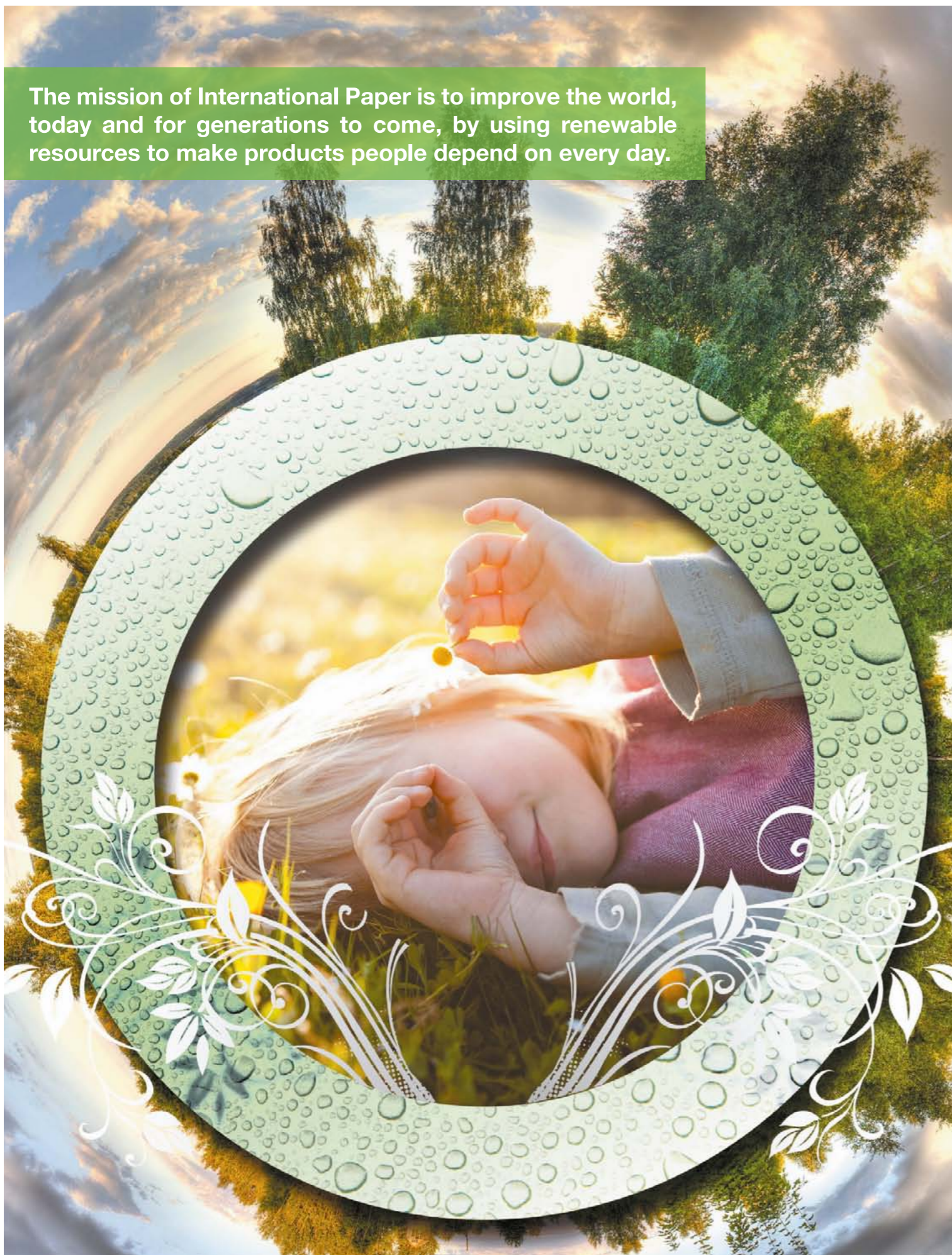


The mission of International Paper is to improve the world, today and for generations to come, by using renewable resources to make products people depend on every day.



International Paper is a global leader in paper and packaging products. In Russia the company is well-known for its office paper brands Svetocopy and Ballet.

INTERNATIONAL  **PAPER**

SKOLKOVO GOINSIDE MAGAZINE SUMMER 2012

- //2 EDITORIAL /
In today's issue
- //3 FACTS AND FIGURES /
SKOLKOVO in figures
- //4 PEOPLE, IDEAS /
Startup Academy in faces
- //6 BUSINESS EDUCATION TRENDS /
Why ratings do not reflect education quality
- //10 ON YOUR MARKS /
Life in beautiful / Dream metamorphoses / Cheer cocktail
- //14 SHORT COURSE /
Business without fairy-tales
- //20 CONVERSATION IN ESSENCE /
Valentin Zavadnikov about the business, sea and school
- //24 CORPORATE BUSINESS /
The other side of the screen
- //26 OUR GRADUATES /
Stepping beyond the skyline
- //32 SKOLKOVO RECOMMENDS /
Book advice from Helen Edwards



DEAR READERS!

There is an old parable. A traveller walking along a path meets three people working in the dust. He asks one, "What are you doing?" "I am breaking up stones," the person answers. "And what are you doing?" he asks the second. "I am searching for bread for my family," is the response. "And you?" he asks the third. "I am building a beautiful temple."

The idea seems obvious: everyone has individual goals and his or her own vision of what he or she is doing and striving for. However, I have been always impressed by another aspect of the parable. The people are unlike in their desires and expectations, they have come from different places, and they are completely different. Ultimately, though, they will manage to build something common, beautiful and useful.

The Moscow School of Management SKOLKOVO is a unique place. People here aspire to reach various objectives and touch their own stars. As a result, they conquer the same summit together and achieve a united objective: they make our world better and more beautiful. Dive into our latest issue, and find out how!

PUBLISHER // SKOLKOVO

EDITOR IN A CHEF // Tatyana Gulina
Tatyana_Gulina@skolkovo.ru

DESIGN // Andrey TROjanovsky

PHOTOGRAPH // Stanislav Timokhin

THE MAGAZINE WAS CREATED BY //
Nadezhda Goreva,
Anna Grebenkina

GOINSIDE
SKOLKOVO

NOVAYA UL. 100, SKOLKOVO VILLAGE,
ODINTSOVSKY DISTRICT,
MOSCOW REGION, RUSSIA, 143025
TEL +7 495 580 3003 FAX +7 495 994 4668
INFO@SKOLKOVO.RU
WWW.SKOLKOVO.RU

**Moscow School of
Management SKOLKOVO**

PRINTED
MOSCOW, 24/2 TSVETNOY BUL
TEL.: +7 495 608-4549/ 4396/ 406
WWW.TECA.RU

Advertising Technology

Between March and
June, 60 visiting
experts have taken
part in educational
programmes

FACTS & FIGURES



57, 000 tulip bulbs
were planted on the
Campus this spring



18, 102 people have visited the Campus
in the last three months



Participants
in XL Track lost 48
kilogrammes while
ascending the
Himalayas



3,450 grams
of Correa's
homemade
cookies were eaten
during information
sessions

Education Minister Dmitry Livanov
made his first public appearance at the
SKOLKOVO business school

INTRODUCING OURSELVES!

STARTUP

ACADEMY

IN FACES

On the first day of summer, the Moscow School of Management SKOLKOVO opened its doors to the first class of students on a new educational programme, the SKOLKOVO Startup Academy. Without veering off its initial course, the school remains the key driving force of business education development in Russia, and it continually strives to meet the most stringent requirements of its clients. Students of the academy will receive the knowledge and practical skills needed to run a business from leading acting professors, who are acknowledged international experts in their fields. Learn more about them below.

RESUME



Lawrence WRIGHT
Startup Project Director,
Moscow School of Management
SKOLKOVO

As Startup Project Director at the Moscow School of Management SKOLKOVO, Lawrence Wright leads the entrepreneurial component of the MBA programme, developing a strong pipeline of potential projects, and supporting new startups to be successful. He also heads the SKOLKOVO Startup Academy, the first class of which was launched in May 2012. Prior to joining SKOLKOVO, Lawrence was CEO of Xlerate Technologies (2005-2011), where he developed hi-tech startups, raised venture capital, and advised others on strategic development and capital raising.



Bob DORF
Serial entrepreneur,
co-author of The Startup Owner's Manual

Almost 40 years ago Bob Dorf left WINS Radio in New York to launch his first major startup. Since then, he has personally founded six companies. Bob Dorf became a co-founder of Marketing 1to 1 (later renamed to Peppers&Rogers Group) and greatly contributed to its growth to an undertaking with a staff numbered more than 400 people. Being its CEO and founder Mr. Dorf initiated major strategic customer programmes aimed at attraction of such influential clients as 3M, Bertelsmann, Ford, HP, Jaguar, and Oracle. He has conducted lots of workshops, and published dozens of articles including serious research for Harvard Business Review.



Luiz DA SILVA
CEO of Cobalt Consulting

Dr. Da Silva is currently CEO of Cobalt Consulting, a technology incubator located in Livermore, California. He is internationally recognized for his research and is a fellow of the American Physical Society and the Optical Society of America. He is a member of the scientific advisory board of the University of California, Davis National Science Foundation Centre for Biophotonics Science and Technology. He has over 200 publications and more than 60 patents, and his research has earned him awards from the American Physical Society, the Institute of Electrical and Electronics Engineers (IEEE), R&D 100 and the Department of Energy.

Lawrence

Wright

FOR WHOM IS THE SKOLKOVO STARTUP ACADEMY INTENDED? WHO WOULD YOU LIKE TO SEE AMONG THE STUDENTS?

» The SKOLKOVO Startup Academy is intended for those who dream about establishing their own business and understand that they need support to implement that goal. The academy offers practical education, mentoring and assistance, and useful acquaintances that could contribute to the success of new companies.

The academy's students are completely varied. There are men and women, young and more senior people, those who already have definite ideas and existing entrepreneurs, and students with clone projects and unique initiatives. Among the students, I personally would like to see people who are ready to consider new ideas and information.

WHAT DO YOU CONSIDER THE MAIN SUCCESS IN YOUR LIFE?

» First, my children. Second, building a new system to boost the number of startups in Russia.

WHAT USUALLY ENTICES YOU TO TAKE PART IN PROJECTS? WHAT SHOULD A PROJECT HAVE TO MAKE YOU INVEST MONEY IN IT?

» Something really interesting and brand new, something with great potential, something that could change the market. It may sound materialistic, but for me the main criteria when deciding whether to invest my own money are the potential success and profitability of a project.

Bob

Dorf

WHAT DO YOU CONSIDER THE MAIN SUCCESS IN YOUR LIFE?

» My most successful start-up of all time is my 31-year-old daughter, who received her PhD last Friday. In her, I have invested both economically and spiritually, and my daughter has given me the greatest returns. This includes a two-year-old granddaughter, who is as beautiful and smart as her mother. While it is not the answer that you might be looking for, it is an honest one!

WHAT USUALLY ENTICES YOU TO TAKE PART IN PROJECTS? WHAT SHOULD A PROJECT HAVE TO MAKE YOU INVEST MONEY IN IT?

» The fundamentals of customer development suggest that no matter what idea an entrepreneur is presenting to you, it will change over and over again, before it actually comes to the market. So you are really looking as much at the team as at the original idea itself. You need a team that is innovative, willing to get punched on the nose, and ready to search properly for a great idea, not just for an ordinary one. And what you are looking for is energy and commitment in the team, as well as the skills and willingness to work together: do they hold together as a team, can they deal with the disappointments that will come along the way? They should understand that this is much more than a job! Entrepreneurship is a life and involves total dedication! If you do not see that in the team, the investment will probably not be a good one.

Luiz
Da Silva

WHAT SCHEME DO YOU USUALLY ADHERE TO WHILE WORKING WITH PROJECTS?

» I have an incubator that is 30 miles from Silicon Valley in California. Either I or someone in my team comes up with an idea or concept of a product. If we like it, we make prototypes. And most of them today have been developed in Russia with my partners there. Only if the prototypes look good do we search for a venture investor. If we raise money, we start a company and try to make the idea a reality. This is the kind of model that I have been using for the last five to ten years since I left Academy in Research to become involved in business startups.

WHAT DO YOU CONSIDER THE MAIN SUCCESS IN YOUR LIFE?

» That is an interesting question. I am a physicist and have done some basic physics science, which was fascinating. My commercial work has been interesting as well, such as developing medical devices that have the potential to benefit people. I have done that both in my company and as a consultant, and it is rewarding in many ways. Some of my current projects aim to fill the space where there are no medical devices and lives could be saved, which is rewarding. I didn't think I was going to help society during my life time doing what I was doing. My achievement is that I have found interesting work that is of benefit to the society. 🍏

SUBJECTIVITY SCALE

WHY IT IS BETTER NOT TO LOOK AT RATINGS WHILE CHOOSING A PLACE TO STUDY

It is generally assumed that there are actually only two factors that influence how potential students choose a business school: reputation and ratings. Despite this, the SKOLKOVO business school is still not striving to secure a position among the leading educational institutions by participating in acknowledged international ratings. Valeria Pavlukovskaya, director of the school's Executive MBA programme, explained to us why SKOLKOVO rejects this seemingly most obvious path.



In the majority of cases, a business school's position in a rating is one of the key factors for students choosing a place to study. However, the methodologies of ratings, to which business schools and potential students are hostages, are so imperfect and subjective that adjusting to them can cause a shift in focus from quality of education to the criteria set. And, surprisingly, quality of education does not feature among them, while an independent ranking does not exist. Leading ratings of business schools – such as those by The Financial Times, The Economist, Business Week, Forbes, and The Wall Street Journal – are formed on the basis of distinct, subjective criteria that have not changed for at least 10 years. When trying to align business schools with those criteria, compilers of ratings often fail to consider differences in programmes, social and economic trends, and even changes in students' expectations.

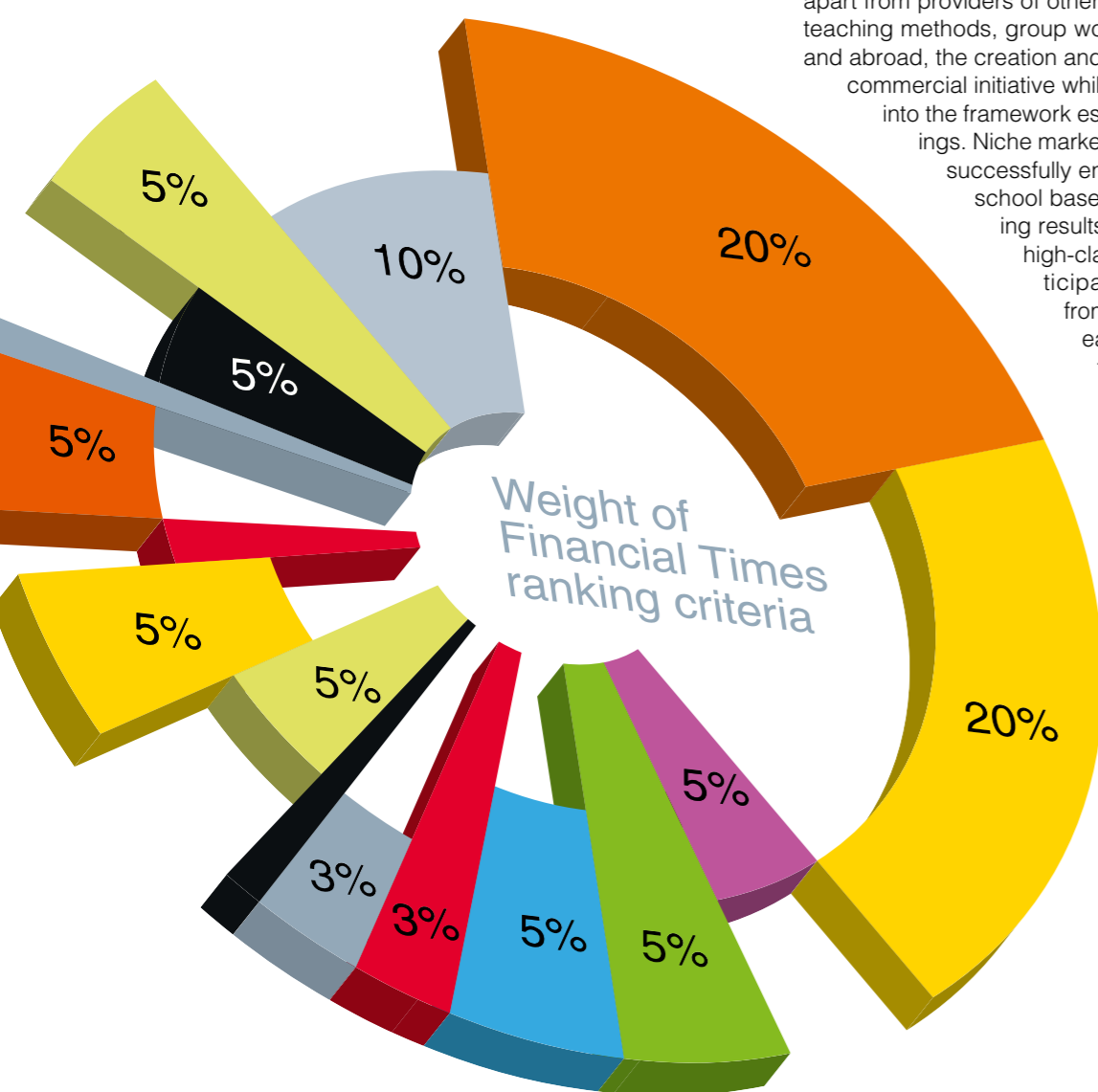
By way of example, let's examine the rating system used by The Financial Times. A criterion called "alumni financial welfare" has a weighting of 40%. Two indexes are evaluated: a graduate's average salary in the three years after the programme and its growth in percentage terms from the point of enrolment. The financial criterion does not reflect the quality of the programme content. According to that index, to be assessed positively, schools just need to focus on student profiles and identify who will be able to increase his or her salary dramatically after graduating. In such conditions, the work of career advisers is of great significance. From the outset, they consider how easy it will be to "sell" candidates and how fast they will be able to increase their salaries. Obviously, it is much easier to secure a substantial pay rise at the beginning of any professional activity, so schools often choose young people with some work experience to ensure a higher position in ratings. As a result, whereas SKOLKOVO Executive MBA students, who are usually 36-37 years old, have leading positions in large Russian or international corporations or are entrepreneurs, their counterparts in Western business schools more and more often resemble MBA students' profile.

The "research rank" criterion makes up 10% of The Financial Times rating. Behind that name, however, there is nothing necessarily of substance: it is not enough to have one or two R&D centres at a school, or even to be involved in developing business cases. The criterion assumes that research issued by R&D centres is strictly theoretical, meets specialised scientific requirements, and is published in certain magazines only.

If we go back 10-15 years, the logic of rating compilers worked: the schools that reached the top of the pyramid were those conducting their own research. Today, however, when the most progressive business schools emphasise an applied approach to studying, and the overall focus of business education is the practical elements, such an index seems absolutely illogical. This is because cases with real applied value for students do not meet the requirements mentioned. As such, schools wanting to meet clients' expectations are not eligible for 10% of the weighting. A blind

eye could be turned to this if the rest of the weighting reflected quality of programme content – “aims achieved”. However, this is estimated at just 5%.

There are lots of niceties throughout the media. In a rating by The Economist, 35% is allocated to “directors’ poll rank”. Programme directors who take part are asked to name the best programmes in the MBA or EMBA sector. Obviously, no director would ever mention direct or potential competitors in the top 10. As a result, the leading positions often go to schools and programmes that are not viewed as serious competitors.



20% Salary today (USD) 20% Salary percentage increase (%) 5% Career progress 5% Work experience
 5% Aims achieved 3% Women faculty 3% Women students 1% Women board 5% International faculty
 5% International students 2% International board 5% International course experience 1% Languages
 5% Faculty with doctorates 5% FT doctoral rank 10% FT research rank

When determining how to develop, business schools need to decide unambiguously what is more important: an end-less race for top positions in ratings or allegiance to their mission and principles? The SKOLKOVO business school found its answer to that dilemma long ago: our values come first and foremost; we are not ready to make compromises for the sake of a place in a random rating. In our view, the relevance of programme content to a client’s expectations and requests is what resources should be focused on.

Given the key factors influencing the choice of business school, it might be reasonable to question such a decision. However, SKOLKOVO’s characteristics and profile set it apart from providers of other top programmes. Integrated teaching methods, group work on real projects in Russia and abroad, the creation and launch of a new business or commercial initiative while studying – none of these fit into the framework established by compilers of ratings. Niche marketing positioning enables us to successfully enrol students who choose the school based on product quality, not rating results. We adhere to an extremely high-class profile to ensure that participants can obtain knowledge from not only professors, but also each other. We are determined to ensure that the quality of education does not depend on the gender, nationality or financial welfare of the programme participants.

While older business schools have found themselves in an exclusive circle of ratings from which it is difficult to escape, SKOLKOVO and many other young business schools worldwide are able to enjoy freedom of choice and independently decide whether taking part in ratings is interesting, beneficial and necessary over the longer term. 🍎



YOUR LIFE YOUR CHOICE

SKOLKOVO EXECUTIVE MBA AND “KRUZENSTERN”

Executive MBA in English / October 2012

Executive MBA “Enter in Russian” / November 2012

Successfully pass the election procedure before 1st of August and start the Executive MBA programme aboard the sailboat “Kruzenstern”

Svetlana Efimova
 EMBA programme consultant
 Svetlana_Efimova@skolkovo.ru
 +7 919 777 57 48

ON YOUR MARKS!

Many students entering SKOLKOVO dream about starting their own enterprise. Go Inside has prepared three accounts of dreams that have come true: about conceiving new ideas and holding crucial meetings, about the first independent steps and business decisions, about difficulties that often appear on the way, and about the joys of the first victories



Life IN BEAUTIFUL

Christian Gracovabel entered the MBA programme in 2010. Before this, he was living in Austria, where he was as director in charge of working with international clients in a large woodworking company. However, his reason for choosing to study at SKOLKOVO was to learn about business management.

During his time at the school, Christian obtained experience of working in emerging markets, learnt Russian and met many successful entrepreneurs and investors. And as he was facing a challenge about his future career development, Christian decided to stay in Russia, where he sees great prospects and opportunities for growth. His expectations have come true: in just a month, he received an offer to head JUVALIA & YOU, a vast and ambitious project that has begun simultaneously in Brazil, Russia, China and Germany, having secured financing from major investors. Notably, Christian first learned about the company at SKOLKOVO.

The uniqueness of JUVALIA & YOU's business model lies in its structure. The company is the first in Russia that has united direct sales via agents and electronic commerce with the world of accessories that have a modern design and affordable price. Having set a goal to offer clients eye-catching accessories, JUVALIA & YOU follows fashion trends on three continents and works in partnership with the best suppliers. Sales are conducted by company "stylists", and anyone attracted to the world of beauty and entrepreneurship may become one.

Every evening in the JUVALIA & YOU exhibition hall in the centre of Moscow, there are fashion shows displaying the latest collections. Anyone can buy products, wear it there and then, or order a delivery, for example, as a present. Soon, such shows will take place all around Moscow, and each "stylist" will launch a personal webpage to display information about accessories and the newest products. There, he or she will also be able to give personal consultations and follow sale volumes online.

The company has embarked on the path to success, while Christian considers his new role as the CEO of an international startup to be the highlight of his career. 🍏





me DREAM ta mor phos es

To follow your dream and pursue the goal that you believe in was probably the main decision in Elina's life.

Elina Mannurova is a graduate of the second class of SKOLKOVO's MBA programme. For her, as a marketing specialist with experience of working in an international sportswear company and a recent business school student with an excellent academic record, the doors of many large companies and opportunities for career growth in a familiar environment were opened. However, she has chosen a business to which she has been consciously reaching out during her studying at the SKOLKOVO business school.

Elina's idea lies at the crossroads of ecology and manufacturing, two areas that need an inflow of young entrepreneurial initiatives. Its goal is to introduce technology for processing waste rubber, such as tires, that is unsuitable for use. Each year, around 1 million tonnes of such waste is produced in Russia, while only 30% of it is recycled. The project tackles two problems: it helps to protect the environment from the toxic effect of waste while it decomposes (this can go on for over 100 years) and allows the resultant raw material to be used. The range of its application is extremely wide: from the production of fuel oil to rubber crumbs that can be used to build roads, as spacers for rails, in playgrounds and at sports grounds and even in car floor mats.

Solving such a complex problem requires serious preparation, deep knowledge of the industry specifics and a strategic vision of the prospects. In search of the right direction, Elina considered five business models, paying attention to the cost of recycling equipment. She chose a supplier that offers safe installation and strong operational efficiency. In addition, she managed to find potential suppliers of raw materials and a region where there is demand for the recycled products.

Elina is currently at SKOLKOVO's business incubator. She is seeking investment, continuing to evaluate the market, and meeting potential customers and, occasionally, competitors. Nevertheless, her major motivation, her dream, is stronger than any obstacle. 🍎

CHEER Cocktail

Alexander Khrenkov, graduate of SKOLKOVO's Executive MBA programme, has covered much ground in his search for an idea that can truly inspire and captivate, that has great potential for further development and, most importantly, meets the principles of functionality and benefit.

Alexander is an amateur entrepreneur and resident of SKOLKOVO's business incubator, and a former head of a department in a large IT company. As such, he had to meet dozens of teams of scientists and explore many designs before finally finding the unique idea that gave the impetus for creating his own business.

The crucial acquaintance happened at Moscow State University. There, a team of scientists was working on creating a functional beverage that would not just have a pleasant taste, but also be beneficial for the body.

As a specialist with a strong technical background, Alexander wanted to grasp the essence of development and principle of it in action. Knowledge acquired at the SKOLKOVO business school allowed him to evaluate and implement the long-term stages of the product's development, define its unique competitive advantages, and the market potential. This is how the Naturage project was born.

The main advantage of this functional beverage is a powerful natural antioxidant, which is obtained from the Siberian larch using the latest technological methods. It is able to detect and neutralise free radicals, which has a beneficial effect on the human body, protecting it from many serious diseases.

Today, there are several products in the range: a drink for people living in urban environments, one for people suffering from diabetes, and one to counter alcoholic intoxication.

Various complex stages, such as obtaining all of the necessary approval and releasing a sample, are now behind. The next step is to conduct the necessary marketing, find investments, and start selling the product. 🍎





Keith Goodall, visiting professor at the Moscow School of Management SKOLKOVO, doesn't believe in simple stories:

"Everyone loves to simplify. They say that Apple owns its success to Steve Jobs, General Electric – to Jack Welch... These people are obviously important but they are not the whole story. Be realistic: real success-stories are much more complicated".

RESUME

Keith GOODALL

University of Cambridge,
Judge Business School.

Keith Goodall received his PhD at Cambridge University. He is currently lecturing organizational behaviour at CEIBS (China Europe International Business School). He is also a Senior Associate at the Judge Business School, Cambridge University, and a Senior Member of Wolfson College. Keith Goodall has twice received the CEIBS Outstanding Teacher of the Year Award. Keith is also an associate faculty member of Duke Corporate Education in America and Cass Business School in London.



HOW TO MANAGE A COMPANY IN ORDER TO MAKE IT SUCCESSFUL? SHOULD ONE APPLY A COMMAND AND CONTROL SYSTEM OR IS IT BETTER TO GIVE YOUR WORKERS SPACE TO CREATE?

KEITH GOODALL: Many people think that command and control management system is bad. But it actually can work very well in certain circumstances. For example, if you have a monopoly or if you are a dominant manufacturing company, if you have relatively simple processes and relatively stable, predictable markets, then this system can work really well. And it actually does so in many countries, including Russia and China. The challenge comes, when the business environment gets less predictable and when your tasks get more complex. If you need innovation and creativity, if you want to provide high level of services, then the space that you can give to your workers becomes important. You can't just order people to create.

MANY WESTERN COMPANIES HAVE STRONG SHARED VALUES, WHILE RUSSIAN COMPANIES DO NOT. DO YOU THINK HAVING STRONG VALUES IS IMPORTANT FOR SUCCESS OF A COMPANY?

KG: Unfortunately, management also follows fashion. Hot new ideas appear on the market every couple of years. And some managers follow the fashion without thinking. Imagine, what happens if a newspaper writes that GE owes its success to strong values? You can be sure, that some top-manager in Russia is going to read this

and say – get me some values! But if you are a command and control company and you have strong procedures, your workers have very little decision space and are following systems, procedures and instructions, why would you need values? Values, if they are seen as behaviours and not just nice words, are very useful in aligning disparate activities when your staff have a certain amount of freedom. If your staff have little freedom to make decisions there is little value in values. Even in a command and control company, shared values can help create a pleasant working atmosphere. But that is not, I think, their primary value.

You would ask me now: then why did companies get interested in values? Values can be useful, but only when you start to give your workers space. Once you come to a situation where you can't directly monitor and control your staff – say you want innovation, high quality service or flexibility – then values have real value. Having shared values and shared objectives allows managers to give decision staff space while maintaining some control. Values crucially limit the range of acceptable behaviours. Organizations like Microsoft talk about leadership as 'framing'. Part of the frame that an employee sits in is made by shared values. They also have shared objectives, clear performance metrics and a place in the organizational structure that helps them achieve results. There are also some rules. Once the decision space for an employee has been 'framed' in this way the job of an effective leader is mostly to get out of the way.

WHAT ARE THE WAYS TO IMPLEMENT NEW VALUES INTO EVERYDAY LIFE OF YOUR COMPANY?

KG: The main mistake many managers make is simply putting values on a piece of paper. It was Jack Welch, I think, who said don't use the word 'values'. Replace it with "behaviours". And in fact values always come from the behaviour of senior managers. If you are my boss and you are successful, I don't read the piece of paper with the values, I watch what you do. That's how you build a culture. If the piece of

ONCE YOU COME TO A SITUATION WHERE YOU CAN'T DIRECTLY MONITOR AND CONTROL YOUR STAFF – SAY YOU WANT INNOVATION, HIGH QUALITY SERVICE OR FLEXIBILITY – THEN VALUES HAVE REAL VALUE

paper says one thing and you as a senior manager act in a different way, I won't believe in those paper values. It's managers' actions that primarily shapes the culture.

To facilitate the implementation of values, you can build them into the reward system of your company. That's what AmEx and Deloitte did. In order to get my highest reward bonus I have not only to achieve results, but I have to achieve them in the right way. For example, I have not just to sell the products to the customers, but produce satisfied customers. So, if you need to influence workers' behaviour, you do it partly by behavior of managers, partly by a reward system and partly by a recognition and promotion system. All of these actions must, of course, be aligned and coherent.

ARE THERE ANY SECRETS HOW TO BECOME A NEW CHARISMATIC AND SUCCESSFUL LEADER?

KG: As human beings, we like simple stories and fairy tales – about icons like Jack Welch, Steve Jobs, etc. But it's impossible to analyze the success of a company purely on the behaviour of the leader. During the period when Jack Welch was CEO of General Electric, the profits of the company increased tremendously. Is Jack Welch a hero? Or was he lucky? Both statements are probably true. If you look at the American economy during the time when Jack Welch was CEO of GE, it grew strongly. As he himself said, you would have to be an idiot not to make money in these conditions. To his credit, when this point was made in an interview, Welch

said that yes, he was lucky to be CEO during this period of economic growth. The heroic leader stories also don't tell you about the team that was with the leader. It's much easier to say 'Lou Gerstner turned around IBM' than to analyze the complex interactions between him and thousands of highly competent people at IBM. We overestimate the influence of charismatic leaders. In fact, many highly effective leaders aren't charismatic at all. Peter Drucker said something interesting in a Forbes interview: "One of the most effective American presidents of the last 100 years was Harry Truman. He didn't have an ounce of charisma. Truman was as bland as a dead mackerel. Everybody who worked for him worshiped him because he was absolutely trustworthy."



SALARY INCREASE IS THE MAIN TOOL THAT COMPANIES USE TO MOTIVATE THEIR WORKERS. DO YOU THINK THERE ARE ANY OTHER WAYS TO DO IT?

KG: Some interesting research in the field of motivation (By Pink in his excellent book 'Drive', for example) suggests that money as a motivator works very well for repetitive tasks. At the same time money used as a motivator for creative tasks can actually be negative. The pressure to achieve a reward directly connected to the achievement of a task can create a kind of tunnel vision and actually limit creativity. You want to reward creativity, of course, but managers need to pay these people well enough to take money 'off the table' as an issue and then motivate them in other ways. There are plenty ways to motivate people without increasing their salaries: praise, recognition, opportunities to develop and learn, a chance to make a contribution. Inside the Macintosh computer case, that was issued in 1984, are names of the designers of this product. Very few people will ever see these names because the case is deliberately hard to open. In SAS analytical software the engineers have their names on the manuals. Having their names mentioned on their products is an important form of recognition. And the company didn't spend a penny on it! Google and 3M have their own way of motivating people. At Google about 20% of engineers' working time is called "Innovation Time Off" at 3M it is about 15%. During this time people can work on projects that they are interested in without supervision or targets. Gmail and AdSense (a programme worth around 9 billion dollars a year) were both created during this 'time off'. The only rule at Google and 3M is that if you are given this time and company resources, you have to tell your manager what you are working on and share the ideas with your peers. If you offered many of those workers to double their salary and take away their free time, they wouldn't agree. For creative people the main motivator is creative space and not money.

IN THE ERA OF GLOBALIZATION IT IS VERY IMPORTANT TO KNOW HOW TO DEAL WITH CROSS-CULTURAL ISSUES. WHAT KIND OF ADVICE WOULD YOU GIVE TO FUTURE TOP-MANAGERS?

KG: Before I give you any advice, ask yourself – what is the most difficult culture for you to understand? I bet, you think Chinese, Japanese, and maybe others. That is the most common

I get to this question. While the right answer is – our own culture is the most difficult to understand. This is because we tend to see our own behaviour as 'normal' and 'natural' and so its strangeness to others becomes invisible to us. Everyone thinks that the way the other person acts is strange. And nobody thinks of how other people see our behaviour. It's hard to step outside yourself. When I taught Russian students in Cambridge, one of them came to me and said: "English people are really insincere, they smile all the time". For English people smiling at strangers is just social lubrication, it is a way to say, perhaps: "I am not a threat to you". So for English people, Russians who don't smile so much may look unfriendly. The danger is that we can quite quickly see different behaviour as negative: the English smile at strangers and so are insincere. I am very grateful to my Russian student for his question: I learnt something about English behaviour that I wasn't really aware of. Now, if necessary, I can modify my behaviour in Russia!

DO YOU LIKE TEACHING AT THE SKOLKOVO BUSINESS-SCHOOL?

KG: I love teaching at SKOLKOVO. And it's not just words. I'm pretty lazy and I work only when it is interesting. I very much like the energy that is in this place. I love the idea that SKOLKOVO is supporting entrepreneurs and is engaged with the challenges of working in developing countries. Russia is also a difficult country to create your own business in, so I admire those who are able to succeed here. Don't tell the course participants, but I often feel I learn more from them than they do from me.

DO YOU HAVE ANY FUNNY STORIES CONNECTED WITH THE SKOLKOVO BUSINESS-SCHOOL?

KG: It happened during my first module at SKOLKOVO. I taught EMBA-1. On the final

day I came into the classroom after lunch – and the classroom was completely empty. No students turned up. It seemed to me during the whole module, that everything was going OK, but at that point I understood, that everybody else thought it was a disaster. I went to the coordinator, but she had no idea of where the students were. I felt really depressed. Then the coordinator returned and said: "I found the students, and they would like to talk to you, but they won't come here, you will have to go to them". Worse and worse! I went into the classroom to be met by total silence. But then I noticed on the table there were 24 glasses, a bottle of vodka and a huge birthday cake. They had found out it was my birthday that day and quickly organized a party. They gave me a beautiful ski jacket! It was one of the best birthdays I've ever had (despite the fact that my wife liked the ski-jacket so much she kept it for herself ...). 🍷

DON'T TELL THE COURSE PARTICIPANTS, BUT I OFTEN FEEL I LEARN MORE FROM THEM THAN THEY DO FROM ME





«Never Lie to Yourself»

Valentin Zavadnikov, senator and Founding partner of SKOLKOVO, talks about the sea, business, relations with Skolkovo-2 and Russian politics

ANDREI RAPPOPORT MENTIONED THAT HE AGREED TO BECOME THE SCHOOL'S PRESIDENT ONLY ON THE CONDITION THAT YOU WOULD PARTICIPATE IN THE SCHOOL'S LIFE EVEN MORE ACTIVELY.

Valentin Zavadnikov: That is true. In essence, at the school, I am the adviser to Mr Rappoport on all current processes. However, two things really captivate me: the school's entrepreneurial community and interaction with the Skolkovo fund. As the school was being created, we envisaged that it would be a driver of leadership and entrepreneurial spirit. Three years have shown that the school cannot build an entrepreneurial environment itself, as professors are not usually entrepreneurs. We have decided to build around the school an infrastructure that will engage students in different start-ups and higher-level projects. Some might be for educational purposes only, while others will apply the school's skills and potential.

WHO WILL MONITOR THAT WORK?

Six months ago, the founding partners created and confirmed the concept of entrepreneurial life at SKOLKOVO. In the near future, we will announce of the person responsible for the entrepreneurial community who has been chosen in an open competition.

AND IS THERE ANY PROGRESS CONCERNING INTERACTION WITH THE SECOND SKOLKOVO?

The fund and business school have much in common. Both projects are development institutions, and both have an educational component and tech-parks. Obviously, having united our efforts in some areas, we could achieve more. That is why, in late October, Mr Rappoport and Mr Vekselberg signed an agreement on interaction between the school and the fund in nine areas.

ARE THERE MANY STUDENTS AT SKOLKOVO WHO WILL DEFINITELY BUILD THEIR OWN BUSINESS?

I would divide the students who enter the school into three groups. The first – and the smallest, consisting of around 20% – is those who can create their own business. The second, which accounts for over 50%,

consists of those who could become successful managers in large corporations, but are unlikely to start their own enterprise. Finally, there are those who are not in either category; they would probably pursue a career in consulting or education.

When someone enters SKOLKOVO, it is hard to determine in what group he or she will be. However, this becomes clear after a couple of months.

AND WHAT WAS YOUR FIRST ENTERPRISE?

In 1984, we founded a public organisation within a maritime steamship line. Back then, under the law, public organisations did not have to pay taxes. Quite quickly, all of the steamship repair work was done via our fund.

Back then, at the dawn of perestroika, there were many different opportunities. A business idea often lies on the surface. For instance, take three unconnected facts. First, on Sakhalin, a vast part of a unique forest was destroyed by a fire, so a large international organisation allocated resources for felling it and planting new trees. Second, the woodborer found on Sakhalin does

not damage trees, meaning that timber from there could be used easily, even five to six years after the fire.

Third, the airport in the Japanese city of Niigata was expanded. The Japanese government granted money for removing issues hampering the expansion and replacing old equipment. We considered all of these developments and implemented a business project. We secured equipment from the Japanese for free and opened a wood-processing plant in Sakhalin that produced timber again for Japan. Remarkably, we secured money from the international organisation for that project.

ARE THERE NO SUCH OPPORTUNITIES TODAY?

There are always opportunities; you just have to learn to see them. Certainly, Russia has its own ways of doing business. As a result, there are few countries where you can earn such an income.

The principle of choosing a prospective niche is likely to be similar worldwide. In 1993, I attended a lecture by Warren Buffet on an open programme at Columbia University. He was asked how he had managed to earn so much money. "It was not me, but my dad and grandfather who had scraped together a fortune. I have just kept and increased it. My dad often told me that people would always eat, litter and make love, so I prefer to invest in businesses connected with people's needs," he answered. I have remembered his words, and now I deal with food, alcohol (Sinergiya) and waste.

HOW HAS YOUR HOBBY, SAILING, INFLUENCED YOUR BUSINESS?

I have sailed since the age of three, so life involving sea, water and sails has predetermined my business ideas. The sea gives a feeling of freedom and responsibility. You make decisions and pay for mistakes, sometimes with your own life.



VALENTIN ZAVADNIKOV COMMUNICATES WITH SKOLKOVO BUSINESS-SCHOOL STUDENTS



VALENTIN ZAVADNIKOV STEERING A SPORT SAILING YACHT IN A RACE / WWW.SYNERGYTEAM.RU

YOU ARE THE CAPTAIN OF THE SINERGIYA SAILING CREW AND SPEND MUCH TIME AT SEA. DID YOU GIVE ANY RECOMMENDATIONS TO THE SKOLKOVO GRADUATES WHO WENT ON THE EXPEDITION ON THE KRUZENSHTERN?

A voyage on the Kruzenshtern is a great idea for teambuilding. The sea and mountains are insuperable natural powers: they let people prove themselves. Moreover, you are always part of a team: you have to make decisions, help each other and constantly surpass yourself. It is a fascinating, unforgettable experience. I am for that tradition.

HAS A SAILING TRIP EVER REVEALED TO YOU NEW TRAITS IN A PERSON OR BUSINESS PARTNER?

I have not made tragic mistakes. If I go to sea into business with someone, I am confident about him or

her. At that, I have many friends with whom I have great relationships, but would not start a business: they have another worldview.

HAVE YOU EVER THOUGHT OF LEAVING RUSSIA?

I am not going to leave, which is why I am working with SKOLKOVO. Obviously, people who strive to give something to others as part of the project and who learn here, not in the UK or Switzerland, associate their life with this country.

WHAT WOULD BE YOUR ADVICE TO THOSE WHO ARE JUST STARTING THEIR ENTERPRISE, TAKING INTO ACCOUNT YOUR VAST EXPERIENCE?

Do not lie to people. And never lie to yourself. The rest will take care of itself. 🍏

LIFE INVOLVING SEA,
WATER AND SAILS
HAS PREDETERMINED
MY BUSINESS IDEAS

THE OTHER SIDE OF THE SCREEN

IN LATE MAY, THE MOSCOW SCHOOL OF MANAGEMENT SKOLKOVO LAUNCHED A NEW EXECUTIVE EDUCATION MODULE PROGRAMME DESIGNED ESPECIALLY FOR SPORT BROADCASTING (SPORTIVNOE VESCHANIE), ANO.

The company's aim is to provide a national HDTV signal for the XXII Winter Olympic Games and the XI Winter Paralympic Games in Sochi in 2014, as well as an international HDTV signal for the XXVII World Summer University Games in Kazan next year. To successfully cover these events, it has bought modern equipment, the latest outside broadcasting (OB) vans, which will provide coverage nationally and internationally. Moreover, Sport Broadcasting has conducted internal training for employees, as managing the process of recording and broadcasting in an OB van requires specialist knowledge, and the number of experienced professionals in that area is tiny.

When planning its activity over the long term, however, the company encountered a serious problem: how should it develop its business after 2014, when the Sochi contract will end? The answer to that question came from another problem, this time on a national scale: the production of TV programmes in the regions.

One good example is the Eurovision song contest. From a professional point of view, it is nothing but a TV product of high quality, and its creation is based on a certain technology that assumes studios are available in all of the countries taking part. In each region

of Russia, there is at least one major cultural or sport event that, if an OB van and the right experts are available, may receive worthy coverage and become a serious TV product. Development of that technology may be in demand on both the local and international markets. If this idea is brought to life, an OB van and the team of professionals managing it become a single business unit responsible for a set of tasks: finding events that meet the format, making TV products, finding buyers, sales, etc.

Having set its objectives for the future, Sport Broadcasting approached SKOLKOVO with some questions. These included about how available niches can be identified, how a regional development strategy can be developed, and how that plan can be implemented most efficiently.

With the company and its 47 employees in mind, SKOLKOVO's Executive Education team created a module programme aimed at developed key business skills. The aim of the course is to develop the core managerial skills of specialists in the television industry, as well as teach them the key laws and rules of building and running a business.

As regards structure, the educational programme comprises four modules, each lasting seven days. Each module is dedicated to a specific range of topics needed to manage a business unit independently. The first covers business strategy and market analysis; the second focuses on producing and promoting new products, as well as business modelling and finance; the third is dedicated to project management, and the fourth looks at leadership and teamwork.

The participants divide into groups and work on projects. The ultimate objective is to present a pilot TV product by the end of the course. The minimum aim is to reach concrete agreements with organisers of an event.

One of the programme's most important components is professional expertise. Lectures alternate with

project work and lectures by speakers. The course runs under the guidance of the leading professors at SKOLKOVO, including Maurice Saias, Alexander Osterwalder, and Moty Cristal. In addition, the participants have an opportunity to acquire valuable experience from visiting experts who hold numerous workshops.

As part of the first module, meetings were held with key people in the media industry. Among them were: Ilya Tsentsiper, founder of Afisha, president of the Strelka Institute of Media, Architecture and Design, and vice-president of Yota; Ksenia Achkasova, director of television measurement at TNS Russia; Dmitry Solopov, editor-in-chief of Kommersant TV and Kommersant FM; and Natalya Sindeeva, CEO of the Dozhd channel. Particularly interesting was a joint talk by Dmitry Zelenin, former governor of Tver Region and chairman of the Russian Managers Association, and Andrei Matveev, CEO of C.A.T. and organiser of the Nashestviye festival. They spoke about the construction of a dialogue between the state and business, as well as the influence of large projects on regional development.

The educational programme for Sport Broadcasting is truly unique. It is the first large-scale programme comprising project work in TV production, and the complex situation regarding the development of that market in Russia makes it even more pressing. Combining the classical components of SKOLKOVO's educational courses and a new approach to the main part of the modules, it has become a new product in the Executive Education range. In fact, it can be considered a modular mini-MBA programme, as its core aim is to prepare entrepreneurs for heading single business units in a short time. This makes the programme an excellent example of SKOLKOVO's policy of mutual integration among its educational products in action. 🍏

STEPPING

BEYOND THE SKYLINE

Moscow (156 m), Russia – Katmandu (1,360 m), Nepal – Luklu (2,860 m) – Namche Bazaar (3,440 m) – Gokyo (4,790 m) – Gokyo Ri (5,357 m) – Cho La (5,368 m) – Lobuche (4,910 m) – Gorak Shep (5,140 m) – base camp under Everest (5,364 m) – Kala Pattar (5,550 m) – Island Peak (6,189 m). This is the route that participants in SKOLKOVO's first trial educational module covered in the world's highest mountain range, the Himalayas

THE MORE DIFFICULT
A CHALLENGE IS,
THE BETTER IT MAKES US
OVERCOME OURSELVES
(Bernard Werber)

In April a group of 20 daring SKOLKOVO Executive MBA students and graduates set off for the two-week "SKOLKOVO Himalayan XL Track" expedition in the mountains of Nepal under the guidance of Andrei Volkov, the school's dean and an international-class mountaineer. For the participants, the ascent was not only an extreme adventure, but also a serious challenge and a chance to gauge their physical and psychological limits. The route was not just a test of stamina: evening discussions allowed them to explore, and perhaps reconsider, the concept of a true leader able to take his team to new heights.

Such routes are charted constantly by the world's leading business schools: similar modules can be found on programmes at Harvard, Duke, etc. Despite the widespread opinion that the core goal of trial modules is team-building, their aim is to form personal qualities and help people discover their limits. Mountains foster moral and decision-making qualities, strengthen spirit and motivation, and teach mutual help and support. To be a strong leader, an efficient manager needs these qualities, and above all a strong spirit.

As Alexey Ovchinnikov, executive director of the Russian Mountaineering Federation and one of the instructors on the trek, told us, the core concept of any expedition within a business-leader programme is immersion in a situation. First, this means immersion in a new cultural environment. The "SKOLKOVO Himalayan XL Track" participants found themselves in an unusual social and cultural atmosphere. Nepal is a country with an emerging economy and an average annual income per capita of less than US\$300. It also has a distinctive culture and lifestyle, as well as certain traditions and attitudes to religion.

Second, the concept involves mountaineering training. For many team members, climbing a mountain is a new experience. Indeed, the participants found themselves on the front line: they had to absorb details of a challenging sport while conquering summits over 5,000 metres high. Meanwhile, the pace set by the professionals only added to the pressure.

Finally, the third component of the concept is taking people to the limit of their abilities. Faced with a lack of oxygen and changeable weather – including strong wind, snow and rain – the participants had to overcome themselves to reach the desired goal.

A substantial part of the module required special preparation, as well as commitment from each mountaineer. In evening seminars moderated by Sergei Koltovich, Executive MBA-3 graduate, the participants prepared reports on topics focusing on leadership and teamwork. The point was not to acquire totally new knowledge and skills: the emphasis during

the discussions was on increasing the understanding of leadership as a whole, its role in company management and its presence in life. Most questions were discussed on the basis of examples and real business cases from the participants' personal experience. "Often we know a lot only about the things we have to deal with in our everyday life. As a result, we start to think narrowly and focus on stereotypes. And sometimes an excellent decision is close by, on the surface, but in another area. You simply need to be able to notice it. The studying will not pass without leaving a trace: so many interesting practical examples are great grounds for consideration, a basis for arriving at alternative managerial decisions", said Denis Radionov, a student in the sixth Executive MBA class.



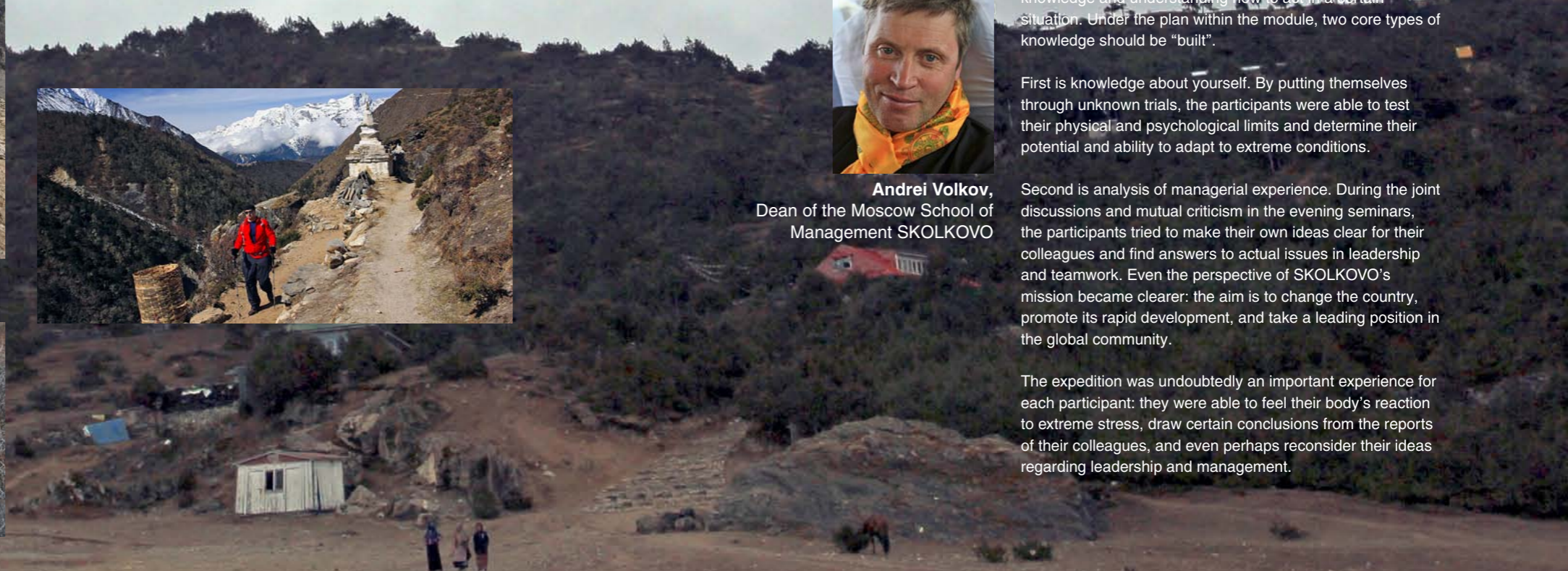


The expedition was symbolic, as mountaineers and entrepreneurs strive for a similar goal: to reach new summits. Is it possible to learn something in the mountains that can then be used in business? Definitely. "The trek has strengthened my faith in myself. It made me understand that you can and should establish challenging objectives and make yourself overcome situations, rejecting the "I can't" approach. You should have no doubts about whether something is possible. Impossible is nothing!", said Denis Gros, Executive MBA-3 graduate.

In the mountains, the participants often wanted to abandon everything, stop and sit, or turn back. Today, remembering the route covered and the experience gained, they can rationally evaluate whether their choice to brave such adventure was correct. They managed not just to overcome themselves, but also to discover new truths, become sure of their abilities, and strengthen their life principles. "I now understand that I should develop my willpower and never let myself break down. You should be flexible, but never retreat from your chosen direction and keep moving towards your goal. Prepare yourself, act systematically, be focused, do not fuss, set your sights on the final objective, imagine yourself there on the summit", said Sergei Koltovich, EMBA-3 graduate. "It might sound a bit too self-assured, but in the decision-making process, I have started to act more calmly and consider different options. And the most important thing: I now naturally make myself (and I manage it!) look, as in the mountains, beyond the skyline of decisions; I feel that I now see more and further, and that is significant in business!", said Denis Radionov, EMBA-6 student.

Each participant returned home inspired by the spirit of new ideas and full of impressions and pride from another victory on their life path. What moment was the brightest during those two weeks? There are no short answers to this. Denis Gros says that all the participants agreed on the following view: "As we grow older, time starts to move faster, as every day we experience the same emotions and impressions. Adventures stop time. We will tell our grandchildren about that expedition, sitting in a large comfortable armchair near a fireplace."

The SKOLKOVO mountaineers will remember everything for a long time: the mountains, people, desires, and feats. As Sergei Koltovich said: "When you reach the summit of Kala Pattar and see Everest and a range of mountains 8,000 metres high, you just cannot express it in words! At that moment, you understand that you have overcome yourself!" 🍏



COMMENT



Andrei Volkov,
Dean of the Moscow School of
Management SKOLKOVO

Work in management is always connected with building knowledge and understanding how to act in a certain situation. Under the plan within the module, two core types of knowledge should be "built".

First is knowledge about yourself. By putting themselves through unknown trials, the participants were able to test their physical and psychological limits and determine their potential and ability to adapt to extreme conditions.

Second is analysis of managerial experience. During the joint discussions and mutual criticism in the evening seminars, the participants tried to make their own ideas clear for their colleagues and find answers to actual issues in leadership and teamwork. Even the perspective of SKOLKOVO's mission became clearer: the aim is to change the country, promote its rapid development, and take a leading position in the global community.

The expedition was undoubtedly an important experience for each participant: they were able to feel their body's reaction to extreme stress, draw certain conclusions from the reports of their colleagues, and even perhaps reconsider their ideas regarding leadership and management.

WHAT TO READ?

These new books – all published in 2012 – challenge the way we think. They recommend bad service, praise leaders with no charisma, redefine creativity and dismiss brainstorming as ineffective, and identify the unlikely connections which can lead to real opportunities for global entrepreneurs

RESUME



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.

Francis Frei and Anne Morriss

Uncommon service: how to win by putting customers at the core of your business

Harvard Business Review Press, 2012.

Daring to be bad is the key to providing excellent service. This book argues that good service comes from design and that



this needs to include what not to do well as well as what to focus on. Strategic under-performance in areas less

important to customers release the resource to satisfy customers in more critical dimensions. Good service has to be funded and only one of the options is charging a higher price. Other models are making cost reductions which also improve service and getting customers to do the work themselves. Customers can be thought of as unpaid, untrained, unmotivated employees and strategies developed to manage them. The book has many examples of how companies have used these techniques to achieve success.

Susan Cain

Quiet: the power of introverts in a world that can't stop talking

Viking, 2012.

Leaders are expected to be charismatic and decisive. They need to be able to make decisions with incomplete information and use their personal



confidence to bring their followers with them. But this book shows that the extrovert style of leadership can

result in bad decisions, acting too quickly and not weighing up the risks. Furthermore whereas with passive employees the extrovert leader is more effective, in the knowledge economy with proactive staff, introverts, ready to listen to the ideas of others rather than just talk themselves, consistently get better results from their teams.

Jonah Lehrer

Imagine: how creativity works

Canongate Books, 2012.

Our most important mental talent is the ability to imagine what has never existed. New research in neuroscience shows that creativity covers a range of distinctive brain processes,



requiring different conditions to be activated. This book ranges from discussing why cities are centres of innovation to

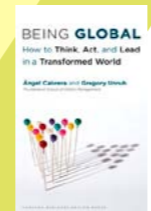
the impact of the colour of the paint on the wall. Surprising to some is the conclusive evidence that brainstorming does not work. People may enjoy the positive feelings arising from a brainstorming session but sadly these groups think of fewer ideas than people working on their own and combining the results. Instead the only way to maximise group creativity is to encourage open discussion of mistakes.

Angel Cabrera and Gregory Unruh

Being global: how to think, act and lead in a transformed world

Harvard Business School Press, 2012.

Global mindset, global entrepreneurship and global citizenship are the three characteristics of the global leader



and all can be developed. For global entrepreneurship the book identifies the three sources of value creation

as divergence, convergence and networks. Divergence allows the entrepreneur to take advantage of differing skills, resources and demand patterns in different regions of the world while convergence focuses on the needs people have everywhere. Networks build the bridge by connecting people or organizations in separate setting but who can serve one another.

An MBA with a difference



SKOLKOVO
Moscow School of Management

Conventional or breakthrough. Standard or innovative. Present or future. For those bold enough to appreciate the difference, the MBA programme at the Moscow School of Management SKOLKOVO, offers an entirely new and different approach to business education. SKOLKOVO MBA students spend more than 80% of their time out of the classroom, where they'll experience the programme 'hands-on'. We're mentoring a new breed of leader today, one who's better prepared for the challenges of the future.

Work alongside a unique and otherwise inaccessible circle of preeminent professionals who are shaping tomorrow today, at SKOLKOVO.

SKOLKOVO MBA
Tel.: +7 (495) 223-44-58, www.skolkovo.ru



open your mind.



SMART START!

>> Now officially in Russia.

Take a test drive of the legendary vehicle at the Moscow International Automobile Salon from 31 August till 9 September.

Mercedes-Benz Russia
Leningradsky Prospekt 39A
Tel: 225-00-00
www.smart-cars.ru