



VOLGA-DNEPR
GROUP

№07 NOVEMBER 2014

about & for V D LEADERS

MONTHLY CORPORATE MAGAZINE

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NUMBER OF THE MOUNTH:

3449 - is the number
of the employees in
the Volga-Dnepr Group

QUOTATION OF THE MOUNTH:

«Anyone who stops learning
is old, whether at 20 or 80.
Anyone who keeps learning
stays young. The greatest
thing in life is to keep your
mind young».

Henry Ford

ALEXANDER BASHKOV: "TEAM PLAY IS MY STYLE OF WORK"

Volga-Dnepr Airlines was founded in Ulyanovsk in 1990. At that time Alexander Bashkov was the first employee enrolled to the company and one of the forefathers of the whole Group and charter business. Today Alexander Bashkov holds the position of Executive President of Volga-Dnepr Airlines.
– **Alexander, what do you recollect of Volga-Dnepr back in 1990s?**

– As I remember, Volga-Dnepr of that period consisted of devoted industry team which started to break its path in the unknown business environment. Those who joined the Airline at that period were the top-class professionals. It was the period of reformation and the most ambitious persons looked for the new opportunities to use their potential. Volga-Dnepr provided these opportunities to many people. Those who joined the company were proactive leading experts, but at the same time adventurers without vision of business in future.

– **What have changed in the company, when you returned to the company as Vice-President, Scheduled Cargo Operations in 2013? What impressed you most?**

– All these years I used to keep in touch with Volga-Dnepr. I maintained good business contacts with many managers of the company and several times met with Alexey Isaykin, President of the Group. Nothing appeared to be pretty strange or unfamiliar to me. But when I returned to work in Volga-Dnepr Airlines in 2013, I was surprised at difficult situation of the company. We managed to solve the situation only due to the right measures of the Group top management. I was also surprised at home atmosphere that was preserved here. One of the employees of AirBridgeCargo in China said that Volga-Dnepr seems to be the "home company" for her. I got the same impression when I returned to the company.

– **What tasks do you plan to implement as Executive President of Volga-Dnepr Subgroup?**

– We have the common tasks. First of all, we should eliminate the negative trend in



Airline's results of charter cargo operations. It can't be achieved under conditions of ineffective work of employees, for example, within 3-day working week. That's why I revoked this order since 1 September. Secondly, we should encourage young experts to advance in skills. A lot of people with unique abilities work in our company. They can be good mentors for young experts, who are expected to continue our joint activity. Thirdly, we should try to change the way of thinking: we mustn't forget that we work in the large international company, manage the charter cargo business with representative offices all over the world.

– **Alexander, you are experienced senior manager. What methods do you use in your work?**

– Team play is my style of work. I tend to joint discussion of the challenging issues and used to take all opinions. You should not fear to express your point of view, because it may be helpful, even if it seems to be an absurd. At the same time accepted decision must be implemented without discussions, because the decision-makers are personally responsible for it.

(the end of the interview see on page 2)

– You have worked in many different fields of activity. What are the differences between aviation and other spheres?

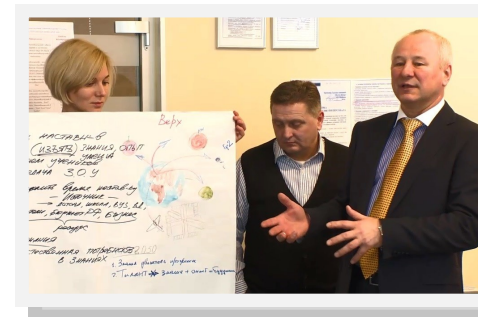


– First of all, decision-making time is different (it is shorter in aviation, than for example in energy industry). Especially it concerns the passenger aviation, where the principal matters people, their health and time. Aviation is dynamic, high-technology business, but prone to industrial hazards at the same time. It requires adequate, quick, even instant decision-making, as well as development of a special management system to provide for such quick decision-making. It is not easy to develop such a system.

– What are the meanings of "effective work" and "effective rest" for you?

– The process is not so much important for me during the work as the result. When I returned to Volga-Dnepr it seemed to me that many employees were oriented to the process. Now the situation is changing. Of course, the system development requires standardization and unification of many processes. But it can lead to the loss of result.

Effective rest is healthy rest, rest in motion. I don't like going to the

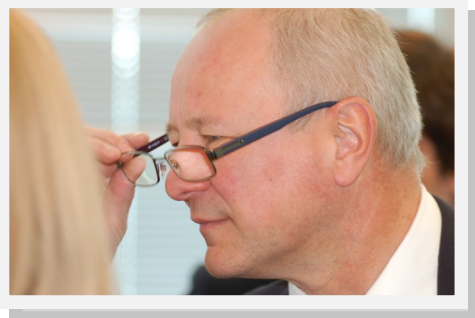


beach. I prefer downhill skiing, trekking and touring. Tolbachik volcano at Kamchatka Peninsula is one of the most memorable places. Exciting, sur-

realistic scene of just exploded volcano impressed me most of all.

– Alexander, this year's strategic Group objectives include the training of management, commercial personnel and staff of foreign offices by the Corporate University through development of mentor system and knowledge management system. Why do you think it is high time to complete this task?

– We are now observing negative trend: for the last 4 years charter business results were getting worse – sales and revenue keep going down. Objective reasons for that are stagnation of the market, low number of transportations in the military sector, world and regional economic and political problems. But it seems to me the main problem is that the foreign offices work separately from the headquarters and their managers perform functions of highly qualified sales executives rather than management functions. We need to perform two



tasks: the first is to transform regional managers into real senior managers; the second task is to establish contacts between regional offices, as well as between head office in Ulyanovsk and business units. For this purpose all foreign representatives need to study communicative skills; their managers need to complete training in order to manage his/her division, be able to work with personnel.

– You are the customer of the Corporate University. What types of training are in demand nowadays? What else could you request from the Corporate University?

– We changed significantly the system of sales and marketing in Volga-Dnepr Airlines. But it is impossible to achieve results using this new system and

background knowledge. That's why in addition to changed system we need to refresh background knowledge and gain new knowledge. We should train experts of sales and marketing to establish new contacts. I think that the main reason of underperformance by Volga-Dnepr Subgroup is unsatisfactory work of sales and marketing department.



On the other hand, all employees of the company, especially promising group of employees, must complete the training. Traditionally, the average age of charter business employees exceeds the average age of the Group employees. Changes by induction of young specialists and new promising group of employees imply training of these employees using the mentor system. In this case, experienced employees working at the company for a long time transfer knowledge and competencies to their younger colleagues. At the same time young experts need to gain new knowledge at the Corporate University. Due to knowledge they will be able to replace more experienced mentors, manage the company and achieve new results.

Tatyana ARTEMYEVA,
Alexey SERYOGIN

THE 3 ELEMENTS OF A STRONG CORPORATE IDENTITY

If you asked your employees, "How do we create value for our customers?" would you get a clear answer? And would three different people have the same view?

The question about a company's way to create value for customers is probably one of the most fundamental elements of strategy. Which makes it all the more surprising that few organizations are able to answer it with certainty and clarity. Companies' purpose and mission statements often don't help, being as vague as "we want to be the company of choice for our customers" or "we are committed to delivering the highest quality and widest selection to our customers."

We know, however, that companies with a strong identity — the kind that is backed up by the ability to deliver their promise — tend to win. In a recent survey of 720 executives, companies that were seen as having a stronger identity outperformed others by 25% (in terms of average annual TSR between 2010 and 2013).

Here's what we mean when we talk about a company's identity. It is what drives your entire organization to perform, what makes hiring top talent easier, and what gives you the framework by which to operate the company. Powerful identities are coherent — they connect three elements: the value proposition you offer your customers, the capabilities system that allows you to create that value, and the set of products and services that leverages those capabilities and delivers against your value proposition.

For examples of clear and very specific identities, consider IKEA and its aim "to create a better everyday life" by offering "a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them." Or Apple, which is "committed to bringing the best user experience to its customers through its innovative hardware, software and services." Both companies back up their identities with distinctive capabilities. IKEA, for example, uses its

price-conscious and stylish product design capability and its efficient and scalable supply chain to provide consumers around the world with low-price home furnishing. Apple leverages its unique ability to design and develop its own operating systems, hardware, application software, and services to provide its customers new products and solutions with superior ease of use, seamless integration, and innovative design.

So why is it that so many companies struggle to develop strong identities and the capabilities that enable them? Because most organizations, instead of answering the fundamental questions about how they create value for customers and deriving their strategic imperatives from there, try to keep up with the market by pursuing a multitude of generally disconnected growth avenues and organizational changes. The problem is one of incoherence: In their run for growth, companies often wind up serving so many different customer segments and so many different needs with disconnected product groups, capabilities, and strategies that it's impossible to define what the company is really about. And although such companies may be OK at many things or may have been great at a point in their growth, their lack of focus creates a struggle to be truly excellent at anything in the long run.

Take Research in Motion. It grew successfully by offering clear value propositions to customers, but it had many different value propositions which challenged its ability to sustain success. Was it a communications device company, an enterprise security service provider, or something else? This ambiguity did not cost RIM as long as its competition was not too intense; but over time, rivals with clearer purpose invested in the right set of capabilities that allowed them to build devices that appealed more to a specific set of customers. RIM tried many strategic paths, but customers and investors never saw enough investment in any one identity.



To create the type of identity that drives success, step away from the current constraints of your portfolio and industry and assess how you can leverage what your company is great at to create differentiated value for customers. Some companies start by identifying the main ways in which value will be created in their market five years out; then determine for which of these value propositions their company has a right to win given its distinctive capabilities. They then focus the bulk of their company's resources on building that identity by strengthening the capabilities that matter most and aligning their portfolio more tightly around their value proposition.

Defining a clear purpose in the world has been an age-old challenge — for individuals and organizations. But if companies can find the courage to declare what value they are able to create and for whom, they can commit themselves to a path of building greatness in that area. This has proven not only to be a winning strategy for financial results, but also an incredible motivator for employees, who perform at their best when they know how they fit into a larger objective.

**Paul Leinwand & Cesare Mainardi,
Harvard Business Review**

“Volga-Dnepr Bookshelf” Internet community has been created on the corporate portal

Corporate Education Department held a special opinion poll among the employees and managers of Volga-Dnepr in order to create the Group library, consisting of the best imaginative and business literature recommended by our colleagues.

“Volga-Dnepr Bookshelf” Internet community has been created on **my.volga-dnepr.com** corporate portal after a special opinion

poll holding. Corresponding sections of this community include all recommended books and unique internal documents being an intellectual property of the company, which are recommended for reading to each employee of the Group.

In addition, you can find an ever-expanding list of educational materials on this portal in Files section, Folders subsection. These materials were provided to the

Group employees during the different external training events.

We hope that “Volga-Dnepr Bookshelf” Internet community will be the first step towards creation of the functional corporate library!

Remember: “People cease to think, when cease to read” (D. Diderot).

Corporate University



<https://my.volga-dnepr.com/>



Dear friends!

We welcome your feedback and any suggestions that you can send on the corporate portal **my.volga-dnepr.com** in the public community “Corporate magazine VD-Leaders” or send email to: aleksey.seryogin@volga-dnepr.com.

Let's do this magazine together!

Book of the month. Jack: Straight from the Gut by Jack Welch

We continue our column about one of the recommended business books.

In November, the book of the month is Jack Welch's “Jack: Straight from the Gut”. This book is written by one of the most well known American business leaders of recent times. Jack Welch played a leading role in one of Ameri-

ca's largest companies (General Electric - GE) for twenty years, growing it from around \$26 billion when he started through to \$130 billion when he left in 2001.

Straight from the Gut is written in a casual, flowing style that is part autobiographical and part leadership advice. Welch goes from discussing his family origins, through to his beginnings at GE when he started as an engineer in the 1960s, and to the implementation of his various leadership philosophies like Six Sigma. Along the way Jack Welch discusses numerous business stories from his time at the top of GE, mentioning both his successes (like his e-business strategy) and his failures (like his purchase of the Kidder Peabody company).

Jack Welch's Straight from the Gut is a book that both business leaders and

those interested in the General Electric story will get something from. Welch keeps the reader entertained with interesting business stories, while also sharing many of his business philosophies that have worked for him over the years.

– *I consider this book to be sort of a Bible for beginners and experienced managers*, - said Evaluation and Development Deputy Director Corporate University, **Svetlana Samoletova**, one among those, recommending this book.

“Jack: Straight from the Gut Book” Quotes:

“If I have any leadership style, a way of getting the best out of people, I owe it to her (his mother). Tough and aggressive, warm and generous, she was a great judge of character. She always had opinions of the people she met. She could 'smell a

phony a mile away.”

“Confidence gives you courage and extends your reach. It lets you take greater risks and achieve far more than you ever thought possible. Building self-confidence in others is a huge part of leadership. It comes from providing opportunities and challenges for people to do things they never imagined they could do.. rewarding them after each success in every way possible.”

“Many of my basic management beliefs.. things like competing hard to win, facing reality, motivating people by alternately hugging and kicking them, setting stretch goals, and relentlessly following up on people to make sure things get done.. can be traced to her as well.” (Jack Welch talking about the influence his mother had on his life).

