

Q&A: Siemens Executive Leverages Loyalty and Flexibility

By [Alexander Panin](#)

June 13, 2013



Medvedev at home last week shaking hands with Möller, right, while Löschner stands in the background.

Dmitry Astakhov

The Sapsan train glides along the tracks between Moscow and St. Petersburg, reaching a top speed of 250 kilometers per hour with seemingly little effort.

But Dietrich Möller knows that to create such an illusion of ease requires traveling a bumpy road, filled with slow moving obstacles. As Siemens president for Russia and Central Asia, he leveraged his inner strength, his negotiating skills and his company's 160 year-long relationship with Russia to overcome these challenges and get the deal done to supply trains that have changed the way people move between the two capitals and now to Nizhny Novgorod.

Dr. Dietrich G. Möller

Education

1982 — Polytechnical Institute, Kiev,
a degree in electrical engineering
1988 — Technical University, Dresden, Ph.D.
in engineering sciences

Work experience

1982-1990 — ELPRO AG, Germany, director
for R&D
1991-1999 — Siemens AG, Germany, various
executive positions
2000-2006 — Siemens, AG, president
of trains division in Siemens Transportation
Systems
2006-2008 — Siemens, Russia, president
and chief executive; senior vice-president
Siemens AG, Germany
2008 — present — Siemens Russia & Central
Asia, president and chief executive; senior
vice-president Siemens AG, Germany

Favorite book: The Master and Margarita
(1967) by Mikhail Bulgakov

Reading now: The Moscow Times

Movie pick: "The Irony of Fate" (1975),
directed by Eldar Ryazanov

Favorite Moscow restaurant: Sky Lounge,
22A Leninsky Prospekt

Weekend getaway destination: Anton
Chekhov Memorial Museum at Melikhovo,
south of Moscow.

Knowing when to make a spot decision was useful, too, Möller told The Moscow Times in an interview. All of these characteristics have helped him in his career and are attributes of his approach that now have the company poised to expand its multi-billion dollar investments and bid on new mega projects.

And that kind of perseverance puts Siemens in the limited pantheon of companies welcomed at the highest levels of power here, as evidenced by the warm greetings exchanged between Möller and Prime Minister Dmitry Medvedev, along with Siemens CEO Peter Löscher, just prior to the annual Sochi railways conference earlier this month.

Reducing overland travel time to Medvedev's hometown to just 4 hours is a feather in Möller's cap, but he admits it was not an easy accomplishment. And only three years ago there were

plenty of skeptics who doubted the high-speed link would ever come to fruition.

Agreeing on terms with Russian Railways executives to supply the trains and make profit for the company was not an easy task.

"First we discussed 60 trains, and then it was clear that Russian Railways could only use 8. And we pondered on how to make it feasible," Möller, 55, said. "To build 8 trains, especially for Russia, with its specific climate conditions — there was a great engineering effort needed to make all the necessary changes to the standard model. And the trains were to be sold for a nominal price."

The only way to make any profit on such a contract was to offer something else in addition. So Möller decided on the spot to propose a package deal: delivery of the trains plus a service contract for the whole 30 year life cycle of the trains.

Similar proposals are made today under public-private partnership contracts in Russia to supply trains or build highways, but it was a new concept in 2005 when the Sapsan deal was closed.

"Even some people back home, when I returned with this proposal, said: 'My God, we cannot calculate the price for 30 years!'" Möller said.

But now here the Sapsan trains are, running on schedule, and another project is on the horizon. The Lastochka, for use on general commuter lines, is going to be manufactured at the Siemens and Sinara joint venture factory in the Sverdlovsk region.

Möller began his career at an R&D company in East Berlin, where he progressed from a development engineer to become the company director.

After the Berlin wall fell, there were many more opportunities for employment. He decided that working for Siemens would be the best choice, but Möller had to take a step down on the career ladder.

"I was the head of a large engineering center with 2,000 employees. When I switched to Siemens I became the head of a department with 30 people in all. It was a career drop. Basically, I started all over again," Möller said.

It turned out he made the right choice. Today, he manages operations on one of the most important markets for Siemens, which has plans to invest a billion euros in Russia over the next few years.

And the potential return on that investment is visible. Siemens has plans to take part in tenders to supply trains for the Moscow metro as well as to participate in a very ambitious trillion ruble project to build a high-speed line slated to connect the capital with Kazan, 800 kilometers to the east.

This interview has been edited for length and clarity.

Q: What is the origin of your interest in Russia?

A: I am interested in this country because I know the language. I studied in Kiev in the Soviet era. That was probably the basis for some further relationship with Russia.

Then I worked for a long time on different positions in Siemens and came back in 2005 to sign the first contract for the Sapsan train. This was the starting point to become the head of Siemens in Russia and Central Asia.

I lived for a long time in Spain and in China, but Russia is special. I am working here and living in Moscow. This is an interesting and quite challenging time.

Q: What are the challenges you face?

A: Our business is different from oil and gas and the financial sector. It is based more on innovation, which is a challenge in any country.

In Russia, it is challenging because the environment is developing so rapidly. We have several goals around building our own industrial base and are considering various forms of cooperation.

And the world around us is changing very fast. If something happens, for instance, as in Fukushima, Japan, or with a major bank like Lehman Brothers, it has an impact, and you have to react quickly. You have to adjust your business model or think of a new one.

Q: Does working for the same company for a long time inhibit or expand development opportunities?

A: I probably changed my position more often than once in five years, maybe as often as every three years. Siemens is a company where you can do different jobs and switch departments. You can go from healthcare to energy, and from there to transport. You can change your function from manufacturing to sales and so on. And you can work in different countries — Siemens is present in 190.

Q: What inspires you?

A: The most critical and best stimuli are the ones that come from real life.

Take the contract to supply the Sapsan. There was no solution at first on how to deliver the trains and make the order feasible. So the drive had to come from within; we had to make our own decisions. And there is a German saying that goes: "The best plans are the ones made when you have no time."

Q: Sapsan trains have been in use for some time now. How do you evaluate their performance?

A: We delivered the first trains in 2008 and certified them for use in Russia at the end of 2009, right in the middle of a difficult winter with temperatures in the range of minus 25 to 30 degrees Celsius. This was quite a test for the trains. We had some problems with wheels, some issues with the service; stones were thrown at the windows; we had cases of passenger vandalism and other things like that.

But when you start any new operation there will be technical problems, acceptance problems.

Russia is no different in this way than any other country.

We had to make some corrections, together with Russian Railways. But, all in all, the reliability, the level of service are tops. In the end, passengers have shown great acceptance — over 90 percent of trains are full and sometimes there are no tickets available.

Q: What role do you expect your next market entrant, the Lastochka, to play?

A: If Sapsan is devoted to Moscow–St. Petersburg, Nizhny Novgorod lines and is for the specific segment of long distance travelers, Lastochka is meant for broader use, with the ultimate goal to replace the old elektrichka commuter trains. They are comfortable, safe, not noisy, and have air conditioning. It is a new generation.

Also, this is another type of train with decentralized operation, our service units will be spread out rather than being all in one place. This is a new challenge compared to Sapsan.

Q: You expect to make 80 percent of the Lastochka in Russia by 2017. What challenges do you see in terms of local personnel and suppliers?

A: I believe they can meet our high standards. Otherwise, we would not have signed the contract. First of all, together with Sinara we are investing 200 million euros to build a new manufacturing facility for this train. It will be full-scale production — car bodies, assembly, a logistics center. It will be one of the largest modern train car manufacturing plants in Russia.

What we have in our own hands is what we can manage. We can train our people and maintain the level of quality needed. But this is only 50 percent of the formula. The other 50 percent comes from how local suppliers work. We will have to buy a lot of things — doors, seats, driver cabins, there will be 100 to 150 suppliers in all.

This is a challenge — to bring all of them to the quality and efficiency levels we need. If you assemble a train and only one part is missing because the supplier could not provide the necessary quality, the train will not be accepted, you need 100 percent quality, and that is sometimes difficult to reach in Russia. But that is our task: to work with Russian suppliers on that, and also to bring Western suppliers here.

Q: For the proposed project to build a high-speed line from Moscow to Kazan, the head of your competitor Alstom said his company was ready to build the line itself as well as to supply the trains. Can Siemens compete?

A: We not only can compete, we do compete. First of all, we already have the Sapsan trains on high-speed line Moscow — St. Petersburg in place. We supply and service the trains. We have just started some local manufacturing for the Lastochka trains, which can be used for other trains as well.

We have a plus — Siemens has been working in Russia for 160 years. It is already part of our history. And that is why we are proud to be here and are trying to be part of Russia's future projects.

Q: Are you finding a shortage of professional technicians in Russia?

A: At our depot for the Sapsan train we have around 50 people, and only a few of the specialists are German. And if you take our regional company here we have over 3,000 people and 2950 of them are Russians.

The people here are very educated. Some of the staff we employ have two degrees — a diploma from a Russian university and an MBA or Ph.D. from abroad.

Look at me: I got my first diploma from the Kiev Polytechnical Institute. I have the same kind of education as my colleagues from Ukraine or Russia. The starting point is equal for many people. If you want to be in a challenging environment, you can be in it. In Russia or elsewhere in the world, it is possible.

Also, under the current investment program of over 1 billion euros, we are creating about 4 thousand new jobs. Blue collar positions as well as white collar ones. This will be an opportunity for thousands of Russian people to get these jobs, receive education from Siemens and build themselves up in the company.

Q: What advice would you offer a foreigner who wants to invest or expand in Russia?

A: It depends on the type of business, but what I can say for sure is that Russia made a great step forward. If you compare, for example, 2000 and 2013, you will definitely see progress. The investors' interest in the country is supported on both federal and regional levels. The environment is becoming more attractive.

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