

# RedHead

THE CORPORATE MAGAZINE OF THE REDHEAD FAMILY CORPORATION

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Opening of the Honorary Consulate  
of the Republic of Slovenia at our office –  
another step by RedHead  
towards European integration

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# Opening of the Honorary Consulate of the Republic of Slovenia in Odessa

**VLADISLAV BURDA’S NEW STATUS OF HONORARY CONSUL OF THE REPUBLIC OF SLOVENIA AND THE OPENING OF A SLOVENIAN CONSULATE ON THE TERRITORY OF REDHEAD’S MAIN OFFICE PROVIDES A NEW, DIPLOMATIC ASPECT TO THE CORPORATION’S DEVELOPMENT.**



In late June, Vladislav Burda acquired the status of honorary consul of the Republic of Slovenia during a ceremony at the Ukrainian Ministry of Foreign Affairs at which he was presented with an exequatur – a diplomatic document issued to a foreign consul. The ceremony was attended by Nataša Prah, the Chargé d’Affaires of the Embassy of the Republic of Slovenia in Ukraine, Konstantin Rzhepishevsky, the Ministry of Foreign Affairs representative in Odessa, Oksana Petryaeva, the director of the State Protocol Department, and her deputy Mikhail Brodovich.

The first congratulatory messages for the new honorary consul of Slovenia in Odessa and the Odessa Region came from

*Vladislav Burda becomes an honorary consul of the Republic of Slovenia in Odessa and the Odessa Region*



Slovenian Ambassador to Russia Primož Šeligo and Slovenian Ambassador to China Milos Prislan.

The status of an honorary consulate will provide RedHead with direct access to information concerning Ukraine’s external policies, which is crucial for the company’s development. In addition, according to the Vienna Convention on Consular Relations of 1963, an honorary consulate grants the honorary consul a number of immunities, including personal diplomatic immunity and the complete immunity of the office and correspondence.

The work performed by the honorary consul will help to deepen cooperation between the Republic of Slovenia and the region, primarily in matters of trade and tourism. The honorary consul’s duties include searching for business partners in Odessa and the region, establishing ties with Slovenian organizations and enterprises, and also promoting mutual exchanges in science and culture between Slovenia and the Odessa Region.

## Vladislav Burda:

” Our connection with Slovenia has been visible throughout RedHead’s entire history and the transition from commercial relations to diplomatic relations is a natural process.

The initiator of this process was Emir Hrković: the idea of obtaining the status of an honorary consul belongs to him. Emir presented me at the Slovenian embassy for the first time in 2007. The approval procedure by Slovenian officials and Ukrainian Ministry of Foreign Affairs officials took exactly six years.

It is worth remembering that way back in 1996 Emir was the one who shipped us products from the Slovenian company Kolinska without any prepayment, and this marked the start of our current work. Our goal was to sell a truckload of Bebi kasha within three months. In fact, these products ended up serving as our initial capital – we used it as a pledge to obtain a loan from a bank. With the money we received we were able to purchase other goods and in doing so our trade turnover was set in motion.

A year later, the first forex-based supermarket Mercator-Black Sea, a joint Ukrainian-Slovenian venture, opened in Odessa. Mercator was the first to offer Bebi kasha on the Ukrainian market, but it sold it with a 300% markup. Mistakes resulted in the top management of Mercator-Black Sea quickly going bankrupt, and the owner of the building where the Slovenian retailer’s representative office was located suggested we open our own retail store at this site. We agreed and this is how the first Antoshka store appeared. Fortunately, only a little time passed between the closure of Mercator and the opening of Antoshka, so we were able to retain almost the entire retail team.

As a wholesale company, we were able to sell Bebi kasha much cheaper. In addition, we introduced another type of product which quickly gained popularity among consumers.

In the future, our portfolio of distributed and retail brands continued to be replenished with goods from Slovenia. For example, Frutek juices manufactured by the company Fructal appeared in our portfolio in 1996 just like Bebi. They remain a key component of our assortment.

Thus, we acquired experience interacting with several Slovenian companies and goods at the very start of our company and this Slovenian spirit remains with us to this day.

**At present, RedHead along with home appliance producer Gorenje and pharmaceutical concern KRKA are among the top ten importers of Slovenian goods: we sell Bebi kasha, Argeta pâtés, Donat mineral water, Frutek juices and Mehano toys.**







*Anna Varbanets, the head of the secretariat of the honorary consulate of the Republic of Slovenia in Odessa and curator of the majority of the consulate's social and cultural projects*

*As for the honorary consulate, we place an emphasis on tourism: we will develop relations with travel agencies and send more people to Slovenia. We face the task of promoting this country and revealing to Ukrainians its unique nature, healthy food and healthy atmosphere as well as representing Ukraine at commercial and public organizations.*

The institution of an honorary consulate is still quite young, as there are only seven honorary consulates in Odessa. There is a diplomatic club where the consuls meet to discuss the relations of foreign nations with Ukraine. We are planning to be actively involved in it.”



*Emil Tedeschi, Nataša Prah and Vladislav Burda at a meeting on matters concerning Ukrainian-Slovenian cooperation*

One of the first meetings held within the consulate's activities was a reception of the Slovenian delegation on July 18-19. The visitors to the RedHead office included Nataša Prah, the Chargé d'Affaires of the Embassy of the Republic of Slovenia in Ukraine, Emil Tedeschi, the owner and president of Atlantic Grupa, which has production facilities in Slovenia, and Atlantic Grupa Vice President Srečko Nakic.

New areas of mutual integration between Ukraine and Slovenia were identified jointly with the RedHead team during this meeting. In addition to strengthening business cooperation with the company's Slovenian partners and promoting Slovenian products in Ukraine, the program includes projects related to personnel training and exchanges of experience between RedHead and Slovenian companies.

As for the social aspect of cooperation, FBN events and meetings are to be held for cultural and educational experience. ■

Passion.

Creativity.

Responsibility



Atlantic Grupa, the supplier of Bebi, Argeta and Donat products, is bolstering cooperation with RedHead Family Corporation



Emil Tedeschi (a shot from Atlantic Grupa's corporate film)

The history of Atlantic Grupa began in Croatia with the sale of Wrigley's chewing gum. Five people were involved in the business not counting the founder Emil Tedeschi. Twenty years later, Atlantic Grupa has grown into a corporation with offices in eleven countries, 4,250 employees, and annual turnover of almost €840 million. Atlantic Grupa's portfolio includes roughly 30 of its own brands in seven product categories (beverages, coffee, snacks, spreads, cosmetics, sports nutrition and baby food). The company's leading products are Argeta pâtés with total European sales of €80 million, Multipower sports nutrition (€110 million) and Barcaffé coffee (€160 million). In addition to Wrigley's, the company currently distributes such international brands as Nestlé, Hipp, Ferrero, Johnsons & Johnsons and Schwartau on the territory of the former Yugoslavia.

Atlantic Grupa has offices and production enterprises in Italy, Spain, Germany, the UK, Russia, and, of course, Croatia and the neighboring Balkan countries – Serbia, Macedonia, Slovenia, Montenegro and Herzegovina.





For the people from various countries, national cultures and corporate styles who are united by their work at Atlantic Grupa, there are three inviolable attributes they must have: passion, responsibility and creativity.

These three core company values are included in its logo and ideology.



*Passion is expressed through one's attitude towards brands, colleagues and clients.*

*Creativity is expressed through ideas, innovations and taking a different look at things.*

*Responsibility is expressed in relations with people, brands and the environment as well as a drive to be the best.*

These values are recorded in the diary of each Atlantic Grupa manager.

In the logo these values are designated as the sun, a wave and a mountain, respectively. In many ways, these symbols also reflect the mentality of the people who inhabit the Balkan Peninsula.



These same qualities are inherent in Emil Tedeschi, who founded the company Atlantic Trade when he was 24 years-old.

As a young man, his main interests were sports and music: he played basketball, volleyball, water polo, and rock and roll ☺. He dreamed of the national basketball team from his native Croatia one day defeating the U.S. national basketball team. Now Emil Tedeschi owns the basketball club Cedevita, named after the most famous beverage in Croatia which Atlantic Grupa manufactures.



**Each resident of Croatia drinks 65 glasses, or 13 liters, of Cedevita per year.**





Today Emil Tedeschi is one of Croatia’s most successful and wealthy businessmen. In 2010-2012, despite the global economic crisis, Atlantic Grupa more than tripled turnover from €250 million to €840 million.

In addition to managing Atlantic Grupa’s businesses, Emil Tedeschi is involved in various public and cultural activities for which he is often referred to as the “Yugoslavian Richard Branson.” He is an honorary consul of Ireland in Croatia and a member of the Economic Council under the Croatian president. Tedeschi was a member of the parliamentary committee on Croatia’s accession to the EU. He is frequently invited to give lectures at famous and respected educational institutions, such as the Universities of New York and Michigan, the Fuqua School of Business at Duke University (USA), the Zagreb School of Economics and Management, and the IEDC-Bled School of Management in Slovenia. He has supported the Sarajevo Film Festival for several years and also moonlights as a DJ at dance clubs under the pseudonym SMS Deutsch.



In July of this year, Emil Tedeschi visited Ukraine for the very first time. His goal was to get acquainted with RedHead, his company’s largest distributor in this section of the CIS market.



RedHead has been promoting Bebi baby food since 1995 (Atlantic Grupa became the owner of this brand after Droga Kolinska was absorbed). The therapeutic mineral water Donat was added to RedHead’s distribution portfolio starting last year, and sales of Argeta began in early 2013.

The Ukrainian market for the distribution of Atlantic Grupa’s brands falls under the supervision of the company’s Russian representative office managed by Emir Hrković. Along with Russia and Ukraine, Atlantic Grupa’s office in Moscow serves all CIS countries.

In 2012, the sales market in Russia and other CIS countries became the most dynamic among all the company’s geographical markets as sales volume grew by 31.4% compared with 2011. In addition to the entirely new brands of Argeta, Donat, Multipower and Dietpharm, new items have been introduced in the Bebi product range in recent months on the markets of CIS countries: fruit tea, a series of juices and purees, three more types of “Afternoon Snack Kasha” (now five), and Bebiki gluten-free cookies in a zip package.







In Ukraine and Russia, Bebi makes up 30% of the children’s kasha market, and such successful distribution now opens the opportunity to promote other brands sold by Atlantic Grupa thanks to the communication that has been established with retail chains and well organized logistics.

Atlantic Grupa’s first new brand on the CIS market was the therapeutic water Donat. Sales began last year. In order to officially reinforce its special qualities, Donat water undergoes clinical testing in Russia. However, even now certain doctors have confirmed that the consumption of this water, which is rich in magnesium, has a positive effect during post-surgery periods and helps in recovery following chemotherapy for cancer treatment.

But whereas baby food and therapeutic mineral water have clear audiences, the market in Russia for Argeta pâtés, which are popular in Central and Western Europe, had to virtually be built from the ground up.

Neither Russians nor Ukrainians have a culture of consuming pâtés in the form of a separate product without strictly spreading it on bread, while Europeans are accustomed to having Argeta for breakfast in various combinations.



“People from Russia and Ukraine have begun traveling abroad and to Europe more frequently. There they are introduced to this food culture and bring it back home with them. They recognize Argeta on the store shelves and they have an understanding of what this product is. There is an understanding that it can be eaten on its own without bread or together with bread or toast. The number of such people is continuously growing. I always have 5-7 cans of this pâté in my refrigerator. It’s very convenient when you get home late from work or after a flight. First of all, it is nutritious and filling. Secondly, it does not require any extra effort and is a food that can be eaten quickly. This is a huge advantage for our times,” Emir Hrković says.

Creating demand for pâtés from Slovenia and including them in the daily eating culture of an ordinary family is a goal similar to the one Hrković faced in the mid-1990s when deliveries of Bebi baby food to Russia began. Judging from the rapid growth in sales, the Russian branch of Atlantic Grupa has already met its goal of generating demand for pâtés.

*The Ukrainian distribution of RedHead products also continues to gather momentum.*



The sales volume of Bebi products (kasha, cookies, infant formula, purees and juices) totaled more than 830 tons in 2012.



Over the first seven months of 2013, 1.8 tons of Argeta pâtés were sold via the RedHead distribution network.



RedHead also sold 45 tons of Donat water over a period of 16 months.



During his working visit to Odessa in early summer, Hrković shared his vision of the development of relations between RedHead and Atlantic Grupa.

*"I like Atlantic Grupa's aggressiveness. It fits me: we need it today, now! Let's go! Because there are others right behind us. They will take our place if we stop even for a minute. The first one there is the one who wins. And this spirit of a desire to win is strong in the people of RedHead, particularly in Vlad. For me it was important that two individuals such as Atlantic Grupa President Emil Tedeschi and RedHead President Vlad Burda met personally. Emil Tedeschi is a successful person who has accomplished a lot in life. Vlad has been my friend and partner for almost 20 years now. As far as baby food distribution is concerned, I do not distinguish my own successes from his as they are shared. And I had a deep conviction that these two strong leaders could achieve a great common goal on the basis of their chemistry," Hrković said.*

The first meeting between Vladislav Burda and Emil Tedeschi took place in Moscow in May 2013.

The Atlantic Grupa founder traveled to Odessa, Ukraine in July.

During his meeting at the RedHead central office, Emil Tedeschi was accompanied by Atlantic Grupa Vice President Srećko Nakic and Bebi brand manager for Russia Anastasia Agapova.

Led by President Vladislav Burda, RedHead was represented by Katherine Ostapchuk, the HR director, Irina Balashova, chief of purchasing and supply, and Inna Rengach, head of the advertising and promotion division of the Retail Department.

Also taking active part in the discussions were Nataša Prah, Chargé d'Affaires of the Embassy of the Republic of Slovenia in Ukraine, Anna Varbanets, head of the secretariat of the



honorary consulate of the Republic of Slovenia in Odessa, and Julia Hieber, leader of social entrepreneurship programs at FBN International.

The meeting participants discussed numerous issues concerning the involvement of RedHead and Atlantic Grupa in Ukrainian-Slovenian relations in commercial, diplomatic, social and cultural affairs.

The business interests of the partner companies consist of a two-fold increase in sales over the next five years.

In this context, the business owners and division managers adopted a number of agreements concerning the strategy for the promotion of the Argeta, Donat and Bebi brands in Ukraine and the introduction of Atlantic Grupa's new products to the Ukrainian market.

The joint programs will involve trips by employees for experience exchanges, in particular in the pharmaceutical sector in Slovenia, expanded activities in social networking to support key brands, and the inclusion of new brands such as Donat in the work of schools for expectant mothers at Antoshka stores. In addition, a production line for the bottling of Bebi water is to be set up in Ukraine. Market research is under way for the launch of the Barcaffé brand.

The intensive two-day visit by the owner of one of former Yugoslavia's largest companies has taken the relationship of Atlantic Grupa and RedHead to a new level of productive interaction.



*"By presenting Vlad at the Slovenian embassy and then presenting RedHead to Emil Tedeschi and Srećko Nakic, I wanted to demonstrate that Ukraine has smart, honest and respectable people and plenty of them despite the political image that is formed abroad," Hrković said in the run-up to Tedeschi's visit to Ukraine. The guests from Slovenia and Croatia had the opportunity to see this in person. ■*



# First syndag of the RedHead HR Department



**WHAT EXACTLY IS THE HR DEPARTMENT AT REDHEAD CORPORATION? WHAT ARE THE DUTIES OF ITS EMPLOYEES? WHAT ARE THE KEY OBJECTIVES OF THE HR MANAGERS AT THE CENTRAL OFFICE AND IN THE REGIONS?**

**FOR MANY OF THE HR DEPARTMENT’S INTERNAL CLIENTS – REDHEAD DIVISION AND SECTION MANAGERS – THESE QUESTIONS WERE ASKED IMMEDIATELY AT THE HR DEPARTMENT’S FIRST SYNDAG. THE ANSWERS WERE FOUND AND ENUNCIATED TOGETHER.**

The discussion of problems and solutions with HR employees was attended by managers from the retail, distribution, boutique, logistics, affiliate, accounting and finance divisions as well as IT specialists. Katherine Ostapchuk, the new head of the RedHead HR Department, highlighted the main themes addressed at the syndag.

1. *The company’s positioning as an employer.*
2. *The systematic training of personnel.*
3. *Interaction between the HR Department and “green” divisions (issues concerning incentive, remuneration and bonuses).*
4. *The creation of a skill pool (to ensure the reliability and security of business).*



**Katherine OSTAPCHUK,**  
*HR Director:*

*“The first thing we wanted to do at the syndag was show exactly what HR consists of at the company and what it is supposed to do and influence. Indeed, many of them had perceptions that were the exact opposite. We showed them the functionality of the HR service: recruitment, training, personnel evaluation, the development of remuneration systems and the payment of bonuses – this is all part of our key duties.”*

After the functional aspect and structure were presented to the syndag participants, it was easier to move on to generating specific requests and solutions related to the activities of the HR Department.

Over the first weeks following the syndag, the HR Department responded to the most urgent requests, indexed salaries in the regions, and consolidated information about all existing incentive and assessment systems at the company.

Other decisions adopted for implementation at the first syndag of the HR Department included:

*The need to formalize, put into a single format and automate processes related to the accounting of personnel at the main office and in the regions.*

*The preparation of webinars for the systematic advanced training of retail personnel.*

*The making of a corporate film for the corporation’s external PR and the attraction of potential candidates.*

The Kiev branch was identified as the one in most urgent need in an HR context. An entire team of the company’s HR specialists from various regions was sent to train existing staff and to conduct large-scale recruitment in Kiev. For two months they were focused on resolving personnel issues at this branch.

Thus, the HR Department has become the second “red” division following the SCM Department, which has also begun implementing the Adizes system of changes. ■

# RedHead Corporate University: Strategy for systematic introduction



WHAT HAS LED REDHEAD TO A POSITION OF LEADERSHIP? OF COURSE, IT'S OUR KNOWLEDGE. INVESTMENT IN PERSONNEL TRAINING HAS BEEN THE MOST PROFITABLE, AND OVER THE YEARS OF OUR COMPANY'S GROWTH EVERYONE HAS UNDERGONE TRAINING - FROM MANAGERS TO RETAIL SALESPEOPLE.

The RedHead founder completed several IMD courses on family business management and then took part in George Kohlriesser's leadership program along with the company's top managers.

Vladislav Burda and Supply Chain Management Director Vadim Orlov have successfully completed the FB EMBA course on financial education in the family business.

We were the first in Ukraine to successfully introduce Adizes methodology. Knowledge of the tools of this methodology enables our managers to effectively make the necessary changes to any business processes without any conflict.

Sales consultants and cashiers enhance the quality of service in our stores thanks to corporate training sessions on customer service standards.

Specialists from supplier companies regularly hold their presentations, seminars and training sessions with us, which provides our employees with the very latest knowledge about new products.

We have recently begun participating in educational alliances with other companies (MIRS, Abrikos) in order to improve our own effectiveness.

We are constantly seeking out new knowledge even though the baggage we already have is quite heavy.

It is well-known that a company's competitiveness depends on the innovativeness of the business processes initiated by the company. The level of innovation is directly proportionate to the level of knowledge of the people working at the company.

This fact has always been valued at RedHead, and knowledge has always been among the top priorities in the company's policies.

Today, when the extent of our knowledge is commensurate with the scale of our company, with 2,700 people employed in our structural divisions and a network of regional branches covering all of Ukraine, we must systemize both existing knowledge as well as new learning processes.

*This objective was recorded in the HR Department's Orange Book in early 2013.*

*The proper solution to this objective would be to open our own university for employees. RedHead Corporate University.*





EXPERIENCE OF FOREIGN COLLEAGUES

Successful western companies have been setting up corporate universities for more than 50 years.

A corporate university is a system of internal education for employees built in accordance with the corporate ideology on the basis of a single concept and methodology that encompasses all levels of the company.

A corporate university creates a mature company in which the overall development strategy is clearly defined, all business processes are standardized, and a corporate culture has been established.

The primary goal of a corporate university is personal growth within an effectively developing company as well as harmony between corporate goals and the life goals of individual employees.

The very first corporate university, Hamburger University McDonald's, was founded in a basement in 1961.

Now the building has total area of 12,000 square meters and is equipped with the latest technologies. Training is conducted in 22 languages by 30 full-time teachers with the help of dozens of interpreters. The training courses last from several months to a year.

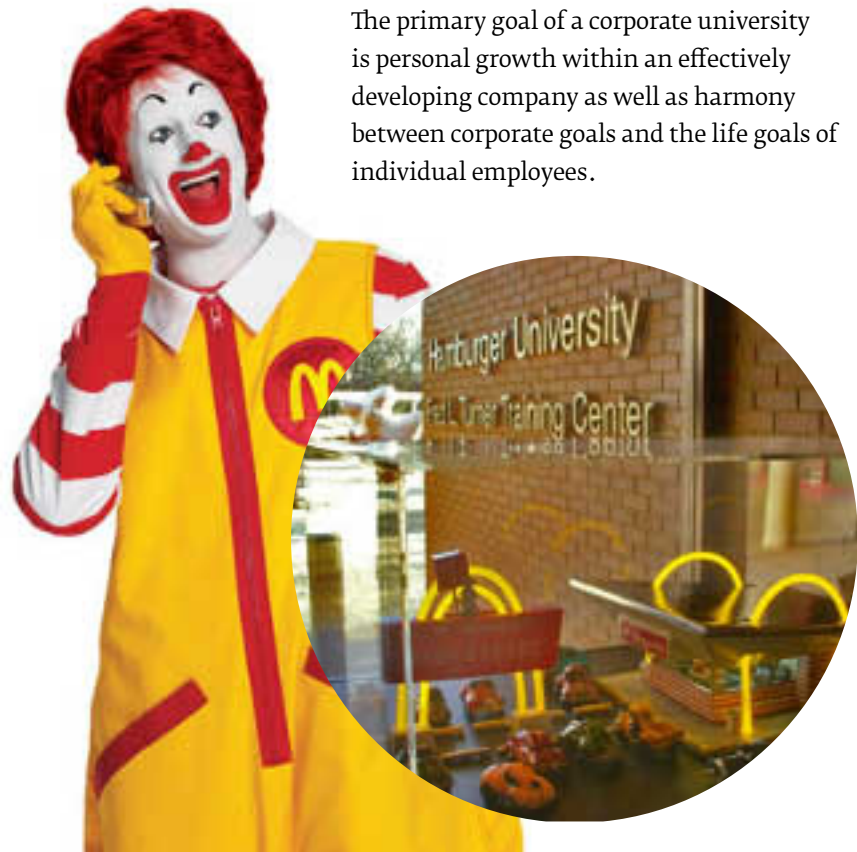
Hamburger University McDonald's trains ordinary personnel and managers to work at McDonald's stores around the world in accordance with uniform standards.

Thousands of companies conduct corporate training for their employees, including such undisputed leaders as Coca-Cola, Procter & Gamble, General Electric, Dell, Xerox and Motorola.

They engage in stationary training, on-the-job training, field work and remote training.

Training is conducted by both full-time teachers and business coaches as well as with the systematic hiring of external providers.

The priorities of university programs include the corporate ideology, innovations, deeper and broader skills among the trained personnel as well as personal growth and development among employees.



Vladislav BURDA:

*"The first and most important objective of RedHead Corporate University is to provide people at the company with the opportunity to enhance the level of their own professionalism and skills. In doing so, they are able to better perform their daily work and not stagnate in their functional duties.*

*The second objective is to form a RedHead talent pool. The company's further growth requires that we grow our own personnel and hire from within.*

*And the third objective is to provide incentive to our top executives who have lecture experience and conduct in-team training."*



STRATEGIC PLANNING

OF THE PROJECT

In June 2013, an awareness-raising seminar on the establishment of a corporate university was held for top RedHead executives. In order to conduct a diagnosis and plan the project as efficiently as possible, two external consultants took part in the seminar: Leyla Aliyeva, an expert on the establishment of corporate universities, and professional strategist Mikhail Veisberg.





Leyla Aliyeva

An expert in personnel training, a business coach, and the developer of training programs for managers and coaches.

The moderator of the management training formats Open Space, The World Café and Action Learning.

Practical work experience of 12 years.

Experience conducting training programs of 9 years.

Since 2006, she has worked as the head of corporate universities of major companies in Ukraine: Beeline Ukraine, STB TV Channel and Metinvestholding.

Projects implemented:

Training projects in personnel education and development – more than 1,800 training days, more than 4,500 managers, 122 internal corporate training sessions, and 67 Action Learning sessions.



Mikhail Veisberg

A business trainer and coach with experience of more than 100 strategic sessions.

A co-owner and partner of business consultancy: Zhivoye Delo (Kiev) and Business Media Consult (Moscow).

In 2012, he conducted a strategic session with top RedHead executives.

With support from Mikhail Veisberg, the seminar participants came up with key strategic priorities for RedHead's future training division:

- the education of all personnel should be closely linked with the company's development strategy;
- today, when people change careers three or four times in their lives, it is important that they do so in-company;
- today, when our life virtually takes place online, the tools of e-learning must be utilized as much as possible;
- there are people within the company among the top executives who have the necessary knowledge and are capable of teaching, and these individuals should be included in the corporate training system as teachers and coaches.

Later in the seminar, the top RedHead executives set up a working group and, drawing on the experience of Leyla Aliyeva, tested aspects of the systemic approach to corporate education. Each working group participant had to allocate subordinate employees according to categories and propose training program options for each category of employees. An important aspect

of feedback was observed at this stage: it is impossible to develop a single training program without asking the people who are to be trained under the program what they want to study themselves. Thus, top RedHead executives discussed the necessary training programs for the company and ways of implementing these programs.

Katherine Ostapchuk, RedHead HR Director:



“Taking into account all the previous experience of internal training at RedHead, it is obvious that our university will be able to successfully combine several key forms of corporate education. We plan to increase the number of full-time coaches by teaching training skills to the talented employees of our company, involve our top executives in teaching and training work within the company, utilize modules of external training providers for our needs and our corporate ideology, and also actively use webinars and other innovative forms of e-learning.”

As part of further preparations, Ostapchuk along with the working group members presented a general concept of the project at the latest POC.

During a discussion within the Dream Team, the decision was made to gradually develop a corporate university and start with the most important aspect – building a “retail school.” The next steps under the project will be to set up a “distribution school” and a “school for category managers.”

Next will be the development of a uniform training concept, the construction of training program matrixes, the assessment of budgets, and numerous other preliminary processes that are necessary for RedHead Corporate University to launch operations.

Corporate universities are the current trend of our time and are vitally important to each of us and to our company as a whole for further joint development. Only in this way will we be able to maintain our competitive advantages in the future and always remain in Prime. ■



# FB EMBA Class 2013



Vadim Orlov at graduation  
from Kennesaw University in May 2013

**IN MAY 2013, VADIM ORLOV, WHO DIRECTOR OF REDHEAD’S SUPPLY CHAIN MANAGEMENT DEPARTMENT, COMPLETED THE EMBA COURSE FOR FAMILIES IN BUSINESS WITH HONORS.**

**THIS UNIQUE EDUCATIONAL PROGRAM IS DESIGNED TO PROVIDE KNOWLEDGE EXCLUSIVELY ON THE MANAGEMENT OF A FAMILY BUSINESS. THE ENTIRE COURSE CONSISTS OF TEN SESSIONS (RESIDENCIES) THAT ARE HELD IN THE VARIOUS COUNTRIES FROM WHICH THE STUDENTS OF THE PROGRAM HAIL. EACH SESSION IS ACCOMPANIED BY A VISIT TO SUCCESSFULLY OPERATING FAMILY BUSINESSES (IN THE COUNTRY OF EACH STUDENT).**

*In the following essay, Vadim Orlov talks about the phases of the latest EMBA for Families in Business course, the wise advice of Professors George Manners and Joseph Astrachan and their introduction to the owners of family businesses from eight countries.*

” The time I spent studying at Kennesaw State University was an interesting and challenging period. The professors were very demanding both in terms of the deadlines for completing assignments as well as the qualitative content of each paper. If the deadline for an assignment is at midnight, it’s already too late to send the paper in at 12:01. However, I was used to this from the time of my initial education in the United States at Rutgers, State University of New Jersey.

There was a very high level of responsibility. After all, the FB EMBA for Families in Business is an educational program for family business owners, and my participation as a member of a corporation’s management team was special.

In addition to the tasks associated with the actual training, other important events took place in my life during this period. In October 2011, my wife and I had our daughter during the first residency in Atlanta, and our company had to deal with a severe blockade for the supply of all types of products over almost the entire period I was studying in the

FB EMBA course. The concerted efforts of SCM Department team and other related departments helped to overcome these professional challenges.

This made the connections and knowledge I obtained over these 18 months seem even more striking and valuable.

Joint training with business owners from different spheres and countries allows you to learn a lot from them, expand your horizons, learn how to see the big picture, and manage a system as a whole, and not only its individual components. Conversely, my views on things within the company were interesting for students/owners who are used to assessing business from the viewpoint of a member of the family that owns the business. Here is what Nelson Dao, the vice president of the corporation Consorcio Seguholding, S.A. in Venezuela, said on this subject:

*‘I must say that I learned a lot from Vadim. From his example, I realized that the program should definitely have people who work at a corporation directly with the owner, but who are not a part of the family of owners.’*



Residency in Brazil.

Dinner at Christian Hunt's villa

My fellow students were people with vast experience in developing family businesses and just great life experiences in general.

As one of the youngest students in the course, it was interesting for me to be a part of the same training class as Carlos Boggio, the owner and president of the Colombian company Alfagres. Carlos not only propelled his family business, which produces floor and wall tiles, to among the world's leading providers with distribution centers in Miami, Los Angeles, Dallas and Colombia, but is also actively involved in work rehabilitation programs for socially disadvantaged groups of Colombia. Alfagres teaches people basic manual labor and offers work at a factory in Bogota in order to keep them out of the Latin American drug trafficking chain. In my view, this deserves great respect.

I was amazed by Christian Hunt, a Brazilian entrepreneur of Belgian origin, with twenty years of experience investing around the world under his belt. A graduate of Harvard Business School, a certified director of the London Institute of Directors, and an advisor to NESST, an international organization that works to reduce poverty and social alienation by developing social enterprises, Christian speaks English, French, Spanish, Italian, German, Portuguese as well as Dutch!

Here is Christian's view of our joint studies: *'I learned a lot from you. Your desire to learn and ability to remember all the details of what we were taught is an example for me.'*

The FB EMBA course was also interesting in terms of the geography of the sessions. At the first meeting in Atlanta (USA)

Vadim Orlov, Amy Schmidt and Brandon Miller  
visiting Christian Hunt (Brazil)

in October 2011, when we agreed about the locations of the subsequent meetings, Odessa was the first one on the list of residencies and it was the first place where everyone wanted to go. In addition, nobody wanted to hear about it being Ukraine – everyone was happy that we were going to Odessa in particular. We visited the East and West of the United States, Colombia, Germany, Italy, Ukraine, Scotland, Brazil and Thailand. During each residency, one day of the residency was always spent visiting a successful family business so that our theory could go hand in hand with practice. This was a very valuable experience.

For example, I learned from the company Clif Bar in California about the strategy of Asset Light, and while in Italy we met with the chairman of the management

board of Fiat. A young and successful businessman, John Elkann spoke about the importance of understanding that a business can only be successful if it has a team of competent and responsible people.

Odessa was the sixth residency for the course in the summer, which already has become a good tradition third year in a row after visits of two previous classes that graduated in 2011 and 2012. The FB EMBA participants visited two family businesses, RedHead Family Corporation and TIS.

Both the students and the professors were surprised by the wide range of goods at Mega-Antoshka and Daniel, the high quality of merchandising and the prices. Professor Manners observed, *"The fact that you are working and achieving such outstanding results in the face of such uncertainty is worthy of respect."*





Residency in Odessa. Visit to the family business TIS

At the TIS transport terminal in the Odessa bay, we were met by Andrei Stavnitser, the second-generation owner and general director of the family business TIS. We took a walk along the boom of the container loader at a height of 40 meters above the sea, while Stavnitser introduced us to the history of TIS.

During the unofficial part of the program, a dinner was held at

Fratelli restaurant, which is also part of Stavnitser’s family business. As a group we visited Vladislav’s house where we spent a nice evening with a walk by the sea and held sports tournaments. We also went down in the Odessa catacombs after which one of the American students, James Wilz, exclaimed, “That was the most spectacular event of all the residencies!”

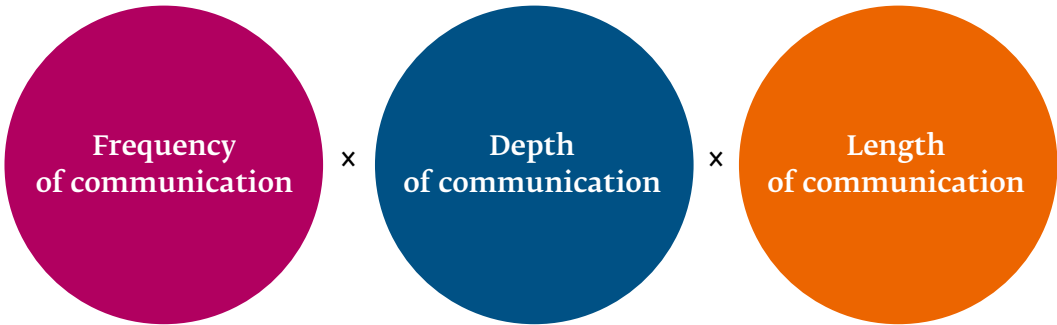
And, of course, the most valuable aspect of studying under the FB EMBA course was the knowledge we obtained from the professors of the program.



Joseph Astrachan and Vadim Orlov  
at a FBN Ukraine event, Odessa, 2012

The development of a family business is primarily distinguished by its close relationship with the family. The importance of the human factor is as high as anywhere else. Professor Joseph Astrachan, the founder of the FB EMBA program

and a member of the RedHead External Board of Directors, contends that it is best to use the following communication formula in order to build and support relationships both at work and in life:



That is, the more we communicate, the longer the communication each time, and the deeper the issues discussed, the stronger our relationships will develop. This is applicable both to business as well as to personal relationships.

During the period of the course, I have arrived to the following conclusions that guide my actions in the business today.

- Business is a holistic organism.
- Development must be balanced for all areas.
- The optimization of a part does not lead to the optimization of the whole.
- Growth in infrastructure must be faster than growth in the company.
- The system is only as strong as its weakest link.
- Business must not be burdened with unnecessary assets (Asset Light strategy).
- Business must be about people and not about money.

During my studies, I was also able to appreciate the overall potency of George Manners' financial wisdom that he has accumulated over 50 years of working at major corporations. His method of the six levels of financial knowledge and practical illustrations of how to apply it provide the opportunity to significantly improve the level of awareness in company management.



Vadim Orlov and George Manners

According to Manners, the main principles of a successful individual are:

- If you say you are going to do it, DO IT.
- If you mess up, fess up (confess up).
- You see the white, while everybody else is looking for the grey.
- Get the right people on the bus.
- View information as empowerment, not power.
- Act like somebody is watching.

In addition to these principles, Manners explains that in life we only have four types of choices that we can make:

- I choose my attitude. It is about the only thing I control in life.  
I choose how I react to the events that happen in life.  
Attitude: "Good morning, God!" or "Oh God, its morning."
- I choose between short term gratification and longer term development.
- I choose whether or not to take a risk.
- I choose my associates. People I associate with.





Graduation from the FB EMBA course,  
Kennesaw University, May 2013

As far as the program’s educational tools are concerned, I would underline the course based on the military strategy of the pilot Boyd, which Professor Chet Richards adapted to the business world.

When solving any problem, we pass through several zones: the zone of observation, the zone of orientation, the zone of decision-making and the

zone of action. In each zone, we must take into account numerous influential factors – controllable and uncontrollable circumstances, new information and previous experience. When passing through these zones, it is important to establish active direct communication and feedback between them. Those who get through this problem-solving circle the fastest are the ones who emerge successfully in the end.



In addition to their extensive lecture materials, the professors recommended that we read some excellent books. I would point out Jim Collins’ book “From Good to Great.” Collins spent years conducting interviews with managers and a meticulous analysis of the activities of almost 1,500 U.S. companies in order to determine the principles for transitioning from simply having good indicators to an outstanding performance. “From Good to Great” is an encyclopedia for efficient business development.

As per tradition, the program concluded in Atlanta. Graduation consisted of a summarization and the presentation of diplomas and was very festive. More than four hundred people completed their studies

at the same time and earned different degrees from various colleges under the larger university called Kennesaw State University.

As a student who completed the training program with honors, I was enrolled in the international organization of honorary businessmen Beta Gamma Sigma. This organization is represented in 22 countries and is celebrating its hundredth anniversary this year. Membership in this program is only possible under the condition that you graduate from an accredited university among the top 20% of students. Beta Gamma Sigma expands one’s opportunities to make new connections and develop cooperation around the world.



*I thank Vladislav for providing me with the opportunity to acquire new knowledge, new impressions and, most importantly, new practical skills and an understanding of business as a whole. I am glad that I made it through the whole program and properly completed my studies so I can apply the knowledge and skills I obtained in my work.”* ■

# Internet and retail events for child care products

New prospects for cooperation between RedHead and A. C. Haase in marketing



GERMANY’S A. C. HAASE, A SUPPLIER OF BÜBCHEN AND NUK PRODUCTS, HAS ACHIEVED TREMENDOUS GROWTH IN THE SALES OF PRODUCTS IT SUPPLIES TO THE RUSSIAN MARKET IN RECENT YEARS. RELYING ON ITS SUCCESSFUL MARKET-ING EXPERIENCE IN RUSSIA, TODAY A. C. HAASE HAS SET THE GOAL OF INCREAS-ING SALES OF BÜBCHEN AND NUK IN UKRAINE AS WELL. IN ORDER TO IDENTIFY ITS NEW DEVELOPMENT PROSPECTS ON THE UKRAINIAN MARKET, A DELEGATION FROM A. C. HAASE VISITED ODESSA IN SEPTEMBER. DURING THE VISIT, SEVERAL MEET-INGS WERE HELD WITH REDHEAD, A LONG-TERM PARTNER OF A. C. HAASE AND THE EXCLUSIVE DISTRIBUTOR OF BÜBCHEN AND NUK IN UKRAINE.



Meeting of A. C. Haase and RedHead  
in Odessa, September 2013

The delegation was led by the founders and owners of A. C. Haase, Albrecht and Christine Haase. They were accompanied on their trip to Ukraine by marketing managers from the Russian and German representative offices of A. C. Haase – Yelena Pozhidayeva, Johanna Lipsky and Mike Ivanovsky. The guests visited the Antoshka children’s supermarkets and other retail outlets that offer Bübchen and NUK products. They visited an unusually wide range of retail outlets – from major stores such as Fozzy and Tavria-V to small pharmacy kiosks. This visit enabled the A. C. Haase representatives to assess the

representation of their brands against the backdrop of their competitors’ products.

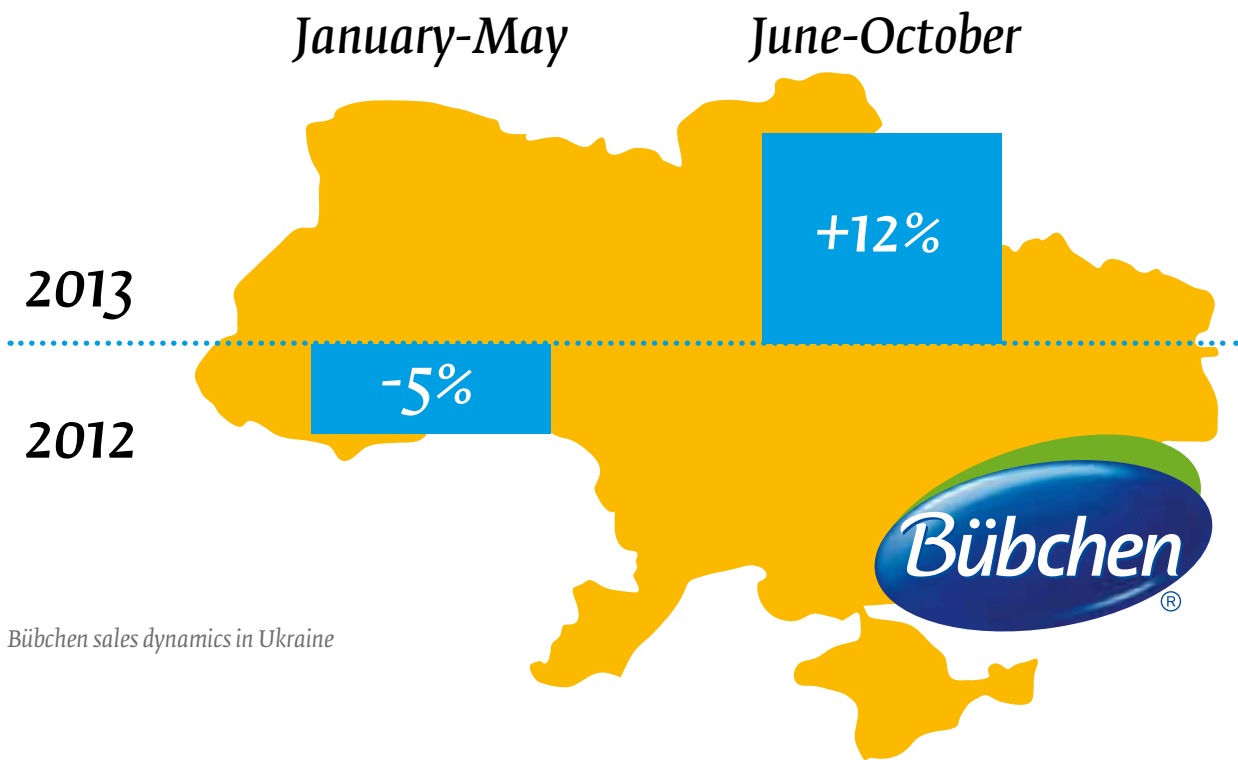
Top managers and executives of the supply division and child care brand development division as well as directors of the Antoshka stores held meetings with their German and Russian partners at the RedHead main office during a series of presentations. The meeting of the two teams signaled the start of a new development strategy in the long-term partnership of the two leaders – RedHead and A. C. Haase – and a strategy for effective cooperation in marketing affairs.



LEADER IN PROTECTION

Today the Bübchen brand holds leading positions on the Ukrainian market. However, a decrease in sales growth rates has been seen over the last year as competitors strengthen their positions in retail chains. In order to increase Bübchen sales, the RedHead team began actively using trade marketing events in retail in early summer of this year. Retail teams were offered a series of promos that were more interesting for the end consumer – a large discount when purchasing brand products and gifts for purchases. These promos were visualized with new, brighter and more eye-catching POS materials for the

customer. All of this has already produced positive dynamics in sales of the brand. This experience is an argument for more large-scale retail and marketing events that require large investments. The partners reached a key agreement on the new distribution of the marketing budget allocated by A. C. Haase during the September meeting. Now along with the traditional advertising and promotion of Bübchen at medical institutions, RedHead will be able to earmark budget funds to organize events to strengthen the brand in retail chains.



A BRAND WITH UNDERSTANDING

NUK is a brand that appeared on the Ukrainian market in late 2011. As the exclusive distributor of NUK, the main task facing RedHead is to rapidly gain coverage the market, which is overloaded with the products of competitors. A. C. Haase plans for NUK to become one of the leading items in Ukraine over the next five years.

In order to solve this problem, the RedHead distribution marketing division held special promotional programs throughout 2013 for retailers: in order to encourage purchases by retail outlets, minimum quantities of the product brand were

established with 90-day payment deferral on the first shipment, discounts were offered for distributors, and incentive programs were employed for retail teams. The next phase consists of generating an active influence on the end consumer capable of increasing the outflow of goods from the store shelves.

In order to reinforce these plans, a strategic agreement was adopted at a meeting of the partners in Odessa on increased investment in market support for NUK and an expansion in the range of NUK products promoted by RedHead.



Promotional examples of Bubchen and NUK in Ukrainian magazines, 2013

It is crucial for the retail team to maintain a constant focus on brands for the further development of the B bchen and NUK brands in Ukraine. For this purpose, it was decided in September that RedHead would implement a tool in its work that has been successfully utilized by the company's Russian partners. This involves creating a potential core of retail outlets and online stores as well as painstaking work with this core of stores. Work during the initial stage consists of compiling a database of existing distribution clients in order to include NUK in the range offered by a given retail outlet that is already a RedHead client. The second stage involves creating a database of retail outlets where the company's interests are not yet represented. Using this tool for only one month – October – provided a 33% increase in the market coverage for NUK.



OPPOSITE EXPERIENCE

Several thematic presentations during the meeting with A. C. Haase at the RedHead main office were devoted to the effective use of certain marketing tools on the Russian and Ukrainian markets, primarily Internet promotion tools.

Our partners have been focusing on the most relevant marketing trends - online retail, integration with popular social networks, cooperation with well-known bloggers, work with search inquiries and contextual advertising, the use of mobile apps with which consumers can obtain information about products, and other services.

The situation on the online market was presented in the form of a comparative analysis of the current online promotion of products in Ukraine and Russia. For example, the Russian segment of the online market currently provides €10 billion and this figure is expected to double by 2020. Moreover, Russian language surpassed German in terms of online purchase statistics in spring 2013. Russia ranks number one in the world in terms of amount of time spent on social networks – ten hours per month (the global average is five hours per month).



Christine and Albrecht Haase, the owners of A. C. Haase, and Mike Ivanovsky, a marketing specialist at A. C. Haase, during a meeting at the RedHead main office

Ukrainian social networks have yet to develop online marketing since only 8.5% of Ukrainian residents make purchases through the internet. However, Russian social networks today are having a very serious influence on the internet in Ukraine. In addition, the Ukrainian online market is demonstrating solid growth rates. For example, the online market expanded by 45% in 2012 compared to 2011.

In order to promote A. C. Haase products online in Ukraine, RedHead is already actively utilizing popular internet resources

and the websites of media partners. Future plans call for joining Russian groups that promote Bübchen and NUK on social networks and interacting with Ukrainian consumers through this communication channel as well.

Yevgenia Zotova, an employee of the Russian representative office of A. C. Haase who handles the promotion of the company’s products on social networks, will travel to Odessa in the near future to implement these plans and to convey her experience to her colleagues from RedHead.



Internet campaign to promote Bübchen on the website of RedHead’s of partner magazine

Despite the growth in the online advertising market, both the Russian and Ukrainian partners of A. C. Haase continue to actively cooperate with the print media and television.

PR articles and photo contests published by both the Russian representative office of A. C. Haase as well as RedHead in thematic magazines (Liza, Moy Rebyonok, Tvoy Malysh, Mama i Ya, Khoroshiye Roditeli) are popular among existing and potential consumers of Bübchen and NUK in Russia and Ukraine. The Russian television channel “Mat i Ditya,” which runs short advertising excerpts on Bübchen and NUK during its shows, also broadcasts in Ukraine.

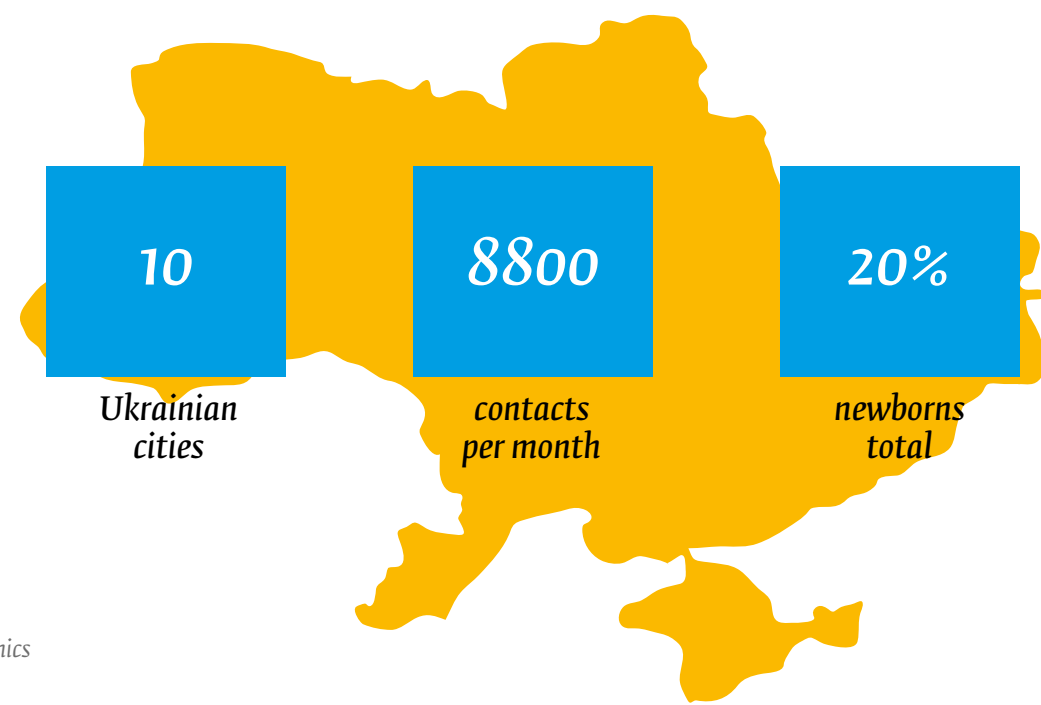
Bübchen cosmetics and hygiene products have been successfully promoted at Ukrainian maternity clinics since 2003. RedHead utilizes product presentations to pediatricians, advertising in prenatal records, the placement of PR articles in booklets with discount coupons, and the distribution of samples.

However, cooperation with medical institutions when promoting the NUK brand in Ukraine has been complicated by restrictions imposed by the Ministry of Health: Ukrainian maternity clinics have a ban on the advertising of products for the artificial feeding of infants. This serves

as an incentive to search for new communication channels.

The medical representatives of RedHead and A. C. Haase utilize similar methods in their work to promote products in a professional environment: pediatrician conferences, lectures for obstetrician and gynecologists, and courses at schools for expectant mothers.

Another focus is a new cooperation program with pediatricians launched by the RedHead distribution marketing division on December 1. This information support project for NUK products aims to enhance knowledge about the brand among the mothers of newborns.



RedHead's work  
with maternity clinics

*The results of the work performed by the two partners over the preceding two months as well as the plans for 2014 were discussed during another visit by Albrecht Haase and colleagues in November.*

*As a result of the joint work performed by the partners, specific actions were identified to improve the representation of Bübchen and NUK brands on the Ukrainian market. This means increased capabilities for bringing these German child care products to direct clients. ▣*



# Seeing is believing

*Visit to the Moll and Pali furniture factories*



**LEADING MANUFACTURERS OFTEN INVITE REDHEAD OFFICIALS ON FACT-FINDING VISITS TO FACTORIES. SUCH VISITS PROVIDE A BETTER UNDERSTANDING OF BRANDS, ENHANCE OUR KNOWLEDGE OF THE PRODUCTS MANUFACTURED, AND STRENGTHEN COOPERATION.**

**IN 2013 THE BEST EMPLOYEES FROM THE REDHEAD FURNITURE DIVISION PAID A VISIT TO THE MOLL FACTORY IN GRUIBINGEN, GERMANY AND THE PALI FACTORY IN ITALY.**

## Moll: The vivid ergonomics of childhood

Design specialist Irina Tkach (Mega-Antoshka, Odessa) and furniture division salesman Alexei Kiselev (Antoshka-Pechersk, Kiev) visited the Moll factory in Germany.

Our colleagues were able to get a thorough understanding of all the subtleties involved in manufacturing the most ergonomic children's furniture and also obtain valuable firsthand information from Moll managers and factory employees.



The history of Moll dates back to 1926 when Andreas Moll founded a family business to manufacture office furniture at the foot of the Swabian Alps. Following the opening of a second factory in 1970, Moll began developing the children's furniture segment, which is distinctive because of its ergonomic functionality.

Tables, chairs and furniture accessories produced by Moll provide vivid office systems for young users in which children may adjust numerous settings on their own.

Easily adjusting the height of the table and desktop, choosing the desired angle of the tabletop, and working at the desk while





Irina Tkach



Alexei Kiselev

sitting or standing – this is only a small list of the opportunities that Ukrainian children have been able to enjoy since 2008 when Moll furniture appeared at Antoshka. Parents are also able to make sure that their children are maintaining the proper anatomical position during class.

Irina Tkach and Alexei Kiselev had the chance to view some of Moll’s innovations

which include desks for left-handers with a desktop that rises up from the right as well as chairs with a back and seat made from high-quality mesh that allows their bodies to “breathe” and enables children to exercise greater diligence in their studies.

Moll also arranged a fascinating excursion of the Mercedes museum for the RedHead employees.







Pali: A world of proper comfort

RedHead has been the exclusive distributor of the Italian furniture brand Pali in Ukraine since 1999.

Pali is the choice of caring parents who value innovative and evolutionary ideas for their children’s sleep.

Pali was the first to manufacture cribs with a pendulum swing system, and Pali

transformer beds grow together with a child, turning from a child’s bed into a teenager’s bed over time with a simple replacement of the mattress and the cross beams.

Pali’s daily updated product range includes more than 20 bed models and children’s bedrooms made from beech and walnut.



Olga Moskaleva



Pali family residence

RedHead furniture division managers Olga Moskaleva and Daniil Stelmakh visited the Pali factory in Friuli, a picturesque region in northeastern Italy between the Adriatic Sea and the Alps, where the mild Mediterranean climate meets with pristine mountain air.

It was here in 1919 that Ermenegildo Pali opened a workshop at his home and never left his workplace until he built a daily set of eight chairs.

Since that time, four generations of the family business have transformed the manual production of chairs into a technological furniture company.

Olga Moskaleva and Daniil Stelmakh visited a major factory with large specialized workshops where all the processes are automated. Despite the impressive production scale and product distribution around the world, the Pali office only employs 20 people.





This solidary team of professionals warmly greeted the guests from RedHead.

Our colleagues were shown innovations in production that included the Pali strollers and car seats that so pleasantly surprised fans of the brand at an exhibition in Cologne in late 2012. Interestingly, the strollers are manufactured in a single concept with the Pali furniture division, thus a customer can purchase a room and a stroller in the same style.



During their visit, Olga Moskaleva and Daniil Stelmakh stayed at a hotel near the castle of Signor Loretto Pali and were invited to dinner with the Pali family and distributors from Italy and Russia. At dinner in a friendly setting, the RedHead employees learned a lot of interesting things about the family in which each person develops and supports

business segments, while Signor Loretto also indulges in the production of wine which he gladly shared with his guests at dinner.

Such trips certainly expand both one's professional and general horizons and serve as an excellent incentive for the further successful work of RedHead specialists. ■



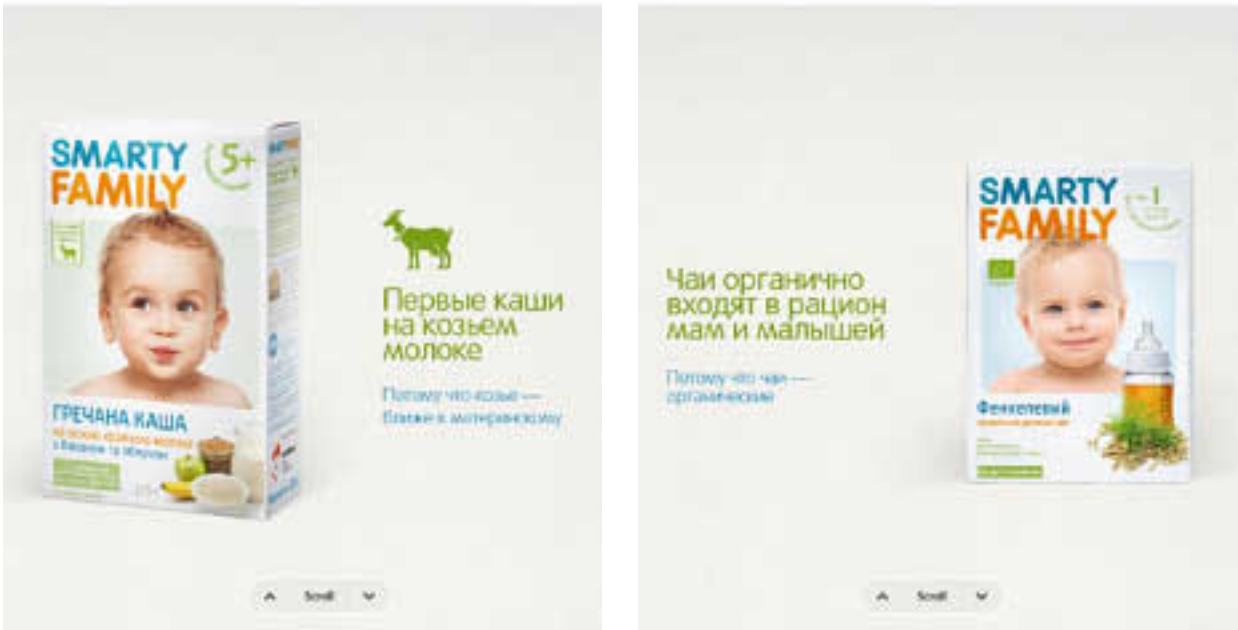
# SMARTYFAMILY

An interactive leap in development



AN ASTUTE LITTLE FELLOW ON THE SCREEN IS HAPPILY SURPRISED, FREEZES IN ANTICIPATION, PATIENTLY PAUSES, AND... ONE ONLY HAS TO ACCEPT THE INVITATION TO THE GAME AND MAKE THE FIRST CLICK IN ORDER TO GET DRAWN INTO VIVID EXCITING SCROLLING: HEADERS, TEXTS, BUTTONS, WATER BUBBLES - EVERYTHING IS MOVING, RUNNING, CHASING, JUMPING, FLIPPING, AND BOUNCING AMONG MISCHIEVOUS CHILDREN’S SMILES.

THIS IS HOW REDHEAD LAUNCHED THE WEBSITE OF THE SMARTY FAMILY BRAND FOR CLIENTS AND PARTNERS.



In 2012, the first products of the umbrella brand Smarty Family – children’s kasha made from goat milk – appeared on the Ukrainian market. By the end of the year, the “smarty” product family was supplemented with children’s drinking water with a high content of dissolved oxygen. In early 2013, organic tea produced by the Smarty Family became part of the diet of Ukrainian mothers and infants.

Positive dynamics have been seen for almost two years in the sale of Smarty Family products both in the internal retail network (Antoshka) as well as by RedHead’s distribution clients. An original promotional website is part of the new phase to develop the brand: [www.smartyfamily.ua](http://www.smartyfamily.ua).



Modern scrolling technology was used in creating this web resource: all the website content is placed on a single page. The menu options are highlighted on the left side of the screen and perform the function of rapidly switching between sections. It is impossible to confuse “Kasha,” “Water” and “Tea” since you remain on the same page the whole time. Simple and intuitive scrolling provides the opportunity to conveniently view the website in mobile gadgets as well.



The creative and dynamic promotional website entertains children with its interactive reshuffling and animation, generates positive emotions, and creates the effect of easy user interaction. It also contains a substantial amount of useful information about goat milk, cereals, vitamins, minerals, fruits, berries and herbs.



**Maria Lobova, head of the market research and analysis division**

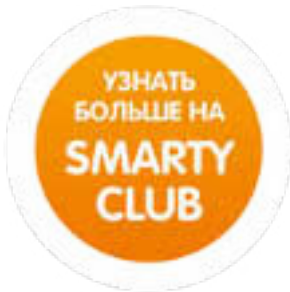
*“Our Smarty baby continues to grow and develop. He is currently exploring new horizons – the virtual space of the Internet where he now has his own home address.*

*Each development phase of our brand is not complete without the active involvement of the Motto Agency, and this time was no different: they developed the general design and supplemented the original website structure by highlighting the promotional part. As a result, the website has a much more modern and interesting appearance. Therefore, we express our gratitude to our creative partners as always.*

*Of course, the main credit for the implementation of this plan belongs to our IT division. I would like to express a few of words of gratitude in particular to Olga Pogosova for her professionalism and integrity based on her extensive experience.”*



More detailed information on the brand is available at the address [www.club.smartyfamily.ua](http://www.club.smartyfamily.ua) — an information website “for smart parents” of the Smarty Club. Six sections of the website present detailed descriptions of all Smarty Family products with recommendations and opinions from pediatricians, professional medical articles about proper infant nutrition, advice on child care as well as the latest news from the baby food market in Ukraine.



*Informative, interesting, unusual, bright and modern are all labels that apply to the new promotional website, which in terms of its design and style of presenting information reflects the philosophy of the Smarty Family brand - a philosophy for healthy growth and active development. ■*



# Antoshka Cup 2013

The ninth Ukrainian  
tennis championship  
was held in Odessa

THE 2013 ANTOSHKA CUP UKRAINIAN TENNIS CHAMPIONSHIP FOR BOYS AND GIRLS AGE 14 AND UNDER WAS HELD ON THE COURTS OF THE LAWN TENNIS CLUB FROM MAY 19-25.

IN 2013, 90 YOUNG ATHLETES FROM 25 UKRAINIAN CITIES TOOK PART IN THE CHAMPIONSHIP.



The Antoshka Cup has been included in the official calendar of the Ukrainian Ministry of Youth and Sports Affairs starting this year.

Next year the championship organizers plan to shift the dates of the Antoshka Cup so that Ukraine's best tennis players can hold workshops in Odessa after playing in the French Open.





Vladislav Burda:

*“The goals that we set for ourselves when we created the children’s tennis championship in Odessa have already been achieved, and we continue to improve on their results. These goals are: 1) to develop Lawn Tennis Club as the best venue for tennis, 2) to implement the social mission of Antoshka, and 3) to promote Odessa. Today we see how happy parents are with the conditions in which their children play sports and how satisfied they are with the results. It’s another matter that we need dozens of such championships like the Antoshka Cup to keep kids in good shape.*

*Even people outside of Ukraine appreciate the opportunities offered by the Lawn Tennis Club: Muscovites come to Odessa because they have the best training conditions here at a lower cost in addition to the wonderful atmosphere of our city, which has more warm sunny days than Moscow.”*



The Antoshka Children’s Fashion Theatre took part in the opening of the championship as per tradition







The press conference was attended by representatives of the Ukrainian Tennis Federation and the president of RedHead Corporation, the general sponsor of the championship

However, as Lawn Tennis Club General Director Dmitry Semyonov says, “We still have room to grow. Our club only has seven courts compared to Academia Sánchez-Casal in Barcelona, which has 42 courts.”

At a press conference devoted to the opening of the ninth Antoshka Cup championship, German Benyaminov, the honorary president of the Ukrainian Tennis Federation, called it “the best children’s tennis tournament that has emerged over the 20 years of Ukraine’s independence.”



Boys and girls under the age of 14 competed in singles and doubles for the 2013 Antoshka Cup.

At the opening of the championship, all the participants received healthy Smarty Family water, Corny nutritional bars, Bebi juices and Bübchen shampoo. The gifts were given in special sports bags from Antoshka that can be used again by the young athletes during training and competitions.

Antoshka prepared special intellectual prizes for the champions. Along with commemorative cups and medals, the kids received the board games Monopoly, Scrabble, Corridor and Alias (for second and

third place) and a Samsung Galaxy Tablet 2 7.0 (for first place).

In addition, Sergei Kharchev and Yulia Starodubtseva, the first place winners of the Antoshka Cup in the singles tournament, also received gift certificates to buy any pair of Joma tennis shoes at the Antoshka chain.

Yulia Starodubtseva also won the girls doubles tournament together with Darya Agapova.

The winners of the boys doubles tournament were Mikhail Kvantaliani and Sergei Tikhonenko.





Winners of the 2013 Antoshka Cup



Winners of the 2013 Antoshka Cup  
in the girls doubles tournament

Girls age 14 and under  
(singles)

WINNER:  
Yulia Starodubtseva (Novaya Kakhovka)

Second place:  
Alisa Savina (Donetsk)

Third place:  
Marina Chernyshova (Kharkov)

Girls age 14 and under  
(doubles)

WINNER:  
Yulia Starodubtseva (Novaya Kakhovka)  
Darya Agapova (Novaya Kakhovka)

Second place:  
Marina Chernyshova (Kharkov)  
Yulia Russu (Kharkov)

Third place:  
Anastasia Gurko (Mykolaiv)  
Darina Kovalenko (Kiev)



Winners of the 2013 Antoshka Cup  
in the boys doubles tournament

Boys age 14 and under  
(singles)

WINNER:  
Sergei Kharchev (Zheltiye Vody)

Second place:  
Sergei Tikhonenko (Kiev)

Third place:  
Mikhail Kvantaliani (Odessa)

Boys age 14 and under  
(doubles)

WINNER:  
Mikhail Kvantaliani (Odessa)  
Sergei Tikhonenko (Kiev)

Second place:  
Vladislav Babanayev (Kherson)  
Igor Shupta (Khmelnyskyi)

Third place:  
Eduard Fedorchuk (Komsomolsk)  
Sergei Kharchev (Zheltiye Vody)



# Antoshka in the new image of a leader



New Antoshka supermarket  
at the City Center shopping mall in Odessa

The innovative changes at RedHead could not help but impact the company's retail division. Following the "Reset" conducted last year, the entire Antoshka chain underwent the modernization required to continuously surprise its young customers and remain a leader on the market for children's goods

On a visual level, this was reflected in Antoshka's new corporate style.







New Antoshka in Dnepropetrovsk



Celebration of the opening of the Antoshka in Dnepropetrovsk



The Antoshka store in Ivano-Frankivsk has changed its image along with its address



The first store in the chain to appear before its customers in the new image of a leader was a supermarket in Dnepropetrovsk that opened in June. The bright and renovated Antoshka store has been delighting Odessites at the City Center shopping mall since early August. A store in Ivano-Frankivsk also moved into a new building and was redesigned.

The concise yet also expressive new Antoshka logo graphically interprets the values inherent in the development strategy for the children's supermarket chain. These values are care, fashion and fun.

The new corporate style, designed in an energetic red color, is an appropriate reflection of the nature of the changes taking place in retail and emphasizes the bold and engaging nature of Antoshka stores. ■



# Antoshka: New children's fashion format



Children follow fashion just as closely as adults, and it doesn't matter if they learn about the latest trends from the fairy Winx or from the catwalks on Fashion TV. What's important is that children are always aware of popular trends and want to keep up with the times.

This is why the world's biggest fast-fashion retailers replicate the ideas from the fashion catwalks for the masses at lightning speed and an affordable price – brands such as Zara, H&M, Topshop or Mango pay increasing attention to the development of children's clothing lines.

Antoshka has not fallen behind and is actively scoring "fashion" points in the democratic segment of fashionable children's clothing.

In order to launch a new fashion format, we thoroughly studied all the latest achievements of the world's fast-fashion leaders, analyzed information on the industry in literature, the media and the internet, and compared children's fashion trends with trends in popular children's culture.

From all this, we concluded that the modern Antoshka store must be efficiently

organized, but must also be a bright and fun store for fashionable children's clothing that remains loyal to its audience. Even in the "economy" price segment, current popular models must be offered and collections must be updated several times a year to follow the strategy of fast-fashion stores.

Significant structural changes had to be carried out to implement these ideas both in the principles for building the assortment of fashionable clothes at Antoshka as well as displaying products in the retail space.



**Natalya GRIGORASHENKO**, the head of business development for the clothing segment in the RedHead retail division, speaks about how this transformational process took place.

## On changes to assortment building principles:

Starting with the development of the summer collection for the 2013 spring-summer season, we have been using assortment matrixes. These matrixes are based on four criteria: gender, a child's age (height), price segment and clothing style. In each cell of the assortment matrix, we enter the number of outfits we need in a given cell on the basis of a preliminary analysis.

Sets are the main principle for building the collection. We don't offer individual models. We offer ready-made outfits – capsules. Each capsule contains at least 8-10 models that have the same manufacturer and similar stylistic components (primary colors, prints, stripes).





Assortment capsule models  
for girls, age 1.5-2

Mega-Antoshka, the stores with the largest format, offers a selection of 15-20 outfits on average for any child. For example, we can offer an eight year-old girl 15 casual outfits, three formal outfits and three elegant outfits. Four of these outfits are in the “economy” segment, eight are in the “average” segment, six are in the “average+” segment, and three are in the “expensive” price segment.

However, we mainly classify the range of school uniforms as the formal style, i.e. this style is widely offered once a year. The elegant style also occupies a rather small niche. Thus, our main focus is on the casual style since this concept includes sports clothing, casual and more relaxed clothing for every day wear. This style accounts for approximately 80% of our trade turnover. The other styles are ancillary.



Assortment capsule for newborns



### On changes to the brand portfolio:

After reviewing the portfolio of brands in stock at Antoshka, we realized that we needed to search for more well-known brands and “buzz word” brands that create the effect of Antoshka’s affiliation with fashion.

This is how the Desigual clothing brand, a bright and stylish Spanish brand that is well-known in the “average+” price segment, appeared at Antoshka. Another new brand that has appeared is Turkey’s Puledro, which offers high-quality clothing in a youthful style. A rather narrow range of this brand used to be available at small shops in Ukraine. Now a wide assortment of Puledro clothing is available in the Antoshka collection and the first season has produced very good sales at eight stores. In the 2013 fall-winter season, we expanded the geography of this brand to 20 of our stores.



Puledro children's  
clothing assortment



Assortment capsule models  
for boys, age 7-8





*Fashion designer Larisa Lobanova  
at a clothing assortment meeting  
at RedHead*

## On changes to the principles for selecting fashionable goods:

Suppliers offer us an array of fashionable capsules, much more than we need. We hold fashion meetings within the company at which we discuss each capsule in detail in order to select the best from the multitude of options in accordance with our own criteria.

When compiling the summer collection for this year, the fashion meetings were not only attended by our specialists but also representatives of Motto brand agency. We also invited the famous fashion designer Larisa Lobanova to attend. Her help was crucial since as an industry professional she can instantly identify nuances, for example which shade of a fashionable color will have the most commercial success.



*Yekaterina Chatskaya, head of the clothing  
procurement and supply department,  
the inspiration for the fashion changes*



## On the changes to the principles for displaying clothes:

We have altered the display of clothes at stores and reduced the number of models per unit of retail equipment. For instance, we have no more than 6-8 clothing models for each square meter of equipment and one model in 5-6 sizes on each rack.

In this way, we create the effect of exclusivity and even an unknown brand looks impressive and "brand-like" with such a display.

The success of employing the collection and corner display principles based on the favorable experience of global retailers is confirmed by the fact that people have become better at navigating the Antoshka product range when the number of items on the store shelves has slightly decreased.

In addition, the display of children's clothes at the stores follows the principles of the assortment matrix – the product range for boys and girls is presented separately for different age categories and there are individual displays for different price segments.

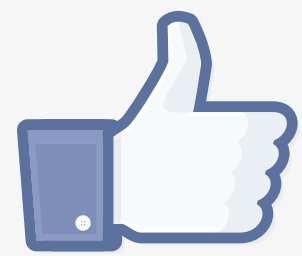


Hiring experts from the fashion world, attending exhibitions and fashion shows, analyzing modern trends in children's clothing, and working with trend books and collection reviews several seasons in advance – everything here is just like the major fashion brands. These tools are now actively utilized in work to form Antoshka's new image as the center of children's fashion.

After refreshing our brand portfolio and rethinking the principles for selecting and displaying children's clothing, Antoshka is prepared to compete with popular retailers on the Ukrainian market. ■



# Daniel. Gadget style



*Daniel is the coolest expert in children's fashion, primarily because it is not indifferent to the super modern and current "thing" of our times – the expansion of social networks and gadgets. Smartphones, tablets in addition to Foursquare, Facebook, Pinterest, Instagram... These close relations between touchscreens and global social media websites hold the essence of an understanding of all fashion trends and provide the ability to be "on the wave" and even ahead of the entire planet! Therefore, Daniel dictates its "gadget style" on the internet space for high children's fashion.*



The heroes of the Daniel blog – global celebrities

It's no wonder that Daniel's website is literally a gadget picture of the world drawn by a child in which an urban landscape and childhood fantasy world with its odd characters such as unicorns, cats, lions and angels perfectly coexists with the new must-have "toy," a modern teddy bear for every child – an iPad.

And what else do we need a gadget for other than to read blogs about the most fashionable and interesting things? Whatever you draw, we will bring to life. Immediately after the launch of its website, a Daniel blog appeared on Facebook that is highly active and has a busy life. That's right –

a real live blog in which new images ("looks!") created from a variety of items offered at Daniel appear every day. The "looks" are selected according to the weather, the season, an occasion, a day of the week, the color of the sky, eye color, flowers growing in a certain month, tasty desserts at a café, the latest trends in modern fashion, and simply the mood of a child who has come shopping with his mother at Daniel.

According to Daniel, our models are the key to the success of the "look." It's just that our models are highly attractive and striking, photogenic, distinctive

and amusing. These small fashionable dressers are our loyal customers. They grow and learn style and taste together with Daniel. Taking part in a Daniel photo shoot is gradually becoming just as fashionable an event as the very items offered in our boutiques. And we are just so happy that our beautiful things "come alive" on our even more beautiful children!

On the Facebook blog, we have a dialogue on simple but very relevant daily issues in the fashion world: what to wear for a particular holiday? Which dress is better? What should I wear with this jacket? Where can I get





some fashionable worn out shorts? Checkers or stripes, polka dot or flowerets, “military” or “baby doll”? Daniel provides answers to all these questions and is also interested in your opinion. The children of famous stars and urban slick dressers from all over the world come under close scrutiny on the Daniel blog: we are interested in every detail of style and the lifestyle of today’s children. Suri Cruise, Kingston Rossdale, the Beckham and Kardashian families as well as Liza, Luka, Serezha, Georgy, Lyuda and Kat-

erina – no stylish child goes unnoticed on our blog! Finally, the Daniel blog also has the most recent photo reports and latest news on trends in the children’s fashion world hot off the press: from Pitti Bimbo and high fashion week exhibitions to the official releases of “lookbooks,” “trend reports” and stylish collages from fashion analysts. We draw attention every day to the assortment offered by Daniel boutiques in a playful and entertain-

ing form: lively advertising in the form of “looks” and trend surveys not only provide us with “likes” but also new customers who are eager to photograph their children in designer outfits. We are gradually building a fashion community made up of children – “models” in the Daniel style – and their loyal parents. And while the Facebook blog is successfully gaining momentum and amassing “likes,” Daniel is pushing ahead and discovering the world of mobile iPad

applications. All the most important details from the fashion lifestyle, news about gadgets and furniture, movies and culture, detailed and colorful trend reports and “lookbooks,” fresh and juicy news, and the most outstanding reviews of Daniel brand collections, stories from the lives of famous brands – and all of this is seasoned with magnificent illustrations, pictures, collages and attractive layouts. The app scrolls in all directions, making it possible to find even more new tabs! This guide is a quick reference







Young fashionable dressers – loyal Daniel clients and heroes of the blog



Daniel mobile application for the iPad

on children’s fashion for an entire fashion season, which minimizes the time spent perusing “look-books,” magazines and the internet and provides parents with an optimal answer to the question: what to buy, what is current, and what to wear with what. In general, the Daniel app for the iPad

is our touchscreen response to Vogue, but only for the youngest and most stylish as well as their fashion loving parents!

So what should we expect next? Daniel will have more brands, more collections and even more new names, which means that several new models and vivid

images will appear. We are waiting for our kids to grow up a little bit and join the intensive internet dialogue where we will be able to hold more interactive contests and games. And we will be glad to play with our kids in this fun game called “fashion.” After all, children’s fashion rules! Daniel is truly cool! ■



# Ichak Adizes's workshop in Kiev



On May 28, Dr. Ichak Adizes spoke in front of 450 business owners and managers at Olimpiysky National Sports Complex. The workshop program included a joint presentation by Vladislav Burda and Oleg Mikhailenko on the use of Adizes methodology at the RedHead and MIRS family-run corporations.

Prior to the workshop, Vladislav Burda interviewed the guru for Forbes magazine, while Dr. Adizes himself visited the top level POC of the corporation where he had a productive conversation with top RedHead executives. Immediately upon returning to Odessa, the company executives held two re-syndags in the largest business departments – retail and distribution, and this busy May week ended with the first syndag of the RedHead HR Department.

*"The week with Adizes was very interesting!"* Vladislav noted.





*Dr. Ichak Adizes currently ranks 28th in the rating of the “100 Best Leadership Consultants,” according to Executive Excellence Journal, while the organization he established, the Adizes Institute, is one of the ten best consultancies in the world, according to the Leadership Excellence Journal rating.*

The Ukrainian branch of the Adizes Institute and the company IdeasFirst organized his trip to Ukraine and the meeting with businessmen. The workshop held by the contemporary management guru was called “Managing Change in Conditions of Uncertainty.”

Adizes spoke about the principles for developing an organization in the context of ongoing social changes and analyzed specific examples from the experience of Ukrainian companies whose representatives were in attendance.



*“If you are truly managing – making decisions and implementing them – this inevitably results in new changes. And this will always be the case. Problems grow out of the changes caused by your decisions. And this is a good thing! As long as you have problems, you’re alive!” Adizes says.*



Ichak Adizes, Kiev, 2013





A joint presentation by Vladislav Burda and Oleg Mikhailenko was part of Ichak Adizes’s workshop.

Vladislav Burda:

*“Adizes spoke in an environment where he is already rather well-known and ‘hyped’ compared with his first engagement in 2007, when we also delivered a speech together.*

*The Adizes Institute now has representative offices in Russia and Ukraine, all of his books have been translated into Russian, and many companies have employed the methodology – Adizes has become famous and popular as a brand. It was important to show how his methodology had been implemented and practically applied on Ukrainian soil against the backdrop of this popularity.*

*I presented together with Oleg Mikhailenko, the owner of MIRS with which we have implemented a project of joint integrations using the Adizes methodology. We spoke about our experience. In my view, the main advantage of the methodology is the establishment of mutual trust and respect (MT&R). In addition, the special team spirit that arises when using the methodology was felt at the event thanks to the teams of top managers from RedHead and MIRS who attended the workshop together with us.*

*I thought it turned out to be very lively and the audience responded to it with great interest.”*



Oleg Mikhailenko:

*“In terms of the number of people, the workshop itself was truly a large-scale event. It was definitely useful for Ukrainian management. Despite all the different MBA programs that are fairly common today, I think Adizes is one of the few whose bare theory alone provides some sort of methodology for implementation in practice. It’s a fundamentally different experience.*

*Was the presentation useful for me? Definitely, yes. It was a positive experience. Firstly, because when you share things with someone else, all your successes and failures come flying back into your head and you somehow experience them all over again. You immediately make notes about what you need to change and correct. Secondly, feedback is a very important component. Sometimes fairly simple issues baffle you or, on the contrary, provide inner moral satisfaction. You realize when answering the question that what you did at a certain time was at the right time and correct. Or vice versa, the issues emphasize certain things that still have not been done. And you think: ‘God, how could I have missed that? It’s so obvious.’ So it was definitely valuable for me to experience this again in the narrative and to answer these questions. I hope it was beneficial for those who attended. Thank you for not leaving.”*



*This meeting was the first opportunity for a general audience to discuss the actual experience of introducing the methodology at Ukrainian companies with the direct participation of the guru himself.*

The RedHead president demonstrated an example of how he incorporated his own knowhow into the Adizes methodology – from creating mixed formats for synergistic diagnoses (syndags) at various levels of the organization to the use of tools to monitor non-financial goals in a specific corporate context: the Orange Book compiled by top RedHead executives is a variation on the classical Black Book.

The questions posed to Vladislav Burda and Oleg Mikhailenko as well as their teams also triggered just as lively a discussion as the presentation by Dr. Adizes himself.

Most of the provocative questions came down to the same thing: should this system be introduced in the conditions of Ukraine where everything changes on a daily basis? After all, the workshop itself was called “Managing Change in Conditions of Uncertainty.”

To this, Vladislav Burda replied, “The Adizes methodology will not help at all in the Ukrainian realities with which many companies have had negative experiences. But it will help build an effective team that will work and support business while the company owner defends its brainchild from the influence of external forces.”





Forbes

During Ichak Adizes's visit to Kiev, Vladislav Burda also met with him outside of the workshop in order to discuss various aspects of the methodology. The results of their conversation were published in the form of an interview in the July issue of Forbes Ukraine (a pdf version of this article may be downloaded at the corporate website [redhead.ua](http://redhead.ua))

Ichak Adizes:

*"Vladislav, I am glad that you are the one conducting this interview. We have known each other for several years and you understand better than others that the essence of the methodology is the creation of the company's most important asset. What is this asset exactly? Usually companies consider personnel to be their greatest asset. I don't agree with this. You can have great people, but in a bad environment nothing will work. This is true for both companies and for entire countries. There are countries where people are very smart, capable and hardworking, but the whole system is corrupt. Can they really accomplish anything? Or take another situation: a company demonstrates excellent results, but is overly bureaucratic, everything is built on a rigid hierarchy, it has a poor microclimate, and people are leaving."*



*The first thing you need is a good corporate culture. In this case, even middle-level people will have excellent results. The goal of the methodology is to make it so that ordinary employees work very efficiently. If the culture is corrupt, even capable people display below average results.*

*Our methodology is for executives who are confident in themselves. It requires a strong and I would say spiritual person. What do I mean by this? A spiritual person loves people and actually takes care of them. He doesn't simply want to build a mechanism to earn money, but rather the Taj Mahal. That is, make something truly beautiful out of the company in which he can take pride."*



*Ichak Adizes at the RedHead POC,  
Kiev, May 2013*

On the eve of the workshop, the managers from all RedHead departments met together in Kiev for another POC – an organized council that meets each month in accordance with Adizes's organizational techniques.

Ichak Adizes agreed to join the RedHead team at this event at the behest of Irina Bondarenko, a RedHead partner in the FBN and the co-organizer of the workshop.

In less than an hour, Dr. Adizes managed to offer his recommendations concerning the management style of each top executive and match the profile under PAEI to the position held. He also assessed the effectiveness of the team as a whole and answered questions from the POC moderator concerning the actual role of an event integrator under Adizes methodology.



*All subsequent events confirmed in practice the power of the knowledge and approaches that Adizes offers and served as an inspirational example for the further growth and strengthening of RedHead. ■*

*We thank IdeasFirst for providing pictures from the workshop (photographer – Igor Tishenko)*



# French spring: FBN Ukraine event in Paris

IN APRIL 2013, THE FIRST FOREIGN FBN UKRAINE EVENT WAS HELD AS THE OWNERS OF FAMILY BUSINESSES FROM KIEV, ODESSA, DNEPROPETROVSK, SEVASTOPOL AND KHMELNYTSKYI ALL TRAVELED TO PARIS TOGETHER. THE MAIN THEME OF THE EVENT WAS THE IMPORTANCE OF FAMILY CORPORATE CULTURE FOR THE GROWTH AND DEVELOPMENT OF BUSINESS. USING THE EXAMPLES OF THREE FRENCH FAMILY BUSINESSES WITH A LONG HISTORY - THE LEGENDARY HOUSE OF HERMÈS, THE OLDEST PARISIAN RESTAURANT LA TOUR D'ARGENT, AND GLOBAL DAIRY INDUSTRY LEADER LACTALIS - THE UKRAINIAN OWNERS LEARNED THE IDEOLOGICAL VALUES BEHIND SUCCESSFUL BUSINESS PROCESSES.

## Hermès: Spirit of family aristocracy

On the first day of the event, the participants visited the Hermès boutique where they met Hermès family member Guillaume de Seine and also traced the history of the development of the House of Hermès at the Emile Hermès Museum.

A seminar was held with Dr. Morten Bennedsen to study the business case of Hermès on the same day as part of the FBN event at the conference hall of The Westin, the hotel hosting the Ukrainian delegation.

Morten Bennedsen is a professor of economics at INSEAD Business School, which specializes in family business. Dr. Bennedsen is the academic director of the Wendel International Center for Family Enterprise at INSEAD and the co-director of the Hoffman research center.

The heritage and contemporary experience of Hermès were vividly displayed by the company's case study and demonstrated for the Ukrainian owners how business can influence families and aristocratic traditions.



Presentation of Hermès case study with INSEAD Business School  
economics professor Morten Bennedsen





For more than a century and a half, six generations of owners have expanded the family business, and today industry experts say that Hermès products are an example of impeccable style and flawless quality, primarily because Hermès remains loyal to its traditions.

Individuality, creativity and craftsmanship epitomize the evolution of Hermès – a world where business has always been connected with charm, and all actions are defined by harmony and beauty.

These are the traits that have shaped the image of the legendary Kelly and Birkin from Hermès – iconic bags with the names of fantastic actresses from the last century, Grace Kelly and Jane Birkin. Today the most influential and famous women of the planet are willing to stand in line for years for

these basic yet magnetically attractive bags in order to spend entire fortunes on them.

Luxuries from Hermès such as family heirlooms only increase in value over time thanks to the uniqueness of Hermès and the unwavering commitment since 1837 to not ever risk long-term prospects for the sake of short-term profits.

This reputation is based on total control by the family. The Hermès family has always strongly insisted on maintaining the family management of the company and has resisted infiltration by outsiders.

Emile Maurice Hermès, the head of the House during the third generation, developed a system of succession by establishing an unofficial leadership training system within the family. This system only selected

the family members who have displayed a business acumen along with a strong character, which served as a guarantee for maintaining and enhancing the family heritage.

However, in June 1993, the descendants of Thierry Hermès decided to attract outside capital to develop the vertical integration of the family business on the global market. Hermès shares were issued for this purpose. The public placement of shares enabled disinterested heirs to get rid of their stakes, which in theory should have further united the family business. However, this actually made the company vulnerable to a hostile takeover. In October 2010, Bernard Arnault, one of the richest men in Europe and the head of the LVMH conglomerate who shrewdly buys up the best luxury brands, unexpectedly acquired a more than 17% stake in Hermès without any warning and he planned to buy more.

The family responded instantly. In order to protect the fine culture of Hermès from possible infiltration by Arnault, a holding company was created to guarantee that 51% of Hermès shares would remain in the hands of family members and to prevent their sale over the next 20 years.

The LVMH Corporation filed a lawsuit against the holding company in court, stating that it was not established in the interests of shareholders. Nevertheless, the court confirmed the legitimacy of the actions taken by the Hermès owners. At present, the holding company maintains a 73.4% stake in the hands of the descendants of Thierry Hermès, while Hermès remains one of the few thriving luxury businesses that is capable of withstanding LVMH and preserving its uniqueness.





La Tour D`Argent: Spirit of the highest enjoyment

The venue for the celebratory dinner by FBN Ukraine participants was the restaurant La Tour D`Argent (“Silver Tower”), where the guests were received by the current owner and general manager, Andre Terrail.

The Terrail family purchased the restaurant in the early 20th century, although the legends of La Tour D`Argent date back to 1582.

The tower with its panoramic view of the Seine and Notre Dame has attracted the attention of high society since the time when a tavern for Bernardine monks was located here.

Legend has it that Henry III stopped here for refreshments following hunting, Henry IV tasted pie made from heron here, and the Duke of Richelieu arranged a lunch to feed 40 people with dishes made exclusively from beef, but prepared in thirty different ways!

The walls of La Tour D`Argent are adorned with hundreds of carte de visites of royalty and celebrities who have visited the restaurant over hundreds of years, and each square meter of the elegant interior is imbued with the spirit of spectacular gourmandize.



La Tour D`Argent restaurant – another host company for the FBN Ukraine event in France



FBN Ukraine participants having dinner at La Tour D`Argent

People only come here in their best evening dresses and suits, and when they order the signature duck dish, which is prepared using the recipe of Napoleon’s cook Le Coq by delicately butchering a hanging duck in the dining area, they

receive a postcard with the individual number of the duck. More than a million postcards have been sent since 1890 when this gastronomical spectacle was invented by the then owner of the restaurant, Frédéric Delair.







Andre Terrail, managing owner  
of La Tour D'Argent

The traditions of fine dining and a certain snobbery inherent in the restaurant were established as the foundation of the family values of the current owners of La Tour D`Argent.

Andre Terrail's father, a well-known visionary and hedonist in Hollywood circles, Claude Terrail, claimed, "There is nothing more serious than pleasure." A true ambassador of gastronomy, Claude Terrail has been reinforcing the restaurant's international prestige since 1947. La Tour D`Argent acquired global fame in the 1950s when Julia Child, a popular television chef in America, after being invited to the restaurant by Claude Terrail

described it as "superior in all respects, and moreover so expensive that it seemed that all the guests were Americans!"

"A classic not only means tradition, but also evolution. We have the right to make surprises, but guests should find something here that makes them dream about past epochs," says Andre Terrail, who took over the restaurant following his father's death in 2006. Andre graduated from INSEAD Business School and managed to breathe new life into the restaurant in accordance with the tastes of the new generation while remaining true to the hedonistic maxim: "Time and fame come and go, the menu and fashion change, but the table remains set at La Tour D`Argent."



### Lactalis: Rapid growth

The second day of the French FBN Ukraine event was devoted to the family business Lactalis as the Ukrainian owners paid a visit to the company's headquarters in the northwest French town of Laval.

In 1933, Andre Besnier began producing cheese in Laval with only one other employee on staff.

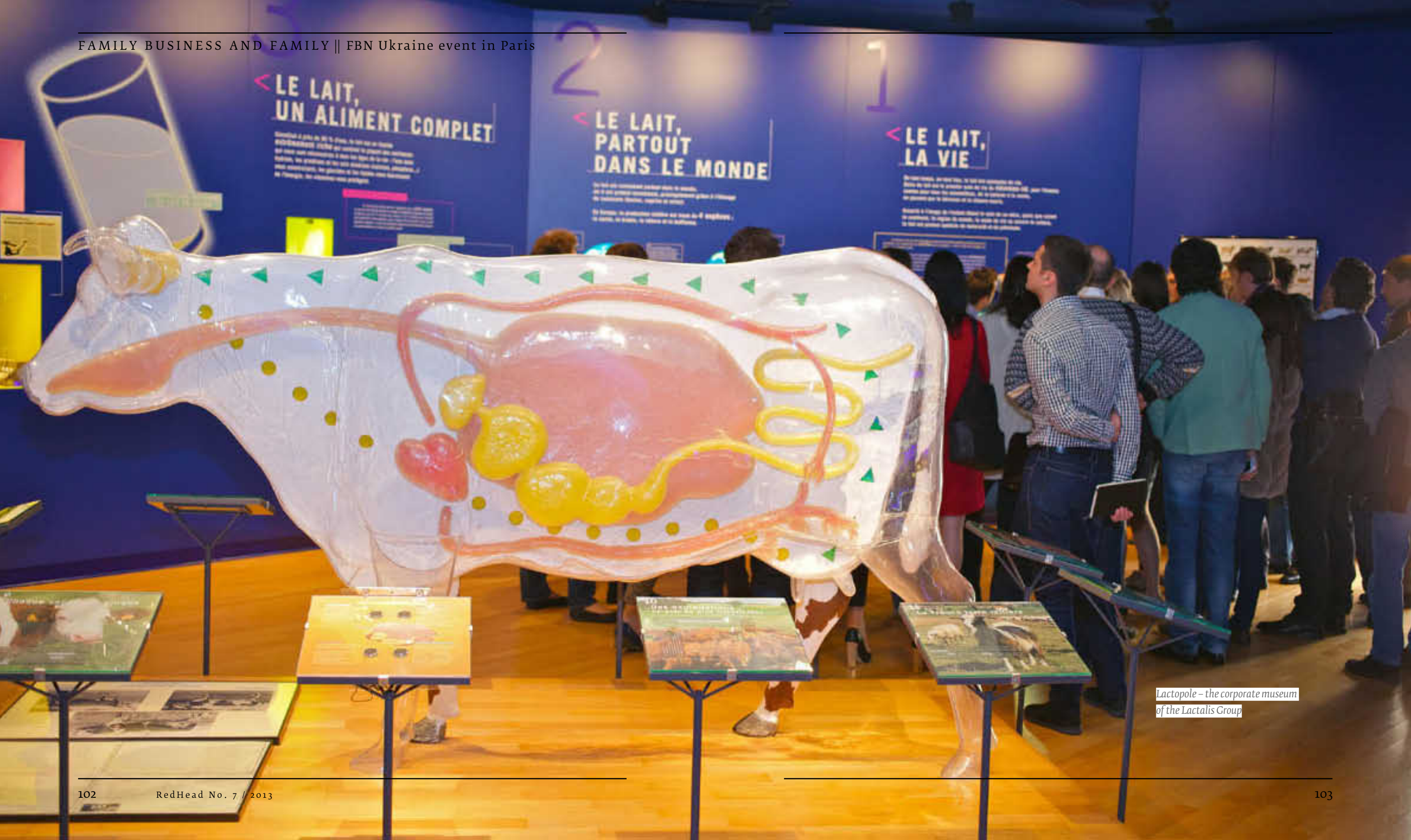
Since then the small family business has grown into a giant dairy empire – the Lactalis Group, which owns two hundred factories around the world, operates



in more than 60 countries, has 55,000 employees, and is a leader in the global dairy industry with annual turnover of more than €15 billion.

Lactalis is well-known on the market as the owner of the trademarks President, Sorrento, Bridel, Rachel's Organic, Valmont as well as popular brands of companies it has taken over such as the products of Italy's Parmalat, which joined the Lactalis product line in 2011. The Ukrainian products Dolche, Bilosvit, Laktoniya and Fanni also belong to the French dairy giant.





Lactopole – the corporate museum  
of the Lactalis Group





Renato Ruzhchik, general director  
of Lactalis Ukraine

The corporate ideology of Lactalis initially involved a desire to expand and grow. Renato Ruzhchik, the general director of Lactalis Ukraine who gave a business presentation, told the guests about the major milestones in this growth as well as the simplicity of communication and the commitment within the company.



The program also included a visit to the dairy museum Lactopole. The Ukrainian guests viewed the extensive collection of milk cans, a functional model of a full-size cow and even a Parisian taxi from the early 20th century that was used to deliver milk. In addition, Lactopole has an enormous exhibit devoted to cheese and also presents the history of the businesses it has absorbed.



During the FBN Ukraine event in France, the Ukrainian owners were able to feel the full force of the corporate spirit of French family businesses and realize that the successful development of a family business directly depends on how authentic the ideological family values inherent in business truly are.

Undoubtedly, holding the event abroad provided a fresh impetus to the format of FBN Ukraine meetings and enriched the participants with a new and valuable experience. Of course, this practice will be developed in the future. ■



# FBN Ukraine summer event in Odessa



**THE THIRTEENTH FBN UKRAINE EVENT TOOK PLACE ON JULY 19-20 AND SET A RECORD IN TERMS OF THE NUMBER OF OWNERS IN ATTENDANCE: 70 PARTICIPANTS, INCLUDING A YOUTH TEAM COMPRISED OF TEN JUNIOR GEN MEMBERS.**



Ukrainian family business owners assembled together at the RedHead Family Corporation conference hall on July 19.

Following opening remarks by FBN Ukraine President Vladislav Burda, a workshop was hosted by a special guest, Emil Tedeschi, the founder and president of Atlantic Grupa (Croatia) with which RedHead has had partnership relations for more than 15 years.

Emil Tedeschi is a unique entrepreneur who is often called the “Yugoslavian Richard Branson.” One of his greatest personal achievements was increasing the turnover of Atlantic Grupa from EUR 250 million to EUR 840 million during the crisis years of 2010-2012. Tedeschi facilitated Croatia’s ascension to the European Union. He is an honorary consul of Ireland in Croatia, he headed the Employers Association of Croatia from 2005-2007, and he is a member of the Economic Council under the Croatian president.



During the workshop, Tedeschi shared the story of his illustrious entrepreneurial path. Atlantic Grupa has acquired numerous European companies, and Tedeschi has vast experience integrating different companies and corporate cultures.

Acquiring other businesses is a complex and sometimes unpredictable process that not only requires ambition and decisiveness from the owner but flexibility as well. Such was the case in the acquisition by Atlantic Grupa of a small pharmaceutical chain at which the employees were tasked with increasing sales of certain medicines. However, the pharmacists were not interested in performing this task because they had always viewed themselves as specialists who provide pharmaceutical services and not retailers. In order to “customize” this task, Tedeschi had to find different wording and encourage the employees to “provide more pharmaceutical services” instead of simply “selling more.”



Discussion with representatives  
of the next generation of family businesses

Following Tedeschi’s workshop, the next theme of the event was the discussion “Involving children in the family business: When and how to begin?” which was moderated by Mikhail Veisberg.

The parents were the first to speak. They described how they envision the handover of the business to their children. NextGen representatives then took the stage and spoke about how they feel about this. This immediate response impressed all the family business owners and resulted in participation by all.





Young participants in the FBN summer event



Junior Gen leader Timofey Burda

A separate educational and entertainment program was organized for children under the age of 14 who came to the event with their parents. The program was prepared jointly with the International Creative Children's School, which was founded by FBN Ukraine members.

Junior Gen leader Timofey Burda along with his young friends traveled the route taken by Ferdinand Magellan through fun quizzes and sports games.



The family business owners visited HUB Odessa



Marina Pluzhnik-Gladyr and Julia Hieber

The host company for the XIII FBN Ukraine event was Co-working Space, or HUB Odessa.

HUB Odessa is a business incubator that unites people of various professions for the development of innovative ideas and projects. Hub Odessa is part of a large family of co-working centers that have opened around the world: from London to San Francisco, Johannesburg, Melbourne and San Paulo.

The meeting at HUB Odessa was devoted to the consideration of social projects.

The Ukrainian owners heard a speech by Julia Hieber, a social entrepreneur, director of the Wendel International Centre for Family Enterprise at INSEAD (France), and leader of Social Entrepreneurship Day at FBN International summits. Julia has links to Odessa through social entrepreneurship projects as well as her friendship with Vladislav Burda.





During the presentation at HUB Odessa, the event participants learned in particular about time-banking, a popular phenomenon in the West that involves exchanging services with the use of time as credit units instead of money. This nonprofit interactive project aims to facilitate the live exchange of services between people who have such a need.

HUB Odessa head Marina Pluzhnik-Gladyr, who has vast experience managing international projects on humanitarian affairs, spoke about Odessa’s social entrepreneurship projects.

The participants were particularly interested in the recently opened DobroBoutique in the center of Odessa. DobroBoutique is an unusual type of second-hand store, an analogue to the popular charity shops in Europe and the United States, where famous and simply well-off people drop off the nice things they no longer need absolutely free of charge, while others buy these items at reasonable prices. With the exception of store maintenance expenses, all the funds raised go to help sick children. In July, the DobroBoutique team acquired the necessary equipment for a newborn pathology unit at City Clinical Hospital No. 3.



Visit to the Pottery Studio at Mega-Antoshka, another part of the FBN event program

The Ukrainian owners also visited the Pottery Studio, which was organized by HUB Odessa jointly with Mega-Antoshka, where pottery craftspeople hold free lessons for children from children’s homes and orphanages as well as children in need of art therapy care. Anyone can try their hand at the potter’s wheel here, both children and their parents.



At the conclusion of the event, parents and children had the opportunity to play golf with Valery Glubochenko, the owner of the InforManager group (Kiev, Ukraine), a business coach and an avid golfer. After some theoretical training, the event participants played a game of scramble golf.

*The FBN Ukraine event in Odessa provided numerous ideas for further consideration and use. Thanks to Emil Tedeschi’s involvement, the Ukrainian business owners broadened their knowledge about leadership and international development experience, while examples of foreign and Ukrainian social projects have become the benchmarks for social entrepreneurship in various areas. ■*



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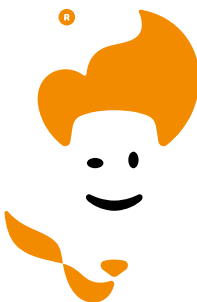
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# RedHead

Family  
Corporation

***President of RedHead Family Corporation — Vladislav Burda***

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