

Book Reviews

Manfred F.R. Kets de Vries / Staniskav Shekshnia, S. Konstantin Korotov / Elizabeth Florent-Treacy / Edward Elgar (2004): The New Russian Business Leaders

Anarchist around. Considerations on the book

In the past few years the global business has seen a new challenge – an oversea expansion of large Russian companies. Started from oil (the logo of a Russian corporation Lukoil on a gasoline station is now shines one mile from the White House in Washington D.C.), it now embraces metal works, telecommunications and other industries. This development raises interest about how Russian companies work not just among the specialists in the region, but within a broader business audience. In this respect, the book on Russian business leaders appeared just in time.

The book assembles under a hard cover the results of the work of Manfred Kets de Vries and his associates, undertaken over the past 10 years in the area of Russian management. It combines INSEAD's working paper (the first chapter), seven cases, edited in 2000-2003 and disseminated via the Cranfield Case Clearing House, and an especially prepared conclusion (marked in the book as "Hindsight and Foresight").

Kets de Vries and his associates brought together the stories of business leaders of different "calibers" – Mikhail Khodorkovsky, until recently the boss of the biggest Russian oil company, and a political contender to the Russia's President; Dmitry Zimin, the founder of the first Russian New York Exchange's quoted company, who also was the first famous businessman who stepped down from the leading position in his company and "passed the baton" in a civilized way; but also Jacob Ioffe, an executive of a modest Danone's subsidiary in Russia.

The cases themselves are written consistently and lovely. All of them are based on the observations in the field and, at least in one case ("Ice and Flame") one of the co-authors assumed for some period of time the executive authority in the described company. However, the co-authors do not bother the readers with excessive information about the described companies – there is neither a single table nor a figure in the whole book. This reflects the goal of the co-authors – to describes people rather than their businesses.

In achieving such a tremendous goal, the co-authors use a whole battery of instruments, deeply rooted in Kets de Vries' theoretical and experimental works on leadership and organizational psychology. In the cases the theoretical constructions are somehow hided, but in commentaries (especially in one on

Roustan Tariko and Russian Standard) they become visible. This is O.K. for a reader who accepts the psychoanalytical approach in organizational studies (I personally became a passionate affectionado of such an approach after I first read Ket de Vries “Organizations on the Coach” (1991) – truly the best book on corporate character I have ever seen), but this may be a bit too pushy for some readers. However, the psychoanalytical approach also has additional, more serious pitfalls, which become visible when we compare the theoretical introduction (“Anarchist within”) with the content of the cases.

In his brilliant article Kets de Vries describes a typical Russian as a “forged Prometheus,” who is tied from the yearly childhood by superimposed rules and regulations, but dreams about the total freedom. However, the cases suggests that all the described business leaders, even the most extravagant among them, Rustam Tariko, are due a great part of their success to the strictest *self-imposed* discipline, that then is translated towards their subordinates and businesses.

Indeed, the ability to fight potential anarchists within their organizations by any available means (“she deliberately uses her femininity to gain buy-in and cooperation from both clients and co-workers” (case “Frontstep Russia”) (p. 226); (“I try to create a consensus, or at least make people listen to ideas. There is also a system of formal meetings designed to ensure common understanding of Troika’s business values and objectives...” (case “Troika Dialog”, p. 249) (“Tariko hired and then fired many experienced top managers including two bank chairmen, CEO for the group, and, ironically, the HR Director, who was supposed to help deal with personnel issues” (case “Russian standard”) (p. 133);” is largely viewed as the essence of leadership ability in Russian organizations and is really distinguish the described successful leaders from their less talented colleagues.

At the same time, we may see how anarchism is translated around. The most visible case here is the story of the Danone’s subsidiary, described in “The Bolshevik” case. This case is also very special because it is the only case in the book in which Russian business directly confronts the established Western management system. We may see that here was indeed a confrontation. “...Danone apparently viewed the company as a black sheep in their family.” However, from the Bolshevik’s perspective, Danone’s strategy often did not seem to reflect a thorough understanding of local specifics. ‘General rules can not be applied to Bolshevik,’ Ioffe said. ‘There are particularities here that are strong and should not be underestimated’ (p. 111). Partly because of such a position towards the general rules, Danone was reluctant to invest more in the factory. The final outcome of the situation was the departure of Ioffe, Danone intervention with a more hands-on approach to Bolshevik’s internal affairs, the appointment of a truly expatriate manager and “...a dismantling of Ioffe’s management team...” (p. 112).

On the other scale, the story of Mikhail Khodorkovsky, who, being sentenced for 8 years in prison, “from the depths of Siberian ores¹” sends the letter (on October 27th, 2005) in which he declares that “the fighting just starts” reflects the same tendency of Russian business leaders – not to adapt to the system, but instead adapt the system around their businesses. The scope of changes corresponds to the scale of business – a subsidiary is trying to change the parent company, the major corporation is trying to change the national economic and political system. Therefore, we may see that the situation is more complicated than Kets de Vries describes. New Russian business leaders, like Roman god Yanus, have two faces: one face of extremely self-disciplined managers, who are building smoothly-run albeit dynamic organizations; another face of ardent revolutionaries who adjust or rewrite the rules of the games their business play. In this respect, new Russian business leaders go further than “Robber Barons” they are compared with. The task of Russian business leaders is not simply to impose the “Iron heel”² of the economy and society, but rather to create the new economy and thereby the new society.

This deduction has wider implications for the topic which we have started this review – the oversea expansion of Russian companies. We think Russian companies will not play the role of polite pupils of their more experienced competitors on the world markets for long; they will try to reinvent the sectors they succeeded to penetrate and the markets they achieved the considerable share.

All this reflections are very partial outcomes of the thoughtful reading of the reviewed book. It provokes deeper thoughts for both Russians and foreigners, and it is not surprising that in 2005 it was translated and published in Russia. We may recommend to view this book not as a collection of funny stories, but a successful attempt to look beyond the horizon, to guess about the future of both the Russian management and the world business.

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¹ The famous poetical message of Alexander Pushkin to the imprisoned Decembrists – the members of a liberal revolt in December, 1825

² The title of Jack London’s novel (1908)