

Interview With a Russian Entrepreneur: Ruben Vardanian

STANISLAV SHEKSHNIA

MANFRED KETS DE VRIES

In 2007, the investment bank Troika Dialog reached a value of over \$1 billion. Its major shareholder, Ruben Vardanian, had promised that if that figure was reached he would give a \$1 million party, give his employees \$10 million in bonuses, jump out of an airplane, and shave off his hair (and Vardanian has a lot of hair, including a beard). And what a party it was. If not the talk of the town, it was certainly the talk of the company. As is the case with many Russian parties, there were no half-measures at Troika. According to Vardanian, the party cost a dramatic multiple of \$1 million. The bonuses were also significantly more than he had originally promised. He even jumped out of an airplane (although tied to an instructor). Vardanian must have been influenced, however, by the biblical story of Samson and Delilah. He didn't cut his hair.

As far as parties are concerned, Russians seem to have more fun. The merriment at the party hosted by Troika Dialog during the 2008 World Economic Forum in Davos proved to be highly contagious. An incredible number of Olympic ice skating champions were imported to strut their stuff for the night. The stars twirled and spun their way through well-known Russian popular music, while the spectators, well wrapped up in blankets, gloves and earmuffs, clapped along, fortified by vodka and glühwein. Then guests were invited to try their luck with these stars on the rink. There were probably more billionaires per square meter present at this spectacle than anywhere else in the world, including the town of Davos.

Vardanian was born into a middle-class family in Armenia; his parents and grandparents belonged to what could be described as the Soviet intelligentsia. His mother was a researcher and

his father a professor of architecture. If the stories are to be believed, Vardanian seemed to have been a model youth in the Soviet system and initially even envisaged becoming a Communist party member and following a career as a professor himself. His extremely social disposition must always have stood him in good stead in all his personal dealings. His student years at Moscow State University were interrupted by a 2-year spell of military service. During this time Vardanian was greatly influenced by Samuelson's Economics, a classic textbook, as well as various economic journals, and began to reconsider his career options. On returning to university in Moscow, he continued to study economics and finance. Following an internship at Merrill Lynch in New York, he returned to settle in Moscow.

Vardanian joined Troika Dialog in 1991 at the age of 22. Troika had been created earlier that year, and Vardanian was one of the company's four original – and unpaid – associates. These founders powered Troika Dialog into an organization with an enviable clientele and a worldwide reputation for fairness in dealing with their clients and employees. Troika Dialog is currently Russia's leading indigenous investment bank, employing 1200 people across Russia and in five other countries. Vardanian has become the undisputed head of the company and a father-figure to his employees. He is the chairman of the board of directors and chief executive officer (CEO) of the Troika Dialog Group. He could be called the "poster boy" of Russian capitalism.

Throughout his career, Vardanian has expounded the need for stronger corporate governance in Russia, signaling – after the "Wild East" period during the Boris Yeltsin years – a

move toward a more “civilized” approach to doing business and positively influencing the performance of the Russian economy. In contrast to many Russian business leaders, given his concern about creating a “best place to work,” Vardanian has tried to design a company characterized by transparency, open communication, and teamwork. From the start, modern management techniques, including 360-degree feedback evaluation systems, have been a high priority. Emphasizing the importance of best practices, Vardanian does realize, however, that there is still a long road ahead to create a serious change of mindset in Russia.

Troika is now considered one of the top credit institutions in Moscow, making Ruben Vardanian one of the leading figures on Russia’s capital markets. The company has played a key role in developing almost all segments of the country’s stock market. Vardanian is an active member of many respected business organizations, notably the Russian Union of Industrialists and Entrepreneurs, where he sits on the Management Committee. He is also the chairman of the organization’s Corporate Governance Committee and the arbitrator of its United Committee on Corporate Ethics. In addition, he is a member of many boards.

Vardanian has been named Businessperson of the Year by the American Chamber of Commerce in Russia for his “significant contribution to business in Russia and commitment to the highest standards of business ethics.” He was also named Investment Banker of the Year in RosBusiness-Consulting’s annual Person of the Year award for 2003, while Fortune magazine, in an article on the next generation of global leaders, named him one of its 25 Rising Stars for 2001. He also has been ranked one of Russia’s top three business leaders by the National Association of Managers, while for 2004 he won Ernst & Young’s Entrepreneur Of The Year Award in Russia and was named Investment Banker of the Year.

In addition, Vardanian has been the driving force in creating the Moscow School of Management, Skolkovo, of which he is the president. To do so, he not only wooed President Putin but persuaded 12 like-minded Russian business oligarchs and two non-Russian investors each to donate \$5 million to finance the new academic institution.

After years of lobbying, in early 2006 Vardanian won essential political blessing for the \$300 million project to start up the business school, and President Vladimir Putin laid the school’s foundation stone at a ceremony later that year. Perhaps even more important, Dmitry Medvedev, Putin’s hand-picked successor, has become the chairman of the school’s board. Vardanian’s motivation to create the school is based on his strong belief that Russia’s main resource – its people – is undervalued: “Russia’s future lies in its people, not its oil and gas.” He believes that emerging markets such as China, India, and Russia are becoming more interesting not only for the inhabitants of those countries who want to return home, but also for foreign companies. His vision is to create an institution that is very business-oriented and practical, linking business education to reality. According to Vardanian, “one of the key obstacles for all of us born in the U.S.S.R. was always management. Many of today’s top managers are foreigners or Russians who have studied abroad.” By founding Skolkovo, Vardanian is hoping to change that situation. One of the biggest differences between the Moscow School of Management and more traditional business schools will be the school’s emphasis on developing leaders who are entrepreneurs.

In encountering Vardanian, you face a great bear of a man, who in spite of the power he wields comes across as a soft spoken individual with a twinkle in his eyes and a great sense of humor. You quickly recognize that he is not a typical businessman. He is well read, very cultured, and extremely sociable. Furthermore, it doesn’t take long to realize that you are dealing with an individual with a great sense of corporate social responsibility, a person who wants to use his wealth not merely for selfish pursuits, but for the greater good. During discussions with Vardanian, you cannot fail to be struck by his need to contribute to the improvement of Russia, and, significantly, his original home country: Armenia. Vardanian appears to be a strong believer in the “learning, earning, returning” philosophy, activities he prefers to do concurrently. And in spite of his understated, modest manner, when Vardanian speaks, the financial community in Russia (and beyond) listens.



INT: Last year Russian capitalism marked its 20th anniversary—in 1987, the authorities first officially permitted the practice of private business in a cooperative format. What changes have occurred since then?

VARDANIAN: In this 20-year period, the system of governance and decision-making mechanisms on a federal level have changed a lot. The whole economy has shifted onto a different track. At the same time, you can't say that Russia has become a capitalistic society. I would say that capitalistic institutions have taken shape, but capitalistic cultural traditions have not yet emerged. Think of the Bible—Moses made the people of Israel spend 40 years in the desert to free them from slavery. We have covered 20 years already, but we have another 20 years ahead of us. In 20 years' time, Russia will be a completely different country, not necessarily a better one, but it will be different.

To be more specific, I think that the final acceptance of capitalism and private property will take place when property is transferred from the first generation of rich Russians to the second. This has not happened yet. The children of wealthy Russians are still young, still growing up. Many 40–50-year-old businessmen have children who have recently started getting into business, but so far they are taking up management positions. It's when they start managing their parents' assets that we will be able to say that private property has taken root.

For the time being, we are still a nation with no profound respect for private property and money. In the Russia in which we grew up it was important to produce, but not to create added value or even to be profitable. Costs and returns on investment just didn't

feature as problems for anyone. This mentality is very slow to change.

The last 20 years have seen several stages with different attitudes to business and capital. In the first stage, which started with the collapse of the planned economy and communist system, some individuals learned to make huge amounts of money, but they were not able, and in many cases did not even want to build businesses—stable and growing profitable enterprises. The second stage started when, in the late 1990s, a considerable number of people emerged who started to build their businesses, not just make money. The third stage, which is very important in Russia, began in the 2000s, when Russian businessmen discovered the stock market, and started to understand that capitalization was better than taking out cash from the cash flow. A dollar taken from the cash flow is just a dollar, while in case of capitalization the ratio goes up to 1:4 or 1:5, and people started to appreciate that. Furthermore, prestige, and respect became important. People wanted acknowledgment, and this prompted them to change their attitudes to what they do and how they do it. Transparency and publicity are steadily changing Russian business for the better.

INT: Can we say that we are into a new stage in which business leaders not only wonder how to become rich and famous, but also think about creating companies that carry their names, that are different from other companies and that are designed to last, if not forever, at least for a long time?

VARDANIAN: No, there is no such trend. Certain Russian companies want to buy large Western corporations and become leaders in the world market. But in general we are still pretty local.

INT: Is this because of the traditional short-term thinking of the Russian people, or because there are still great opportunities within the country?

VARDANIAN: The principal reason is that there is still huge room for growth in Russia, and that business profitability is still very high. I've got a feeling that possible growth inside the country is so great that

we do not have enough energy, time or actual need to go outside Russia. The second reason is that it is a little scary to do so. People do not feel sufficiently confident. In a way we are all like China Mobile, which is one of the largest corporations in the world, yet it is present in only one country. The transition from a local company to a global one needs very serious restructuring of the management system, strategy, and so on. If there are no direct economic stimuli, few people will start doing it.

INT: What contribution to developing society has been made by business leaders in this 20-year period? Did they adapt to the environment or did they actually build it themselves?

VARDANIAN: Both. It is always the 3–5% of leaders who change the world. There are never large numbers of proactive people in society who are able to make decisions and take responsibility. Our top business people did change the country. They learned the basic skills in different ways, devising schemes like MMM (a pyramid investment scheme operating in Russia that went bankrupt) or creating genuine banks, inventing brands such as Dovgan and Tinkoff, changing the image of advertising, developing newspapers; in short, they did things that had not been done before.

This section of society has played a very big role in the changes in Russia. The leaders showed that it was possible to achieve success in a fair and legal way, and that you could become rich not only by being a top bureaucrat. All they needed was the access to a quasi-free market. In the Soviet Union it was possible to become rich only by becoming part of the nomenclature. You can still do this, but many new opportunities have emerged as well.

INT: What kind of evolution has occurred among the people who are conventionally called business leaders?

VARDANIAN: I would say that there are three categories of business leader in Russia. These are *schemschiks* – or those who devise schemes – entrepreneurs and managers.

Schemschiks are people who simply make money. One Russian billionaire coined the phrase, “I don’t buy shares; I buy situations.” These people spot assets that are not efficiently managed or looked after, and can be bought or obtained for free. In the 1990s, they played a very significant role in the economy and made huge fortunes. There is nothing wrong in that. They are a part of society that exists in every economy, including America. Let’s not forget the people involved in leveraged buyouts of large corporations. Those People used air, so to speak, to buy huge corporations. This type of businessmen doesn’t vanish into thin air, but their role diminishes over time.

As for the entrepreneurs, macroeconomic instability and growth in the domestic market led to the appearance of a large number of people who started their businesses from scratch. This happened in various sectors and they were very successful. It is the entrepreneurs who created industries such as retail, investment banking, mobile telephony, and many others.

The situation with managers is quite curious. We have had several waves: a wave of self-taught managers, a wave of foreigners, and now a wave of Russian professional managers, who often have a business education and have learned on the job in various management positions, is rising to the fore.

INT: Why don’t we see Russians in the top management positions in global companies? Is the reason that there are so many entrepreneurial opportunities in Russia that the most talented business people have rushed into entrepreneurship?

VARDANIAN: No, I don’t think so. Managers and entrepreneurs are two different kinds of people. I am deeply convinced that there are many brilliant managers who would never transform into entrepreneurs. What’s more, they are not likely to throw themselves into such an uncertain arena. If they did, they would burn their fingers badly.

I think you can single out four reasons for the relative lack of success of Russian executives in the international market. First, the

requirements for a good manager in Russia differ from those in the Western world, where particular skills and competences are needed. Second, the period we're talking about is too short. After all, 17–20 years is not long enough for someone to realize his or her full potential. Third, the market (apart from raw materials) is too small and highly segmented. Finally, those who did go abroad and tried to build their careers in the West found themselves incapable of making such a great leap. Instead they started settling down and having a nice lifestyle. Their level of ambition was lower than what was needed to force their way through the tough hierarchical systems that exist in large corporations.

Furthermore, large global corporations have only started paying real attention to Russia in the last 2–3 years, and that's why they did not take Russians seriously. I am sure we will have more examples of top managers from Russia in a few years' time.

INT: Are there any cultural heroes in Russian business? If there are, can you describe them? Is there a specific type of person who combines all the desirable features for doing well in Russian business?

VARDANIAN: A sort of *Once Upon a Time in America* hero is gradually being transformed into an educated businessman who knows foreign languages, has managerial experience, and knows what EBITDA (Earnings before interest, taxes, depreciation and amortization) means. Recently I took part in an amusing meeting in Volgograd. The members of the board of directors were having a discussion. Four of them were representatives of an older generation, and the two other were young men. They all pronounced EBITDA in very strange way. I am sure that half of them did not know the correct meaning of the term, but everyone used it. This is an example of the new image that the business elite wants to project.

At the same time the role model for society as a whole is still the official, a bureaucrat. This character remains dominant.

INT: Can we say that there is a Russian leadership style? If so what is it?

VARDANIAN: I don't think so. We can only speak about leadership here under the conditions of a developing economy with an undeveloped infrastructure and great uncertainty. Basically the Internet shows that even in an economy with a developed infrastructure, in high-risk conditions where the price of a mistake is very high, the leadership style needed to be successful is very close to the one we see in Russia today. People who possess this kind of style are the ones ready to make decisions with insufficient information, when it is impossible to make a SWOT (Strengths, weaknesses, opportunities and threats) analysis for example, or write a formal business plan and build a company according to it. These are also the kinds of people who are able to cope with exponential growth. Managing exponential growth is done in China, in Russia, in India, in certain industries in America. In Western Europe, it may be more difficult.

INT: What are some of the other characteristics of this style? How do such leaders accomplish traditional leadership tasks, such as creating a vision, developing strategy, and setting key priorities?

VARDANIAN: Very often, they do not have a program or priorities at all. They are very opportunistic, because a person in such uncertain conditions has to be very flexible. Naturally, most successful businesses in such an environment are conglomerates.

Most of them do not dream of building the best company or one that will last forever. They focus on making the most of the opportunities they see around them. A good example of this is how the Absolute Bank was created. The owners were originally in real estate and only paid attention to the bank at odd times. However, it was a huge success story, and they sold it for a billion dollars. The bank was actually built up in bits and pieces in a very ad hoc way. So, I'd say that leaders like this have a very opportunistic view of business.

INT: And how do they cope with another critical leadership task—selecting and motivating people?

VARDANIAN: I must admit that a largely couldn't-care-less attitude towards people exists in Russia. In the past, people were not considered a major issue, although there is more talk about it these days. In the 1990s, the main criterion for people was whether a person was a friend or a foe, whether they were loyal or not. It's only during the last 10 years that owners have started to think about issues of performance management, teamwork and motivation. Still, while owners were at the same time the chief executive, their role in motivating people was limited to inspiring and energizing them. At present, as the owner and the manager roles are being separated, some real attempts at motivating people are made, such as introducing share and option schemes.

The point can be illustrated by a very simple fact: HR (human resource) directors are not part of the board in any big company in Russia. This simply means that people are not seen as the most important asset. Profitability in Russia is very high. Some elements of business, like operations, HR and IT (information technology), are considered so secondary in the overall scheme of things that the leaders in our country do not bother to construct these systems in detail. They don't realize how a well functioning HR system can positively contribute to the bottom line. Rather, it is more important to gain a greater market share, to build a bigger system, to be the first. Although in the last 2–3 years the top business leaders have started to understand the value of coaching and teambuilding, the present way of looking after people is far from ideal.

Furthermore, as long as the employees are not seen as the most important resource, their motivation is mainly to be a part of a big company. You may ask why size is so important? It has to do with the mindset, the pursuit of security. Working in a large company offers stability and safety, and that's why large, semi state-owned companies are so attractive to these people. Taking into account the high level of uncertainty in society as a whole, it doesn't come as a surprise that many managers are trying to find a safe place to work.

The main problem with smaller private companies is that many owners can't formulate and pinpoint the strategy and tasks, but act very opportunistically. As is to be expected, managers have to go with the flow, doing whatever the owner tells them to do. They have to remain calm if the owner suddenly changes his mind and decides, for instance, to build not a house on a site, but a shopping center, and then decides to build a stadium, and finally just to sell off the site. Whatever the decision, the manager simply has to execute it. Thus the manager has to live in deep uncertainty. That's why it is so difficult to make a long-term motivational scheme for a manager in such conditions.

INT: How do you spend your time?

VARDANIAN: I spend a lot of my time on HR issues. Some people at Troika criticize me for not spending enough time with clients. Frankly, I am quite stretched. I also do a lot of interviewing. For example, I interview everyone we hire in the HR department, even the secretaries. I also take part in the 360-degree reviews for a large number of our employees.

Every Monday morning, I make a speech to all employees. It has become a tradition. I update them on important developments. I also welcome new employees and congratulate people who have birthdays that week. It's part of our culture at Troika to encourage people's dreams. It's almost an obsession with me. We always ask new employees what their dreams are. And we try to help them to attain these dreams.

INT: How did the strengthening of the role of the state and the personal role of Vladimir Putin influence the leaders of Russian business?

VARDANIAN: Both positively and negatively. Positively, because there are now clear rules of the game. It is clear who makes the decisions, the political and economic situation is stable, and there is no feeling that it will all fall apart tomorrow.

Negatively, because, as in any stable system, restrictions appear—what you cannot do, where you cannot go, and so on. Also, the pendulum has swung in the opposite

direction. In early 1990s, you could bite off any piece you liked from the state. What was stolen or bought in those days (no matter whether it was legally or not) is now being brought back into state ownership again. A huge number of enterprises and assets are being consolidated into large units. Preserving a large player in the form of inefficient and slow state corporations is a negative tendency, on the whole. However, it is fair to argue that in some industries private business should not play any role at all, for instance, in the defense industry.

INT: Does this mean that the focus in doing business in Russia is shifting drastically? Can we say that it is becoming more important to build relationships with the state in all its various forms, with the federal and local authorities, and special services?

VARDANIAN: No, it does not. There is such vast growth in the domestic market that most industries connected to domestic consumption are not influenced. It is petroleum, natural resources, defense industries that are being influenced by the growth of state ownership. Nothing that is linked to consumption – retail, trading networks, food, and clothing production – is influenced by the state. By the way, it's not generally realized how profitable Russian businesses actually are. If we were to compare global companies present in China, India, and Russia, we would see that profitability in Russia is several times higher than it is in China. Everybody complains about bureaucracy and other problems, but in reality the comparative figures are much better here.

On the whole, there are both positive and negative tendencies—less freedom, but higher stability.

INT: Talking about the future, what type of leaders will be required in Russia in 10–15 years? What particular characteristics will they need to have?

VARDANIAN: In 10–15 years, the requirements of Russian leaders will be the same as those of leaders of global companies. They will need clear vision, a high degree of emotional intelligence, high-quality education, and the ability to manage large, com-

plex, global companies and multicultural groups of people located in offices throughout the world. The critical change in competencies will occur in their ability to manage globally, manage companies that are situated in many countries with varying regulatory systems and their own particular nuances, and to deal with complexity and ambiguity. They will need not only the ability to grasp opportunities intuitively and to make decisions quickly, but also the abilities to set goals correctly, and to achieve them in a systemic and focused manner. Instead of the kind of conglomerates we now find in Russia, in the future more companies will emerge that will try hard to become champions in their own industries and will not try to get into every possible industry. There is an enormous discount in being part of a conglomerate.

Many state companies will become publicly owned. They will have to publish their quarterly reports and to explain their actions to many external shareholders, both Russian and foreign.

In the next 10–15 years, the first item on leaders' agendas will be efficiency, rather than expansion and capturing market share. Growth will slow down, but efficiency will rise. Control systems, IT, and HR will become more important, and managers will have to pay more attention and devote more time to them.

INT: What kind of path will a person need to take to become such a leader? What basic elements of training will be required?

VARDANIAN: Ideally they would have worked for some time in China, India, and America—in different systems, both developed and undeveloped. In India people speak English, but the system is different. In China people don't speak English, and there is no clear legal system regulating business, but China has a huge market, and finally America has it all. It is also helpful to experience both building a career in a global company and to work in a start-up or turn-around situation to feel the difference.

INT: But will such a person be able to reintegrate in Russia? Won't it be hard to re-

enter Russian business after 10 years in a global corporation?

VARDANIAN: No, I don't think so. As the major issue then will be efficiency, it won't be very complicated. The tasks will change and the integration of such a traditional manager will go much more smoothly. Of course, Russia will still be different from other countries: there will remain particular nuances related to efficiency, corruption, uncertainty, and the lack of transparency, but there will be fewer of these problems by that time.

INT: Let's now talk about how to prepare such leaders. What are the tendencies in Russian business education?

VARDANIAN: In my view there is a generally positive tendency. Presently, there is a tremendous hunger to develop leaders, let alone to provide elementary management training programs. The demand for executive education is very high, and people are ready to pay for it. That is, people now understand that it is needed. And demand gives rise to supply.

HR expenditure in companies has increased many times over. Previously, spending in HR was not more than one percent, and this was usually for holding corporate events. Now more money will be spent on training. Developing employees will be part of a company-wide career development plan. For example, in Troika Dialog there are four programs: one for the top executives, another for middle managers, a third for young stars, and the fourth for interns. All these programs are different. All these programs reflect a real hunger to learn and to become more effective at work.

INT: Who should play the main role in developing business education in Russia? Business schools, companies, or perhaps even the state?

VARDANIAN: The principal role in business education will be played by business schools—both foreign and Russian. There is demand for both types. If people pay money to Russian schools, it is because they see advantages to teaching people in Russia, rather than sending them to France,

the U.K. or America. Many business schools will emerge in the universities. I don't think the government should play a significant role in the process. It should neither stimulate, nor restrict business education. Corporate education will continue its own development as well, as both owners and managers have realized that more money should be invested in it.

INT: What, if anything, can Russia give to the world of business education?

VARDANIAN: It can give a lot. On the one hand, our case is unique—in recent history, only the Republic of South Africa and Russia have undergone a dramatic transformation from one system to another. But the problems in these countries are different. We have a highly educated society that does not understand anything about business. The mental transformation needed to change a state socialistic regime into a democratic one has not yet been fully studied or well understood.

On the other hand, educational trends are changing. For a long time managers from all over the world strove to receive their M.B.A. degrees in the U.S.A. At present, more and more managers are interested in studying in those countries that demonstrate the most rapid growth. Americans and Europeans will go to Singapore, Russia, India, and China to study and get a job there. In this part of the world, Russia will become a key element, as we are culturally closer to Europe than either China or India. We will play the role of a hub that will adapt people willing to enter a market where the rules are not completely clear. In this context we have a very interesting, I would even say unique chance to have a decent role in world business education.

INT: A more specific question: what can business people learn in Russia *today* – not in 5 or 10 years from now – if they are not going to work there?

VARDANIAN: They can learn entrepreneurship. We are presently a breeding ground for entrepreneurs. The world is transforming into an open information space where creativity and the ability to find a new

niche, a new “blue ocean,” is extremely important. Russia is a good place to learn to do that, because there are still many niches where it is possible, not to compete but to offer other goods or services.

There are particular interesting cases available for study. For instance, you can work in a bankrupt company or a city-based former state enterprise. When a company supports the whole city, the social responsibility that rests on the company is huge. This situation applies all over the world.

INT: Please tell me about your Skolkovo Business School. What is it for? What is its concept?

VARDANIAN: The school’s concept is simple. First, as I’ve already mentioned, I think that the world is changing and becoming multi-polar, and educational centers are needed not only in America and Europe, but also in the other parts of the world. The world elite need them. Our school can become a very good bridgehead for understanding not only Russia, but also China and the whole developing world. Moscow has a great opportunity to become a venue for discussions, conferences, and other activities, and a think-tank for the business society that has taken shape in Russia. Both foreigners and Russians are part of this new school, and I am glad that it is a joint project.

Second, Russia wants bright business leaders. They should be able and be willing to accept risks, inspire, and lead subordinates, undertake new responsibilities, and work with large-scale projects. Employers will not ask for an M.B.A. diploma; they will ask for people who are able to head any business project and make decisions in highly turbulent circumstances. The Skolkovo business school should become an incubator for growing such leaders.

Third, Skolkovo is a highly ambitious project. Starting this business school is a great challenge because we are building an institution that needs to meet not current requirements but those that will be relevant in 15–20 years’ time. This initiative should demonstrate Russia’s desire to be at the top, not

only in terms of the landmass but also as a leader in business education.

INT: What will make training in your school so special?

VARDANIAN: In the first place, the school will specialize in developing markets and will try to use the maximum practical knowledge of people working in business, the school’s founders and visiting professors. Skolkovo is a green-field project starting from scratch, not on the basis of an existing institution. The founding partners are 14 major companies and high-profile individuals, both Russian and foreign, who are leaders in their industries. They all have vast experience in managing big business structures and are willing to take part in the training process personally, developing the school curriculum, giving lectures, conducting master classes, and organizing practical training.

The principal training format in Skolkovo will be creating five to seven student teams to develop real projects. The educational process will be largely proactive and will include a variety of courses, lectures, seminars, simulations, and role-play games, cases, master classes, consulting projects, and internships.

Education in the school is aimed at training business leaders who will be at the helm of their own businesses. That’s why student selection will be quite demanding. We’ll do our best to select people with an entrepreneurial streak, willing to work really hard to run their business successfully. They’ve got to be real leaders and strive to develop the talents and abilities bestowed on them by nature. Attracting and selecting such people is a tall order, because the usefulness of a business education is often not self-evident to them.

We are going to prompt our students to start their own businesses. It is impossible to be successful in business just on paper. Students will have an opportunity to realize their entrepreneurial dreams. For that purpose a special venture fund will be formed in Skolkovo. We’ll consider this project successful if around 30% of our alumni start their own businesses within 3 years. Nowadays

the percentage of alumni in the best European and American schools who start their own business is not more than 7%, and among Russian M.B.A. alumni this figure is even lower.

It will also be an international school. The curriculum will be focused on studying business in countries with rapidly growing economies such as Russia, India, Brazil, and China. The curricula will be designed for Russian and foreign students who want to apply their leadership skills and professional knowledge in dynamically developing emerging markets.

The teaching corps is planned to have 30 staff lecturers, half of whom will be Russian, and half foreign, and there will also be many visiting professors. Managers and entrepreneurs will come to give special courses and conduct master classes.

Students may study in several international business schools concurrently and take part in joint international consulting projects or in simulations and role-play games of transnational business management and they may also train in specialized areas.

INT: What are the main achievements of the school so far?

VARDANIAN: One of our main achievements is that the 12 to 14 partners are really making an effort and spending time to create the school. It is a joint project, and collaboration at this level is very important.

We have already launched some management development programs. We've opened corporate programs for companies. Much of the teaching team has already been formed. The campuses are under construction. The first research papers have been released. We have started translating interesting books from English into Russian, and from Russian into English. We have reached agreements with our partners, business schools in several countries.

INT: What types of programs will be launched?

VARDANIAN: There will be three types of program in the school. The first is the M.B.A. This will be a full-time 16-month program for young people aged from 23 to 35.

The students will have to be ready to spend at least three of the 18 months abroad in India, China, Brazil, Europe, and the U.S.A. We plan to have this program launched in September 2009. We'll reach our full capacity for this program, 150–200 people, in 2011 or 2012.

The second type of program is the E.M.B.A. This will be modular, part-time education for people 30 years and older and will last for 24 months. We plan to graduate 75 people a year from this program, and it will be launched in January 2009.

The third type, one that we have already launched, is company-specific programs. These are specialized programs for company owners, and top managers. They last from 3 days to several months and can be customized for a single company or adjusted for several companies at a time. We are going to graduate around 3000 people a year through this program.

INT: What's your vision of the school in 20 years?

VARDANIAN: I see the school as one of the leaders in world business education. Skolkovo has every chance to take its place in the world system of business education and to enrich it with a uniquely Russian experience.

Our goal for Skolkovo is to be among the top 20 world business schools, recruiting at least 25% foreign students, mostly from the rapidly developing economies of China, India, and Brazil. I would be happy if Skolkovo acquires the kind of image that MIT enjoys—where the abbreviation is often taken to describe its students as “millionaires in training.”

Skolkovo Business School is truly a very ambitious project, particularly measured by Russian standards. The total investment in it amounts to \$500 million. Ambitiousness per se is important not only for entrepreneurs and managers, but for the nation as a whole. It is crucial to raise the level of ambition, the level of comparison that you set for yourself and for others.

But forget the lip service, action is what's needed. Truly great efforts have to be made. Then the goals will become reality. I like the example of Samsung. In the 1990s, it

was an almost exclusively Asian company, in terms of its market and focus. Now it's one of the industry leaders, even leaving Sony behind. In my opinion Samsung's success demonstrates the level of ambitiousness of the goal the company set itself. Of course they've had their share of problems, corruption, and scandals, but throughout all this they have been able to maintain their direction. This, too, is hugely important for the future of Russia.

Slowly, we are moving in the same positive direction as the example of Samsung demonstrates. Given our developing capabilities in entrepreneurship, there are going to be great possibilities for Russia-based companies to become the new champions of world growth.



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Stanislav Shekshnia is an affiliate professor of entrepreneurship and family enterprise at INSEAD in France and Singapore and spent 10 years as a business executive and entrepreneur in France, the U.S., Russia and Central Europe. He has a master's degree in economics and a PhD from Moscow State University and an MBA from Northeastern University in Boston. In 2002, he co-founded Zest Leadership international consultancy, which provides personal coaching to business owners and corporate executives. He is the author, co-author, or editor of several books, including Russian management bestseller *Managing People in Contemporary Organization* (seven editions since 1995), *Corporate Governance in Russia* (edit. with S. Puffer and D. McCarthy, 2004), and *The New Russian Business Leaders* (with Manfred Kets de Vries and associates, 2004). He has also published book chapters, articles, executive commentaries, interviews and case studies on entrepreneurship, leadership, people management, intercultural management and business and management in Russia (e-mail: stanislav.shekshnia@insead.edu).

Manfred Kets de Vries is the Raoul de Vitry d'Avaucourt clinical professor of leadership development at INSEAD in France & Singapore. He is the director of INSEAD Global Leadership Center that offers leadership development and coaching programs to executives from around the world. Apart from being a management professor, he is also a practicing psychoanalyst/psychotherapist and a consultant on organizational design/transformation and strategic human resource management. He is a consultant to many of the world's leading companies. As an educator and consultant he has worked in more than 40 countries. He is the author, co-author, or editor of 27 books and has published over 250 scientific papers. His latest book is entitled *Sex, Money, Happiness and Death: Musing from the Underground* (in press). His books and articles have been translated into 30 languages (Tel.: +33 1 60 72 43 68; fax: +33 1 60 72 42 23; e-mail: manfred.kets-de-vries@insead.edu; website: <http://www.ketsdevries.com>).

Its major shareholder, Ruben Vardanian, had promised that his father a professor of architecture. If the stories are to be believed, Vardanian seemed to have been a model youth in the Soviet system and initially if that figure was reached he would give a \$1 even envisaged becoming a Communist party member, give his employees \$10 million in member and following a career as a professor bonuses, jump out of an airplane, and shave off his hair. If not the talk of personal dealings. His student years at Moscow the town, it was certainly the talk of the company. State University were interrupted by a 2-year As is the case with many Russian parties, there spell of military service. During this time Var- were no half-measures at Troika. Nobody knows who is the right person to lead economic transformation in Armenia, as the country faces many challenges, entrepreneur Ruben Vardanyan said in an interview with DW. It is a difficult job, because Armenia needs modernization in all areas, he said when commenting on whether Nikol Pashinyan can be a person to lead the economic transformation. "We are facing unbelievably good time in Armenia," Vardanyan said. "We all need to help him because it will be a disaster for the Armenian nation if he fails." The Russian-Armenian businessman emphasized that the expectation in the Armenian society is very high, and it is a question how Pashinyan can handle the expectations. Request PDF | On Jul 1, 2008, STANISLAV SHEKSHNIA and others published Interview With a Russian Entrepreneur:: Ruben Vardanian | Find, read and cite all the research you need on ResearchGate. For instance, Shekshnia and Kets de Vries (2008) found that Russian entrepreneurs are not used to planning business-wise ahead in the same way as their Western counterparts do. They argued: Charismatic leadership of media businesses: a case study of leaders of two media businesses in the post-Soviet states of Russia and Kyrgyzstan (1991-2016). Thesis. Jan 2017. Ruben Vardanian. Tuesday, November 27, 2018. He is a Russian social entrepreneur, impact investor and venture philanthropist, cofounder of the Aurora Humanitarian Initiative, initiator and founding partner of Moscow School of Management SKOLKOVO and its first president (2006-2011), founder of UWC Dilijan College in Armenia, founder and chairman of the board of directors of PHILIN (Philanthropy Infrastructure), founder and partner of Phoenix Advisors, former. CEO and controlling shareholder of Troika Dialog, an investment bank (1992-2012). Vardanyan was born on May 25, 1968, in Yerevan. In 1985 he graduated with a gold medal from school No. 20 in Yerevan. Between 1986 and 1988 he completed service in the Soviet Armed Forces. Ruben Vardanyan said this in an interview to Mark Grigoryan at "Tete-a-tete" program of ATV Channel on April 21. Ruben Vardanyan. One on One with Ruben Vardanyan. Why Russian entrepreneurs are good at creating one-off financial projects but not at producing consistent, global businesses. Ruben Vardanyan headed Troika Dialog for twenty years. Last year the brand ceased to exist.