The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Q&A: Ozon Chief Changing Perceptions of Russia (Video)

By Ivan Nechepurenko

January 30, 2014

Gavet is known for evangelizing Russia's potential, though she understands it may bring increased competition. **Pascal Dumont**

From the time Maelle Gavet first came to Russia from her native France to do volunteer work at a dingy Kostroma region orphanage in 1994, she has been battling perceptions — first her own, and now those of potential investors.

Gavet found Russia, deep in the struggle of transition from the Soviet period, to be less than enchanting. Moscow was a "huge, but gloomy city," she said.

But the experience helped her gain fluency in the language and therefore the ability to better understand the people, the culture and the country's unique position on the planet.

"Russia is more than a country. It is a continent between Europe and Asia, and not completely either," said Gavet, 35, who has served as the chief executive of Ozon.ru, one of the leading

online retailers here, since 2011.

Maelle Gavet

Education

2003 — Ecole Normale Superieure de Lettres et Sciences humaines, Fontenay-St-Cloud, France

2002 — Institut d'Etudes politiques de Paris; master's degree

2000 — Sorbonne University, Paris; bachelor's degree in Russian language and literature

Work experience

2010-present — Ozon.Ru, Moscow, Russia; marketing director (2010 to 2011); chief executive officer from 2011

2003-2009 — Boston Consulting Group; principal consultant

2001-03 — Predstavitelskij Dom event management company, Russia; co-founder and managing director

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

Reading now: "Tubes: A Journey to the Center of the Internet" (2012) by Andrew Blum

Movie pick: "Jiro Dreams of Sushi" (2011), directed by David Gelb

Favorite Moscow restaurant: Uilliam's, 20a Malaya Bronnaya Ulitsa

Weekend getaway destination: exploring more of Moscow

After an earlier stint in Russia, she spent six years with Boston Consulting Group as

a principal consultant, working in India, South Africa, Ukraine and Britain. Her specialty was online retail, media and telecommunications. This made her the natural choice to advise Ozon, which wanted to grow in size and efficiency.

Following her consulting project for Ozon, its board offered Gavet a job as the marketing director. In less than a year she became CEO of one of the jewels in the small crown of Russia's technology economy. Riding the wave of what AT Kearney rated last year as a $10 billion e-commerce market in Russia, Ozon did $250 million in net sales in 2012, an annual increase of 55 percent.

It is the development of this solid technological foundation that she sees as being the most obvious route to wean the country from its addiction to oil money. The education system and the information technology specialists it produces are key assets that help make unique and world famous brands like Ozon, Yandex and Mail.ru, she said in an interview with The Moscow Times.

Her global experience, ability to analyze and success here has convinced Gavet that Russia is on par with China and India for investment attractiveness on all major fronts — including political risk, base of educated consumers and bureaucratic burden. And her boundless optimism has compelled her to write articles and speak in public in an effort to change perceptions help others see the light of opportunity in Russia.

The interview has been edited for length and clarity.

Q: What do you see as the main challenge for foreigners trying to understand Russia?

A: Many foreigners here do not speak the language and see Russia through the lens of the media that they receive from the West. They can live in Russia without living with Russians, and the only thing they see is bad traffic and high prices.

I lived in India for a while and if you would talk to expats there they would talk to you about all the things that are wrong about India. I have American friends in France and when I meet with them they tell me about everything that is wrong with France. I think there is a general "expat syndrome," which means that whatever country you are in, you are always missing your own country and always thinking that the country you live in is actually not as good as it could be.

I think that the image of Russia tends to be more negative than of many other countries. There is a much broader question of what is the image that Russia projects to the rest of the world.

Q: Do you think Russia can project a better image?

A: I am running a company that has just more than 2,000 employees. I cannot even imagine what it is like to run a country of 140 million. It is already very hard to change the image of a company, so frankly I don't know how it is possible to change the image of a country. There are things that need to be addressed and discussed about the safety of foreign investment in Russia. You have to make bureaucracy less present there. There is a lot to be done in terms of investing into infrastructure. It is hard to prioritize on where to start.

Q: You have written that investors should give Russia a second look, that they have many misconceptions. What do you base this opinion on?

A: Over the last three years I have been in contact with investors because many foreigners, after the Yandex and Mail.Ru IPOs, have started to look at Russia. Over and over again I hear "Ooh, we are not sure about Russia, this is a dangerous country, what is going to happen is not clear." So there was always a very negative feeling. The most surprising for me was that these investors were people with a lot of international experience. They have been investing in China or India for a long time. Having lived in India for a while and having spent a few months in China I am not going to play the game of which country is better or worse. But clearly, if you talk about challenges to business, if you have invested in China in the past you can definitely invest in Russia. For some reason this was not happening. Many investors have considered China a better and more attractive environment.

Obviously, you can talk about demography. People say, "Yes, we invest into China because there are more than a billion people." India has more than a billion as well. So the only reason you do not invest into Russia is because there is only 140 million people? But wait a minute! You invest into France, into Britain. So you start digging and you see that demography is actually not the main reason. The main reason is the fundamental mistrust in placing money into Russia.

Pascal Dumont / For MT

"I am running a company that has just more than 2,000 employees. I cannot even imagine what it is like to run a country of 140 million."

Q: Do you think that people who come to Russia to do business are at an advantage?

A: If you look at people who have had the courage to invest into Russia five to 10 years ago and if you look at their return on investment, you see that it is phenomenal! What I am saying is that you could wait another generation. Yes, hopefully then there will be better

infrastructure, even more educated people, probably more transparency, hopefully less bureaucracy, but the return on investment will also be much lower. The question is whether the risk is so big that it is not bearable. If you look at what has been happening in the world, I do not think that Russia is a particularly risky environment.

Q: Do you believe external perceptions of Russia are changing?

A: It depends on what Russia does to promote and support foreigners. Fifteen years ago, there were people like me here, but they were less vocal plus there was no Internet and the barrier to be published was significantly higher. When it comes to the future, I think there will be more and more people coming here. Look at the economic prospect of a continent like Europe, which has many highly qualified young people who have a lot of energy and want to build things. They look at the future of Europe and see it is not bright. Probably more of these people will be trying to come to Russia — as a land of opportunity.

The question is whether Russia will use that interest to make people not only come but also stay and invest more and be sure they will be able to exit with their investment and profit intact.

Q: How do you respond to those who say corruption is a reason not to invest here?

A: As someone who has been running a large cross-border company across five businesses in Russia, I speak from personal experience. Ozon has a zero-tolerance policy when it comes to any form of corruption and has not paid a single bribe in its 15 years of operation. We have managed to grow without participating in the culture of bribes, sweeteners, and pay-offs, which means others can, too.

Q: What does should be done to reduce the dependence of the economy on natural resources?

A: I think that it is about attracting investment: the money, the technology and the knowledge rather than just the people. I think there is a shifting paradigm now. Russia used to be an oil and gas economy and clearly, this will not be enough in the future. Whether or not Russia will be able to leverage the amazing assets that it has on top of the oil and gas is a big question.

One of the reasons why technological know-how is so strong in Russia is because of the education system. You have great engineers and mathematicians. At the end of the day, this is the type of background you need in order to build a strong IT company. I do think that the education system in Russia allows these things to happen and create a network of such people. It is a self-fulfilling prophecy: you start generating these people and then they generate more people. I think that for a country like Russia to have Yandex, Mail.Ru and Ozon shows that a lot of the young generation can actually be successful if they go into the IT world. These are big Russian brands to be proud of. Ozon is a Russian company; we have only three non-Russian employees here, while the other 2,000 are Russian.

Pascal Dumont / For MT

"I do not like the idea that a Russian company cannot be successful without Western experience. I think that at the end of the day it is a question of bringing benchmarks from other countries."

Q: What is the key contribution that foreign managers can give to a Russian company?

A: I do not like the idea that a Russian company cannot be successful without Western experience. I think that at the end of the day it is a question of bringing benchmarks from other countries. So far, the golden benchmark has been the West. But I believe that as globalization evolves, other countries become more and more powerful from the business perspective.

At some point, there will be a transfer of knowledge not only from the West to Russia but also from Asia to Russia. Look at what China is doing in Africa. The knowledge transfer in Africa is not happening from Western companies today, but from the Chinese. Russians are well-known for their role in Silicon Valley. We need to move back from the idea that the flow of knowledge is going one or two ways; it goes in all directions.

I feel uncomfortable with some expats that tend to think that they are saving Russia. We are not saving Russia. It is Russia that offers us careers that we would not have elsewhere.

Would I be the CEO of a half-a-billion-dollar company at the age of 35 in France? The answer is clearly no.

Q: You've said that Russians are more Western than they themselves think, but are less Western than people in the West perceive them to be. What did you mean?

A: I think Russia is more than just a country. This is reflected in how Russia has been behaving on the international scene. Russia is not Asia and it is definitely not Europe either. When you talk to Russians they say they love European culture, they love French culture. They talk about Paris with stars in their eyes and they dream about going or moving there. When I tell them I am from Paris, they tell me that I am so lucky. On the other hand, they do not think as French people do. They do not see themselves as having to agree with what Europe does on the international scene and definitely not with Asia either. Russian thinking is in between the two. This is actually its strength and weakness. If Russia can fully embrace this role in between the two worlds it would be amazing. The question is whether it can handle that.

Many Westerners come here expecting people to be thinking exactly like them. Then they are disappointed that Russians are actually different. You will hear countless examples of expats talking about how they worked with Russians and how Russians do not understand how business is supposed to be built. Because of its size and history, Russia has some common cultural ground but also has a very different view of the world.

Q: What has been surprising for you in Russian business culture?

A: The hardest thing I had to deal with at the beginning was the fact that there is no culture of making mistakes — the idea that one can make a mistake, acknowledge it, work on it and become a better person. This is something that is very prominent in the U.S. In Russia, I have seen people hiding mistakes because they were terrified that I would find out and fire them. I tell my colleagues that it is actually all right to make mistakes and I am worried when they do not make them, because it means that they either hide them from me or are not trying hard enough.

Q: How do you see the situation evolving?

A: I think Russia has very interesting ten years ahead of it. I have every reason to believe that it is going to continue to get better and better in terms of developing new infrastructure, making it easier for business, developing the education system. For us it will be more challenging because there will be more competition, which shows that the economy gets better.

In all the countries where I have lived, I felt there are amazing things that could be done. If you concentrate on them, you can do great business.

I am an optimist. I believe the future is bright. I think people who see life painted in dark colors are the ones who do not take ownership.

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