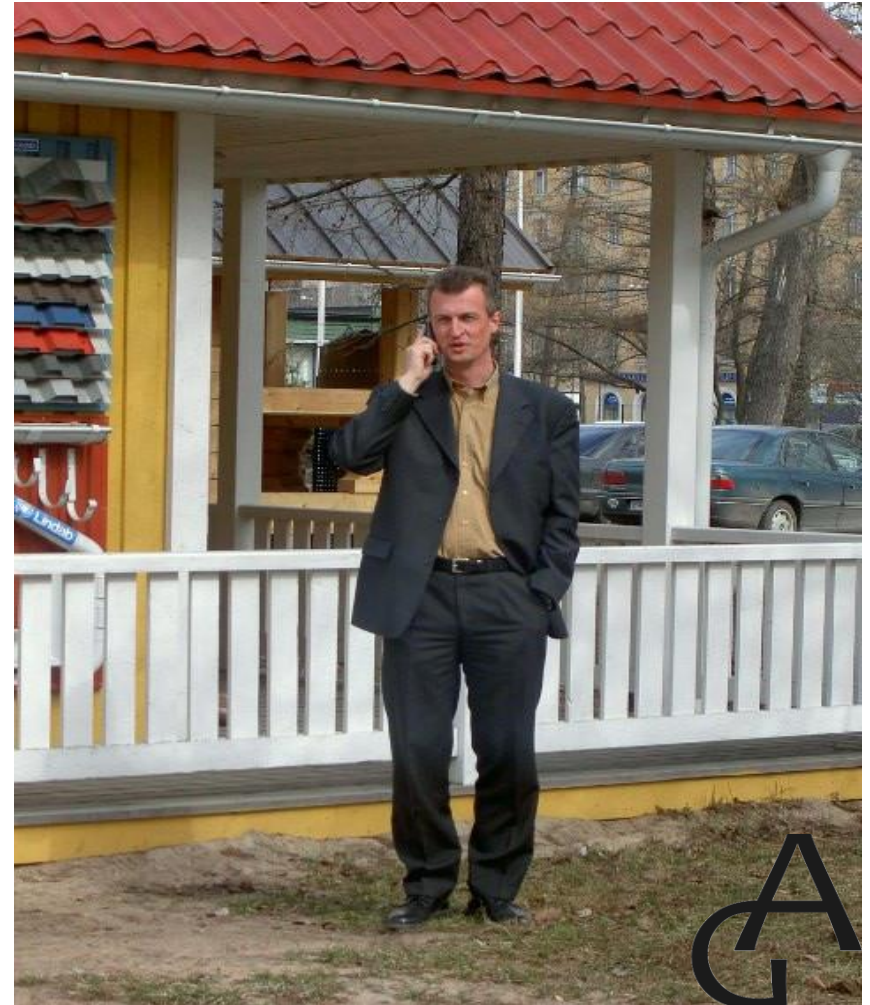


# Agenda 2014-04-24

- Background
- Examples of clients and services
- Short overview of previous and ongoing projects
- "How to do business in Russia"
- Example of working model(group activity) for creating business to business in Russia
- The political situation (*without giving favour to any side*)

# AVEC GROUP-Erik Sollén

- Russia since 1998
- Owner and General Director Avec Group 2007-
- Working in whole Russia
- Consulting and project management within: *forest technology, communal infrastructure, agri culture, logistic, financing*
- Import of sawn timber from Karelia to Scandinavia
- [www.avecgroup.se](http://www.avecgroup.se)



AVEC GROUP



## Examples of our clients

- Scania
- Volvo Truck
- Trelleborg
- Olofsfors
- Ponsse
- Jyki OY
- Alucar OY
- Kesla OY
- Bracke Forest
- Waratah OY
- OFA OY
- Haglöfs
- Opcon Systems
- AXIS Technology
- Mittel Group
- ÅLÖ
- Skellefteå Kraft
- Nefco
- Panthprodukter AB
- Megakone
- Roxor Industry
- Bruks Klöckner
- Cargotec
- Boliden AB
- Sweco Systems
- Business Sweden
- Swedish General Consulate St Petersburg
- County Administration Västerbotten

## Examples of services provided by Avec Group

- Avec has a wide network of service providers and contacts for research all over Russia
- Market activities(individual or in group)
- Market research
- Market analysis
- Strategies
- Partner search
- Match making
- SWOT analysis
- Logistic solutions
- Legal issues, regulations, product requirements
- "Export Manager for rent"
- Language support, translations
- Conferences, seminars
- Russian visitors in Sweden
- Cross culture

# Questions to be considered and answered

- The overall strategy and working model for a foreign company in Russia depends on the long term goal on this particular market in the perspective of for example 3-5 years. To determine the "exact" strategy and working model need answers to several important questions such as:
- **What** do we want to achieve until for example 2016 or 2018 ? In **what** direction are we going to go ? If defining this long term goal the work has to focus on a number of important steps, decisions and actions in order to reach our goals.
- Deciding the above mentioned affects **what** do we have to do ?
- And **how** are we going to do it ?
- **When** are we going to do it and **why** ?

# Important issues for success in Russia

- Local presence/frequent visits
- Be active, work closely with your local representatives
- Build up your network, create relations, do your homework – time consuming !
- **You** are in charge of the process, **Not** your local partners
- If setting up a branch or subsidiary, **You** must sign all documents, not Russian employees
- No exclusive rights for distributors
- Geographical focus
- Find very good arguments **Why** your product is favourable-Russians are very "hands on"
- Be ready to take quick decisions, change your strategies with short notice
- Evaluate figures and facts, very often different answers from different sources
- If not knowing your partner very well – **Never** deliver goods without pre payment
- **Understand Russian history and Russian mentality – it makes life much easier !!**
- Russian management structure – only **one** person can decide
- Dont mix business and political issues – "Russians need a strong leader, not Swedish democracy"
- **Everyone** has an opinion about Russia – find your own position, "too many experts"
- When getting friends with Russians – you are friends forever

# **Main projects 1998-2014**

*(consulting tasks for individual companies excluded)*

- 1998-2000 Forest and wood technology towards Northwest Russia
- Promotion of CTL(cut to length) technology 2001-2002
- Pulp and Paper 2002-2003
- FORED Northwest Russia 2003-2004
- Leasing and financing 2004-2006(IFC/WorldBank, Finpro, NUTEK)
- Forest and wood education Kostamus 2005-2006
- FSC-certification Karelia 2006-2007
- Barents-cooperation during Västerbotten chairmanship
- NEFCO financed studies in Karelia(5 separate projects)2010-2012
- Ongoing projects within "Eco efficient communities" Västerbotten-Karelia
- Russian visitors to Sweden on regular basis
- ***11 Mobile Exhibitions in northwest Russia and Siberia(2006 - )***
- Exhibitions, match making, business trips, consulting, seminars, etc
- *In total 150 Swedish companies within forest technology, sawmilling, pulp and paper, communal infrastructure, mining, agri culture have participated*



# Mobile Exhibition concept

("dont come to us, we come to you")

- *The concept of Mobile Exhibitions was invented in Umeå, Sweden, in the winter 2005/2006 as a result of discussions with technology producers. The overall aim was to find new ways of promoting Scandinavian Forest Technology in Russia instead of traditional seminars and conferences. In certain geographical regions in Russia the most important forest companies are being selected and meetings are arranged according to a schedule. The concept has been improved through the years and the Mobile Exhibitions are today considered to be one of the most important activities for promoting Scandinavian Forest Technology in Russia.*
- Focus on one Russian region at a time.
- Selecting the 6-7 largest companies in a certain business sector (*so far forestry*)
- Arranging organized business meetings together with each selected company in the certain region. Meetings takes place in the premises of the local company. Each meeting in average 3.5 hour. Overview by the Russian company about their situation, needs, wishes, problems and plans. Individual presentations by participants from Sweden/Finland
- 10-12 companies from Sweden and Finland participate each *time(Regular participants include our activities in their yearly plans for Russian market)*
- Each activity takes in average 5 days incl travel time
- Always meetings with local authorities/administrations/ministries
- "Pre-visit" on beforehand is needed to inform, organize and market the activity.

## 11 Mobile Exhibitions have been performed so far (forest technology) :

- 2006 Northern Karelia
- 2007 Karelia
- 2009 Leningrad and south Karelia
- 2009 Republic of Komi
- 2010 Arkhangelsk
- 2014(April) Surgut/Khanty Mansiysk/Tyumen
- 2011 Vologda
- 2012 Perm(February)
- 2012 Ekaterinburg(November)
- 2013 Omsk(April)
- 2013 Krasnojarsk(November)
- 2014(Nov) Irkutsk/Bratsk/Ust-Ilimsk
- *Future points of destination for example: Irkutsk, Khabarovsk, Altai, UFA, Smolensk, Kazan, Kemerowo, Vladimir, Kostroma and maybe northwest again.*
- **This concept could easily be applied on any kind of business sector where we can offer relevant technology for Russian market.**

# "Russian democracy"

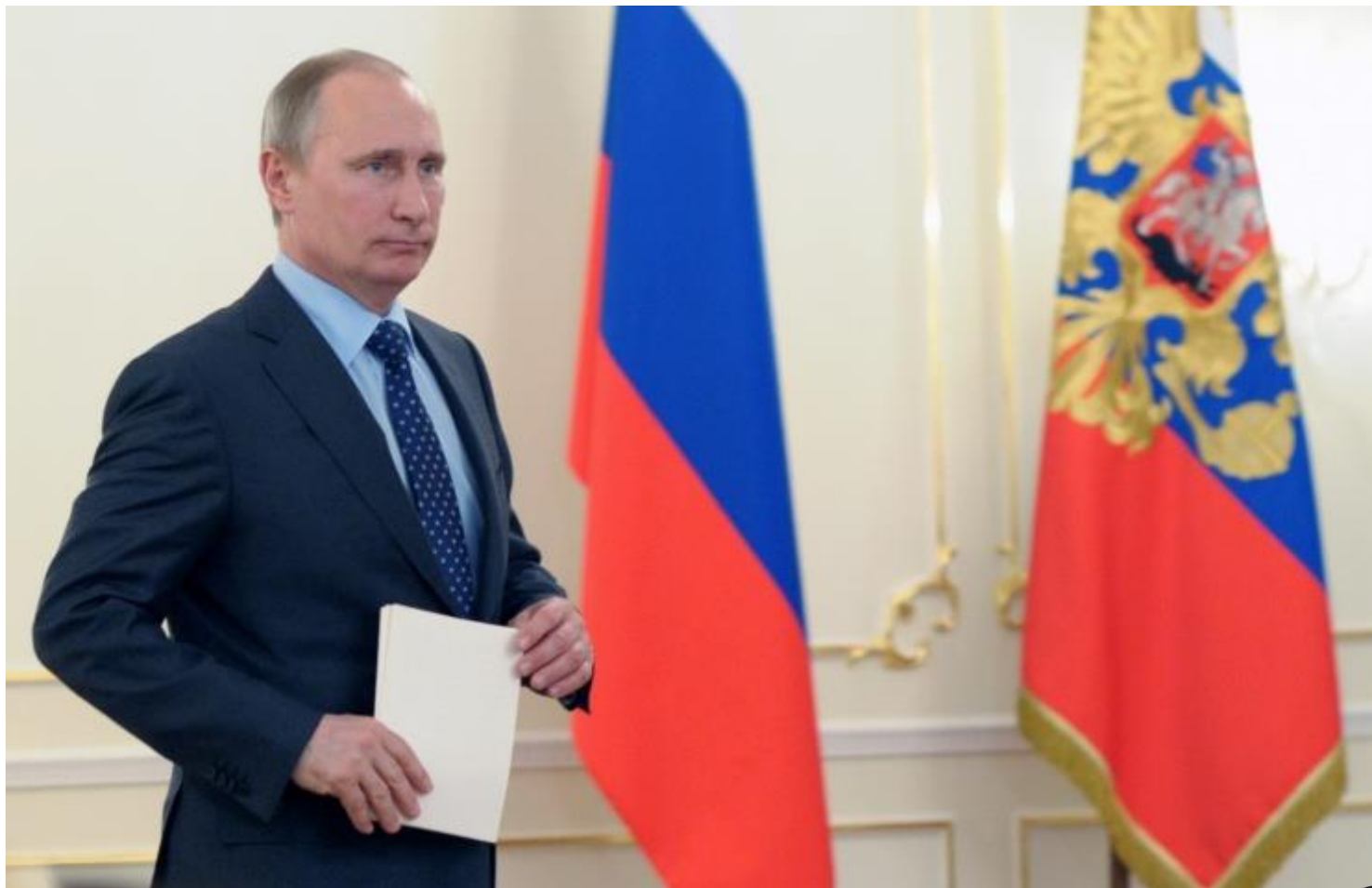
- What is democracy ?
- Russians do not fully understand the meaning of this word.
- "Democracy for Russians = travel abroad, buying Mercedes, Armani clothes, getting their salaries on regular basis, nice and warm in the apartments, stability"
- Men in the street: "First stability and order, than we can play democracy"
- Russia/Russians has always being ruled by the "iron hand"
- Russians are survivors despite poverty, cold, darkness, wars they find happiness in places where noone else can find it...
- Swedish democracy in Russia = civil war
- The country Russia of today is only 23 years old.....
- Russia has to find a system that is suitable for themselves, not a system that has been chosen by others...







# Vladimir Putin





# WHAT THE WORLD SEES



B-DOG TOONS





# To understand the current situation one should consider...

- Ukraine has a very turbulent history during 1000 years and very seldom being independent country (*ruled, by Polish, Lithuanians, Austrians, Cosacks, Russians etc*)
- During the last 300 years Ukraine has only been "the independent state of Ukraine" from 1954 but between 1954 – 1991 it was part of Sovjet union
- 1991- today political turbulence in Ukraine
- Very often the country was divided in east and west
- During tsar-period, western Ukraine was ruled by Austria and eastern Ukraine by Russia
- Russia has large industrial and military interests in Crimea and eastern Ukraine
- What is the interest of USA in Ukraine ? – To enlarge the territory of Nato and be able to set up military bases close to Russian border and get into the Black Sea...
- Will Russia except this ? – Never !
- For USA its a problem with increased trade between Russia and China. So far most raw materials are being valued in USD but who knows....?
- What is EU interest in Ukraine ? New member state ? Another financial burden ?
- When visiting Russia today it is business as usual. Russians find the behaviour of EU and USA with our sanctions etc to be naive and stupid
- 95 % of all information in Swedish media is negative towards Russia and Putin. Not only now, it has been like this for many many years. Most of the "so called experts" are not objective, they are just negative....this is a very dangerous pattern that has increased during the last 10 years
- Very few facts, mostly speculations and rumours....
- To some extent it was easier for Europe and USA during the cold war
- Future will show what was right or wrong. During Russian revolution 1917 the majority thought it was good...now everyone in the world agree that it was one of the biggest mistakes ever !