

Working in Russia

Peter Bowbrick

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Kultur Shock

The EEC recognizes that nearly all EEC funded consultancies in the former USSR have been failures. One reason for this is that a consultant who has worked only in private businesses in the West is quite unprepared for the new environment. Even those who have worked in the socialist states of the Third World or Eastern Europe will find it a culture shock: Romania, for example, is like a poor Italy rather than another Russia.

Few Russian businesses can afford Western consultants at present exchange rates. This means that you will probably be financed by one of the aid programmes, like USAID, EEC, World Bank or the United Nations, or one of many smaller public or private organizations. These typically have a small secretariat and employ consultants to do project identification as well as carrying out projects.

Project Identification


You may be employed by one of these organizations to identify projects for them to finance. On a flying visit it is easy: you meet the top civil servants, find out what they want and write up the terms of reference (remembering that the consultants who write the TOR are not eligible to do the job).

If you make a longer visit or if you have more experience of bureaucracies, it is not so easy. You meet another group of equally senior civil servants, also speaking for the Ministry, and find they have a totally different set of objectives. This is because if a department is totally ineffective, the Ministry does not abolish or re-organize it; it creates another department with a similar name to do the same job. (Many Commonwealth governments have the same policy.) You as an outsider do not know which is the real department. In practice many of the contracts were made with the shadow department, which caused enormous problems at implementation stage.

Sometimes all the civil servants are pushing for a similar scheme, but each group is pushing for the particular variant put forward by a certain foreign consulting firm. The reason is not clear to me, as there is competitive tendering for the TOR you produce.

Some of the projects that they want financing are ones which they could do perfectly well themselves without Western advice or technology, and which in fact nobody not steeped in the culture could advise on.

Western firms have also tried to sell them unnecessary state-of-the-art technology. For example they have been told that they cannot carry out land reform without a land registry using Western satellite technology which maps the property boundaries to the nearest four



inches, and that Russian military satellites were not accurate enough! They were frankly disbelieving when I pointed out that Britain only started land registration thirty years ago and most land is still not registered. Nor did they believe that boundaries on title deeds could be defined as lying between two trees which had been cut down five hundred years ago, or that some farms have no title deeds because they have been in the same family for a thousand years.

Unless an experienced consultant can weed out such projects at this stage, the consultant who implements the projects will have major problems.

ARRIVING TO DO THE CONTRACT

When you arrive you are given the contact name of a person in the Ministry. If you are lucky, this may be the person you report to, the person who accepts or rejects your report. It is probable, though, that you will have to spend some time finding out who the client really is.

The Ministry will have signed a contract with the donor, stating the names of the organization you are to work with, perhaps a firm, a Chamber of Commerce, a provincial development agency, or a training organization. The contract will require them to provide you with offices, accommodation, interpreters, transport etc. The experience has generally been that the firm has not really agreed to provide these services. If they were consulted at all, they were told that it was merely a formality, a polite fiction. Many projects have come to grief over this.

If your project has been properly designed, you will be providing them with computers, photocopiers, faxes and vehicles (Russian vehicles are cheap, arctic proof, and have spare parts available). You can bargain with them, saying that if they do not provide the agreed

inputs, you will work with someone else, and leave your hardware with them. Otherwise you have to pay for their services out of your fee, in which case you will lose money.

SELLING THE CONSULTANCY

At this stage you have the name of the Managing Director of the firm. He or she (many managers are female) does not feel in any way committed to work with you and he or she does not have any reason to believe that you will help. He or she will meet you for an hour out of politeness. This is the stage where your salesmanship comes in. You are at much the same stage as if you were cold calling on a prospective client at home.

The first thing to remember is that the Russians have no concept of a consultant as we know it. A "Konsultant" is an agricultural adviser. More than with most clients it is necessary to teach them what a consultant is, what benefits you can offer, and how best to use your services. You have to explain whether you are a trainer, a hands-on doer, a facilitator, a change agent or someone who diagnoses problems and prescribes solutions.

In isolated areas where they have not seen many foreigners, they are likely to believe all you say - which can be very dangerous. In Moscow they are more sceptical.

When the Iron Curtain came down they were very naive and accepted what consultants told them. The disastrous effect of much of the policy advice means that all advice is now suspect. The economy has collapsed and they have had people dying of starvation for the first time since the second world war. Even the less policy oriented advice of the EEC has actually hindered reform and has harmed the people it was intended to help, according to the European Court of Auditors (The Independent 10.10.94). Many Russians and Western observers openly speculate that consultants deliberately gave bad advice to collapse the economy and break the Soviet threat for all time. It is certainly true that most of the

consultants have not been competent to do the tasks set. A high proportion of Western consultants and business people have been crooks. Indeed, as a result of one British firm's behaviour, British firms were banned from one province for several years.

Whether or not these beliefs are justified, they exist, and you must bear them in mind if you are to persuade firms to work with you.

There is a complex relationship between the provincial government, the development agency, the chamber of commerce and firms, and the relationship varies from province to province. If you are going to get results you have to find out who are the innovators, the leaders and the power brokers, and get their support. Your nominal client may be unwilling to act without their approval. This is of course not unique to Russia, it is part of agricultural consultancy the world over, but it is easy to forget it if you have been working only with fiercely independent private companies in the West.

HOW TO WORK IN RUSSIA

Here, as elsewhere, the first rule of the consultant is to listen and learn, not to talk. It is a very strange and complex society with a long history, and any superficial similarities to your home country may be deceptive. It is not a backward USA, nor is it a Third World country. They are undergoing one of the biggest social and economic revolutions in history and it is painful. For example the simple exercise of breaking up the state farms among their workers will throw 25% of the nation's population out of work: the state farms were a way of absorbing unemployment and providing social security.

It is important to keep remembering that they are an extremely intelligent people: they put up the first satellite, a feat Britain and Germany have yet to emulate forty years later. The fact that some things do not work only means that they have had a low priority in the

past. You should not assume that the present state of affairs is the best they can do. For example, when I tentatively asked whether they had heard of self-service retailing, they said that of course they had had supermarkets in the past but since the collapse of the economy they had had very little to put on the shelves, and poverty was such that anything put on open shelves would be stolen.

The fact that you live in a richer country than them does not mean that you are smarter than them. The fact that you live in a capitalist society does not mean that you know how to create one, any more than the fact you watch television means that you can build a television set. Nor are all capitalist countries alike: the French legal system or land tenure system may be better for their needs than the one we are used to, so it is necessary to keep an open mind.

Some consultants with strong, but ill-digested, political views give advice to Russia which would be considered extremist and politically unacceptable in any Western country, and the long term results have not been what they had expected: some countries are voting in neo-communist governments, because of the disastrous results of extremist □ free market□ approaches. Most international consultants would agree that you have to be two years in a country before you start to learn how the political system really works and that labels like "conservative", "socialist" or "right wing" are misleading, so they keep well clear of politics. For example, "Right-wing, capitalist" South Africa had far more state involvement in agriculture than "Communist" Poland. President Banda of Malawi got strong Western support over a quarter of a century because of his outspoken pro-capitalist, anti-socialist speeches. Then the West noticed that he had created a Stalinist economy with all firms owned by the President, the State or one conglomerate, and with Stalinist repression, so a lot of Western money and effort was put into changing the President, the

political system and the style of the economy.

Things that are obvious to us are often surprisingly strange to a Russian. One official explained at length that the soil in his region was bad and yields were low, so farmers obviously should be paid twice as much for wheat as farmers in better areas. Never be afraid to explain the obvious (and, of course, this may show you that it is not so obvious after all).

Comprehension can be embarrassingly good, though. Most Russians learnt English at school and can understand it even if they are too shy to speak it, so your asides to your colleagues will certainly be understood.

The number of competent Western consultants in Russia is tiny compared to the problem. It is neither here nor there whether you turn one firm around. Your project should be planned so that your success is publicized and your ideas are replicated throughout the sector.

Most business people and university lecturers are desperately keen to learn about Western economics and business methods, but they have no information: one lecturer was trying to teach western economics without ever having seen a book on it. You will be asked to give talks on it. You should plan your project to supply books and journals to support your message.

All business people are keen to learn about any possible joint ventures and about new products, processes and sources of supplies, so you should be ready to make contacts for them. They kept offering me a percentage, and did not believe me when I said the consultants' code did not permit it.

OPERATIONAL MATTERS

There are good communications in first class hotels in Moscow, but it takes three days to make a telephone call from Siberia to England. Big companies in the major oil and gas areas of Siberia have their own satellite communication systems which you can use at about \$15 a minute. A big consultancy project should get its own satellite communications.


Transport by Aeroflot is exciting. You should allow a day's stopover in Moscow when coming home, because flights are often canceled or delayed. Moscow is as dangerous as New York, so you should be met at the airport by a taxi, or stay at the airport hotel. As in most countries it is safer to use the hotel taxis, though they are more expensive.

There are very few hotels even in Moscow and some makeshift ones in other areas, usually modified from a block of flats (in Romania, on the other hand, there are reasonable hotels everywhere). Food is variable: I had caviar and cabbage soup twice a day for three months in Siberia. It is important to get a hotel near where you are working, as transport is unreliable, and you may have to walk to your meetings.

Bring your own computer, printer, and especially paper. A portable photocopier is valuable.

Presents like a selection of sweets for your client's children are welcome. In one oil town on the Arctic Circle the client was delighted to get an electric shower as a present, because there was no hot water in a town of 30,000: people went to the public bathhouse.

Russians are extremely hospitable, and you will be invited to parties, saunas, to dachas etc. The famous Russian toasts are a hazard, especially as much of the vodka on sale is of the bathtub variety, but this seems to be an important part of business. If you sip your vodka instead of drinking it off in one gulp, they will laugh at you, but you will notice that



most of the people at the table are doing the same; only one or two are deputed to do the competitive hard drinking. If you choose to drink beer or wine instead of vodka, the atmosphere changes. It becomes a social occasion with our rules instead of a competitive toasting contest.