants were inclined to the opinion that the assets in Alaska needed to be sold. Literally two days later, information appeared in the newspapers that the corporation had made exactly that decision. Of course, these events were not connected with each other directly, but for us this coincidence in the choice of an optimal decision was confirmation of the group's high level and the quality of the discussion."



excerpts from the business plan and indicators about various stages of the project that senior BP managers used to make various strategic decisions. Participants in the programme, based on the same data, can make decisions.

The result of the programme should be concrete recommendations to the relevant ministries. Indeed, ministry representatives participated in the discussions with obvious interest: for officials, such programmes enable them to grasp the specifics of the industry that they regulate. It is no accident that Deputy Energy Minister Sergei Kudryashov spoke to the participants in the first module.

SKOLKOVO plans to conduct similar programmes for other industries. There is great interest, for example, among pharmaceutical executives, where the industry is also heavily regulated and where it is extremely important for players to speak in one voice to each other and to convey their vision of the outlook for developing the industry to officials.

Don Lessard from MIT Sloan School of Management loves to tell the following story in his lectures. Two boys, playing in the forest, hear a bear. One sets about re-lacing his running shoes. “Do you think that you are going to outrun the bear?” his friend says sarcastically. “No, I just have to run faster than you.” He told it in Moscow, reminding managers that everyone faces risks, but some companies know how to manage them better than their competitors. 🍏



“This experience is very interesting for us,” says **Anton Mifsud-Bonnici**, vice president of external affairs for BP Russia. “The company has high standards for management and experience of educational projects with MIT. We have an interest that our colleagues and our contractors in Russia share such high standards

of management. We are extremely pleased that the representatives from the regulators are present in the room.” Oil and gas companies that delegated their senior managers to the programme are also satisfied. The better managers are trained and the more up-to-date their knowledge, the more able their companies are to compete.



COMMENTS

All of the subsequent modules in the programme use Russian cases.

The central object of analysis as part of the second module is a case about developing the Yamal region, the only major oil and gas region that is not being actively exploited. Using the example of the Messoyakha-Yamal project, planned for 2010, participants are reviewing the primary issues surrounding entry into a new, hard-to-access region, including questions about working in strategic alliance and means of creating value through cooperation between players and in interaction between companies and the state. “The Yamal question is now a ‘burning’ one for all players in the Russian oil and gas sector. We are looking to build a group discussion around real industry issues.”

To introduce into discussion all current issues of interest to the industry, TNK-BP and Gazprom Neft, industry analysts from Troika Dialog and IK Dashevsky & Partners, and representatives of the Siberian Scientific Analytical Centre, the Ministry of Energy and Ministry of Economy were brought in to develop the case.

«I'LL BE BACK»



Autumn began for SKOLKOVO with a series of international events: the first Executive MBA graduation, new students, the fourth anniversary and the open day. The officially opened Campus also attracted the world's complete attention. In a sunny day on October 11, a Chaika the colour of elephant skin pulled up to the ramp in the car park. Several seconds later, after the engine was turned off, Russian President Dmitry Medvedev emerged accompanied by the governor of California, Arnold Schwarzenegger. They had come to SKOLKOVO to talk about innovation.





From the morning a lively atmosphere prevailed on Campus and the hall was constantly filled with guests: a delegation of American venture capitalists, who flew to Russia with the governor for the "Global Innovation Partnership" forum; the Founding Partners of SKOLKOVO; well known businesspeople; representatives of the presidential administration; graduates and students of the school. While they awaited the arrival of the president and governor, the guests and residents of the Campus mingled, discussed the SKOLKOVO venture funds and studied the stands dedicated to projects under consideration by the funds.

If you enter the word "innovation" into an internet search engine, you will find more than nine million hits, but there are no fewer questions, including questions for top-level discussion. This was discussed by the Russian president, the governor of California, American venture capitalists and representatives of the Russian business elite, including Viktor Vekselberg and Mikhail Prokhorov, at SKOLKOVO.

A striking and memorable moment during the round-table meeting was the presentation by SKOLKOVO Executive MBA graduate Maxim Karpov, who accepted an offer by President Medvedev to speak. "The creation of a business climate, stability and formation of a positive image of Russia are all necessary components for the development of an open innovation economy," Maxim Karpov said. "In Russia there are many ideas that are waiting to be commercialised."

SKOLKOVO President Ruben Vardanian conducted a tour of the Campus building for Arnold Schwarzenegger, and its unusual architectural design impressed the governor. In turn, students had the opportunity to be photographed with the man who for many will always be the Terminator; the trademark line of "I'll be back" from him caused a storm of emotion and applause.

According to Hollywood tradition, after these words spectators should see the line "to be continued". As is known, SKOLKOVO graduates could go on to become venture capitalists at not only the last round table on the Campus. 🍏



OR
ARNOLD
SCHWARZENEGGER'S
VISIT TO
SKOLKOVO

MACRO LEADERSHIP: A NEW LEADERSHIP MUST

PROFESSOR PIERRE CASSE,
MOSCOW SCHOOL OF MANAGEMENT SKOLKOVO
PROFESSOR MELITA RANT,
IEDC BLED SCHOOL OF BUSINESS

“Men make history and not the other way around. In periods where there is no leadership, society stands still. Progress occurs when courageous, skilful leaders seize the opportunity to change things for the better.” (Harry S. Truman)

This article is born not only from the meeting of two minds but also out of the frustration experienced by the two writers (academics) during and after the major crisis that started in 2009. Disappointed and shocked by the leadership and behaviour of the world’s top decision makers, both writers decided to reflect on the situation and examine what could be learned from the so-called crisis.

MACRO LEADERSHIP?/ “Fit no stereotypes. Don’t chase the latest management fads. The situation and people in it dictate which approach is the best.” (Colin Powell)

“My main role is to create leaders not followers.”
(TunçCerrahoglu, BU Russia President of Sun Inbev)

Leadership is about creating leaders (not followers). It is about pushing potential leaders forward. The “old” view is that people willingly follow the accepted leaders because of their ideas, energy and above all their attitude towards them. Well, today the partnership between people and leaders is based more on reciprocity than anything else: “I am ready to go with you, but show me first what’s in it for me!”

Leadership is a complex process of interpersonal valuation in which credit for leading others is earned in the eyes of followers. But followers attribute that credit if they believe in a leader’s intentions and only if they see the expected consequences as valuable for them. And what is good for followers depends on their value system (again, “what’s in it for me”).

It is becoming increasingly obvious that the concept of followers has evolved and that old approaches to leadership (i.e. leaders know best what is good for followers) do not work anymore.

THE LEADERSHIP CRISIS / Many people have recently raised certain questions like: Why are people less and less willing to give credit to their leaders, in the public or private sectors? One key answer seems to be: trust. People are mainly concerned about two issues: are leaders credible (“Do we believe them?”) and are they reliable (“Do they deliver on their promises?”). There is evidence that many leaders today are short on both!

ABOUT

Pierre CASSE

Professor of Leadership at the Moscow School of Management SKOLKOVO

He is also Professor of Leadership at the Steinbeis University (SMI-Berlin), the IEDC-Bled School of Management (Leadership Chair-Slovenia), the IAE University Aix-en-Provence (France) and is Adjunct Professor of Management at the Kellogg School of Management (USA). He held the Suez Chair of Leadership at the Solvay Business School (ULB-Brussels) from 2004 to 2006. He was an IMD Professor from 1986 to 1994. He is the Dean Emeritus of the Berlin School of Creative Leadership.



Many leaders did not see the coming crisis before it hit the world. They did not understand clearly what the crisis was about. They were not able to explain the situation to the people. They did not find new answers but gave the impression that they were patching up the damage (fairly rapidly, we must acknowledge!), instead of taking advantage of the challenge to move forward with new and better ways to live together.

Obviously, many of the leaders acclaimed nowadays avoid addressing real and difficult issues. And those rare ones who face the challenges lack the innovative insights that could solve them, as well as the courage to take risk.

TRUE LEADERSHIP:

TURNING BIG MISTAKES INTO GREAT OPPORTUNITIES / There is no question that many leaders have made a series of major mistakes recently and that we (most of us) are suffering dearly from them. Let us be blunt: overall, leadership has been weak, corrupt and incompetent when facing the latest economic (and social) crisis (there are exceptions of course, but far too few).

Not only were they powerless but also they lacked the courage and the imagination to handle the problems and turn the mistakes of yesterday into opportunities. The call for leaders today is to address the multifaceted issues of economic, political and cultural landscapes simultaneously while making corporate decisions. Let us take a closer look at some of critical questions that leaders need to address in one way or another.

ECONOMIC LANDSCAPE:

REDEFINITION OF THE PRACTICE OF CAPITALISM / A capitalist society with a free-market economy is supposed to be the most effective driver of economic growth and prosperity. The value created is the highest when distributed across economic entities and individuals according to superiority of business ideas, financial resources, knowledge and other scarce resources as well as entrepreneurial drive and willingness to take risk and postpone current consumption for future consumption.

There are obviously a few shortcomings to this model:

- 1 To maximize economic growth, we need an atmosphere in which one still wants more, whereas we already have a lot, much more than a person can consume in one lifetime. The driver in this atmosphere is greed.
- 2 Greed leads to increasing inequality, excessive abuse of power, financial-based human domination and humiliation. According to Joseph Stiglitz, "Our societies tolerate inequalities because they are viewed to be socially useful; it is the price we pay for having incentives that motivate people to act in ways that promote societal well-being" ... but on the other hand Stiglitz sees such societies inherently unstable. "If stability and efficiency required that there existed markets that extended infinitely far into the future – and these markets clearly do not exist – what assurance do we have of the stability and efficiency of the capitalist system?"
- 3 Рынок The stock market has become an almost independent reality and has acquired a life of its own. It is now based more on speculation than on business investments. Some people today are making more money from pure financial speculation than from good work! This creates a casino-type society where fortunes are made without any added social value.

IS PROFITABILITY
THE ONLY REASON
OF THE BUSINESS?

It is clear that we (urgently) need to redefine the practice of capitalism and free-market society. We possibly need to return to the sound shareholder approach to financing and investing. Dividends should be re-valued and become the most important incentive to invest. The key question should be: "What is finance for?"

The very purpose of business must also be questioned and redefined. Is profitability the only reason of the business?

POLITICAL LANDSCAPE:

REVISION OF THE PRACTICE OF DEMOCRACY / In recent years, there has been growing discontent with democratic governance. Democratic principles are so far the best human kind can dream of. Democracy does secure a chance for those who are ready to work hard to make it. It also offers something so valuable, i.e. freedom to individuals. However, we must accept that the practice of democracy has been far from effective and fair. The implementation of democratic principles seems to have led to unacceptable manipulations and exploitation by a few in a system that is supposed to serve all.

This discontent with democratic governance seems widespread. There have been attempts to attribute these negative reactions to the idiosyncrasies of certain countries. Thus, the malaise in Nordic countries is sometimes attributed to the "welfare state"; the European Union's malaise to its cultural diversity; Japan's malaise to its long traditions of close economic relations between its political and business leaders. The phenomenon is, however, too general and too consistent to be easily given a unique national interpretation. The majority of democratic regimes face a period of failure and despair.

Excessive corruption and incompetence at the top of corporations and governments seems to have discredited democratic leadership.

In such conditions, people are becoming confused and actively searching for a new direction that will provide them with more certainty, homogeneity and security. Lessons from history can be valuable here too. They teach us that many major transformations took place when blunt leaders with an obsessive drive, a crystal-clear vision, and a well-crafted strategy came to power. As Plato highlighted, tyranny is the natural tendency of democracy.

The challenge for leadership is how to address the inefficiencies of democracy without turning to autocratic posture. Leaders need to develop new truths and collective identities that provide a superior level of appeal and worth. Next, leaders need to help develop a new value system and facilitate the process of identification with it.

And what should be the value systems that the leaders should aspire to develop? Which values can drive our society successfully in the future?

CULTURAL LANDSCAPE:

RESHAPING THE VALUE SYSTEM / Beliefs, values, needs and other drivers behind human behaviour have always been an important part of the developmental stage of individuals, groups and human societies at large. As individuals, we are not completely free in forming our beliefs and values. They are partly dependent on our idiosyncratic past and partly constrained by the beliefs and values of our reference groups and societies in which we are embedded.

Beyond our values, the major challenge for human beings is to learn how to manage our mental constructions or assumptions that we produce and use to define our reality. We see what we think we should see what we think we should see.

THE CHALLENGE
FOR LEADERSHIP IS
HOW TO ADDRESS
THE INEFFICIENCIES
OF DEMOCRACY
WITHOUT TURNING
TO AUTOCRATIC
POSTURE

Another issue is that our assumptions, social norms and values that are generally accepted evolve slowly, much more so than technologies and political and economic systems. Today there is a substantial discrepancy between new technologies and our traditional lifestyles. With recent technological developments we are losing touch with the human side of our lives. The paradox is that information technologies that are supposed to connect us more closely – such as instant messages, social media networks and emails – are actually separating us more.

Moreover, this paradoxical situation, in which we are simultaneously more interconnected and separated, creates intense tension in our inner lives. The latter makes us crave deeper connection in human terms. And facilitating processes from which feelings of interconnectedness can emerge is at the heart of the leadership process itself.

The concept of interdependence calls for a reconsideration of the leadership process. A leader is not the person sat at the top of a network of people with the power to navigate it. The leader is also part of the network that he is trying to “manage”. “Managing” that network means creating new meanings, values, beliefs and hence understandings and truths among people by being an equal part of them simultaneously.

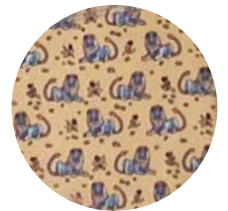
MASTERY OF MACRO LEADERSHIP / Leaders need to grasp the big picture not only in business but also on the economic, political and social landscapes. They need to understand the underlying dynamics, sense the paradoxes, sustain the ambiguity, feel the trends emerging from that ambiguity, extract appropriate value propositions from them, and mobilize people around those values and interpretations. This sort of leadership can be called macro leadership. More precisely, we define macro leadership as the ability to:

- 1 Have a good grasp of the big picture
- 2 Understand the underlying causes of what is happening
- 3 Identify the new trends
- 4 Explain the existing situation to people
- 5 Devise ideas about how to take advantage of the forces at work
- 6 Mobilise the people around their key value propositions
- 7 Affect reality in a positive way

Many leaders in key corporate positions today seem somewhat uncomfortable (to say the least) with the macro leadership approach to business. Perhaps we need a new generation of leaders with the seven following leadership skills:

- 1 An ability to grasp the big picture of any situation using their analytical skills but also their intuition
- 2 An ability to pinpoint new trends before they are confirmed
- 3 An ability to perform in a highly ambiguous, uncertain and unpredictable environment
- 4 An ability to cope with the irreversibility of matters

WE SEE
WHAT WE THINK
WE SHOULD SEE
WHAT WE THINK
WE SHOULD SEE



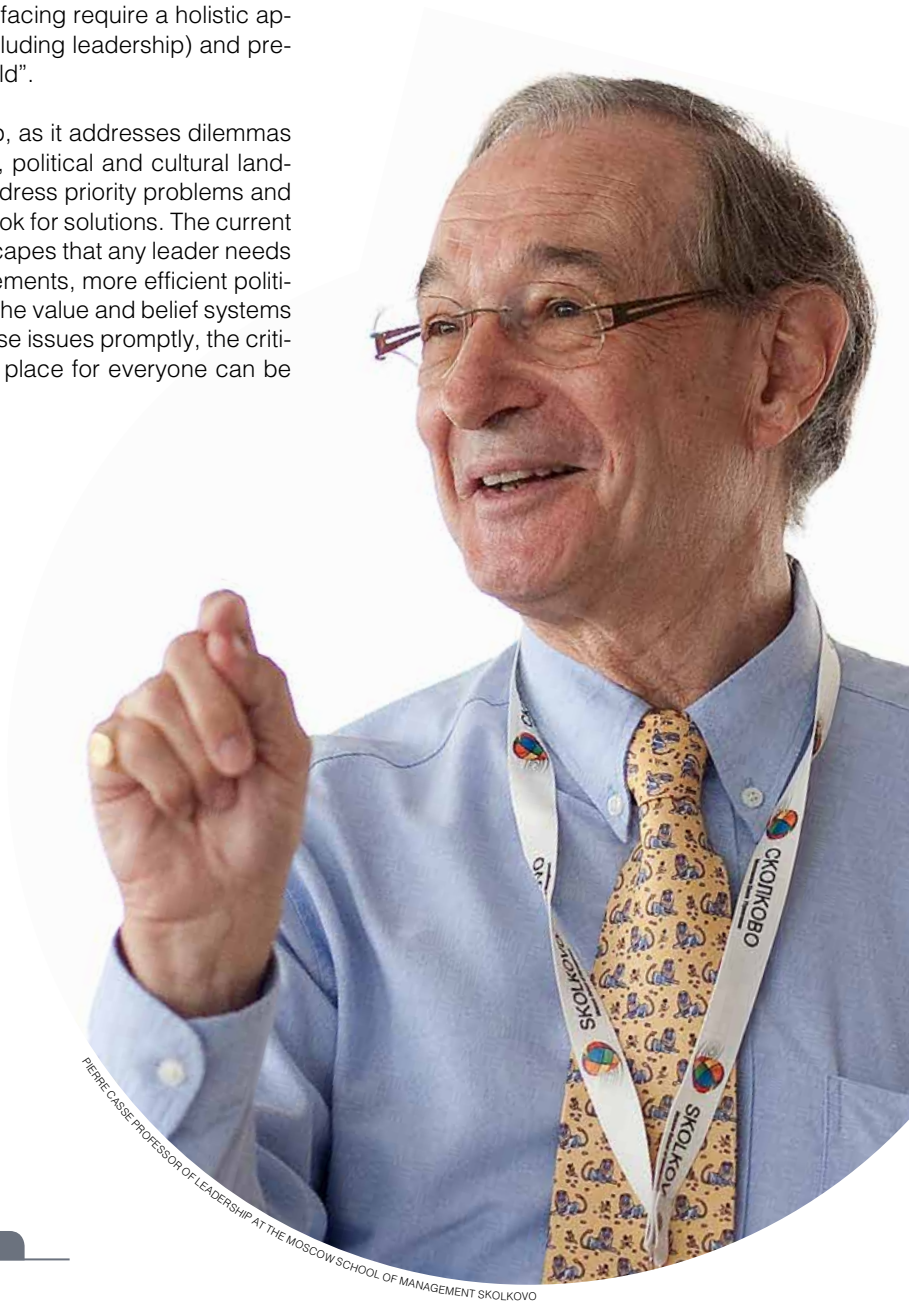
- 5 An ability to grasp and explain complex things in simple ways
- 6 An ability to thrive on the natural forces that exist in the marketplace as well as in our societies
- 7 An ability to challenge old assumptions and invent new ones.

In other words, macro leadership requires a different kind of mindset. It should be not only open to new ways to see matters but also entrepreneurial enough to invent the new world of tomorrow.

TENTATIVE CONCLUSION / The challenges that we are facing require a holistic approach. We need to put things into perspective (including leadership) and prepare ourselves for the creation of a “better new world”.

Macro leadership goes beyond business leadership, as it addresses dilemmas and paradoxes that are emerging in the economic, political and cultural landscapes beforehand. Macro leaders are willing to address priority problems and challenges before they become out of control and look for solutions. The current challenges of economic, political and cultural landscapes that any leader needs to consider are more sustainable economic arrangements, more efficient political governance and democratic arrangements and the value and belief systems that shape our truths. If enough leaders address those issues promptly, the critical momentum needed to make the world a better place for everyone can be gained. Let macro leadership begin! 🍏

MACRO LEADERS
ARE WILLING TO ADDRESS
PRIORITY PROBLEMS AND
CHALLENGES BEFORE
THEY BECOME OUT OF
CONTROL AND LOOK FOR
SOLUTIONS



PIERRE CASSE, PROFESSOR OF LEADERSHIP AT THE MOSCOW SCHOOL OF MANAGEMENT SKOLKOVO

FACT

“The best way to predict the future is to create it.”

Peter Drucker

CHOOSING BRIC



Corporations in BRIC countries are gaining momentum rapidly. Companies that have appeared only relatively recently in emerging markets are today becoming transnational giants with great ambitions and wide prospects. What is the future for the world corporate market and has the time come for players in Western Europe and the US to fear new competitors?

The picture of the corporate world is changing daily and in a cardinal way. If previously Europe and the US were the suppliers of management knowledge, which was so needed in emerging markets, then today Western companies are often searching for answers to essential questions. How do companies in developing countries continue to grow successfully, despite the unprecedentedly difficult economic situation? What allows them to achieve such impressive results, while the profits of European and US players no longer grow geometrically?

Of course, if one could work out the secret to success instantly, then the intrigue would be lost, and the world would have become one transnational giant. Nonetheless, a range of reasons can be observed. One of them is directly linked to the national economy. It is fully logical that it is far simpler to expand when the economy of the country is growing in parallel: thus, gross domestic product in China is rising by 10% a year and in India by 8%. Another success factor rests in focusing on an existing market. Rather than conquer new territory, some companies are working to enhance efficiency and increase market share where they are already present. And some, conversely, relay on aggressive growth, whether that means expanding into new markets or developing innovative products and services.

Despite varying approaches to strategic development, the following general trends are observed among the majority of players from BRIC countries. An important place is occupied by the consolidation of assets and international transactions. Most BRIC companies devote attention to market activity overseas and increase the effectiveness of strategies to develop new markets by greater marketing. Over the last five years, the number of companies from countries with rapidly developing economies entering international markets has increased manifold, which in particular is explained by the rapid pace of globalisation. According to forecasts, this trend will continue over the next 15 years.

There are already many such examples: one of China's largest chemical companies, ChemChina, acquired assets in the UK and France in 2007: Fibres Worldwide and Rhodia Silicones, respectively. Between 2005 and 2008, Russia's Evraz Group acquired a range of large foreign companies: Oregon Steel Mills and Claymont Steel Holding in the US and IPSCO in Canada. India's Tata Chemicals became the world's second largest producer of soda ash after the purchase of US company General Chemical Industrial Products at the end of 2008.

Doing business in emerging markets successfully is often accompanied by the same challenges and opportunities as in the developed markets of Western Europe and the US, and leading companies from developing countries are not trying to develop any particularly new strategies. The key to their success is becoming innovative improvement of existing products in both domestic and foreign markets. To continue to grow, they are trying to maximise the efficiency of internal auxiliary functions while simultaneously devoting attention to developing relationships with clients and the supply chain.

However, the question of what will happen due to the shifting power in the global economy remains open for now. 🍏

[HTTP://WWW.EY.COM/RURU/NEWSROOM/NEWS-RELEASES/PRESS-RELEASE--2010-09-15](http://www.ey.com/ruru/newsroom/news-releases/press-release--2010-09-15)

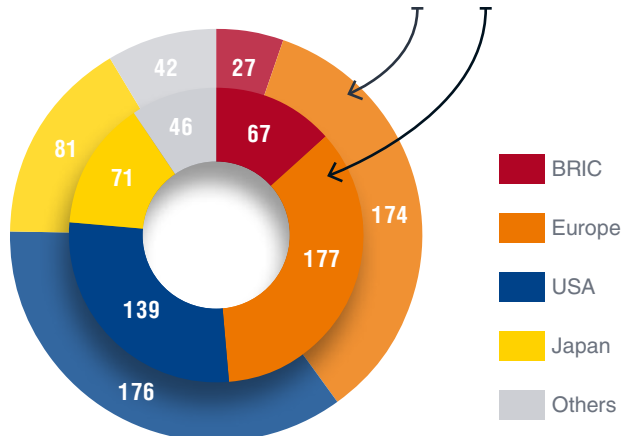
COMMENT

Alexis Karklins

head of Ernst & Young's capital transformation practice, commenting on the company's research "Emerging Heroes:

Observations From Fast-Growth Economies" noted that companies in developing markets use varying strategies. For Brazil and India, aggressive growth strategies are most characteristic; for China, aggressive and gradual growth are equally characteristic; and for most Russian companies, operational activity is optimised.

NUMBER OF COMPANIES FROM BOTH DEVELOPED AND EMERGING COUNTRIES IN THE FORTUNE GLOBAL 500 IN 2005 AND 2010



Just a few days remain before the ceremony to award diplomas to the first MBA class. But today we decided not to talk about what awaits our graduates in the future; we are taking a step back and recalling a trip by students to the country of the cherished dream – America!

SKOLKOVO & MIT STUDENTS

The penultimate module of the MBA student programme was held at MIT Sloan School of Management. The students finally returned to Campus at the beginning of October, just in time for the visit of the Russian president and governor of California.

How did these 10 weeks go in the US? Thanks to the intensive course, the students improved the skills obtained during their study and developed a strong sense of the spirit of entrepreneurship, which is key for the creation of a successful business.

The educational programme at MIT Sloan began at the beginning of August. It was opened by a two-week intensive theoretical course aimed at further developing knowledge and skills in entrepreneurship, as well as preparing for subsequent work experience. The two-week period was divided into two sections, in accordance with MIT Sloan's slogan, *Mens et Manus*: "Mind and Hand", or first theory, then practice.

Divided into groups, the students were charged with assembling by the end of the second week a comprehensive business plan to fulfil the task set for them. To achieve this goal, each day after lunch there was a ten-minute meeting based on the method of modelling. During oral presentations, students had to convey the main part of their business plan to experts who then gave their evaluation. Each day there were at least three meetings on each of two themes. There were many themes: the primary ideal and goal of creating a company, the "market entry" strategy, the business model for earning money, the recruitment and dismissal of an employee, attracting investors, and so on. On the last day of the week, groups of students working together had to present full business plans to groups consisting of businesspeople, venture investors, technology experts and instructors. It was the concluding exam as part of two weeks of work permitting a summary of the knowledge acquired. As written on the MIT blog, the students coped with tasks with aplomb.



Julia Vahidova, a SKOLKOVO MBA student, shares her impressions: "The two weeks at MIT were interesting, informative and beneficial. We had the opportunity to receive an external evaluation of our projects from people who have been in the start-up business for a long time. It was an American attitude – will our idea work or not in, one might say, more comfortable conditions. Our team's project was to develop an international strategy for the largest business incubator in the world, the Cambridge Innovation Center. It was a very interesting, classy place, where around 300 start-ups are located on

several floors. We observed how they exist and saw the atmosphere and their drive. Most remarkable is that the recommendations that we made continue to work and develop – we are still in touch with MIT, and it is pleasing for us to know that our presence there was beneficial.

As one of the SKOLKOVO MBA students, **Waseem Kawaf**, said, "It was the best time: informative classes, an excellent project, the pretty city of Cambridge... We, of course, we will miss the days we spent at MIT. We hope that we will meet again!"



The first two weeks of the course were only part of the wide-ranging educational programme for the students. They were followed by an eight-week work experience, a series of evening lectures and other events – including the so-called one-day camp for new MIT students covering start-up projects, informal social meetings, events for developing business contacts during personal interaction. As a result, the full immersion of SKOLKOVO students was literally infected with the “MIT entrepreneurial spirit”, which allows all of the students of MIT Sloan to achieve great success and maintain the necessary mindset so that they can proudly declare: “Yes, we can become entrepreneurs!”

For many students the SKOLKOVO trip to the US was a real revelation, and alongside giving a new view of business, it expanded their perception of the world in such a way that enabled them to appreciate the importance of home and friends in a new way.

Student **Yuri Kovalev** recalls: “Spending two months in America was an unbelievably interesting experience. First, it was useful from a practical point of view – we worked on a really complex electricity project and implementing it took colossal work, in my view. Second, such a kind of trip – complete with immersion in a real environment – has a strong impact on your view of the world. Many live under the influence of outdated stereotypes, believing that America is better and that it is better to be there... But from my own experience, I would say that when you spend a long period of time in the States, you begin to feel the difference in mentality quite strongly. As a result, you are happy to return home. Of course, one needs to feel this.

Overall, I have many pleasant memories. For example, Professor Paul Garrison invited us to spend the weekend at his house by a lake in New Hampshire. We rode on scooters, went canoeing and played chess. It was the unforgettable sensation of student life.





Student **Edward Khamaza**: "I have been in the US many times – to study, holiday, and work – and I have always liked America. The first trip was a shock for me – I saw a country of unlimited opportunities: compared with Russia, the US, with its ideal roads, enormous malls and so on is a real spectacle, which could send you crazy! But not only has America changed; Russia has also changed a great deal in recent years – for the better in my view. There is not yet that crazy enthusiasm of all Americans, but you start to value other things – friendship, smiles, interaction and love. But in the US there is not so much of this, people are rather closed and split up into cliques. Everything is good and everyone smiles, but something is lacking, some kind of sincerity. In addition, this time we were very deeply immersed in the project and had very little free time. I very much liked studying at MIT: the classes and practical knowledge were very useful from a practical point of view, since at the time I was also developing my own 3D project. The infrastructure with its incubator, clubs, and organisations – MIT has done all of it very professionally. It is the largest innovation centre in the world." 🍏



THE GLOBALISATION OF SPIRITUALITY



WHAT CAN BE LEARNED FROM A HUMANITARIAN LEADER

In India the number of spiritual leaders per capita is higher than anywhere else in the world. According to Forbes India, one of the most influential spiritual leaders is Sri Sri Ravi Shankar, a student of the legendary Maharishi. In 1982, on the basis of ancient Indian practice, he developed the Sudarshan Kriya breathing technique, which helps to eliminate stress and bring the mind into a peaceful state. He paid particular attention to business. Since 2006, at his initiative, the European Parliament has held an annual Ethics in Business forum.

In early September the guru visited Russia. His visit to Moscow began with a meeting with students at SKOLKOVO. Sri Sri Ravi Shankar described why he believes that his technique could be useful for businesspeople.



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GO INSIDE SKOLKOVO: ARE ETHICS NECESSARY IN BUSINESS?

SRI SRI RAVI SHANKAR: Today, when the global crisis has demonstrated where you can end up when you think only of the material, the spiritual is more important than ever. Business can no longer survive within the old paradigm; it needs to constantly re-imagine itself. For a business to have a long-term perspective, it is not sufficient for a company simply to be profitable. Its activity should help people. One gains satisfaction from work only when you set goals that go beyond the confines of the world of profit and loss.

The higher the spirit, the better the intuition works. In the management of a large company, there is probably nothing more important than intuition. Especially if you are engaged in the investment business, where without intuition you can lose everything.

Spirituality helps you to manage your time better, to observe what is happening around us and not succumb to anxiety. My teacher was Mahatma Gandhi's secretary. Once, when they were travelling by train, a wagon accidentally disconnected from the train and began to roll slowly down a slope. People panicked, but Gandhi continued to quietly dictate letters. He said: "Imagine that they save us. We would have wasted all of our time for nothing." To have liberated the mind from everything extraneous – which is possible through working on yourself and developing the spiritual sphere – you open yourself to new ideas and to creativity.

WHY DID YOU DECIDE TO SHARE ANCIENT PRACTICES WITH PEOPLE FROM VARIOUS CULTURES?

SS: In India practices that allow you to improve your energy balance have existed for thousands of years. It is really not accepted to share them with strangers. But it occurred to me that now people across the world need help to remove a little bit of the confusion and turmoil from their minds and to allow them to feel joy. The life of many modern people, especially businesspeople, is characterised by stress – they do not have time or energy. Some 83% of Europeans complain about work-related stress and 91% about stress arising in the process of social interaction. This is while there is so much that is happy and beautiful in life! In offices everyone looks at best concentrated, but often gloomy. One has to work with this. Mankind, deprived of happiness, cannot survive. Think about it, a child smiles 400 times a day and an adult just 17 times. Top managers probably do not smile for days at a time generally.

WHAT IS A LEADER TO YOU?

SS: - I believe that if you really have ambitions for leadership, you need to create around yourself a team of leaders, not followers. You should be able to inspire people – enthusiasm is often more important than motivation. In working on a project, you need not only to give instructions but also to strive to support people. A leader should be able to foster in the whole team a feeling of working together for a good cause. For example, we deploy 5,000 volunteers to clean the streets of Delhi on a daily basis. 🍎

CULTIVATING TRADITIONS

THE EXTREME VOYAGE
OF EXECUTIVE MBA
STUDENTS





Historically the most courageous entrepreneurs were explorers and traders who sailed their caravels and frigates to new lands and opportunities. The sailing ship is a great example of work on a single goal in an environment of limited resources and difficult conditions in which the lives of the crew were often at stake. So the business management programme for the students of the third EMBA course began with managing a vessel. They were supported in this by the first graduates of the programme.

The graduates and students of the Executive MBA programme spent the first week of September on board the Kruzenshtern, one of the world's most famous international sailing ships. In travelling the 930 miles from Bremenhaven (Germany) to Klaipeda (Lithuania), the group became a genuine team.



The SKOLKOVO crew spent six days on the Kruzenshtern in difficult conditions, along with 66 crew members and 120 students from the Baltic State Fishing Fleet Academy. The students had a strict daily schedule, basic food, very different living conditions in 10 and 12-berth cabins, and the almost complete absence of mobile telecommunications.

A special programme was developed for the voyage, including training in the fundamentals of business on the high seas in real conditions. The students learned the rules and laws of seafaring, studied the workings of shipboard systems, and learned about the subtleties of raising and lowering sails. They climbed the masts, organised competitions on boats, and spoke extensively with the ship's captain, Mikhail Novikov.



The extraordinary adventure of the graduates and students of the SKOLKOVO EMBA programme was full of emotions and impressions, and it could be the beginning of a great tradition. 🍏

COMMENTS

Vartan Dilanyan

graduate of the first EMBA class

“Once we went sailing on a yacht around the islands of the Adriatic Sea – it was a really impressive trip. It so refreshes and clears out the head that it is truly worth it, and I was very glad when the school offered us such an opportunity. In this respect, the trip on the Kruzenshtern was even more interesting: after months of study at SKOLKOVO, we embarked as an already genuine team – a team of close friends.”

Evgeniy Larionov

student of the third EMBA class

“I did not have any doubts about the trip – it is a genuine adventure and a new experience, as well as extreme, of course, and I am generally a lover of extreme adventures. And, naturally, the people were an important motivator! In my view, it is a fantastic idea – to gather together the first class, students who have already finished studying and who will soon be getting their diplomas, and us, the third class of new recruits. We were living on top of each other for several days on a ship, and this brought the team together in a healthy way!”



TUSCAN HOLIDAYS

Owner of wine-trading company Vagr Vina-Vita, Armen Vardanyan, a student in the first Executive MBA inflow, discusses how the first tradition of SKOLKOVO graduates was born.

Student life largely consists of small traditions; habits that appear in the process of studying. Our class was no exception. We met, became friends, became close, and, of course, interacting only in class was not enough. So gradually we started to meet more often, outside school, we relaxed together and we went to the banya with the guys on Mondays. But as the first SKOLKOVO graduates, we wanted to think of something special that would become a real tradition passed on from graduate to graduate. And an idea was born!

In fact, it was practically right in front of us. Vagr Vina-Vita has existed for more than 15 years, and during this time we have amassed enormous experience in organising wine tours. We have many stories and I often shared them with my classmates. And at some point we simply thought about arranging something similar for the class and going for a trip after graduation.

We chose Italy, Tuscany and the Chianti region, which is famed for its wines and cuisine. Naturally, it was a holiday. But we wanted to do more than simply relax in the good company of friends; we were also thinking of a future tradition for the school. So we decided to take part in harvesting grapes and producing wine, on the label of which in 18 months would be the SKOLKOVO logo and the year of graduation.

It took around five months to organise the trip and ensure all of the details were thought through. We wanted the trip to be unique and memorable, and we had every possibility and even more: I have been in the wine business for more than 15 years, so doors were opened for us that are closed for ordinary tourists. And the group put together was large, with 37 people.

In fact, it was not only the graduates from our class who could participate – people from any class could join in. The whole pleasure was in the fact that there were no restrictions, and the very process itself was energising. Students from the third intake travelled with us, for example.

We stayed at the Verrazzano castle where Giovanni Verrazzano was born. He was the first European to sail to

the eastern coast of the US; indeed, to the very place where New York is today. A bridge in the Bronx is named after him, by the way. We were met by the current owners of the castle and wine-making estate, Luigi Capellini, and his wife, Sylvia. Together with the owners of the castle, who kindly allowed us take part in the grape harvest, we were in the vineyards at six in the morning.

Afterwards the harvested grapes were sent to the press, then must was made from it, and then it was poured into barrels, where it must spend 18 months.

We also attended a reception at the home estate of Princess Natalia Strozzi in Cusona, located between Florence and Siena. The Strozzi family is no less famous in Tuscany than the Medicis and has an unbelievably interesting history. Natalia's grandmother was born in Paris to a Russian émigré family, and Vertinsky dedicated poetry to her. Many luminaries have visited the estate, and Natalia at one time took ballet lessons from Rudolf Nuriyev. Today she and her mother Irina are engaged in viticulture, and despite all of their titles they always deal directly with clients themselves. Indeed, what they arranged for us was truly impressive, but in contrast to the literally royal sweep, we felt a warm, friendly and accommodating atmosphere. We joked a great deal and even asked the princess to put in a good word for us with Silvio Berlusconi and ask him to sign bottles of the SKOLKOVO wine. She promised to help. We invited her to SKOLKOVO; moreover, 2011 has been declared the year of Russia-Italy.

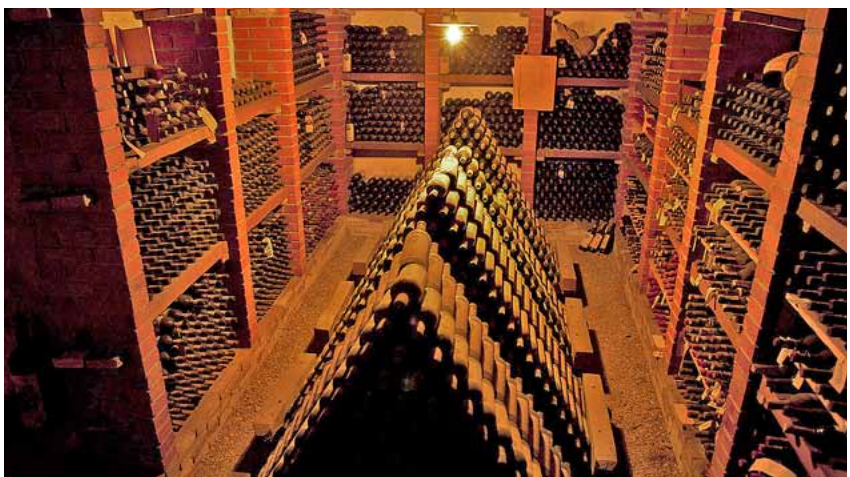
During the trip, we not only witnessed the interesting process of winemaking, but also enjoyed interacting with each other. In chats over a glass of wine, new ideas for joint projects were born, and their development continued in Moscow.

We were able to mix business with pleasure, and, most importantly, lay the foundation for a beautiful tradition, which we very much hope will be continued by future classes.

It is important that every student understands that he or she has come to SKOLKOVO not just to take, but also to give back; that besides money and ego, students can bring something new to the life of the school. 🍷



WHEN THE WINE IS READY, THE GRADUATES PLAN TO ORDER A CONTAINER TO BRING IT TO MOSCOW. AND IT WILL MOST DEFINITELY GO TO THE SKOLKOVO CAMPUS. THE WINE HAS A LIFE OF 30-40 YEARS, SO MANY GRADUATES OF THE SCHOOL WILL BE ABLE TO TRY WHAT THE FIRST EMBA STUDENTS CREATED. THE BEGINNING IS IN PLACE.



WHAT TO READ?

This issue's book selection is all about empowerment and choice. What does it mean to empower staff and what are the benefits? What is the impact of social networking on employee behaviour and the role of the manager? How do people make decisions? What is the wisdom of crowds and how can collective intelligence be utilized? All these books are also available as Kindle e-books.

ABOUT



Helen Edwards
Head of the
SKOLKOVO Library
Project

Before coming to SKOLKOVO Helen was Head of Information Services at London Business School where she worked with business students for over 20 years. She was President of the European Business Schools' Librarians' Group from 2005 to 2008 and has written and lectured widely about business school libraries in USA and Europe. In October 2009 she was made an Honorary Fellow of the Chartered Institute of Library and Information Professionals for her services to international business librarianship.

Vineet Nayar

Employees first, customers second: turning conventional management upside down

Harvard Business School Press, 2010



CEO of HCLT the IT services company, Vineet Nayar describes his personal experience of overturning conventional wisdom by making managers accountable to employees and the spectacular results he achieved by doing so. Key elements of the strategy included creating a climate of urgency so that employees became aware of the true (then declining) state of the company; encouraging a culture of trust and transparency; and promoting the entrepreneurial mindset and employee decision making. Nayar also identifies the attitudes and values of Gen Y employees as a business asset and shows how these can be harnessed effectively for business success.

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Josh Bernoff and Ted Schaefer

Empowered: unleash your employees, energize your customers and transform your business

Harvard Business Publishing, 2010



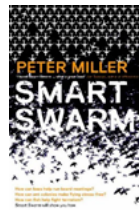
Thanks to social networking sites and consumer forums, customers have more power than ever before. This book, written by two top Forrester executives, describes how organisations need to equip their employees to deal creatively with customers and use, for the company's benefit, the very same technological tools used by dissatisfied critics. Social networks are too fast moving and diverse to be managed top down. Instead the focus of management needs to be on supporting and encouraging employees to find and implement their own solutions to serve customers.

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Peter Miller

Smart swarm: using animal behaviour to organise our world

Collins, 2010



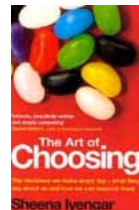
National Geographic writer Peter Miller describes how watching animal collective behaviour can provide insights of use to human situations. Ants, fish and birds operate in groups in ways far beyond the individual capability of any member but by systems of self organisation without leaders. The critical difference between the smart swarm and the mob is that the smart swarm uses its collective power to work through multiple solutions while the mob turns its chaotic power in on itself. The book gives many examples of what can be learned from swarms, flocks, schools and herds in politics, business and technology.

National Geographic writer Peter Miller describes how watching animal collective behaviour can provide insights

Sheena Iyengar Little

The art of choosing: the decisions we make everyday - what they say about us and how we can improve them

Brown, 2010



Short listed for The Financial Times Business Book of the Year 2010, this book looks at the psychology of decision making and what it means for business and for life. Research shows that the ability to frame actions as a result of choice is critical for well being and also motivation. But the author also identifies the cultural bias in decision making with experimental evidence showing markedly different choices in different cultures. The author was the originator of the famous jam experiment which showed that too much choice actually inhibits purchasing and the book discusses this and other counter intuitive research about how people really make up their minds.

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THE SKOLKOVO SERIES OF PUBLICATIONS



Capitalism Chinese-Style: the State and Business

What mechanisms has China used to expand at such a phenomenal rate latterly? Does the country have capitalism and a free market? What does the Chinese miracle mean? In "Capitalism with Chinese Characteristics: Entrepreneurship and the State", author Professor Yasheng Huang, who teaches political economy and international management at MIT Sloan School of Management, debunks various incorrect perceptions about the Chinese phenomenon by carefully analysing the country's economic policy over the last 30 years. The research is based on a rich body of information: government and bank documents, information from the Chinese office of national statistics, and various inside sources. The book is aimed at business people, economists and political observers.

The Shape of the New India: the Evolution of Changing Ideas

"Imagining India: The Idea of a Renewed Nation" is about India, its problems and its prospects. Nandan Nilekani, co-chairman of the board of directors at Infosys Technologies Ltd conducts an intriguing and impartial analysis of the economy, politics and culture of his country through the prism of the fundamental ideas that defined its face in the past and continue to do so today. He examines the issues preventing India from fully achieving its vast potential. The book is aimed at businesspeople, economists, political observers and everyone interested in the India of today and the future.



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