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Q&A: Malykhina Earned First $1M After Year in U.S.

By Jonathan Earle

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Malykhina attributes her success in part to values she learned at FLEX. **Vladimir Filonov**

Editor's note: This is the fifth in a series. For links to the first four articles, click here.

Even by the standards of today's young entrepreneurs, Marina Malykhina was precocious, earning her first $1 million by age 19.

Today, at 33, she's the co-founder and CEO of one of the largest market research firms in Russia, Magram Market Research, which is celebrating its 15th anniversary this year.

She attributes her success in part to the values she learned as a teenager in the United States,

where she spent a year going to school and working on a farm for minimum wage.

"Their mentality was: When somebody throws a ball at you, you're supposed to catch it. You're not supposed to go, 'Oh, oh no, I didn't catch it, sorry,'" she said of her experience in the U.S. State Department's FLEX program, which sends teens from countries in the former Soviet Union to study in the United States.

Marina Malykhina

Education

2000 — Presidential Academy of National Economy and Public Administration, Degree in Management

Work experience

1997-Present — Magram Market Research, founder and CEO
2006-Present — Republika Fitness Clubs, co-owner
2010-Present — Dozhd TV, host of the talk show “Kapitalisty”

Organizations and Awards

Member of Committee of 20, which promotes female entrepreneurship
Member of European Society for Opinion and Marketing Research
Member of Russian Association of Market and Public Research Professionals
Moscow State University, sociology department, member of the board of guardians
2005 — Ernst & Young’s Russian Young Entrepreneur of the Year

Favorite book: Joseph Brodsky’s poetry
Reading now: “Steve Jobs” (2011) by Walter Isaacson
Movie pick: Forrest Gump (1994) directed by Robert Zemeckis
Favorite Moscow restaurant: Home
Best weekend getaway: San Sebastian, Spain; the Basque Country

Malykhina's commitment to getting it right the first time has helped her company compete

in a field dominated by international players such as TNS and AC Nielsen.

Magram's clients range from automobile manufacturers and pharmaceutical companies to banks and beverage makers. They include Procter & Gamble, Sony, Nissan and Alfa Bank.

The company employs 70 full-time staffers in its Moscow office and about 2,500 contractors nationwide on a monthly basis. Its research network extends throughout the former Soviet Union.

In addition to being one of the country's most successful young entrepreneurs, Malykhina has the distinction of being one of Russia's few female CEOs.

She said the glass ceiling comes partly from a perception that men are better at building important relationships with government officials.

The number of female entrepreneurs is growing, Malykhina said, but the government could help them by clearing away bureaucracy and simplifying services for start-ups.

In addition to being a successful businesswoman, Malykhina is also host of her own show on Dozhd TV, "Kapitalisty," in which she interviews entrepreneurs about their successes and failures.

"We need to raise the prestige of entrepreneurs," she said. "There isn't a single program on central TV that talks to entrepreneurs. They only show gangsters and housewives."

A better image could encourage more young people — including women — to start their own businesses rather than follow the beaten path into the public sector, she said

In an interview with The Moscow Times, Malykhina talked about how participating in the FLEX program helped her become a successful businessperson, why there aren't more female CEOs, and what the government needs to do to support start-ups.

This interview has been edited for length and clarity.

Q: How did your time in the United States help you to become the person you are today?

A: I think it changed me quite a lot. I had to learn how to build relationships and interact with people who were very different from me.

I went from Moscow, a huge city, to Amity, Oregon, population 2,000, including dogs, cats and birds. People in Amity lived very differently than we did in Russia in the early 1990s.

To give you a silly example, I was struck to find that Americans use potato peelers, not knives, to peel potatoes. Everyone in Russia has a potato peeler now, but back then, I was seriously thinking, "Hey, that's the business I'm going to do back home. It's going to explode!"

My host family was absolutely amazing. Larry, my host father, was a computer engineer who also had a huge farm: horses, boats, the whole nine yards. He and his wife were very demanding toward their three daughters, in a good way.

Work had to be done properly, which meant I had to do it properly, too, because they treated

me like a daughter. They paid us minimum wage, which was $4.75 per hour, I think, to trim the trees and work in the orchard.

Their mentality was when somebody throws a ball at you, you're supposed to catch it. You're not supposed to go 'Oh, oh, no, I didn't catch it. Sorry.' That really rubbed off on me. They taught me to be more independent and figure things out for myself.

Now, when my local friends complain about "those Americans," I say, "Wait a minute, I know them." If you asked anybody in my 1994-1995 FLEX year to push the "red button," they would say, "No, we're against that, because we know those guys. They're cool, they're nice."

Q: How did you go from FLEX to starting your own business in the mid-1990s?

A: After I got back from the United States, I studied at the Academy of National Economy and worked as a translator on the side. I was translating at focus groups for Procter & Gamble, and one day, my boss said to me, "Hey, the group moderator today is an old, Soviet-style journalist. He doesn't understand anything about branding, he doesn't understand PowerPoint, he can't make reports. You've seen how we do it, you know our standards, how about you go moderate the groups?"

I said, "OK," and pretty soon I started thinking, "If I'm moderating focus groups, I can just as well organize one." That's how my business was born.

I started recruiting people for the groups, moderating groups and writing reports. Then a client asked me, "Can you do quantitative research?" which involves thousands of interviews nationwide.

Now, I couldn't run around the country doing 2,000 interviews, so I had to hire people to do the interviews based on our questionnaire.

That was 15 years ago. Today, Magram Market Research, my company, is one of Russia's largest independent market research agencies.

Q: Why aren't there more female CEOs in Russia?

A: It's a complex issue. Russian society is still quite a male-dominated one. There's this idea that men are better at maintaining good relations with the government, which is very important here.

Women often end up in finance, marketing and middle management, where their male bosses rely on them to keep things running smoothly.

If we're talking about entrepreneurship, then I think we're seeing more and more women.

Q: What can the government do to support female entrepreneurs?

A: The government actually does a lot to support mid-sized businesses, small businesses and start-ups, but the way they do it is needlessly complicated.

They'll create a website that's supposed to help people open small businesses, but it will take

a normal person years to understand what they wanted to say.

They need to make the rules simple, transparent and easy to understand: Step 1, Step 2, Step 3. If they did that, there would be more interest and more entrepreneurs, male and female.

Sometimes I hear women say, "Well, I can bake cookies, but setting up a business is a nightmare." They don't understand the rules of the game, and so they don't want to play.

Then there's the image problem. We need to raise the prestige of entrepreneurs. They don't show upstanding businesspeople in movies or on television. They only show gangsters and housewives. This needs to change.

If you ask Russian college students what they want to be, they'll say they want to work for the government or a state-owned company. Why? Because they think there's easy money there.

Compare that with the United States, where people believe that small businesses are essential and that it's cool to be an entrepreneur.

Q: How do you feel about the business climate right now, and where do you see it going?

A: There hasn't been dramatic growth for mid-sized businesses since the 2008 crisis, but at least things aren't getting worse. If you're ready to work, you can make something happen.

Competition is significantly more intense than it was 15 years ago. Back then, you could say, "Oh, we made a mistake. We'll just try again." Now you have to get it right the first time. You have to be educated, and you have to develop.

There are a lot of smart people doing the same thing that you're doing, so you really have to be faster and smarter and work harder.

Q: Do you think the bureaucracy and legal system will become more professional?

A: We hope. We hope. By some indicators, we're not even 5 or 10 percent of the way there. I think that there is a desire to change on the part of the authorities, but the people on the ground, the bureaucracy, often have different ideas.

The bureaucracy is the biggest barrier to change. Millions of people who work for the government. You can't fire them all at once and bring in new ones.

The government needs to take a more systematic approach to taming the bureaucracy. It's like training a dog. You can't just tell him twice to stop peeing on the floor and then stop. You have to remind him again and again that peeing on the floor isn't cool. If you don't, nothing will change.

So I hope things are going to get better, but I don't think it's going to be fast. And protesting on the streets isn't going to make it go any faster.

Q: How does your show on Dozhd TV educate people about entrepreneurs?

A: The show is my contribution to improving entrepreneurs' image in Russia. There isn't a single program on central TV about business, except for the financial news. But there aren't

any programs that interview entrepreneurs.

These people are changing lives, paying taxes, creating jobs and brands and adding value. They are the engine of the positive change in this country.

I respect all the guests on my program because they're doing something instead of sitting around and complaining about the system.

I believe it's important for people to understand how entrepreneurs think, even if you're not trying to become an entrepreneur but simply want to work for one.

It's also important for them to see entrepreneurs as ordinary people with hopes and fears. That's why we talk about failures as well as success stories.

I interviewed Vladimir Nekrasov, former owner of cosmetics giant Arbat Prestige, which was closed down for reasons that had little to do with him. That happens in this country. Remember Yevroset? People need to see the whole spectrum.

We also had Vasily Boiko-Veliky, of Russkoye Moloko, on the program. He showed up in a 17th-century costume, and the first thing he did was set up his icon and start crossing himself. Fascinating guy, though.

The takeaway message is this: If there's a will, there's a way. That doesn't mean it's going to be smooth sailing. You really have to work to make it happen.

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