

Commissions - or bribes - in Russia¹

Peter Bowbrick

‘I must admit that working in Russia came as a shock to me, after working in the Third World. The biggest shock, really, was the behaviour of the Western consultants. I thought they would be much the same as those I had been working with for the previous ten or fifteen years. They weren’t.

‘Sure, you get a mix of consultants working in the Third World, good, bad, honest, dishonest, idle or alcoholic. But nearly all of them started out with ideals, to do good, to save the world perhaps. These ideals have worn thin over the time, but you can always make even the most cynical old-stager stop in his tracks for a few minutes by appealing to his principles.

‘It’s not the same with the consultants based in Britain or in the West. They went into the business to make money, and making money comes before anything else.

‘The client’s business and the client’s interest comes second to them. When I first started as a consultant in Africa, it was drummed into me that when I was employed by a client, I owed my total duty to him. I could not get involved in any other business - certainly not one related to his. In fact, I was not even allowed to start selling new consultancy to the same client until this one was complete.

‘I found when I started working with US and UK consultants that they thought this was eccentric. One of my first jobs in Russia was when the food system had collapsed, when everyone was hungry and they were having their

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first deaths by starvation since the Second World War. My team's job was to do something about it.

'But that's not what they thought. They were being paid by EU aid to travel to Russia and stay there for a couple of months, so they used it as an all-expenses paid selling trip. They went out of their way to meet anyone who could possibly employ them in future, people who had nothing to do with the food problem at all, oil companies, hospitals, engineers, you name it. We were there right at the beginning and people were still keen to meet foreign consultants, especially ones linked to the EU, so there was no difficulty in getting access to the decision makers.

'Every time we met anybody who was a potential client, James, the team leader, would go into his sales pitch, delivered slowly and painfully over an hour through an interpreter. Only then would he start doing the proper interview, slowly and painfully through an interpreter. Several times we were thrown out before he had finished his pitch, and before we had started the interview proper. If we did talk, the respondent was already exhausted before the real discussions began - and talking through an interpreter is slow and exhausting. I was furious that we were wasting all our interviews with key people in the food industry, but James was quite happy as long as he had done most of his pitch.

'I was also embarrassed at his incompetence. Throughout the world you can usually get away with five minutes explaining your competencies and 45 minutes to an hour asking questions. People will give you that time if and only if they can see that you are professional, that you are asking the right questions and you are listening with interest. To me, his pitch branded the team as incompetent time wasters. It hindered my work, but he did get a couple of big contracts, so he was doing alright according to his lights.

'James did have some ethics though. Our clients wanted to buy Western equipment, and James put them in touch with suppliers. The clients were very surprised when he said that he did not take commissions for this, as

the service was included in the fee. I do not think that they believed him, and they probably just thought that he was not passing on the percentage he should have to the managers who were employing him.

‘I do not know though, if James had the same policy with all the other people who he met, the dozens of people who were not clients. Everybody we met wanted to buy things from the West, and some wanted to sell to the West so they asked us for contacts. The problem under the old Soviet system was that things were just not available whether you had the cash or not. Certainly there were not the consumer goods, but there were not the plant and machinery for factories either. There was excess demand. If a factory manager saw any machinery for sale, he would grab it immediately, even if it was not really what he wanted. It was better to have the wrong machinery than none at all.

‘Certainly I have been offered my share of commissions on import of goods needed by the client and by others. I always turn them down. Perhaps I am naïve? - they certainly think I am.

‘The only time I was really tempted was when I was working in Azerbaijan. This used to be part of the USSR, and then was closely linked with Russia under the Confederation of Independent States. When I arrived they had just broken completely with Russia, and were turning to the West. They were finding this difficult, because their main trade routes were through Russia or worse Chechnya then Russia. Their route to Turkey was now through hostile territory because they had picked a fight with the neighbouring country Armenia, and had lost territory. Their best route was through Iran, and they thought the Iranians were completely round the bend. This though they were Moslems, or at least as Muslim as we are Christian, and the people just over the Iranian border were the of the same Turkish tribes as they were.

‘The biggest problem though, was that they had suddenly become illiterate, helpless. Previously, Russian had been their second language, and it was their first language for science, for industry and for trade. All the world’s scientific literature was translated into Russia in Moscow: previously it was

sent to their scientists, but Russia had cut off the flow, leaving their scientists illiterate, ignorant of what was going on in the world. All their market research was done in Moscow for them, and all their world trade was arranged by the Ministry of International Trade in Moscow. Now they had to start for themselves. They were desperate to find people to supply them with everything from milk to farm machinery to oil drilling equipment. They were desperate to find someone to buy their products, including cotton, silkworm cocoons and snake venom, and they were looking for firms to take over their nationalized industries.

I did a couple of days phoning round when I got home, for free. It did not take that long, two phone calls to find someone who wanted to take over their tea industry, half a dozen to find someone who bought snake venom - though I never found out what they want it for. The only problem was getting a list of British suppliers of farm tools and equipment: the DTI's response to my enquiry was to suggest I phoned the German embassy.

The Azeris were amazed to get so much information so quickly, as they could never have done it under the secretive Soviet system. I had also made it clear that I was not taking a cut. They came back at me with the suggestion that I should be their official procurement and selling agent in Western Europe! I turned them down. I do not have the right commercial mind or commercial training, and I would not know what it was all about. I could probably have made a lot of money in the first year before they found I was incompetent, but they would be better off with almost anyone.