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Q&A With Dean of Top Russian Business School

By Alexey Eremenko

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Sharonov is building a high-powered entrepreneurial club in Skolkovo.

A Western business education is a new thing for Russia: A "Soviet MBA" is as much of an oxymoron as a "capitalist commissar."

But two decades of capitalism and developing corporate culture have generated a business education industry with a handful of popular schools, including the Skolkovo Moscow School of Management, the biggest private business school in the country.

Andrei Sharonov's bookshelf

When polled about a favorite book, film and restaurant, Andrei Sharonov dismissed the questions as "childish," but then gave several microreviews when

asked about books that recently impressed him.

Boris Akunin "A History of Russia," published in 2013. [An ongoing, multivolume attempt at historical overview by Russia's leading, liberal-minded historical novelist — MT]
I read it first, then I read all the critical reviews saying, Akunin, you fool, it's impossible to write a book this sweeping in the modern age. But I liked it. It does give a holistic overview of Russia's history [so far only up to the Mongol invasion — MT], and it tweaked my perception of it. I realized there were periods when Russia was one of the world's biggest and richest countries. In the 11th century, women were taught to read! Then came the Dark Ages, of course.

Deepak Lal "Unintended Consequences," published in 1998.
It is about how culture and religion influences society and economy — in China, India, the world of Islam, and three branches of Christianity. It was very useful — you see the backstage of a culture.

Alexander Solzhenitsyn "The Tsar, Stolypin, Lenin," from "The Red Wheel" cycle of novels, written in the last two decades of the Soviet Union.
I read it back in 1990, when it was near forbidden, but I re-read it recently. Fascinating things about Lenin — he was a fanatic, and an outrageous demagogue, but he was a genius revolutionary who decided once that for him, the end justifies the means, and so he lied, cheated and cut corners, and he achieved his goal — while those who followed the rules all vanished. It's an important lesson.

Ichak Adizes. "Leading The Leaders,"

published in 2004.
I'm trying to reflect, read up on leaders
and I always think, damn, I lack this
and that quality, so I'm no leader. Now
I've read Adizes and realized no one has
it. He posits there are four types
of leaders — a doer, an administrator,
an entrepreneur, an integrator — and no
one combines all four, so you need
to have a team to offset your
shortcomings.

It is also arguably the most high-profile: Prime Minister Dmitry Medvedev chairs the school's advisory board, and the 18-strong roster of founders includes Roman Abramovich (No. 14 on Forbes's 2014 Richest Russians list with estimated assets of $9.1 billion) and Ruben Vardanian (No. 124 with $850 million).

Skolkovo is a greenfield project, launched from a clean slate, and its dean Andrei Sharonov says its mission goes beyond just explaining useful business cases to managers and entrepreneurs.

"It was a missionary project of sorts from the get-go," said Sharonov, a nominee for person of the year at last year's Moscow Times Awards.

A lean man with closely cropped hair, Sharonov, 50, resembles a cosmonaut or a marine commander, but speaks much more animatedly than his stern visage suggests.

An aviation engineer with a handful of patents in his past Soviet life, he worked in Russia's Economic Development and Trade Ministry and in Moscow's City Hall as the man in charge of foreign investors, until trading the state job for the Skolkovo position last year.

The Skolkovo school is a sister project to the Skolkovo innovation hub — the two being a combined attempt at spawning a "Russian Silicon Valley" and a "Russian MIT" simultaneously in a field just outside Moscow.

The two institutions have their work cut out for them, given the problems that plague the Russian education industry and business environment.

After two decades of constant reform, Russian education is still dogged by 20th-century standards, lack of direction, and the tendency to value diplomas over actual knowledge — as evidenced by hundreds of scandals involving officials and businesspeople with Ph.D.s that independent examinations indicate are likely plagiarized.

Most plagiarism suspects are in humanities, but certain websites available at a click of a mouse offer to write MBA pitches, assignments and papers for lazy candidates for a price — though Skolkovo people say it would never fly there.

The business environment that Skolkovo students come from — and return to — is also far

from perfect. The Russian economy is slowing down, and even President Vladimir Putin recently admitted that the main reason is domestic mismanagement.

Corruption is widespread, undermining ethical business practices, dependence on oil hampers high-tech industries, and private businesses struggle to compete against mammoth state corporations such as Gazprom and Rosneft. Small and midsized businesses account for a mere 20 percent of Russia's economic output compared with 50 to 60 percent in most developed countries, according to Prime Minister Medvedev.

Skolkovo itself is the main remnant of the "innovation age" ushered in by Medvedev during his 2008-12 presidential term. With Russia's economy flatlining and Putin's Kremlin grappling with the West over Ukraine, Medvedev's modernization drive has been mothballed.

But the school perseveres. It already counts more than 600 MBA alumni (40 percent of which are entrepreneurs in small and midsized businesses; about a fifth are owners of major companies; and a fifth are senior managers, according to Skolkovo's website), and demand persists, Sharonov said.

The Moscow Times sat Sharonov down to talk about original accumulation of capital, bears in the street and "really big money."

This interview has been edited for length and clarity.

Q: What is the Skolkovo business school?

A: Business schools, which provide education for grown-ups, are still an unusual thing for Russia. For many of our founders, it was a missionary project. These people believe that the business environment in our country cannot do without a first-rate business school — more than one, ideally, but you've got to start somewhere.

We offer five programs — two degree ones, MBA and Executive MBA; two short Skolkovo Original courses: a four-week one for directors and heads of midsize companies, and a 10-week startup academy, complete with a two-week stint in Silicon Valley. These are retail, but we also offer a corporate program, executive education, two to 10 months long.

The degree programs are 18 months, and since this year, they are modular type. We decided that we're working with accomplished people, among whom few can afford to leave their business for a year or more. You can find some, but chances are, they won't be very accomplished yet (laughs).

We're sitting in a great location, too, next door to the Skolkovo foundation, which is Russia's Silicon Valley. That project is having a hard time [The foundation got mired in a corruption scandal in 2013, but continued operations — MT], but we believe it adds synergy and a very nice environment. And the campus, built by British architect David Adjaye, already made one list of the best buildings of the 21st century. He drew on motifs by [famous Russian artist] Kazimir Malevich, his painting "Suprematism." I think it's a good ideological combo of traditional but avant-garde ideas with a modern, open approach.

Q: Who are the students?

A: For retail programs, mostly people in the 25 to 30-35 age bracket. We don't want them younger because we want people with a few years of working, managerial experience, not recent graduates. For Executive MBA, it's the 30 to 55 age bracket — people with solid managerial experience who mostly look to streamline their knowledge, not gain it.

We're not limited to Russians, we've had students from 18 countries so far. The current situation, sadly, decreases foreign interest in Russia and our school. But we see ourselves as an international business school with a focus on the ex-Soviet region, as well as BRICS, and that makes expats from Russian offices of transnational corporations our potential audience. They are our "Foreign Legion," though I regret to say it's shrinking — not enough expats enroll to replace the graduates.

As for the costs, our MBA is 60,000 euros, Executive MBA 90,000 euros. The startup program is 400,000 rubles ($8,600), not counting the Silicon Valley travel costs, and the other short course is 18,000 euros ($22,500) for four modules.

Q: How do you find your students?

A: We toured foreign universities a lot when we were just starting. We also had a domestic promotion campaign and still do ads, info session, test lectures. Our mission is to make successful people more successful, and our founders care about it too — they work with the school, many remain mentors — for example, Ruben Vardanian, Andrei Rappoport and [Finnish IT entrepreneur] Pekka Viljakainen all work with the new batch of students we have.

And then there are the graduates, who have really changed our promotion model. When we were starting from scratch, our staff had to run around the whole world breathlessly promoting the school. Now we can do it through graduates. There's much more trust there — it is people who paid for the education, who honestly say what was good, what was not so good or plain lousy, say why they enrolled and what they have gotten out of it. We invite people not just to a school, but to a club.

This is why we also have a rigorous selection process, really examining prospective students. We turn down a lot of applications, even though we are a private school and this is what pays our bills. Graduates also help with prospective students, help check them for consistency, expectation, culture, values and goals. We need achievers. With all due respect, housewives are not really our audience. No discrimination, we just want ambitious people, people with super-goals.

Q: Any graduates you're particularly proud of?

A: Well, there is the co-owner of Dauria Aerospace, [Mikhail Kokorich; the first Russian company to put a private satellite into orbit — MT]. There's [Nikolai Zhmurenko] the head of 2Can, an acquiring service provider — they work with Raiffeisenbank and Russian Standard, and have just cleared a year-long selection process to work with Sberbank.

There are social services — say, the Button of Life. If you have health problems, you press that button, and it alerts the emergency services, gets your medical readings, a lot of things at once. The food industry too — we had this ex-model, Yelena Shifrina, who moved on to

open a company to make organic nutrition bars, they're sweeping professional awards now.

Or that children's game, "Party Cubed." You can open that cube, give it to the kids and just forget about them. It's really interesting, people turned on their brains and made this delicious thing. I was thrilled to play with it myself, and I'm not 12 anymore (smiles).

And we had about 50 corporate clients, including Evraz, Raiffeisen, LUKoil, Rosatom, Transneft, TNK-BP and Efes.

Q: So what would Skolkovo's main attraction be?

A: We have a high entry fee, we bill ourselves on par with Western schools. So yes, we have to tell the student, why pay 60,000 euros here when you could study in London for that sort of money?

For one thing, our teacher lineup matches anything you'll find in London. We hire first-rate teachers from all over the world, and customize the lineup a lot. Every speaker gets weekly feedback — even myself, when I give speeches. And my marks aren't that good, which worries me (smiles), though I put it down to misplaced expectations on the students' part — I don't do academic lectures, I do what we call a meeting with doers, when people speak on their industries, on leadership.

And the second thing is, we work for people who see their future in Russia. If you have 60,000 euros you're ready to invest in education, but you don't see any prospects for yourself in Russia, you're unlikely to study in our school.

Our entry fee is a drawback, too — we lose those who don't speak English, we lose those who can't afford to pay "really big money." But it's also a serious filtering tool, which allows us to select those who study to stay in this country.

Q: You've called Skolkovo an "ecosystem." How's the ecosystem faring so far?

A: We are building a club here. People value the ability to work not just with world-class professors, but also with high-quality classmates. It's also studying when you sit down with a classmate and hear what's up in his business, his city, his country. It's networking. Though admittedly this is typical for any business school.

An entrepreneurial community is shaping up, too. Several dozen of our graduates have combined their resources to pool $240 million that they are ready to invest.

We've also launched a business accelerator. This is different from a business incubator, where you just get a chair, a desk and some services at a discount price. Here, it's a conveyor belt: You're working for three months or so, and then it's either recognition of your project and the first round of investment, or goodbye, thank you very much. The latter does not mean your project and your life are over, you just flunked the acceleration stage, for any number of reasons — you're not ready, the market's not ready, you didn't have enough time to finish the project. It's also part of the school.

And let's not forget, we've got SkolTech [innovation hub] on the premises, and recently also the New Economic School [a leading private university in Russia — MT]. Three schools

of different profiles: You've got managers, you've got people doing the financial models, and you've got entrepreneurs with the actual technology to create innovations.

Q: How is the current economic and political trouble affecting you?

A: It's not getting better, of course. But lying down to die is not really the solution, is it? Besides, there's this theory that economic downturns — and those are inevitable — boost interest in business education. People take sabbaticals to boost their skills.

People in business education undergo a curious evolution, by the way. I digress, but this is important. Many come for solutions to short-term problems — say, my business has plateaued, how do I make it grow? Well, many of these people leave with the question, "how do I live from now on?" We "mangle" them, or rather, infect them. Their horizons expand and their brains overheat. And if these are corporate people, there's a real risk they will be rejected by their companies when they return.

This is not an exclusive phenomenon, it happens in all business schools — they boost your ambitions, and if the person sees no challenge, no satisfaction in their old company they just leave. We've had complaints in corporate programs, bosses telling us, why the hell am I paying you so much money only to lose people? But you need to understand it's a risk for you — you need to match their expectations, give them new assignments, new goals. People come to the school for the fundamental questions — even more so in times of crisis. So we expect interest in business education — including Skolkovo — will persist.

Q: What about your impact for the society at large?

A: Our mission proves we're about entrepreneurship — and that institution has a complicated history in Russia, it was criminalized so long [the Soviet ban on private business was lifted only in 1986 — MT]. And the authorities exploit it still; sometimes you can see city billboards reading, "this sports facility is the governor's gift," as if he took money from his children to build it, and not just did his duty using taxpayer money. The belief lingers that money comes from authorities and not entrepreneurs, and our job is to change that.

The problem is not just with the authorities — it's in the public conscience. People think entrepreneurship is dubious or outright criminal. Sometimes it is, given that we're just out of the period of the original accumulation of capital, like the United States 150 years ago. But believing that the state will solve your problems leads nowhere. Nowhere! Money is where there is business initiative and hired labor. And that's primarily small business; it creates 90 percent of jobs worldwide.

I'm saying obvious things, but it's still a lesson we're yet to learn.

Q: Do any of your expat professors or students have problems with Russia? Anyone expecting bears on Tverskaya Ulitsa?

A: Yes (laughs). Well, not really, at least among the students. Most work for Russian offices of various transnationals, and are already familiar with the Russian environment. Some of the professors have low expectations at first, it's a very different country for them. But it's very nice to see how that changes when people see these expectations are 200 years obsolete. I'm

talking about the bears (smiles).

Q: And what are your own impressions from the job so far?

A: I had previous business experience, and I understood it's good for the mind and self-esteem to alternate between jobs in the state and private sector.

In a word, it's interesting. There is more freedom, more responsibility, a bigger impact. And it's very satisfying to work with people this smart. Not to demean my ex-colleagues from among the officials, but you get world-class professors here, and people from all over the world, sieved by this filter of money and language to select those able to make good money, willing to invest them in education — and to study in Russia. It's an interesting combination.

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