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**КУЛЬТУРА ПРЕДПРИНИМАТЕЛЬСТВА: ИСТОРИИ УСПЕХА**  
**Арена**

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## **A. Chakhoyan:**

Good morning, everybody. Please take your seats. I think we will start in just a couple of seconds, so if you have not found a seat, please go ahead. It is free seating except for a few reserved spaces, otherwise it is very informal. That is the way we envision it, so please join us. I think we can start. My name is Andrew Chakhoyan and I represent the World Economic Forum. I cover Eurasia, but I am also here to talk about entrepreneurship and how we can connect the dots, how we can find the transcendence of that entrepreneurial culture that connects all countries in the world to a degree that people take risks, they start businesses, they create new value, they create new products and they make the world a better place in some respects. What I wanted to start with is to thank you all, as the most important thing. I did not realize that on Saturday morning at 10 am we would have so much interest, but thank you very much for being here. I wanted to also thank the organizers, our colleagues at SPIEF; they allowed this session to happen. We have worked together very closely to bring this to one place and highlight a topic that we believe is very important. The way that this session is designed is just to create maximum interaction, and I will tell you in a minute how we will go about it. You will also notice that some of our speakers are in the room already, others are on stage and that is again designed to create dialogue, a real exchange and that is really the credo of the World Economic Forum. We believe in dialogue and we believe that there are so many more things that connect us than divide us, so if we can all come together and discuss a topic as important as entrepreneurship, then we can advance this common agenda forward. I have prepared a 27-slide presentation to tell you more about my organization, but I think we might skip it, right, I do not think anyone is prepared to go over that, but what I wanted to say is, why are we here? We are here today on Saturday morning to really question why people take risks. How do they succeed? How do those start-ups that we see on stage, and we see very successful people on stage, they woke up one day and said I am going to start my own business. How

that happened and why they were able to succeed is the goal of our exchange. What do we hope to achieve? The goal of the session is to learn directly from success. We want to know what held people back and what let them move ahead, besides their own entrepreneurial drive. The next point is how we will do it. As I said, the session is split three ways. We will start this very quick discussion with entrepreneurs. Once we have heard from them, then we will allow free flowing conversation, so everyone around the table will have a chance to connect with one another and learn each other's stories, and then we will invite the second round of speakers on stage and hear reactions to those conversations. Another thing I need to mention very quickly is that you probably found those reports on your seats. This is the work that has been carried out by the Global Agenda Council. There are actually many of the members of the Global Agenda Council and the World Economic Forum in Russia. They took this initiative, they chose this topic to really highlight the importance of an individual stepping up and creating a new company. So feel free to scan it and then we will be happy to tell you more about the Global Agenda Council. But now, I wanted to really turn to our panel. The way we will do it is again to keep it for maximum interaction, so what I will ask you to do is give me your elevator pitch. Simply your name, what your business is, and just very briefly, what it is that you do, and then we will go back and hear your entrepreneurial stories with respect to policy and how it relates. Maybe we will just go in the order which we are seated. So Sergey, over to you.

**S. Solonin:**

Hello. I am Sergey Solonin. I am one of the founders of Qiwi and Qiwi is a payment system in Russia. So I have been in business for almost 12 years.

**H. Aase:**

Hi. I am Hannah Aase from Norway. I run Wonderloop where we do video profiles of people with the goal of seeing every person in the world. Think LinkedIn with video, pretty quickly.

**D. Kostygin:**

My name is Dmitry Kostygin. I am not the founder, but an early investor in Ulmart.ru, which is the largest internet retailer in Russia so far, although we are still a relatively small company with roughly USD 1.5 billion in sales.

**A. Chakhoyan:**

Excellent. Thank you so much. And the next question I have for each one of you is, what makes you an entrepreneur? What is that drive that you have? How would you define it in a few very short sentences? Why did you choose that? And once you say your own motivation, I want to understand the ecosystem. How did you succeed? Entrepreneurs do not live in a vacuum. They are not simply creating businesses because they had a thought. They need to understand the market, the support systems out there, the financing, and regulations. There are all kinds of thing around an entrepreneur, has it enabled their success or hindered it to some degree? I want to hear about that as well. Maybe we will start with simply understanding how you define yourself as an entrepreneur. What is it that drives you? How did you decide to start your business? I will go in the same order. Sergey, over to you.

**S. Solonin:**

I think in my particular case it is more craziness, and I have started more than 25 businesses throughout my career in very different areas. I recently heard the term ADD, attention deficit disorder, so that is from that perspective. What is important for me again is to be always on a search, to always look for something,

and my feeling is that the current situation, not only in Russia but a world of uncertainty, with a lot of change, is very fruitful for this kind of experience and attitude.

**A. Chakhoyan:**

Excellent. If I could sum up, what people recognize as challenges, entrepreneurs see as opportunities, and they are willing to try things over and over and that is part of the fun.

**S. Solonin:**

Then you have to have a lot of luck as well.

**A. Chakhoyan:**

Hannah, what makes you an entrepreneur and do not forget your mike.

**H. Aase:**

I think first and foremost it is wanting to do something beyond myself and my own life and my background. I was watching Oprah when I was little and I saw her give away things on TV. A scholarship or things that changed people's lives, and I became obsessed with how can we scale her, how can everybody give, and I think that drive from a very early age and just having kind of the same vision, the same goal and then trying many things to get there, no matter what those many things are.

**A. Chakhoyan:**

Excellent. Maybe another feature, then, is perseverance. Self-belief maybe, beyond reasonable or beyond rational. Dmitry?

**D. Kostygin:**

Well we discuss it quite often among friends. Why we are still taking risks and do not just retire somewhere peacefully, and I think in my case it comes with quite a demanding mother. I was never good enough for her. I think she, unfortunately, she ruined my older brother, but in my case, I think I am still okay. I have lived in Switzerland for almost five years and I have seen a different society and different attitude towards balance like business and family, I think this risk-taking is somewhat unhealthy, unfortunately, sorry about that. It is kind of a neurosis that should be addressed, maybe treated.

**A. Chakhoyan:**

Great. Again, to briefly sum up, I think it takes a visionary person to see what it is that you can recognize somewhere else and then take in your context and then build a business. And now maybe about the ecosystem. Think about what it is in your context and in your case, in Norway or the US, or in your case Dmitry and Sergey, what is it in the Russian context in the entrepreneurial ecosystem that made you successful and what held you back? Maybe one for each? Was it finance, was it regulation? I do not know how you think about it, but in this broader ecosystem of entrepreneurship, what supported you and what held you back? Maybe we will switch it around. Dmitry, we will go to you.

**D. Kostygin:**

Well again, I do not see the role of entrepreneurs any more as critical for the website. Unfortunately, my views have changed in the last decade or so. Again, I have looked at how they regulate markets in Switzerland. I am not in favour of regulation of the markets, but I am in favour somewhat of the Swiss model. So, for example, they give licenses to taxi drivers quite carefully so a taxi driver has a relatively protected business. The same would be with a physiotherapist, so even if the person has been born in Switzerland and was taught in Switzerland and



has a license as the physiotherapist, it does not mean that in a particular region they will allow that person to work. In our sense, they are entrepreneurs, but the society protects these various licences quite well. In some countries, it was not achieved, so it gets overprotected, but also in Istanbul last year, I saw a tour guide and the tour guide was a teacher at a university. He told us that the police would not allow unlicensed tour guides to work and that gives him good money in the peak season and he can then do quite a lot of research in the slow season period. So I like that. I worked as a tour guide in this city in 1989 and 1991, I was completely unlicensed and I think it is improper for the society. It is good that I was an entrepreneur, but I think society should be looking at it differently.

#### **A. Chakhoyan:**

It is good to know that you started way back with such a business and now you are running a USD 1.5 billion company, but maybe the insight I can collect is the right level of regulation, not over-regulating or under-regulating, neither of those are helpful, but finding that balance. Hannah, what made you successful and what is holding you back from achieving the Wonderloop goals in terms of an ecosystem? Do not forget your mike.

#### **H. Aase:**

I studied entrepreneurship and innovation at university in Norway and I have worked with entrepreneurship, but I think first and foremost for the success part, it is the person that drives you and it is kind of how crazy you are, hopefully to a good extent. In Norway, we have the assets to invest in entrepreneurs, but the culture is not quite there yet. When I said to the Norwegian government, "Oh, I want to get one billion people on the video identity and create a search engine out of it", they were like, "This is not going to work. This is too unrealistic." Then I flew to the US and I soft-launched and we were covered in *Forbes*, *Wired*, and *USA Today* and all of a sudden I was not as crazy anymore, but I wish I did not

have to leave, I wish I could just stay and do that. So there is a gap between what we have in resources and the entrepreneurial culture.

**A. Chakhoyan:**

Excellent. I think you hit the nail on the head. It is the culture that maybe creates expectations, but it is also once that culture exists, do you put the actual framework in place, is there investment, are people going to back a crazy idea or are they not? That is an interesting insight. Sergey, in your case, in the Russian context. What are those features that let you move ahead with your idea, besides your own drive, and what held you back?

**S. Solonin:**

Well, if I look back, the key thing happened in around the year of 2000–2003, so before that I was mostly involved in trade. I have a bowling club and a nightclub, but most of my business was trade. Then I started to do production. I launched my first confectionary factory in 1999 and I ran it through to 2003, so I met a lot of hurdles there and still think that it is overregulated, definitely, and too many pressures and aspects you have. So in 2003 I was looking for a business that had much less headache and I just thought it should be somewhere around IT and systems. I started IT because of the hurdles, because of the pressures and the hurdles. I started a different business and became successful. So that is my situation and scenario.

**A. Chakhoyan:**

That is very interesting, that regulation became the motivation for Sergey to look in the sector that was not originally thought of, but it is a valid point. So you are saying in your case, in the Russian context, you felt that the pressure, the red tape, and the complexity of regulation was what deterred you, but at the same time created an opportunity.

**S. Solonin:**

Yes, that is definitely it. And you are always searching for a solution and your mindset is kind of a searching mindset, so you always try to think about something new, something else. I think for Russia it is specifically the IT segment, and this area is very important. What can create additional values in this, I think, is we should really think about our education system, because our education system is still prepared for something that is very routine, factory-like. IT is different, so it is very important to look deeper into education systems and around it.

**A. Chakhoyan:**

Great. I think that is also a constructive point. The government is not always obstructing, it is enabling, and all of you benefited from education that the government provided and if it was not there, then we would not be having this conversation. I want to maybe end here, because we do want to move this forward and I want to recognize that we are very privileged to have Deputy Prime Minister Arkady Dvorkovich with us, who does not have a lot of time, so we will get a bit of feedback from him. Maybe we will get you a mike or you can come and join us on stage. Either way.

**A. Dvorkovich:**

Hello everyone. Thank you for inviting me to this session. It was very insightful, actually, to hear from you guys how this works for you and I think that, well, the good thing I heard is that even if the government over-regulates, there is a good chance that a solution can be found – how to deal with that and give room for business, for innovation. Well, as long as the government does not punish people for that, it is an important part of the story. Also from the cultural perspective, I heard all kinds of different words like unhealthy, greedy, probably they are true. A person who wants to succeed in businesses like that, start-ups, those people

should be unhealthy and greedy and ready to take sometimes extreme risks and ready to fail also, of course, if unlucky or inefficient for some reason. Also, a person should be ready to present proof to the source of his money that it is worth trying to put money into the project or to buy a thing. Dmitry, as an early investor, probably knows how it feels, deciding whether it makes sense to put money in or not. We are only entering this road in Russia. Many people like you already, thousands already, I think ten years ago, maybe, we had only dozens of people like that, not just buying and selling things, but also thinking about solutions. Now we have thousands of people like that and it is a big change culturally. People are entering newer and newer areas and businesses with new ideas. If a few years ago it was mostly about IT, now it is agriculture, biotech, robotics, quantum mechanics, so things that people did not think about a few years ago since it was not clear whether it was possible at all to do it in Russia. Now people understand that it is difficult, but it is possible and that is a big change. We are trying to change rules and regulations based on the opinions of this society, but it is not always happening. It is difficult, even for the government. It is psychologically difficult sometimes to change traditional rules, but I think the last five years show that we are doing this and this brings some good results. But given the environment that we are having right now, I think it should move faster, otherwise we can lose the opportunity. There is a big chance now for Russia to succeed in some things and we should move faster in adapting our rules of the game for businesses like that. We will try to do that. I agree with Dmitry that probably unlike entrepreneurs, the government should not take too many risks and should protect the society a little bit more than the business community does – still not overprotect, but do it in a reasonable way. Certainly, it is really important to promote entrepreneurial culture across society, and I think this is happening as well. If even just three years ago, you had come to a region, some distant region in Russia, you had gone to the local people, the local government, the regional government, and they would not have understood you, they would

not have known how to talk to you about those things, but now you go and most of the governors, most of the city mayors understand what it is about. Not everybody is ready to help or to promote, but they already understand and they are talking in a reasonable way with people who come, so there is a change. It is insufficient, but there is a change.

**A. Chakhoyan:**

Thank you. One thing I want to do, if you could stay for the rest of it, the question I was going to ask in this room is, what is it you expect as a person from the government, as somebody representing this elected power and ability to regulate the rules? What do you expect from the folks on stage? Beyond just bringing your best energy, bringing your best efforts, how could they be helpful? And I want to ask that of all the entrepreneurs, but on the other hand I want to also understand what it is that the government should start doing and what should it stop doing in terms of creating that robust ecosystem? Do you feel that there are signs that the government should step up in a particular area, because you talk broadly, but maybe there is something precise? Is it a tax question, is it red tape, or is it the number of regulators? I do not know, but if you were to put forward one recommendation to add, and one to take away, what do you expect from the people on stage?

**A. Dvorkovich:**

Well, we expect from the people on stage, people like them that they will be as greedy as before, since it is the search for success that drives those things, search for money as well, and society benefits from that. It is clear. It lowers taxes, improves the overall mood of people, if people succeed and the mood is good. This is what we expect to happen. Not to leave Russia, not to stay away from our difficulties, but actually to try and do more and more, and try to succeed. I read your review, and the obstacles are clear, yes. Red tape or inefficient

regulations. Tax not so much, there are some tax issues in any country, but it is not the major problem now. I think a critical thing is in the first line, actually, because in this table and the table about factors of success, people are the most important and critical thing, so the quality of staff, the quality of the team, educated people, the competence of people to do certain things, that is the single most important thing for success. Other things are important, but this is really critical. That is why government investment in the education system, training, life-long learning, and those things are probably the first priority as compared to all the other things. We started doing that, we started improvements in the universities and schools, but that will take years, generations probably, to have a global competitive educational system again like we had back in the Soviet Union.

**A. Chakhoyan:**

And in your self-assessment, if you were to score the government on the policies that should be discontinued, and those that should be introduced, do you have something in mind that you are working on to create that besides education? Maybe some special initiative?

**A. Dvorkovich:**

Our plans are well known and announced. We have roadmaps on each particular area and people are looking at these roadmaps. These roadmaps are not written by the government by itself, but with the business community. We should just follow these roadmaps. Change if necessary, but basically deliver on what was promised. We will score the government or the regional governments based on two things: level and progress. So the level is still not extremely high, but the progress is clear and it is clear from the World Economic Forum assessments, Russia has good progress in the promotion of business innovations, and it is improving, but we are still not in the top twenty as we wish to be, so it is still a

long way to go. We will do our best to do it. We are always open to get feedback and change if needed at forums like this and the start-up village in Skolkovo. I invite everyone to the Open Innovations Forum in late October in Moscow. Those places are not just to talk, those forums are platforms and vehicles to get feedback and to change and improve things. That is why we are doing this, it is not just a party. It is a place to have action.

**A. Chakhoyan:**

Excellent. I appreciate your frank feedback. I think one government says we have good ideas, but it is up to us to implement them. I think if you take that responsibility and you say we recognize that there are shortcomings, but those plans exist, then it is not about continuing to talk about the plans, it is about really getting it done.

**A. Dvorkovich:**

We should stop talking about plans, we should just do things.

**A. Chakhoyan:**

Great, and that is maybe the next part. So what I invite you all to do is join the room, find a free seat,

**A. Dvorkovich:**

Thank you. I have to run to the next meeting now, but it was really interesting.

**A. Chakhoyan:**

Thank you so much for joining us. Thank you. So what we will do is we will take 15–20 minutes and you guys ponder those questions that you see on the screen. What is it as an entrepreneur that you can do? As a person who has started a business, how can you keep contributing? Is it to simply start another business or

are you supposed to mentor, are you supposed to transition into venture, but think about what your contribution is. Maybe you should go into government, think of what you can bring and on the other hand, when we have our next panel, when we have our next round of speakers, they will want to hear feedback from each table. I will call on some discussion leaders to provide that feedback, summarize what conclusions you have reached in your table conversations and I will let our panellists react to it. At your tables, you have some assigned discussion leaders who will help kick this off, but the idea is to have a free exchange on the questions that you see on the board and in 20 minutes I will call our next panel. We will be wrapping up in about 2–3 minutes and then I will invite our panellists up on stage. Okay. To make sure we have enough time to hear our panellists, I want to get them on stage and then ask for a debrief from a few tables. Alexey, if you could join us? Boris, if you could join the stage and then we will finish this discussion in just a second. We will hear a debrief from every table. I think Mr. Nikitin will join us any minute. I want to also add a speaker to our panel really quickly. Great. So the way we start is, I will call on a couple of tables and what I want from discussion leaders is very succinct feedback. In a few sentences you need to answer the first question, what is it you are prepared to do? You as an entrepreneur, or the collective wisdom at that table – what contribution can you make as a business leader? And then the next question is, what is your recommendation to this panel, to the decision makers that are thinking about policies? Maybe we will start with Nick, with Nick Chitov, if you can jump in, and we need a microphone at this table. Please make it short to make sure we have enough time for the feedback.

**N. Chitov:**

I think one of the most important things is seen as the promotion of entrepreneurial culture in the society. There should be a certain attitude towards people who set up businesses who are very successful, and that kind of stuff



should be promoted by the TV, by the press, everyone should know about the success stories and supporting initiatives. The reason is basically, we are hearing a lot of things about failure, about some people who went to prison because there are some questions about entrepreneurs, or tax authorities just chase someone and the situation is unclear. Especially young people, they are afraid about all these stories and instead of this, it should be the promotion of success, the promotion of entrepreneurial spirit. That is the first thing, and the second is, the government, I think, should change priorities. Appoint people who are doing businesses, who are setting up businesses, because if you set up a business you have a lot of new employees and the market is growing, so the government should change priorities and say okay, these people are the most important for the country and basically the other guys should service these guys. There should be service agents. In our case, in our society, the situation is just the other way around because basically the key people are the anti-monopoly committee, the tax authorities, the accountants, those kinds of people, and entrepreneurs are not the key people in this picture. Those are probably my main points.

**A. Chakhoyan:**

Thank you, Nick. I think on the first point, that is what we are trying to do here, we are trying to promote success. Thank you for sharing that, and maybe we should ask all of the entrepreneurs here to be willing to talk, to be willing to go to universities, give lectures, speak to media, highlight how it is that you have been successful. We should be promoting that as an idea, as a career track for young people in Russia. And on the second point, I think it is a cultural-philosophical change of attitude, maybe a change of the social contract between the government, the people, and the businesses. Maybe we will go next to Murad, if you can again very quickly, in a couple of minutes, tell us one thing you are prepared to do and one thing you want the government to stop or start doing.

## **M. Sofizade:**

Well, at our table on the first question, we again, we touched upon this issue of success stories. So in other cultures, as an example Silicon Valley, entrepreneurs are considered a success, they are considered stars, so if you look in the press and in the media, people talk about their success, not the success of politicians or, let us say, people who are running state enterprises. What we can do as entrepreneurs is help to popularize entrepreneurship as a trend, as a career, and so from that perspective we should also start early. Entrepreneurship is something that needs to be implanted in the minds of people early on, maybe in schools. So as we mentioned, entrepreneurs should do more to popularize the idea of starting a business, risk taking, maybe going to schools and universities giving lectures, basically talking about their success. So we need more success stories to inspire more people who are young at the moment but who in a few years might join the labour force and decide to start and become entrepreneurs. On the second question, I think one of the ideas that we came up with is what the government should stop doing or what we can reform about the government. Some sectors or some regulations are too hard to crack immediately at the moment, so maybe we should start by addressing issues in the newer sectors, sectors that are not yet regulated, that are not yet defined by state intervention, and let us say focus on IT outsourcing, on the service sectors, and by doing that we can start expanding what we can reform about the government, limit state exposure to the economy. So that would be easier than to crack, say, the wider problems of corruption in the state enterprises, etc. So those were the main ideas that we discussed. Another thing is maybe we should strive to create a more level playing field. That is what the government should stop doing – essentially providing subsidies to select companies and by doing that, discouraging other companies from competing in the field.

**A. Chakhoyan:**

Excellent. Thank you. We will hear from one more table and then we will get feedback, and then go back to our discussion leaders. If I could call on Marina, Marina Kolesnik, you run a business, you started your own company in technology, in IT. Maybe you guys could split with Dmitry Korobkov as well.

**M. Kolesnik:**

We will. As there are two of us, we will address each point each, so I will summarize the discussion on the second question, which is, what should governments stop doing or what should governments start doing? The one thing that came very clearly to us is that there is no trust between the government and the business community. It goes both ways. One of the ways to help business and governments to speak the same language, to improve the communication, is actually to improve the quality of management in the government. Start recruiting from business. There are some examples, but definitely not enough. Improve the quality of people in the government. Send them to university, train them, teach them. It will be very important, as we will have to collaborate to make any difference. The second thing that came out very clearly is education. Education is the role of government. The need to continue improving the role of education, where business later on can come and give opportunities and train people, give them inspirational stories. If we do not have the quality of talent – like in IT, we are still benefiting from the amazing education system of the Soviet Union – where will we be in ten or twenty years from now? It is the role of the government to address that. Last but not least was the subject around capital and trust of capital. We have actually lost investors in the last 12 months. What can we do to bring capital back, to give investors trust? The role of government is hard to underestimate. Among many things, regulations, for example, Russian law does not protect minority shareholder rights, so we all have to go elsewhere outside of Russia to structure holding companies to bring capital there, but then we run into

situations where officials ask us, “Why are you a foreign-controlled entity? Why are you not a Russian company?” So I think there is a lot to be done, for sure. Trust in capital is not an easily solved problem, but if we put our heads together I think we will get there and I will pass the microphone to Dmitry.

**D. Korobkov:**

I just wonder, there are so many successful people in this room, but how few successful people there are in Russia in total. I am chairing also the faculty of MGIMO, which is kind of a Russian Princeton, and when I talk to the graduates and I ask how many of you want to be entrepreneurs, usually it is one or two people, maybe three, best case, out of two hundred. So then once, actually, I gave a lecture and I started to talk about my story of success and especially, I am sorry, I am saying my own story about how it all started in the 1990s, about the criminals, about how to get funds, about how to promote a company and so on. Well then things changed, people came and said, “Oh, by the way, we did not know about that.” Okay, so my usual ratio, I give this lecture actually twice a year, 15–20 people say, “Oh, that is really interesting. We want to go into that.” Guess who says we want to go and work at Gazprom or elsewhere? They come back. So I think that one very practical suggestion, I think that we entrepreneurs must popularize ourselves more in the face of young people. We must go and talk to students ourselves, sponsor any kind of events like this and this way, we will have much more motivated young people, because that is the future. The other comment is that we fundamentally need (and this is more to the state) a programme to promote the work. A programme to promote the work is important. It is like the numbers suggested, 15 million people feed the whole country. This is just not acceptable, it is not the future. I remember in 1998 in the depth of the crisis, we were asked as an advertising company to produce a campaign free of charge, which we did for Gosnalogslyuzhba. We produced a campaign, translation: “Nobody will help Russia but us ourselves. Please, pay your taxes.”

But now the campaign should be, “Nobody will help Russia but us ourselves. Let’s work better.” Thank you.

**A. Chakhoyan:**

Thank you. Could I get an interpretation device? I think you might have one at the table, Martina, just in case. So what I will do next is I will ask a couple of our speakers to give brief reactions and then we will hear from a couple more tables and continue on. Boris Titov is helping discuss the entrepreneurial concerns at a very high level, and on the question of trust, the question of funding, what do you think?

**B. Titov:**

First question. Maybe I am becoming old, I have quite a lot of experience in business, I started in 1989, but the earlier you understand that the goal of business is not money, it is satisfaction, happiness, you will understand and you will be more successful. You are not living only to get money for yourself. You are living in a society, and how society reacts to your business and how you are positioned in this society gives you a big satisfaction at the end. The money is only the mechanism, instrument, to achieve the final goal, and I can say, of course, it is very, very interesting, because in my own experience, I had these money businesses like oil and chemicals, and now I am very happy. The second point is that we were talking at the table and we used this expression in Russian, to give away fish or to give away fishing rods, and of course society is always divided on that, different societies, different governments, and different states. If you give fish, the end would be bad, because as the previous speaker said, nobody would work, everybody would wait for the fish to come. If you give rods, you are guaranteed that your society will be efficient, that you will be competitive, that the people will be working and understanding why. Unfortunately in our society, it is the third story. We have nets. Fishing nets. This is an expression

that Alexander brought, thank you Alexander. The government has fishing nets, so why do we need rods? We can fish, we the government, can fish for you with our nets, and then you will always be happy with your fish. So in that sense, our society with big incomes from raw materials made our society very inefficient, because everything depends on that. If society does not need to promote work, if we do not need your work, the work of the people, because we have a lot of money, this gives a very bad signal and has a very big influence generally on the country itself. So in that sense, of course now Russia will change. No more fish in nets, and in that sense, we have to change really fast. How? I do not know. Is our government able, now, to completely change their minds, their attitudes? I do not think so. And in that sense I think we will face problems in the very near future with our economy, but we have to change. We have to find this way to make people fish.

**A. Chakhoyan:**

Thank you for such an interesting metaphor. I think remembering the big ideas with a metaphor is probably the best way forward. But if all reflect on it, it is a known phenomenon, the resource curse phenomenon is quite common in the world, and I think what we have heard so far from entrepreneurs in the first panel, and then now, is that something cannot change overnight. At every level, people need to take responsibilities, entrepreneurs need to be willing to share their experiences and everybody needs to take those steps. The road is long, but until you start walking down it, you cannot get very far. I want to turn to Martina and maybe add a European perspective, either based on the discussion at the table or feedback we have heard on this question of trust. How is it created in Europe? What is the government policy that enables entrepreneurs that would be useful in this context?

**M. Larkin:**

Yes, we actually did quite significant research and work on entrepreneurship in Europe and across Europe and divided it into three stages or phases. One is the stand-up phase, which is the initial phase to get entrepreneurs to become entrepreneurs. Then there is the start-up phase to allow them to start up their businesses. Lastly, of course, is to scale it – not only on a national level, but also pan-European, which is a huge challenge. The way that we saw governments deal with this successfully was through three key objectives, I would say. One is to empower, and in every single case where we have seen a successful entrepreneurial environment or ecosystem, the empowerment came from the top. It was a clear directive from the top that entrepreneurship matters, investment matters, entrepreneurs are key to the economy and to the growth of a society. The second piece which has been part of our conversation on the table as well, and we have heard now several times, is education. Educate your people, and do not start when they come out of university or when they are already in the workforce, start as early as you can. Some countries even start in kindergarten with endeavours where they enable the kids to really start understanding the business models behind it, start selling things, start promoting things. Education is absolutely key to this – especially women entrepreneurs and strengthening women in that respect. The last piece is really the enabling piece. How do you enable these entrepreneurs? How do you help them get the right funding, to partner up with the right other elements or partners in society? There are a couple of interesting areas here, not only with private only or public only, but public-private partnerships which is also something, of course, that the forum promotes very much. In Finland, for example, Fintech, which is their investment agency, invests 1 dollar and then expects the entrepreneur to invest 2 dollars for every dollar they invest, so it is kind of a co-investment, cooperation model, which works very well and keeps the budget of the government quite low, so they do not have to invest everything from their end. Of course, partnerships also

across universities are extremely important. There are a lot of interesting models in Switzerland, but also in the Nordic countries, of how innovation hubs are created and investment models are made in Switzerland. There is a very famous one at ETH where really the business community looks to that hub of innovation coming from the science and technology sector in that space. I would say also partnership between a big and small business. There are a lot of interesting models where big business opens up to the innovation of small entrepreneurs. Barclays did an open innovation challenge, where they put some challenges out to various entrepreneurs or to the public, and they could bid for solutions, and they found a lot of interesting ideas that they then actually implemented and funded from their stage. So there are lots of different models that I think we could look at in the Russian context that are also quite successful in Europe.

**A. Chakhoyan:**

Thank you, thank you for your feedback. I think actually it did not come up yet. There seems to be this dichotomy, there are entrepreneurs, people who are starting businesses, small businesses usually, and there are those big companies, the government-owned companies, and I think if we compartmentalize the world in those two categories, maybe we will miss that synergy that Martina just highlighted. The big businesses, the big conglomerates, the only way they can create new ideas, bring new ideas – well, not necessarily the only way, but it is part of it – is to have this ecosystem of entrepreneurs around for future acquisitions. Maybe could be the next phase of our dialogue. How to connect existing large enterprises and start-ups? Maybe we will hear from a couple more tables. If I could call on Alexander Ivlev, at your table, what conclusions did you reach?



## **A. Ivlev:**

So the first question is what can be done, what can entrepreneurs or business leaders really do to strengthen the entrepreneurial ecosystem in Russia, and I can tell you that there is nothing new in what we discussed, because it has been raised many times in the past, all over the world. The first thing is probably to improve the image of entrepreneurs, and in Russia, this is one of the issues. Young guys in universities are not thinking about going into entrepreneurship, they are thinking more about joining big state companies and trying to find maybe options in the state service. We need to figure out how to tell them the success stories of entrepreneurs, successful entrepreneurs. For example, Ernst & Young, EY, is doing an Entrepreneur of the Year programme that is promoting entrepreneurial spirit. For example, Alexey Repik who is here on the stage is the entrepreneur of the year for this year in Russia. He represented our country in Monte Carlo in the global entrepreneur of the year programme, telling the success story of Russian entrepreneurs who can make the difference in different sectors of the economy. We need to keep doing that, and young Russians should know about role models, about the people who are successful, who made significant progress in different areas in their business. So we need to improve the image of entrepreneurs, we need to tell this to Russian kids and students in the schools and universities. The second thing is entrepreneurs and their companies are basically a great way to develop staff, and people, cadres as we say in Russian. Through entrepreneurs, we can really push the agenda of developing people and actually at the end of the day it was mentioned before to make sure that they are delegated to work in the government. This is the way that we can improve the connectivity between the government and the private sector. Another thing is the system of, how to say, it is very hard to explain, but it is something like mutual respect and business culture between entrepreneurs. This is another thing that entrepreneurs should work on, because right now in certain cases we can see that people are dealing with business matters not in the

most appropriate way, and the development of the appropriate culture in dealing with the matters is one of the issues. Coming back to the second question, what is one thing the government should stop doing? The one thing that the government should stop doing is stop interfering. Just let business do their own thing, okay? Do not make too many changes in the legislation, not to interfere with the inspections, and all this type of thing. Let business do their own thing, let them float free, and they will make a successful market. Then, the government should ask for advice from the business community about any changes in the legislation, because currently there is regulatory impact analysis, which is working, but there should be some stronger basis for the discussion between business and government. Then another thing is the improvement of the quality of state service. This is another area where business believes the government is not doing enough. Also, making sure more and more things are happening on an electronic basis. Electronic document handling is another thing which business would like to have from the government as an accelerated process. That is probably it for now from our table, thank you.

**A. Chakhoyan:**

Thank you for that very detailed response. I think that is important that we understand the big ideas. Businesses always ask for less regulation and governments have to protect consumers and they have to find that balance, the right balance, but I like the very explicit idea, the place where we can focus and earlier today, somebody mentioned why not do a pilot sector where we allow, like they have special economic zones, where you can have a low-burden regulation sector and see if lessons could be learned. If I could ask Oleg Goshchansky for a very brief comment, if you can add to what has already been said.

**O. Goshchansky:**

Thank you very much. Without trying to repeat what has been said already about the first point, to promote the image of business people, I think the best promotion would be if business people, entrepreneurs, always stick to the rules. For example, tax payment is very important, and if people, entrepreneurs really always paid taxes it would be a very clear indication of how important they are for society. It is a recommendation from that perspective. Speaking about the second point, again without trying to repeat what was said, consistency in government actions is very important. We need consistency between what is declared, between what is said, and what is implemented. The feeling is that there is still a big gap between what is declared, what is said, and what is implemented on the ground. The second point, predictability. Really, it was good to hear yesterday that the taxes, for example, are not going to be changed for four years. That is a good message. Maybe it would have been good if it had been said before, but it is very important that it is really the case that what is declared will be stuck to. So, predictability. Transparency in the decision making process is also quite important, and maybe last but not least the quality of the government itself. It was also said many times that if the government is meant to change something, it has to consist of the right people with the right mindset, with the right will, with the right skill set, and the quality of the government, the government is also people, it is not just a body, an abstract body, the government consists of people. The right people in the government is very important. Maybe I will pass to my neighbour Andrey, he wanted to add something.

**From the audience:**

As part of discussing the second question, we asked ourselves, who is this discussion addressed to? Apparently, the audience is well aware of the issues. Boris and Alexey are even more aware, and I am sure they address the government on a weekly basis about these issues. If one of the brightest and

most pro-market members of the government leaves at the beginning of this discussion, maybe there is no addressee from Russian society on this stage. This is a question to the whole panel, maybe to you.

**A. Chakhoyan:**

Of course, two very important points were made. One is responsibility. We cannot shift the burden of responsibility. If entrepreneurs always point to the government and say that the responsibility lies with you, if entrepreneurs do not pay taxes and expect to then be respected and appreciated, I do not again mean specific individual cases, but generally business needs to build its own reputation and defend it. But then on the other hand, if government states its commitment, it needs to follow through and deliver, and there has to be a consistency and this engagement in dialogue needs to be genuine, it is not just simply converse and move on and stay with the status quo. I really want to stick to this constructive agenda. In this room we hope we can change everything all at once, but in reality what is the one thing? Specific e-government? There are also other proposals. Maybe we will hear a bit more from Mike on finance and from Alexey as an entrepreneur of the year and the head of *Delovaya Rossiya*. What is this one request you would hope, one specific policy that is not working? And what lessons maybe in the conversations that you have heard. We can take either from Europe or from the entrepreneurs that proposed it. Maybe we will go to Alexey first.

**A. Repik:**

I just want, first, to be polite and try to answer the question here and to take a risk providing advocacy for the government. Is this glass half full or half empty? At least the Deputy Prime Minister has been here and shared his reflections on what he was asked. The whole forum, by the way here, is probably a rare exclusion from what is real life, and a chance for them to take a look out of the

box and start trying to change their perception of day-to-day operational things – to try to use the eyes of the business community. Corporate governance and the level of skills in the government, that is an important thing, but are you sure it could be much better? That is a good question, because we can ask many of those who are sitting here, and I do not believe they will decide to change their life. For me, for example, this will be definitely a no-go decision. From the perspective of another, like some small observation we have here. Most successful entrepreneurs from Russia, those who are well-recognized by such institutions as, for example, WEF, yes they are Russians, but they did not make their career in Russia, they made global companies or some kind of IT whatever, and they are famous in Silicon Valley. But honestly speaking, it looks like being global or being multinational is the only way to avoid these risks that have been mentioned by all speakers at the tables and on the panel – just as the state attempts to substitute business due to unsustainability and economic turbulence from the oil-gas curse. We should grow on the domestic market, and the domestic market gives us leverage for this normally, but it is not enough. To be successful and more independent than we are, we should try to do this on a global scale. My second point is, I want to fully agree with Sasha Ivlev that what the WEF is doing and can do is also of great value. For example, programmes like the Entrepreneur of the Year. I have been a part of this and I am proud of this. They helped a lot. What is needed is to invite, to involve more people into the process of discussion of these vitally important things, vitally important ideas, and this can really create some significant output. On another point, what we probably should do in terms of further popularization, I agree with Dmitry Korobkov. The situation changed dramatically for the worse in the last couple of decades, because we now have this new generation of entrepreneurs or potential entrepreneurs who have less motivation to start doing something, and this decision is now not as obvious as in the 1990s, or like Boris, the late 1980s. Everybody was dreaming of becoming an entrepreneur and that is probably the

story of disproportion that was mentioned many times today. State companies like Gazprom and Rosneft, really create a lot of incentives to build good corporate teams, but then they are just distracting the attention of those who could be entrepreneurs from choosing this career and starting down this road in their life. So I think it is not that we are not doing the proper things, maybe we just need to do them faster, on a bigger scale, and apply more and more pressure. I believe this will lead us to a much brighter and driven entrepreneurial economy here in Russia. Thank you.

**A. Chakhoyan:**

Thank you for a balanced perspective again. I feel the shifting of blame is not helpful, but the sharing of responsibility is what we aspire to. I want to go to Michael. You bring this perspective from outside of Russia, but you lived in Russia for a long time. You are involved in finance, you are involved in evaluating businesses and then figuring out whether it is worthy of investment. What lessons can we learn in addition to what has already been said, what is the responsibility of business and what is the responsibility of government?

**M. Calvey:**

Well I think there is a consensus among everyone in the room that the top-down initiatives from the government do not really help, they do not really hurt, but really what makes a difference is where there is a multiplier effect, and that is when big success stories, companies like Yandex, and others, go public. The founders become rich and each story like that inspires a hundred other entrepreneurs. At the same time, each time an entrepreneur is under arrest or has some other issue, it has a negative multiplier effect. The challenge for the government is to put the balance on the positive, and just stop doing the negative. That in itself would make a much bigger impact than all of the top-down initiatives. But I want to say something about this sense that the younger

generation is not as entrepreneurial. I think that is, in context, two points. First, it is an unfair comparison because there was an extraordinary generation, there is an extraordinary generation of entrepreneurs in Russia who were born from the early 1960s to the early 1970s, and many of them became entrepreneurs not because they were naturally from birth entrepreneurial, but because they had no alternative. There were not great safe jobs were you could make a good income. My favourite story is the one of Arkady Novikov, who is a most successful restaurant entrepreneur. He became an entrepreneur because McDonalds did not give him a job. He applied to get a job in a management position in McDonalds, they chose someone else instead of him, he started his own business, and now all of us who live in Moscow are extremely happy beneficiaries of the stupidity of McDonalds to not hire someone like that, and in London as well. So there is a generation of that period that became entrepreneurs out of necessity and did extraordinary things. But I think that the next generation is also good. We see hundreds of companies coming to us looking for venture funding, and at least you could say that the generation of entrepreneurs who are ten years younger than that, fifteen years younger, they are not worse than in other countries. Probably every generation looks at the next one and says, "Oh, they are not as good as we are. They are not as hungry as we are." There are definitely people who can find easier safe jobs than were available 25 years ago, but I think that is an unfair comparison, and we still see a lot of motivated entrepreneurs starting new businesses.

**A. Chakhoyan:**

Thank you so much. I think that is actually the point of our session.

**M. Calvey:**

Sorry, I forgot to say what the government could do. The one thing that the government could do, I think, is promoting the domestic capital markets, because

if I compare our funds to our sister funds in India and China and other places like that, the one area where Russia is far worse than all the other countries is the availability of exit opportunities – being able to take companies public or to exit – that is where Russia really fails compared to other countries. In terms of the growth and the talent pool, creativity, innovation here, it is at least as good as other places. It is the exit potential that is much worse.

**A. Chakhoyan:**

So adding a bit more structure, more, I think it goes with the earlier message of consistency and predictability, and saying that if a person enters this field then there is a carrot at the end and they can see how to get there. We are almost out of time. I will ask our panellists for maybe a bit more feedback, but I think that Mike touched upon the topic of today's session, which is transcendence of that entrepreneurial culture. We cannot say there is less or more, we have to always keep thinking of how to enable that success – how to empower people. Maybe for your final remarks, I will go to Boris Titov again?

**B. Titov:**

Quite unexpected, but anyway, to sum up, I think that culture has to be both for the government and for the businessman. The culture. But it has to be one culture. The culture should be of growth, of competitiveness, the culture of activity, not sitting in a chair, but moving and running. But at the same time the culture should understand that this is done for society, for the other people. We are all together, and if we work together and we live together, this would be a success. Thank you.

**A. Chakhoyan:**

Thank you so much. Martina, it is your first time in Russia. I think that is also important. You learn from the table conversation, and you bring the perspective



of the World Economic Forum on entrepreneurship in Europe. What final remarks do you have for this group to empower and enable that entrepreneurial ecosystem?

**M. Larkin:**

Well, I think one of your questions was what can we in this room do ourselves to address this issue, and since we want to keep it rather practical and pragmatic I will say that we have the shapers which are young and dynamic entrepreneurs, but also other youth leaders from Russia in Moscow, and also St. Petersburg and other hubs. I would say what we should do is really mobilize that hub, these rising stars under thirty on this topic to help out, really promote the issue and really promote the entrepreneurship in the country and perhaps beyond as well, across the globe, because the shapers are global. From our side, we could mobilize that group in a very effective way.

**A. Chakhoyan:**

It is another point that was made a lot. There is no one solution. There is no silver bullet, which we can find and then tomorrow there is a tonne of entrepreneurship and everyone succeeds. Rather, it is multiple steps, multiple initiatives, everybody stepping up and not demanding that somebody else comes in and fixes their system, but instead we do it as the World Economic Forum. We have a number of global growth companies from Russia that we recognize and involve in our work. We have a number of member and partner companies in this room on the stage, we have the Global Agenda Council that we try to connect Russia to ideas outside, create global conversations that involve people from academia, from government, from business, and I think the SPIEF conference itself is a testament to the necessity of this dialogue. The more we as individuals, you as business leaders, put it upon yourselves to say, "What am I doing in addition to everything I have already done, what could I contribute?" Alexey,

maybe the last word to you. As the Entrepreneur of the Year, maybe you deserve that.

**A. Repik:**

We should do things together, that is important. Entrepreneurs are very individualistic, we are individuals, but sometimes it is easier to combine efforts to reach the result. And one more point, reflecting your position. What can the WEF do? And, what is very important for me? You should bring people who are passionate about what they are doing, but who do not know each other. You should try and help them meet. You should try and mix them around the table like here and push them to do something, to brainstorm together. This type of infrastructure is what is really needed. At SPIEF, for example, what I do not like here is that we are always sitting among friends in our small rounds of people who we meet almost on a daily basis. Try to bring something new to create some kind of new circles, new types of brainstorming, and I believe we will be able to catch some fish as Boris proposed.

**A. Chakhoyan:**

Thank you so much. I take it as a compliment to the World Economic Forum, the way we have been entrepreneurial with this session, we have created a format allowing for this interaction, and we will definitely have to do more, and with your help, we will create those links and create those new connections. Thank you very much, everybody, for taking the time. Please feel free to stay on. Thank you to the speakers as well for dedicated time on Saturday and hopefully we will see you again somewhere sometime soon.