

Q&A: Oriflame CEO Says Conquer Fear and Take Risk

By [Lena Smirnova](#)

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Russia was a key stepping stone in Brännström career, but it taught him many lessons he has carried with him. **Sergei Bolshakov**

When Magnus Brännström was 12, he and his family, suppressing their fear, crossed the Iron Curtain for a vacation in the Soviet Union, their friends' warnings still ringing in their ears.

"You will never come back, and end up in Siberia," the Brännström's neighbors said. Instead — though the fear remained — he became enraptured.

"In Russia they say, 'if you don't risk anything, you will never drink champagne.' Or that you will never get to kiss beautiful women. I believe that," Brännström said. "This country is clearly rewarding the risk takers."

Brännström, 47, is not a man to rest on his laurels. After the pioneering preteen excursion to the Soviet Union, he went into the Swedish military. Later, deciding to learn Russian

and study the country's history, he worked as a tour guide in the last years of the communist state, going to Leningrad with Swedes who "basically, wanted to get drunk." He also served as part of the original management team of the landmark Grand Hotel in St. Petersburg.

Magnus Brännström

Education

1992 — Uppsala University, Uppsala, Sweden; MBA and law studies degree

Work experience

2005-Present –Oriflame Cosmetics, Luxembourg; chief executive officer and president,

1998-2005 — Oriflame Cosmetics, Moscow; regional director CIS, Baltics & Asia

1997-1998 — Oriflame Cosmetics, Moscow; managing director Russia

1992-1996 — Grand Hotel Europe, St. Petersburg; reconstruction team; Spendrup's Brewery, St. Petersburg, export manager

Favorite book: "Good to Great: Why Some Companies Make the Leap ... And Others Don't" (2001) by Jim Collins

Reading now: "Thinking, Fast and Slow" (2011) by Daniel Kahneman

Movie pick: "The Blind Side" (2009) directed by John Lee Hancock

Favorite Moscow restaurant: Cafe Pushkin, 26-A Tverskoi Bulvar

Weekend getaway destination: Dubai, United Arab Emirates

Trying to do business in the anarchic 1990s, Brännström had to navigate bundles of red tape, contradictory laws and face off against a landlord who negotiated the rent by putting a lock on his tenant's office door. He rose to become cosmetics group Oriflame's regional director for Russia and the CIS, Baltics and Asia. The experience served him well — he was appointed chief executive of the entire company at the age of 39.

Becoming regional director of Swedish Oriflame, the Brännström family friends' predictions

about his winding up in Siberia became a reality — with one small difference. Rather than being exiled there, Brännström opted to conquer it, along with the country's other regions.

Russia is a country of strong women, says Brännström. This has helped turn it into Oriflame's number one market, and sales are expected to increase further as the company opens a new factory in the Moscow region town of Noginsk next fall.

Thousands of Russian women as well as some men have jumped onboard as beauty consultants, deepening the company's market reach. A recently launched online store is also making Oriflame the direct sales cosmetics brand to beat.

The Moscow Times sat down with the Oriflame chief during his visit to the capital to talk about migration policy, switching from a brewery to a cosmetics business, and winning Russia's risk lottery.

Q: When did you first come to Russia?

A: The first time I came to the Soviet Union was in 1978. I was 12 years old and my father and mother took my sister and me to Leningrad. I remember when we passed the border from Finland to the Soviet Union. We were scared, all of us, but excited. We had four days in Leningrad, which was much more beautiful than we had anticipated. The weather was fantastic and I got a small travel book, which was about Leningrad. There was a chapter there about history and I love history. I just fell in love with Russian history there and then. Because I was in Leningrad with all the palaces and happenings around me, it felt like I was in the book. I always had this strange relationship with Russia. It was something special.

Q: What were your early impressions of Russia?

A: During the Soviet times, I was scared. There was this anxiety because the propaganda in the West against the Soviet Union was very strong. We were afraid of what could happen. We were afraid of doing something wrong. Then, when I moved here, the country had gone bankrupt and was falling apart. Suddenly everything was for sale, everything was bad quality and somehow no one cared. There was no electricity in the fall of 1992 in St. Petersburg. It was a society in despair. That was one feeling. The second feeling was excitement. I was 26 years old. It was the beginning of my life and it was exhilarating. I knew I could leave any day, but I also saw the incredible challenges that Russia and the Russian people faced at that time — they faced anarchy.

Q: Why did you decide to stay in Russia despite these challenges?

A: Because of youth, anxiety, the feeling of hope. When I came to St. Petersburg there was, besides the Grand Hotel, only one place where I thought you could get a decent meal — a pub called Chaika. One place. Then I moved to Moscow in 1997. Same thing — I knew almost every restaurant. Now, there are 5,000 to 6,000 restaurants, all offering a decent meal and, actually, good service. It was a feeling of being in a place where things get better every day and being happy just seeing that the payment is suddenly cleared or the facades of houses are being cleaned or the windows are being changed. When you come from a society where everything works and is almost boring, and you come to a place that is consistently improving, it is a great feeling. I knew I liked being here.

Q: What were the challenges that you faced when you came to Oriflame in 1997?

A: Legally almost everything was impossible. Laws contradicted each other. There were bureaucratic rules that made things incomprehensible. On the other hand, everyone knew the system was not working, so suddenly everything was also possible. When you are trying to live by the book, this is a challenge.

Headquarters knew that we were in unknown territory and most of the news was good. When you have more good news than bad news, they can handle it. The owners of Oriflame and my closest managers have worked in other emerging markets, so they were used to the unusual.

Q: Can you compare Russia to other emerging markets in terms of the challenges businessmen face here?

A: Russia is in a special place right now in the world. People here are well-educated from the days of the Soviet Union. Some Russians claim that their school system has deteriorated, but there is a well-educated middle class that puts Russia in the same league in terms of education as the Western world. However, the country obviously has the baggage of 70 years of communism, which is ingrained in people. Russia is clearly not Western Europe or America. It is something different. It is a well-educated, emerging country.

In 1998, I went to Brazil. The countries were very similar then — about 150 million people, most living in one part of the country. In Russia, vast quantities of Siberia and the Far East are unoccupied. In Brazil everybody lives by the coast and nobody lives in the Amazon. Today, Brazil has 190 million people and Russia has 140 million people. The countries have taken two different directions. We have a falling population in Russia despite the large quantities of immigrants. Good immigrants. Russia has the luxury of having immigrants from the other Soviet republics who know the local language and culture, so they fit in fairly well. Russians may not think so, but in comparison to Western Europe, Russia has a luxury in that sense. There are a lot of Ukrainians, Belarussians, Central Asians who want to come here. If I was the Russian leadership, I would welcome everyone. I would try to get everyone in because this country needs people and economic development.

Beyond this, I don't think there is that much difference between Brazil and Russia. People complain about corruption and bureaucracy in Russia. Clearly they exist, but if you were here in 1992 when everything could be bought, every hour of every day, that is no longer the case. Even the police are much better than they used to be. I think Russia is moving in the right direction, maybe not as fast as most people would like to, maybe not as fast as I would want to, but at least it is moving forward, and in that sense I don't think Russia is a worse place than other emerging markets. The country needs to find its place. It needs to develop. It needs reforms, but so do all countries. If a country thinks it doesn't need to improve, that's the beginning of the end.

Q: You said that when you moved to Russia in the 1990s, you saw small improvements every day. Is that still the case?

A: Improvements become smaller and smaller every day, partly because it is more difficult to develop something that is already being developed. But in the spring I was here with my family for the first time in two years and my family immediately saw a lot of good things

when we were walking in the center of Moscow. Suddenly children's playgrounds were restored and painted. Five years ago, they were not. Also, the last time I was in Moscow, I was walking and the car actually stopped for pedestrians. Five years ago that would have never happened. So there are improvements. Some of them are small. Some of them may be bigger.

Q: What improvements would you like to see in the local business climate?

A: There has to be more visibility and predictability in the legal system. The perception is that if I am tried at court, I am not certain I will get a fair trial. Whether that is true or not is important, but just the fact that we are raising the question is a problem. The legal system depends on what we believe. If I am the president of Oriflame, there should not be a perception that I have a higher likelihood of winning in court than you. We are not there yet. I think most people would say that some people are more equal in the eyes of the law than others.

Q: What advice would you offer a foreign businessman who wants start or expand an existing business in Russia?

A: Russia is one of the five or six markets in the world where you have to be if you want to have a global business, which means that you have to put your best people here. You have to have people on the ground, people who live here. It will cost money because it is an expensive country. It will not be easy, but it can be very rewarding.

Q: What lessons have you learned in Russia that you might not have learned if you had stayed in Sweden?

A: In the 1990s, for example, I rented an office for the business we had and every so often the landlord wanted to negotiate the rent. Instead of coming to me and starting a conversation, he put a lock on my door. So I could not get into my office and I had to visit him. I mean, just come and talk to me! But for him, that was impossible because he wanted to always negotiate from a position of power. Being here, you learn that you have to adapt, to see things from the other person's side. This landlord was brought up to think that there is no win-win, only win-lose or lose-win. When you know that, you know that you have to give him the feeling that he's winning. Until he feels that he is winning on certain things, he will not give in. Just make sure that you don't give in on the things that you really want to win on. Has that understanding helped me to become CEO? I don't know. Being in difficult countries gives you a sense of urgency, but at the same time develops your patience.

Q: How do you motivate people who are out in the field, such as beauty consultants?

A: First of all, with money. We should not deny the fact that money is still the greatest motivator. Beyond that, there is personal or professional development. We have a title structure so if you do slightly better, you will get a new title. That motivates many people. And then there is recognition — being recognized in front of others, brought up on stage to hear, 'This is whoever it is and she has done the following and she is fantastic. Let's all applaud her for her fantastic achievements.' She is on stage and there are 5,000 people in the crowd. That is a great feeling and it brings a lot of joy for many people.

Q: How do you achieve work-life balance?

A: In the Western world this is a big problem, because people are expected to do everything. When that is not possible, people feel bad. Instead of trying to live the life they want, they try to live the life that others expect them to lead. This is truer in the West than in Russia.

In Russia it is clear what is not enough — people are unhappy because they do not have enough material stuff. In the Western world, it is not clear what is lacking. Since I moved back to Sweden, I now meet more unhappy people than I met here: 'Not Enoughs.' People here think they need more money. What they don't know is that when all people will get the money they think they need, it will not bring happiness. In Sweden, people already have the money. They don't know where to go for happiness.

Q: Why do you think Oriflame has been so successful on the Russian market?

A: Women have a particularly strong position in Russia. Not officially, but unofficially — very few Russian families would survive without the woman. Our business is built on leadership, and women here are prepared to take that role. In that sense communism has been very good. Women were forced to take care of the family, and they were forced to work because otherwise they would not survive. That is now helping Russian women to become stronger and stronger. I also think, to be honest, the 'Swedishness' has been attractive to these women. They were looking for predictability. We have given them predictability. They were looking for an honest brand. We are an honest brand. And they were looking for good-quality products at affordable prices, and that is what we are all about.

Q: What motivates you?

A: I never became a politician. I wanted to, once, because I had the dream of making the world a better place. And I used to sell beer in my previous job. If you sell beer, you are selling alcohol and, though there is some sort of joy to it, it also means selling a lot of problems. But when you are selling Oriflame, and the products and opportunity that we provide, you are selling a better life. That makes me very proud to work here. It's hard to see myself working for a company where it's just money. There is a lot more than money.

Q: Do you have a role model?

A: I have several people in my life, including my mother and father, but also people I work with who have inspired me. My father said once, 'There are no holes in the earth,' meaning there is no way to get lost. Go seek yourself, go seek challenges. Go to the unknown. The only thing bad that can happen is that you have to return home. That's as bad as it gets, so don't stay where you are. Just keep moving and be curious.

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