

RedHead

THE CORPORATE MAGAZINE

№16 / 2020



TIME FOR
CHANGES

PRIDE FOR
THE TEAM

NEW
BUSINESS REALITY



THE STORY GOES ON!

The RedHead Family Corporation ship is in a good age and in great shape to continue cruising towards its goals. During the anniversary year, for the first time in 25 years, we got a favorable exchange rate difference as the hryvnia did not fall but strengthened, which enabled us to repay the corporate loan.

If the previous ten years were aimed at restoring the position of distribution, which we affectionately call "Smarty", at building Real Estate and creating the red cube. brand within this business (more about this project on page 56), the next ten years will be more focused on Antoshka. We'll have to remodel stores, find the perfect format, implement ERP and CRM, complete the transition to total omnichannel, and continue our expansion in Ukraine.

In the coming year, 2021, we plan to release my book about the first 25 years of the company's life as viewed by the founder. Friends, the story goes on! It's great that we create it together. I thank all employees for 25 beautiful years, for a super successful 2019, and, of course, for your courageous struggle with the challenging conditions of 2020. For such a tough year, RedHead Family Corporation has shown an excellent result. I am proud of every one of you!

Vladislav Burda,
Founder and CEO of RedHead Family Corporation

A year ago, we could hardly imagine what the world would be like today and what our company and the whole of humanity would have to face in 2020. Moreover, 2019 had significant historical importance for us — we celebrated the 25th anniversary of RedHead Family Corporation. This jubilee year was financially successful for us. A transition from an active founder to professional management is a natural process in a family business, especially since two representatives of our Dream Team are my family members.

Today all top managers are younger than the founder of the company is. Imagine how difficult it was to lead people for many years, being the youngest in the team! But youth is the only human "flaw" that definitely passes with age ☺. However, the good news for a 25-year-old company is that it has overcome the main startup risks — the risk of youth and the risk of size.

CONTENT



4

2020: company's leaders
about the new business reality



20

Antoshka:
the network update



26

#workplay:
the New Year's Party

32

antoshka.ua:
a full reboot

38

Transition to electronic document
management

40

Category management:
the new Antoshka format

46

"We appreciate every client's
request"

50

Smarty Family merchandising
generates income!

53

The e-commerce
development





54

IdrinQ is a new brand
in the Smarty Family portfolio



55

Smarty Family + HiPP =
Cooperation!



56

red cube. & Co:
all about real estate

60

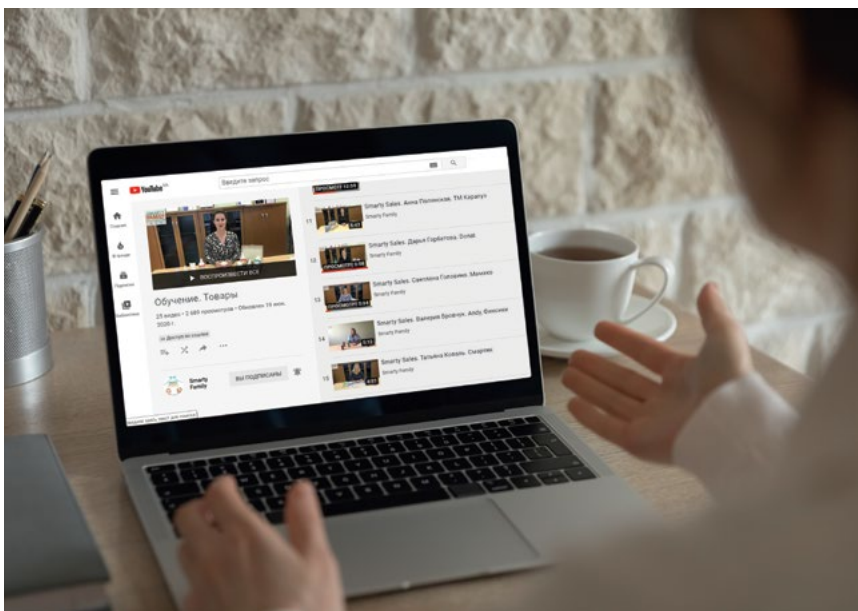
Online formats:
learning is easy!

64

Social initiative

68

The corporate museum
is ten years old!



72

FBN Ukraine:
a new decade






COMPANY'S LEADERS ABOUT THE NEW BUSINESS REALITY



2020

2020 changed the life of an entire planet, not to mention the business world. Our company also faced complicated and unpredictable challenges. Our top managers talk about how RedHead Family Corporation coped with new tasks, how they managed to reorient the company towards the online format, and what helped the team withstand and succeed in these challenging conditions.



A full-page photograph of Vladislav Burda, a man with dark hair, wearing a dark blue blazer, a white shirt, and light-colored trousers. He is standing on a paved path in a garden, with his hands in his pockets. The background is filled with lush green foliage and trees.

VLADISLAV BURDA,
Founder and CEO of
RedHead Family Corporation

13 THINGS THAT MADE THIS YEAR

Almost every day of 2020, we received amazing news, new opportunities, and at the same time events that forced us to adjust our plans. However, focusing on the essential thing in the life of RedHead Family Corporation this year is symbolized by 13 significant and memorable events for me.

Start of work on the book. A couple of years ago, the Association of Family Business Owners (FBN Ukraine) came up with the idea to publish every year a book about the family business that has reached its 25th anniversary. We decided to start with RedHead Family Corporation but didn't have enough time to start the work until the quarantine created all the conditions.

The book will consist of 6 parts-seasons describing notable events in the company or family life. For example, the beginning of the first season is 1994 — the birth of Dima and the company, the first import of baby food. This period ends in 1998 with the first crisis and the decision to settle accounts with suppliers ourselves. The second season starts three years later — in 2001. And so on. The

Slovenia. After the purchase by Nelt, production will be transferred to Serbia. I am glad that despite these changes, Emir Hrkovic remains the CEO. Once, he offered the Slovenian Embassy to consider my candidacy for the honorary consul of this country as our company made a great contribution to the development of the Slovenian market. We were one of the three largest

importers of Slovenian goods. After such a long cooperation and shared history, it's a bit sad, but at the same time interesting to watch how Kolinska becomes a Serbian brand.

Cooperation with the IDrinQ brand. The best inventions are born by chance. The same can be said about this partnership. Last year in Spain, I occasionally met the creator of a unique drink. Initially, the product was developed for diabetics, but later German scientists added L-arginine there and turned it into an energy drink. Moreover, it's not a stimulant increasing pulse and blood pressure, but it

KOLINSKA IS THE OLDEST BRAND ON THE MARKET AND ONE OF OUR FIRST AND MOST IMPORTANT PARTNERS. WE'VE BEEN WORKING WITH KOLINSKA SINCE 1996

story develops in connection with events in the company, in my family, and in Ukraine in general. In work on the book, we collaborate with the editors of the Family Business magazine. The release of this edition is planned for April 2021.

Sale of the Kolinska brand. It's the oldest brand on the market and one of our first and most important partners. We've been working with Kolinska since 1996. During this time, the manufacturer several times changed its owners and even their home country. Lately, it was owned by the Croatian Atlantic Grupa. For the first time during this period, baby products under the TM Bebi will change their registration. Previously, the products were manufactured in Mirna in





adds natural energy to nerves and muscles (for more details about the new product, see p. 54). I personally tested the effectiveness of the product and made sure that it has no side effects. It's great that thanks to us, this healthy and eco-friendly product is now available to all Ukrainians.

Family Business Show with the Multiplex Board. This event is unique as for the first time all (!) the Board Members were present at the Family Business Show. It's interesting that we managed to meet and discuss business tasks literally at the last moment before an imminent large-scale crisis — February 28.

Hermut Kormann returned to the RedHead Family Corporation Board. He replaced Stanislav Ronis at this post. We know Hermut well — from 2016 to 2018, he was the company's Board Member. Now we are glad to see him back. This event is remarkable as now our Board consists solely of foreigners.

Partnership with HiPP as its all-Ukrainian distributor. Another great and long-awaited cooperation and a new brand in our portfolio (more on p. 55). For us, it's a vital partnership in every sense, and I am glad that Smarty Family got a unique opportunity to distribute HiPP brand products through its

distribution channels. It's the achievement of 2020!

A significant cut of the key policy rate. We spent a decade paying off the loan. The high loan interest rate severely reduced our profits and development opportunities. Over the past few years, NBU has been gradually reducing the key policy and loan interest rates. As a result, funds became more accessible, and the loan servicing costs decreased almost in half.

Transition to factoring. Distribution is a business where cash flow always falls behind profit. And nothing can be done about it. Factoring solves this

issue. It's a financial instrument that enables us to immediately receive money that stores owe us for the sale of products. This moment is crucial as it allows increasing cash flow in the business that highly depends on it. I consider it an excellent indicator that we managed to do this. Our first clients in this direction are Silpo and Tavriia V.

Cutting the annual budget in half. It's obvious that strict quarantine affected our business development plans. We were forced to cut costs and prepare to invest less. During the lockdown, our company suffered big losses, but I believe that we showed good performance even in such

conditions. We expected the sales drop almost threefold, but, in fact, they dropped in half.

Support of the COVID Combat Headquarters in Odessa. In any situation, you should remain human, even when it comes to a large company. When the coronavirus problem first appeared, no one knew how long all this would last, while help was needed very quickly. Together

with other companies, RedHead Family Corporation provided financial support of UAH 500,000 to the Odessa Headquarters to fight the virus. I would like to thank our friends and partners — the Monsters Corporation — for always being on the cutting edge of charity issues.

The FBN Ukraine event in Lvov. Due to the quarantine, instead of four traditional events of the

THE STRICT QUARANTINE OBVIOUSLY MADE ADJUSTMENTS TO THE PLANS FOR BUSINESS DEVELOPMENT, BUT I BELIEVE THAT WE WORKED WELL EVEN IN SUCH CONDITIONS





Association of Family Business Owners of Ukraine, we held two, but remarkable ones! The Lvov event in August 2020 was remembered for the fact that we all were tested for coronavirus before the start, so that we could meet and feel calm. There were 80 of us, but we all knew we were healthy. The country's family business flagships attended the event, and for the first time, we welcomed eight new families. Everyone missed the live meetings, so the communication was twice pleasant (details of this event on page 72).

The victory of children from FBN Ukraine in the competition from Columbia University. This year, the Ukrainian heirs of FBN Ukraine members participated in the Columbia University distance learning program. They were united into teams to work on a project — product development and marketing promotion. Children from all over the world, including 16 from Ukraine, attended the competition. And it's so nice that the team with Leonid Shokh, the 16-year-old son of Zhanna Kriuchkova and Aleksei Shokh, became the winners.

Dream Team meetings during the quarantine. The pandemic took everyone by surprise, but our large team worked together. We must give credit to our daily Zoom chats for revenue review, crisis management, planning, and simple support. The lockdown proved that the team spirit of RedHead Family Corporation lives not in the office, but where at least one employee of our company is. Our faith in each other as a big family helped us to stand firm. And it's truly valuable!

VADIM ORLOV,
CEO of Antoshka

ANTOSHKA IS BECOMING A SERVICE COMPANY



In 2020, we continued to develop high-level customer-oriented service. We established the service department, headed by Lena Bogdanova, one of the most "service" employees. She and her team pay special attention to Antoshka's customers' individual needs in the online store, on social networks, and offline.

We work in a highly competitive environment. To fully satisfy customers and earn their trust, we must give them the best customer experience. I call it doing the best service in the world. All employees at Antoshka are very sincere and eager to help. These talents need to be developed. The differences in products or prices among companies are decreasing.

Therefore, we place emphasis on service, transforming Antoshka into a place where customers are genuinely taken care of and where they want to return.

QUICK ADAPTABILITY IS THE KEY TO SURVIVING A CRISIS

Of course, the events of 2020 made some changes in our plans. This year limited our development opportunities, but the work didn't stop even during the lockdown. When the quarantine was announced, all stores were supposed to close, except those selling essential goods. Antoshka has such products — baby food and hygiene items. At that moment, our entire team worked very clearly and harmoniously. Good job! In a matter of hours, the stores were converted to sell these goods. Even during the lockdown, 30 of 41 offline stores continued to serve customers and stay in touch with them with all safety measures.

ONLINE ALMIGHTY!

During the quarantine, we kept on selling all categories of goods in the online store. For this period, antoshka.ua became the primary sales source that sold even more in total than all offline stores together. To achieve this result, the online store went through a complete restructuring. Its staff was doubled — shop assistants and office employees learned online sales and the work in a call center in record time. This enabled us to serve the enormous online demand in

March-May, which even exceeded the traditional record indicators of December.

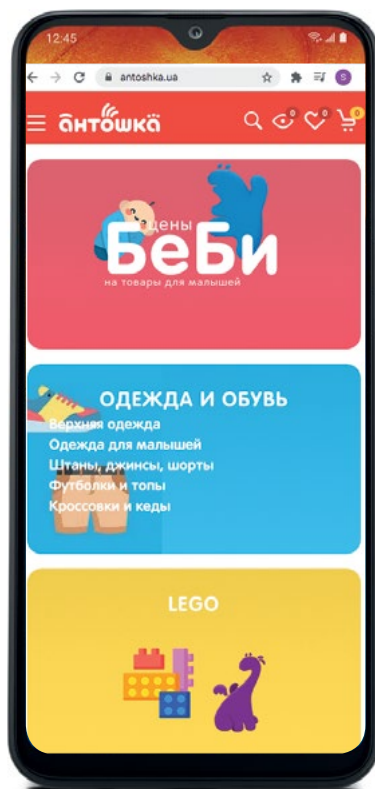
WE ARE OPTIMIZING BUSINESS PROCESSES

Antoshka had another important change in 2020. Previously, our online store order delivery system was built in such a way that the ordered goods were often physically available at different stores. Store employees were distracted from their work

searching for goods, placing an order, and sending it by courier service. It was inconvenient — it took a lot of time, and instead of one package, a client received several at different times.

Most of the goods sold on antoshka.ua are concentrated in the central warehouse and in Mega-Antoshka in Odessa. This gives lots of advantages: using special tools, the warehouse can select goods better and faster.

WE NEVER LEAVE OUR CLIENTS WITH THEIR PROBLEMS AND TRY TO HELP THEM QUICKLY. SERVICE IS IMPORTANT NOW AND WILL BE EVEN MORE ESSENTIAL IN THE FUTURE



The order processing has been accelerated, so customers receive goods in one package within 1-2 days.

As for future plans, in December we plan to open the Antoshka flagship store of a new format in the capital's Ocean Plaza shopping center, which, we hope, will become convenient for our customers.

Great thanks to the entire Antoshka team for their leadership, quick adaptation, and dignity during one of the most challenging periods in the company's history. I am sure that with such a wonderful team, we'll return to the phase of active development next year.

SVETLANA YEVSTRATOVA,
Director of the Smarty Family Business Unit

THANKS TO OUR COHESION, WE PASSED THIS YEAR WITHOUT CRITICAL LOSSES



2020 was not just unexpected but utterly different from all previous years. The entire Smarty Family team went through this challenging period in one breath, making many decisions every second and sometimes immediately canceling them. One of the most challenging moments of the spring lockdown was the cancellation of procurements, as in April-May, sales dropped by 50%.

At the same time, during the quarantine skype meetings, our team initiated new projects: workflow automation, the e-commerce channels launch, etc. I am glad that a lot of our plans were implemented, for example, smart merchandising.

CHALLENGES OF THE YEAR AND THEIR SOLUTIONS

Unfortunately, many of our clients are having a hard time

recovering from the lockdown. In the world, including Ukraine, there is a trend for market consolidation — small networks are merging with bigger ones. As an importing company, we also experienced a downturn, but, fortunately, sales stabilized in June. Now we strive to achieve the distribution results of 2019.

We had to give up some brands, but we acquired new attractive partners instead. The year's deal was a collaboration with HiPP, one of the best European baby food manufacturers. The negotiations lasted over a year, and the quarantine didn't cancel the contract but only postponed it. I always repeat that the distribution is a wheel that should be continually moving forward. No stops on the way!



IT WAS IMPORTANT TO ACCEPT THE CHANGES AND ADAPT TO THE SITUATION — I MEAN THE REMOTE WORK AND THE INTERACTION WITH PARTNERS AND CLIENTS

During the lockdown period, all manufacturers met us halfway: some reduced purchase plans, some suggested temporary deferment, and some helped with marketing. We keep being in touch with each of our partners. Now we are thinking together about the ways to restore sales.

IMPLEMENTED PLANS

We made a significant reorganization in the Toy project, reducing the range from 42 brands to 14. In January 2020, this step helped to focus on this category: to monitor the turnover, hold marketing activities, and do a full cycle of high-quality distribution.

Changes began in the logistics accounting system for both warehouse and transport. It's a long journey! Thanks to the Logistics and Finance Departments of Smarty Family for implementing this project. We are becoming an automated online company, and together we will achieve all our goals.

I am grateful to all "smarties". We went through this difficult period without critical losses because when the team has a mutual understanding, when everyone lives for their brand and their client, it really helps.



ALEKSANDR KRIUK,
CFO of RedHead Family Corporation

2020 ENCOURAGES US TO STAY FOCUSED!

We met the crisis of 2020 with the prepared balance sheet as Redhead had been actively reducing the loan burden before. At the beginning of the year, we had a significant margin of safety in the form of open credit limits. With their help, we were able to support the current activities of the company. Not every business had such an opportunity during this period...

The crisis demonstrated how vital the diversification of operating activities in the group is. RedHead's distribution and real estate helped soften the blow of the crisis that hit retail the most.

Spring quarantine changed the paradigm of our work format. We moved mainly to the online format, both in internal work

and in communication with clients. The need for electronic document management became crucial. Once again, we saw the importance of the online sales channel as a way to further diversify risks in retail.

TIME FOR POSITIVE CHANGES

Despite all the difficulties, this year also brought good news. The decision of the NBU to cut the key policy rate to its historical minimum was significant to us. This allowed us to reduce the burden of interest on our loans. One more positive factor during the crisis was that distribution learned to use a factoring tool, which enabled us to stabilize cash flows.

I am sure that we, as a Dream Team, have become more unified and open.

In the spring, every evening, our team had corporate calls to coordinate our actions with each other, define the upcoming tasks, and share our achievements.

NEW CHALLENGES

We have winter ahead. The consequences of the increase in Covid cases are still unpredictable. We need to be able to work as usual during the high season. Only a good result in December will allow us to pay off the obligations taken in 2020 and cover the expenses accumulated during the spring quarantine period.

I wish us the same perseverance with which we survived the spring. I am absolutely sure that with the unique corporate spirit in our company, we'll be able to overcome all the challenges we are facing.



DMITRII BURDA,
Head of Real Estate Department,
RedHead Family Corporation

WE MANAGED TO SUSTAIN OUR RENTAL REVENUE

This year we overcame a difficult period with our tenants. Since they all faced some difficulties during the period of strict quarantine, we communicated more than usual. Every day we received several calls from different tenants and tried to find common ground with each one. So, I would say it was a very friendly and communicative year.

We found new exciting tenants. For example, our warehouse on Morozova Street in Kharkov is leased now to the Rost supermarket chain. We managed to do this in a difficult period, almost immediately after the lockdown was introduced. We also found a tenant for Akhmatova Street's premises in Kiev, which is close in spirit to Antoshka – an elementary school. In my opinion, such cooperation leads to good synergies, and in general, it's a great neighbourhood!

We adjusted some plans. Thus, we wanted to change many warehouse premises into office space, but now the market situation shows that offices are becoming less popular than they used to be. Accordingly, the demand for them is lower than for warehouses. Therefore, we

WE LEARNED TO WORK REMOTELY.
NOW 70% OF OUR TEAM HAS FLEXIBLE
WORKING HOURS, AND OUR WORK
IS EFFICIENT

canceled all initiatives for the conversion of warehouses into office premises.

The project that we managed to implement despite all the odds was the entrance group of the red cube. building in Kharkov. We finished it and created comfortable conditions for five

IT companies that rent offices in this building (more about the red cube. project on the page 56.)

In general, we successfully survived the crisis and returned to the rental rates that we had before the quarantine, having sustained our rental revenue at

the previous level. Moreover, we managed to stay on good terms with our tenants without losing a single strategic partner. We understand that every tenant counts now, and we are doing our best to improve the quality of service. Thanks to the events of 2020, we've become more serviceable.

ANGELA PODDUBNAIA,
HRD of RedHead Family Corporation

CHALLENGES FOR HR DURING A PANDEMIC



A few weeks before the quarantine was announced, I had to take a break from work at RedHead Family Corporation and return to my family in Kiev for family reasons. At that time, no one even considered the format of remote work, but after a month, the restrictions imposed marked the beginning of remote interaction with the team. We stayed in touch with top managers, discussed measures to adapt employees to new conditions, shared news, etc. Already in mid-September, I was incredibly happy to return to the company in the role of HR Director. During this time, we had many changes both in our company and in the HR world in general.

APPROACHES TO WORK WITH PEOPLE CHANGED

The pandemic changed the way people work in all companies.

Large international enterprises and the IT sector were ready for this, but small and medium-sized businesses weren't. For production, retail, and delivery, it became vital to ensure the physical security of employees who continued to work as usual. Simultaneously, it was not easy to maintain a working spirit and productivity during the quarantine period.

The HR Departments focused on five essential points during the pandemic:

1. Physical and emotional health of employees

Such standard safety measures as masks, gloves, and disinfectants became mandatory in offices. Also, now the personnel department should have information on whether an employee has a regular doctor and medical contacts to consult if necessary. The contracts concluded with laboratories help to pass tests for COVID-19 quickly.

Concerning the emotional health of employees, we should train managers to recognize symptoms of the downturn, for example, reduced vitality, isolation, frank requests to talk that can't be ignored and should be responded immediately.

2. Transparent communication in the team

One of the problems during the pandemic was the communication vacuum. Each

employee needs to receive complete information about the company's activities, behavior rules in the changed conditions,

THE PANDEMIC RAISED THE ROLE OF HR IN THE COMPANY TO A NEW LEVEL, EXPANDING AND COMPLICATING THE RANGE OF TASKS TO BE SOLVED. PHYSICAL SAFETY OF EMPLOYEES BECAME VITAL

etc. Among the frequently used communication options are regular messages from the CEO or the owner regarding the company's present and future, short morning online meetings of the department to plan the day and support each other. It's great when employees in

an unstable situation have the opportunity to communicate with each other about professional and personal issues

(for example, RedHead Family Corporation has a corporate portal).

3. Joint effort with the IT Department in organizing the online work of employees

During the quarantine, the task of the IT Department is to

WE HELP TO STAY RESOURCEFUL

We use special motivation techniques to track and maintain the emotional well-being of employees. For example, we remind them of their personal or work victories. When people realize what strengths helped them achieve those results, what feelings they experienced at that time, what additional advantages of achieving the main goal they had, these "anchor" a positive state of mind. And if employees share this with their colleagues, and they support each other, the effect doubles. You can even put a victory card on your desktop. It will help you return to that resourceful state at a difficult moment and tune you to new victories.

Another crucial point is the effective working period. The "Golden Hours" are from 10.00 to 12.00 am. This should be taken into account when planning the schedule of office employees, especially during remote work, not to distract them with routine tasks.

quickly arrange home offices for employees and train them to use the necessary programs, while the job of HR is to train managers to set tasks remotely and monitor their implementation. In spring, the RedHead Family Corporation Education Department launched two interactive courses on this topic.

4. Reorganization of business processes

In difficult times, companies face the need to optimize processes — to review some business decisions and positions. The HR Department supports these processes in terms of workflow.

After the spring lockdown, there is a widespread opinion that the "era of the employee" has been replaced by the "era of the employer", so the effectiveness of recruitment for the personnel reserve increases. That's a good time for the Recruitment Department of RedHead Family Corporation in their search for talents.

5. Upholding values

One of the main tasks of both HR and top management is taking care of the team. We strive to preserve the corporate culture of the company as much as possible, defending its values. Employee loyalty and the employer brand are still essential metrics at work. The quarantine will end, but the brand values will remain, and the way the company has chosen to care about its employees will bring results shortly.

CASE STUDY

THE EXPERIENCE OF OTHER COMPANIES DURING THE QUARANTINE

DATAART

DataArt, a software outsourcing company, initiated an in-house survey that helped identify the psychological problems of its employees. The test was completely anonymous. As a result, the company created its own psychological support service where their colleagues were volunteering. Any employee could also get in touch with a professional psychologist, an experienced HR manager, or just a person who had experienced the same situation before. In just five months of the lockdown, they had 150 processed requests from colleagues.

SILPO

Managers of the Silpo retail chain set a goal to support employees who worked in the "fields" by launching a wave of gratitude. A thematic video with words of support for those who work in difficult times "at the forefront" of retail was watched on YouTube more than 1.2 million times. Besides, almost 100 Ukrainian companies whose employees also worked full-time during the quarantine supported this initiative. As a result, a small gesture of gratitude turned into an all-Ukrainian wave of warmth.



YELENA BOGACH,

Head of the HR Department of Smarty Family
and Antoshka

EVERYONE IS READY TO SUPPORT EACH OTHER

Our large family team went through the quarantine smoothly and steadily. The central and regional offices' employees quickly and efficiently switched to remote work and all thanks to the IT Department. During the lockdown period, colleagues from the Supply Department showed endurance and courage. They hunted for masks, antiseptics, gloves, providing everything necessary for those in the "fields" — the sales team of distribution, employees of operating stores, and all employees of the warehouse and the Logistics Department. Through the departments' heads, the Security Service, and the Personnel Department's joint efforts, we tried hard to get public transport passes for employees in all cities where it was necessary.

Organizing the remote work of teams was a challenge for almost all managers. Many began to hold online meetings, discussing not only working moments but also merely supporting each other. It's nice that the principle of caring culture continued to be implemented, no matter whether we were in the office or not.

do even more to withstand this turbulence.

Today we create all the conditions for a safe stay in the office — office employees work in a mixed-mode. At all locations — offices, warehouses, and Antoshka — we conduct temperature screening. Protective masks (and gloves in

WE WERE ABLE TO PROVIDE ALL EMPLOYEES WITH PERSONAL PROTECTIVE EQUIPMENT AT THE NECESSARY VOLUME, AND WE KEEP DOING SO NOW

The RedHead Family Corporation employees have once again proved that their values fully coincide with their personal ones. During this period, many performed new functions and were ready to

the stores) have now become part of everyone's working dress code.

I think that cohesion and caring for each other is the main strength of our team in 2020.



ANTOSHKA: THE NETWORK UPDATE

The end of 2019 was generous for Antoshka in terms of reconstruction and opening as at the beginning of the year, the company took a strategic course towards the active development of the chain.



ODESSA

Remodelling of Mega-Odessa
Total area 4,000 sqm

"Mega in Odessa is the flagship of the Antoshka retail network, its pulse, and soul. I have a special relationship with this store. For eight years since its opening, I was the director here," says **Alla Gesal, Director of Antoshka for the Southern region.**

Remodeling is a superb project of a large professional team. The renovation affected the building's facade, the adjacent

area, where comfortable benches were installed, and the store itself became more modern. It offers the widest range of goods for expectant mothers and children from birth to the age of 13.

"Stylish grey walls and ceilings, combined with crisp white tiled floors, accentuate the stunning lighting. All this causes a "wow" effect among consumers," Alla says. "On the ground floor, there are goods for children from birth. There is a mother and child room with everything you need to get some privacy with your baby for customers' convenience. We've also updated the design

of the hairdresser's , and now it's a stylish salon for little fashionistas."

The second floor was turned into a kingdom of toys. Open areas for displaying goods, low racks and display tables — everything is available and helps children make a choice. Interior zoning, equipment, navigation, salesperson uniforms, ads, and cash desks are designed in the same lumer style. "Lumers have become the symbols of the Antoshka brand as they always appear where joy, laughter, and fun reign. Mega is precisely such a place," she continues.



October 26, 2019 was Mega-Antoshka's second birthday. The opening celebration after the remodeling left a vivid impression on the customers and employees. The holographic show, disco, games, jokes, surprises — everyone had fun!

"Mega employs real professionals — people who love customers, know everything about the product, and know how to tell it," emphasizes Alla Gesal. "After the remodeling, the employees became even more proud of their workplace. It's not enough to make a store beautiful in design — every day you need to put your soul into it so that customers want to return here again."



KIEV

New store in the EUROpark shopping centre
Total area 547 sqm

"We chose it as it's located in a new residential neighbourhood, in the Kiev suburbs, on the border of Petropavlovskaya and Sofiievskaya Borschagovka," notes **Tatiana Povstianaya, Director of Antoshka for Kiev branch**. "Now, residential areas are growing here like mushrooms, although when we first arrived there, the shopping centre was actually in the field. But when we saw a lot of young people and parents with strollers,

we realized that the store had good prospects." From the very first day of the store opening, the store's had great performance in the number of customers and sales.

"EUROpark is a new two-level shopping centre, and during the negotiations, we managed to get a good location on the first floor," adds **Ivan Chivkin, Operations and Development Director**. "The store initially had almost all of our product categories. In September of this year, we also added furniture. Now, from the point of view of product availability, you can find everything here! We are satisfied with this store; it shows success in sales."

VISHNOVOIE

Cherry Mall shop
Total area 545 sqm

Cherry Mall is a new five-storey shopping and entertainment centre located in the city of Vishnovoie (Kiev suburb). Now the complex is at the stage of active development — a sports club, a cinema, a supermarket are opening in its space. But Antoshka has been operating here since December 2019.

"Despite the fact that we have competitors in this mall, the calculation that this store would work by analogy with Europark was justified," **Tatiana Povstianaia** says. "The shopping centre has a modern concept — it's located near residential buildings, so that residents don't need to go to Kiev for shopping. Our store is small, but we managed to integrate playing areas into it, which are popular with young visitors. Due to the compact area, the furniture category is not represented here, but we use all our sales channels

and advise customers to contact our online store."

"The store is very nice and cozy," emphasizes **Ivan Chivkin**. "It's the first store where we began to use new ways of communicating with clients in terms of categories and location and added special lumerization. The store is constantly growing. We keep our finger on the pulse, study the demand and needs of our customers, and adjust the assortment according to them. And we are coping with the challenges posed by the present time".





KIEV

Antoshka in Cosmopolite
Total area 664 sqm

In November 2019, one more Antoshka was opened in the Cosmopolite MULTIMALL shopping centre, located in Kiev near the Shuliavskaia metro station. "It was not an easy decision," says Ivan Chivkin. "The shopping centre at that time was at the stage of reconstruction, but during the negotiations, we were able to agree with partners on favourable bilateral lease terms, which allowed us to use this location. Its advantage is that the shopping centre is very large; it's one of the first in Kiev, so people know and love it. Its disadvantage is that it's still under reconstruction. At the moment, we are gradually gaining momentum and hope that shortly we'll reach the target indicators."

"We've been working on the store design for a long time, and finally we have found the most comfortable model for customers: the space is bright, with wide aisles, and we managed to equip the mother and child's room here," notes Tatiana Povstianaia. "We opened it in a smooth and prompt way — for example, we brought the goods literally overnight and at 20 degrees below zero. But our employees did it. Today the store is improving its performance. We hope it will reach the planned level soon."



WE CONTINUE TO DEVELOP THE ANTOSHKA NETWORK: NEW STORES

There are new openings planned for 2020, although, due to the quarantine, these plans had to be revised. "We've signed contracts, and by the end of the year, we'll open our new flagship store in one of the best shopping centres in Kiev — Ocean Plaza. This is a store of a completely new format where all categories of goods will be represented. There is a separate room for a school for expectant mothers, a mother and child's room, a hairdresser's and a play area," says Ivan Chivkin. "Also this year we are planning to open the first outlet store. It will also be located in Kiev in the Rive Gauche shopping centre. We are going to present the Fashion category there — clothes and footwear of previous collections at the most affordable prices."



#workplay:

THE NEW YEAR'S PARTY

In January 2020, RedHead Family Corporation gathered its employees for the New Year's corporate party. A large-scale event, attended by 300 people, was held at the Victory Gardens concert hall in Odessa. The idea of the event was the hashtag *#workplay* familiar to all employees of the company.





The New Year's party brought together office employees and representatives of the regions: regional heads of retail and distribution, store managers, supervisors of trade teams, heads of logistics branches, and their deputies. The format of the party — #workplay — helped everyone feel at ease and have fun.



RedHead Family Corporation is called the "Super Family" for a reason. Guided by our corporate values, we introduce a culture of care that accompanies all company activities concerning its employees, customers, partners, and suppliers. This makes the work easier and more efficient, and each employee feels included like a real part of the family.

To make the event fun and interesting to everyone, play areas for different generations were created. For example, Pac-Man for the 80s, the Dandy console for the 90s, virtual reality glasses for Gen Z. A wall-



"#Workplay is our corporate hashtag. We are a children's company, and in 2016 we introduced this hashtag as a reflection of our activities," notes **Yelena Bogach, Head of the HR Department, Smarty Family and Antoshka.** "We work by playing. We have five corporate principles, and humour could be the sixth one. We joke a lot: it's pretty hard to take everything seriously when you are surrounded by lots of toys, happy children and their parents."

"So, we decided to take the #workplay hashtag as the basis for the New Year's party and allow everyone to be a true child at this event. We imagined that we were children left at home alone with access to all games and toys. Everything was possible there, and everything was available. Actually, all evening we played everything that we could only imagine."





size painting was a game beyond generations, and by the end of the evening, it became bright and "alive". Everyone could find something to their liking and either feel nostalgic about their own childhood or plunge into the atmosphere of the games of another generation. Being a forward-looking company that is constantly developing, RedHead Family Corporation invited... a robot as an



animator! It met the guests at the entrance, helped them find their table, and delivered champagne. Then it took pictures with the guests and, of course, it didn't get tired! A warm atmosphere and a cheerful mood were supported by the duet of the popular Odessa hosts — Andrei Kuts and Denis Tsyganovskii.

"The evening ended with a dance master class — at first, together with the choreographer, we learned the steps on stage, but then everyone got so inspired by the music, rhythm, and the carefree atmosphere that they couldn't keep still any longer. As a result, we made the longest chain dance of the RedHead Family Corporation employees. The evening was a real success!"



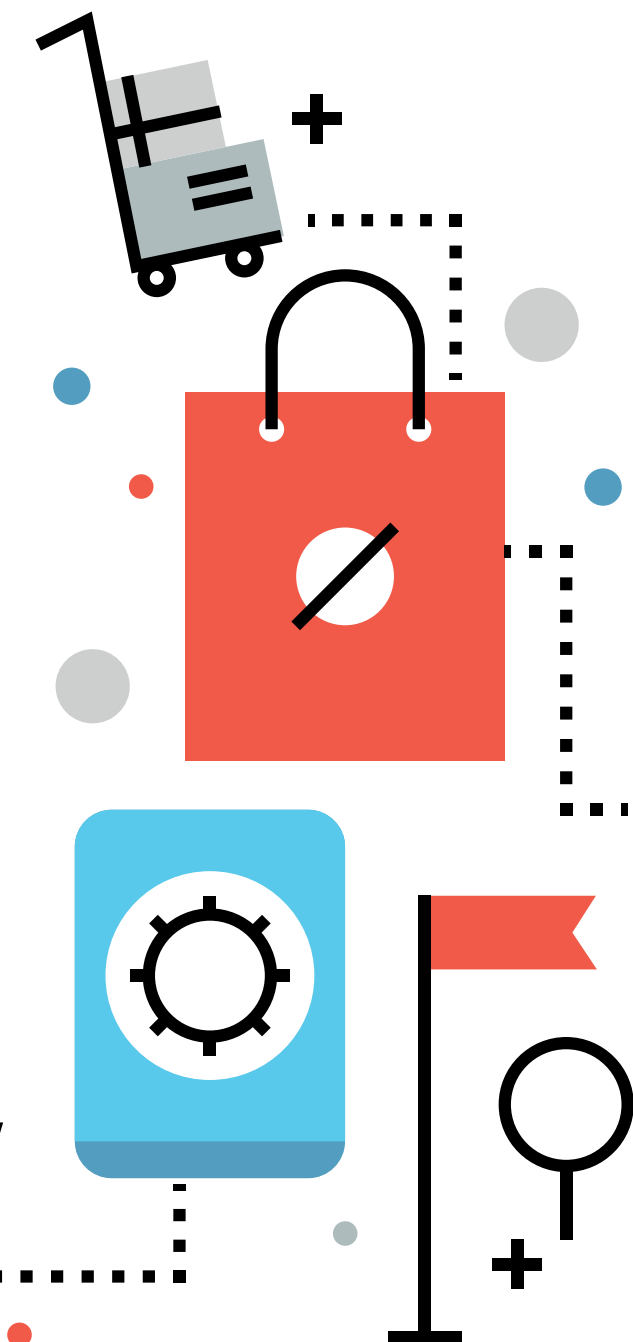


"During the evening, we were doing a huge puzzle that had an interesting story," adds Yelena. "Many of our partners were invited to the 25th anniversary of the company in September 2019. The owners of TM Bubchen, Albrecht and Christine Haase, old friends of RedHead Family Corporation, presented a photo puzzle to Vladislav Burda and asked to solve it collectively. We divided this puzzle among all the tables, and there were 33 of them! Each group did their own piece. At first, it seemed not easy, as the puzzle was quite difficult, but everyone got interested and kindled with excitement, so we managed to complete the task."

"The event had a relaxed and cosy atmosphere — as if everyone took off the masks of adults and returned to childhood. At such moments, the eyes of serious, respectable heads of departments lighted up with a mischievous, very childish gleam."

ANTOSHKA.UA: A FULL REBOOT





In 2020, the Antoshka team planned to optimize business processes in the online store and automate service chains in the online channel. The coronavirus situation didn't change these plans but instead stimulated to implement all the updates faster.

The antoshka.ua online store was launched in 2013, and the next year it began to show an active growth in sales. For five years of operation, the website coped with its tasks but required renovation, planned for 2020. This spring, it became clear that this sales channel is popular and necessary, so all the updates should be implemented as soon as possible.

"Since the beginning of the strict quarantine, our website has taken the main bulk of work," says **Andrei Adamenko, Antoshka Marketing Director**. "The increased order flow revealed weaknesses, and this inspired us to accelerate the planned changes.

We are now focused on reducing the processing time for online orders so that customers receive them faster. To do this, we made fundamental changes in the working algorithms, for example, the principle of goods shipment to the client was radically changed. We also took a course towards automating processes and, as a result, minimizing the human factor. Of course, the website needs a technical update as well, so our team of web developers is working on this."

EVERYTHING FOR THE CONVENIENCE OF CUSTOMERS!

The reboot of the online store required a revision of all processes, from the order form on the website to the speed of couriers delivering goods. Different departments were involved in this project.

DEVELOPMENT

According to Andrei Adamenko, one of the main tasks was to automate online orders. If a customer has no questions about the product, the order should go quickly to the warehouse without managers' participation. "Improving the algorithm leads to the disappearance of many processes. We worked with the issue systematically, took the entire life cycle of the order in detail, and found the point of growth — automatic generation of documents for sending, optimization of connections between departments, a transition to a new "engine" for the front of the website," Andrei sums up. "Work with suppliers also requires changes. We need each product unit to have a unique code. (Now you don't have the colour choice option on the website. You can do it in the comments to your order or by contacting the call-centre manager). It's not easy, but it will enable us to quickly process an order, more accurately track popular products, colours, etc. As you can see, the changes affect many aspects and require all Antoshka departments' involvement. But we've taken this path and will keep going!"

TECHNICAL UPGRADE

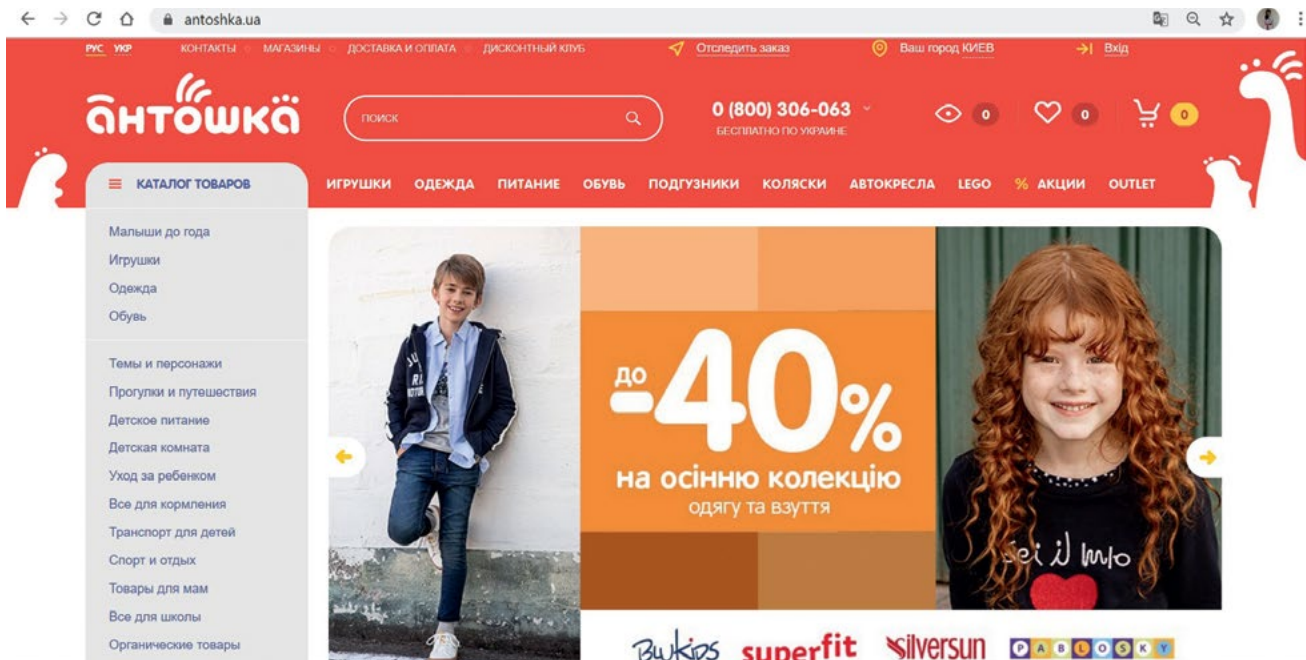
"During the quarantine period, it was necessary to quickly respond to external changes — integrate new services, optimize current processes. This involved the outsourced web-developers and depended on the technical capabilities of the website platform. The lockdown experience showed that the external team could not always meet our expectations. Also, we had an urgent need

ALEKSANDR
MARKEVICH,
IT Director of
Antoshka

Web
development
team



ONLY DEVELOPING
SOFTWARE PRODUCTS
WITH THE HELP OF OUR
TEAM, WE CAN FULLY
SATISFY THE NEEDS OF
OUR CUSTOMERS



to change the platform for the website, and it's a very time-consuming process that requires a high level of competence. All these factors caused the decision to form a team of web-developers within the company," recalls Andrei Adamenko.

"At the beginning of 2020, we discussed the strategy of business development in terms of IT and the creation of our own web development to stay at the forefront of innovative technologies. It was clear that only software developed by our own team would be able to satisfy the needs of our customers fully," comments **Aleksandr Markevich, IT Director**. "The e-commerce development strategy presupposes the hard work of our young team of web developers on a new website. At this stage, our online store is based on the Magento 1 platform. We have ambitious plans to launch a beta version of the website on Magento 2 by April 2021. The new antoshka.ua is not only about an updated design. It's first of all about new opportunities for customers and a new level of technology. The website will differ in processing speed: 25% faster for the end-user and 52% faster for adding goods to the shopping cart than we

THE WEBSITE WILL DIFFER IN PROCESSING SPEED: 25% FASTER FOR THE END-USER AND 52% FASTER FOR ADDING GOODS TO THE SHOPPING CART

have now! In addition, Magento 2 can display up to 10 million catalogue pages per hour, versus 500 thousand in Magento 1. The new platform will increase usability, implement full page caching, improve the checkout process, and more. One of the new technologies of the future website is PWA (progressive web applications), based on which we are implementing the application of our online store. But this will be the next stage after the restart of the website."

HOW THE WEBSITE CHANGED THE LOGISTICS SYSTEM

The active growth of online orders during the lockdown showed all the flaws in the working



THE RESULT OF
THE CHANGES IS
ALREADY VISIBLE.
ON AVERAGE,
PROCESSING
TAKES UP TO
15 MINUTES!

scheme of online customer service. Before quarantine, the work was based on the "multistore" model: a customer could order any item by special delivery, even if it were a single remainder from the Antoshka store in another city. As a result, instead of one parcel, the customer received several ones, as one item was available only in Lvov, another — only in Kharkov, etc., and they all were delivered at different speeds...

"For effective online sales, it's important to provide a wide assortment, affordable prices, and fast delivery," explains **Aleksei Kishenko, Logistics Director**. "We had everything except for fast delivery. During the quarantine period, the demand for everyday goods — food and diapers — increased. Clients couldn't wait long, so we decided to create a single point for goods and their distribution by orders. Besides, many stores that we previously used as pick-up points were closed.

**ALEKSEI
KISHENKO,**
Logistics
Director of
Antoshka
and Smarty
Family



This is how the distribution centre (DC) of the antoshka.ua online store was created in the Odessa warehouse."

Since for online sales, it's essential to store a wide range of goods in single quantities, they purchased

shelving constructions for the warehouse. The second important step was inventory control. "We used three accounting systems: one for the contact centre, one for the operating staff, and one for the warehouse employees. When the flow of orders was small, and processing took up to 24 hours, everything was fine, but during the quarantine, every minute counted, so the system began to fail," says Aleksei. "It was necessary to optimize the processes so that the time needed for the order processing and transferring to the warehouse was minimal. The result of these changes is already visible — on average, processing takes up to 15 minutes!"

Other steps that helped to improve the work were the purchase of equipment for reading

WE'LL FEEL ALL THE ADVANTAGES OF THE NEW SHIPPING MODEL IN DECEMBER WHEN SALES AT THE ONLINE STORE ARE AT THEIR PEAK

the barcode of goods, which reduced the errors and increased the quality of the shipment; changing the packaging of goods into the branded one; automation of work with new courier services. At the same time, the team was working on a solution to the problem that we had practically never had before — product returns. This process was also automated and accelerated.

"We'll feel all the advantages of the new shipping model in December when sales at the online store are at their peak," Aleksei is sure. "The changes, albeit caused by quarantine restrictions, were only for the best. We even have plans to launch our own delivery service, which will be able to work on "the same day" basis."

SERGEI SERGIENKO, Head of the contact centre

"During the quarantine period, we received about 2000 calls, which is a bit more than during the period of New Year's Eve orders. Every day 20-25 people worked on order processing from 9 am to 9 pm, seven days a week. It wasn't easy due to the large volume and the transition to a remote work format, but our team coped with the task thanks to the experience acquired during the high holiday season. Moreover, any crisis is a time of opportunity. Our company made the maximum use of this period. For example, in April-May, we engaged employees of the Antoshka office and stores to process online orders and calls. At the same time, we saw the potential of optimizing our online store. Previously, order processing was done by the operators of the contact centre and often included several communications with a customer and then — with the representative of the warehouse or store. Now, part of these processes is performed automatically. And we are working to fully automate this in the next few months."



TRANSITION TO ELECTRONIC DOCUMENT MANAGEMENT

The need to implement electronic document management is a requirement of modern times. This year the project entered the active phase of implementation at RedHead Family Corporation. There is still a lot of work ahead, but the start has been made!

YAROSLAV GORDEICHUK,
CFO of Smarty Family
and Antoshka



The transition to the electronic workflow was discussed two years ago, and the idea was based on its usability, process optimization, and legislative support. "Electronic workflow is not only the exchange of documents with counterparties in electronic form. It's a broader concept covering a wide range of processes, both within the company and the outside world. I consider the implementation of this process as part of the company's digitalization," says **Yaroslav Gordeichuk, CFO of Smarty Family and Antoshka**. "A wide range of daily tasks is associated with the workflow, including routine processes that must be automated. The introduction of an e-system will allow distributing the time resource for value-adding activities. Also, this transition will improve the quality of interaction with our external partners. Some of them can't guarantee timely payments without electronic document management."

EVERY TASK HAS A SOLUTION

Complete overhaul takes some time. The digitalization of workflow is a large project. "This is a complex process that requires the coordinated actions of many participants. To optimize this work as much as possible, we've introduced the position of a project manager in the company, coordinating the implementation and work of electronic workflow," Yaroslav Gordeichuk emphasizes the scale of the project.

In fact, every business in Ukraine that implements this system faces the problem of theory and practice when everything is officially allowed, but in reality,

it's still very unstable. **Konstantin Dymov, IT Director of Smarty Family**, talks about the difficulties one has to face on the way to project implementation: "Business, unlike government agencies, where everything is very tough and clear in terms of workflow, is more flexible. For example, our company doesn't have a single standard of work with documents. When we started this project, we realized that it requires the involvement of literally everyone who works with papers. We used the model when customers (our colleagues from other departments) share their vision of the process, and then, based on the legislation, we suggest how this can be implemented in our reality. And we often have to look for compromises and options for effective interaction."

ACHIEVEMENTS AND PLANS

To date, the 1C system already contains the internal approval of the most frequently used documents, where 6-7 approvals are required. If previously, a document had to be approved by everyone and not get lost, now the initiator creates a document in the program, makes the necessary settings for approval — and everything works.

"Now we are working on electronic signatures. But here we faced another problem — not all partners are ready to accept documents in this form, some haven't even begun to implement electronic document management, but it's already a trend. Soon everyone will have it," Konstantin Dymov predicts the future. "We are implementing this project with our own resources using 1C, but other programs are also in use. In my opinion, the disadvantages of outsourcing are that external partners don't fully understand the company's business processes, and in the end, customers don't get what they want, so we decided to do everything by ourselves."

Another factor that must be considered and even overcome in the process is resistance to innovations. It takes time to fully experience all the advantages of the e-system and get rid of familiar schemes, so, in addition to the technical part, we are working

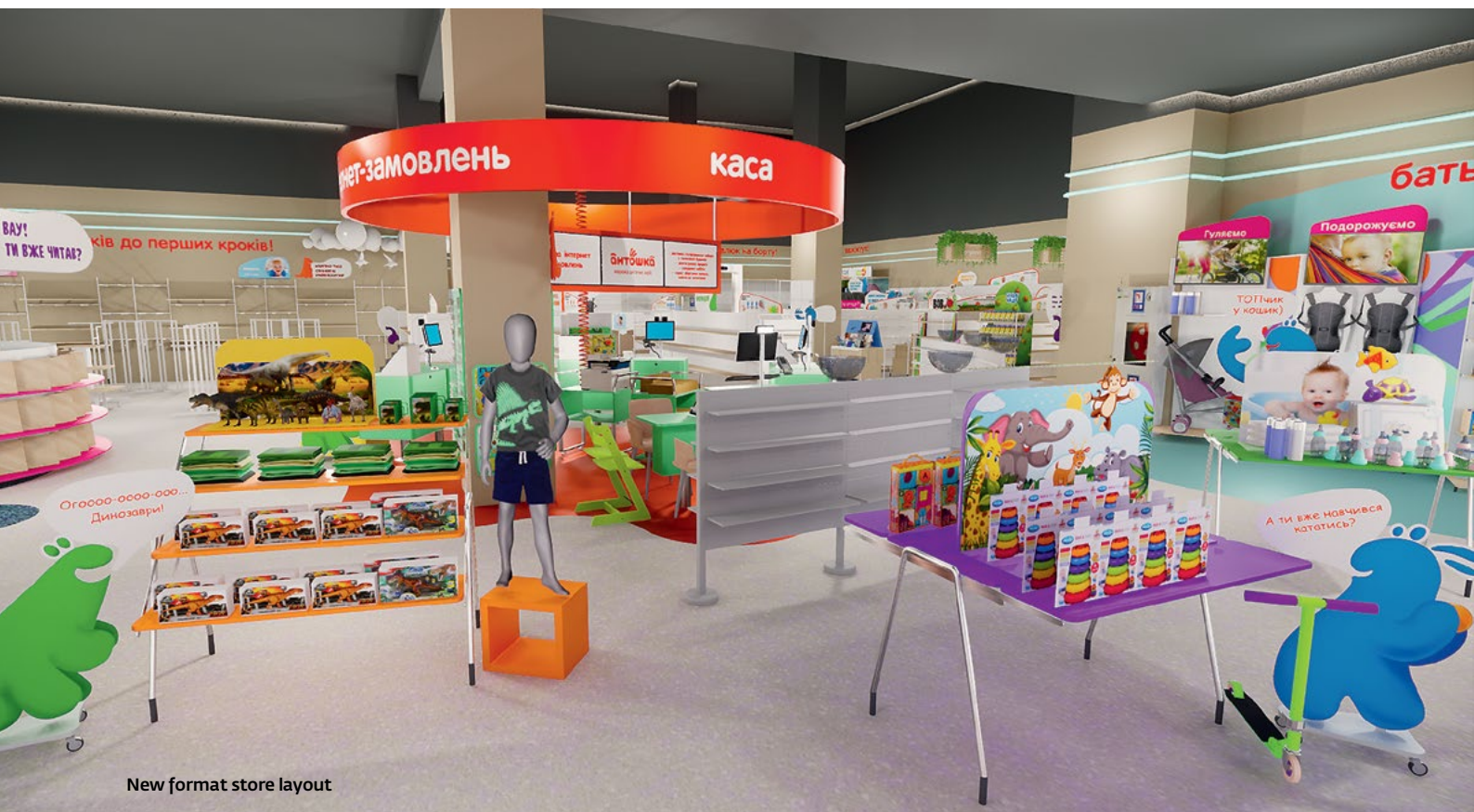
KONSTANTIN DYMOV,
IT Director of Smarty
Family



with people. To enable everyone involved in the electronic workflow to go through the introduction of a new product faster and better, IT department employees, heads of departments and the CFO train their colleagues, helping them to understand and try new things.

Quarantine has accelerated the implementation of this important project at RedHead Family Corporation. In a remote work format, everyone saw the advantages of electronic workflow and began to speed up the process to integrate more documents into the system.

CATEGORY MANAGEMENT: THE NEW ANTOSHKA FORMAT



New format store layout

In December 2020, the opening of a new flagship store of the Antoshka chain in the Ocean Plaza shopping centre is planned. 1000 sqm of retail space with the best goods for children is arranged so that customers can easily find exactly what they need. The store will be the starting point for the upcoming network update.

FROM IDEA TO IMPLEMENTATION

"I've been thinking of a new modern format for Antoshka for a long time," says **Commercial Director Grigorii Savelich**. "But it's not easy to build a modern store and make it head and shoulders above the competitors."

The first innovative ideas were tested in 2017 at a store in the Tairova City Centre Mall in Odessa. Something worked out well, and

convenience for customers – she offered to take their place and go all the way from need to purchase and view the growth of financial indicators as an indirect effect.

STEP BY STEP

In the summer of 2019, business leaders and managers of each category of the commercial department were trained at the School of Diana Shkapiak. Then, under her mentorship, they



New format store layout

something was missing, so the search for better solutions continued. Last year, the Antoshka top management team met Diana Shkapiak, the author and teacher of the First School of Category Management. The Antoshka team always relied on the financial model and focused on the most profitable products, but the expert gave a new business vision. She suggested focusing on the

developed the format of the new Antoshka. A considerable amount of work was done: from creating a new positioning to developing technical innovations. "The first step was to study the market," continues **Grigorii**. "Who are Antoshka's customers in Ukraine? What are their requirements, how do they live? And, most importantly, what should Antoshka be like to become their favourite

DEVELOPMENT

store? The answers to these questions gave a semantic impulse for further work."

The second stage is commercial. Traditionally, Antoshka has six categories of goods: hygiene, food, furniture, toys, shoes, and clothes. But customers don't look for "hygiene" and "food" at the store. They want to buy diapers, breast milk substitute, a toy car, and a doll. These specific goods became categories — and there are more than 1,500 of them at Antoshka. Now the product classifier consists of 4 levels:

- 1) goods,
- 2) groups of categories,
- 3) categories,
- 4) subcategories.

"Within each category, we built assortment matrices. Category managers thoroughly studied each product's characteristics, literally "sliced and diced it," and identified what was important to clients. We also took into account trends, novelties, market leaders, shares by brands, and predicted what would be popular in the future.

GRIGORII
SAVELICH,
Commercial
Director of
Antoshka



New format store layout

This process was time-consuming and required a high level of category expertise. As a result, the assortment began to cover all the needs and requests within the category. The customer is offered a reasonable, non-redundant choice — in short, the best of the best, taking into account all parameters," emphasizes Grigorii Savelich.

The third stage is merchandising: internal design of the store, study of the customer journey map, elaboration of the logic for product placement, selection of matching goods, and, of course, informing the client about the characteristics of the goods in each category. An important innovation is the informative price tag with pictograms that give customers a complete picture of the product's benefits and their effect on the price.

WE ALSO TOOK INTO ACCOUNT TRENDS, NOVELTIES, MARKET LEADERS, SHARES BY BRANDS, AND PREDICTED WHAT WOULD BE POPULAR IN THE FUTURE

A TOUR AROUND A NEW FORMAT

According to the new approach, the new Antoshka space consists of three blocks. The first block when entering the store is Baby Care. There are goods for children from 9 months to 3 years old — baby food, hygiene products, furniture, clothes, and toys for babies.

"We analysed which toys are needed to develop the skills of babies at a particular age and selected a new assortment based on this data. Thanks to this, customers will be able to easily find out what is best to buy for a child and what exactly the toy will be useful for. This simplifies the choice," says **Dmitrii Kazimir, Head of Toys Category**.

Then the client enters the Fun area with toys for ages 3 to 99. The next is the Fashion area with clothes and shoes for children from 3 years old.

CATEGORY HEADS TALK ABOUT NEW PRINCIPLES OF ASSORTMENT SELECTION AND PRODUCT PLACEMENT



ALEKSANDR ULYZKO,
Category Head, Furniture

To show the characteristics of strollers to consumers, we built an additional testing area. Customers can drive a stroller on a special podium simulating the elevator and evaluate whether the stroller fits into the standard elevator. There they can also test different types of surfaces. Near the car seats, backpacks, and slings, we placed detailed information on how to choose them correctly.



SERGEI FEDISHIN,
Category Head, Footwear

We created proposals to meet every need of a customer. The placement is based on the buying decision path. A client, entering the store, already knows the gender of the child and his or her shoe size. And based on the weather conditions, which are the key trigger for the purchase, the customer chooses a pair of shoes. Let's say a mother of a three-year-old girl wants to buy seasonal shoes on the first days of cold weather. Based on this, we made a product display in such a way that the mother doesn't have to look for the desired shoes throughout the department — she'll be able to come to one rack where she'll find the shoes for a girl of this age.



ZHANNA CHITAK,
Category Head, Clothing

For the convenience of our customers, we arranged clothes for the children aged 0-3 in a separate zone, so that mothers with babies can quickly and comfortably choose the desired product. The clothing department is also equipped with special navigation to assist in space orientation and information about sizes and height meters to determine the exact height, shoe size, etc.

All the second layer clothes are displayed in the total look format — it's a set of clothes in matching colour shades or materials. We hope that our recommendations will help parents and children quickly decide on their purchases, and the family will spend the time saved on something more interesting, for example, hairdressing in our children's salon.



VALENTINA KALININA,
Category Head, Hygiene

At the new store format, we had some changes in the group of categories of household appliances — division into the "nutrition", "surveillance," and "humidification" zones. This will help customers to understand the assortment and the key characteristics of the product.

All mothers know that the best food for a baby is breast milk. In support of breastfeeding, we placed a demonstration table with mechanical and electric breast pumps and accessories for them, breast care creams. Another innovation is tablets with video reviews for getting information about products and training.



ANNA MUALLEM,
Category Head, Food

The Baby Food Category has great importance for our target audience of children aged 0-3. Many parents support the healthy eating trend today. They make sure their children have proper and healthy food from early childhood. At the new Antoshka, all healthy food is grouped in one zone, and its design emphasizes that it's organic, natural, and healthy food. We also want to teach our customers to identify organic trademarks. For this purpose, we have a special guide to the world of organics — a stand showing certified organic labels and instructions on how to read them correctly on the packaging.

The first flagship store's experience will determine what other stores of the Antoshka network will look like. The basic principles of the new format will be implemented throughout the network, and the interests of customers will be their main priority.

YELENA BOGDANOVA: “WE APPRECIATE EVERY CLIENT’S REQUEST”

In August 2020, a new department was formed in the Antoshka Marketing and E-Commerce Department — the Service Department. The team of the department is headed by Yelena Bogdanova, who, since the beginning of this year, has held the position of Antoshka service manager and solved the most challenging and urgent issues of customers of our stores and online store. The need to create the Service Department arose during the quarantine when the number of customers’ requests through various channels increased.

Yelena, what tasks do you and your team face every day?

We process customers’ reviews about the service and goods, deal with issues related to loyalty cards (funds accrual, restoration of discount cards), gift cards and permits for goods. But regardless of the request, we work with people, with their emotions and mood.

What principles do you follow when solving requests?

First, it's the response speed as our customers need quick feedback and the feeling that they are heard, understood, and will definitely get some help.

Secondly, the validity of the information provided is essential – advice on services and goods, permits for

goods with the correct validity period, and accurate data on the discount account. We carefully check the information before responding to a request.

Another principle is the comfort of a client. In a conversation, we listen carefully to a client, don’t interrupt, let them talk out, are sincerely interested in every detail of the situation, and understand the problem. We return with feedback and offer a suitable solution for the issue at the time convenient to the client. At the end of the conversation, we try to determine if the customer has received an answer to their question or need some additional information.

It must be challenging to provide all clients with this atmosphere of comfort and care.

YELENA BOGDANOVA,
Head of the Antoshka
Service Department





The Service Department — Yelena Bogdanova, Aleksandr Shmygol, Aleksandra Goncharuk

We cope with this task. We learn and get better with each new request. An individual approach is fundamental in our work, and we are ready to provide it by all means. For example, sometimes we need to communicate with clients late after 10 pm, when many have already finished their working day. And we just do this.

Yelena, tell us about your team.

Our department consists of three employees. Besides me, the team includes service and customer support specialists Aleksandra Goncharuk and Aleksandr Shmygol. Aleksandra joined the company three years ago as an online store manager. She really enjoys communicating with people and solving impossible tasks, so she's become indispensable in our department and holds the position of a leading specialist. Aleksandr Shmygol started his work at Antoshka in February of this year as a contact centre manager and in August joined our team.

Your team is small but hardworking. How many calls do you usually process every day?

It depends... If it's not the busy season—up to 50-100 calls. We receive them from different sources:

emails, calls, social networks and messengers, reviews on aggregator sites, and forums.

Each request requires some additional research and detailed immersion. It takes from 2-3 minutes to 1.5 hours for a prompt response, but it can take longer — 1-3 days, for example, if you need to contact a supplier. We always agree with the client on the terms for solving the issue.

We appreciate every request. In fact, even a complicated issue is a gift that brings new knowledge when you begin to find out detailed information for a customer. We are glad to get a unique experience; we always share our insights and best practices with colleagues after solving problems. We often brainstorm as a team to find the best solution.

WE ARE GLAD TO GET A UNIQUE EXPERIENCE. WE ALWAYS SHARE OUR INSIGHTS AND BEST PRACTICES WITH COLLEAGUES AFTER SOLVING ISSUES

Did you have any exceptional cases that you remember?

During the quarantine period, we had an exciting experience with international delivery. A girl asked to send baby food to Lithuania to the city of Panevezys. Since the beginning of the year, there had been problems with baby food in her country, and the client managed to find the necessary product on our website antoshka.ua. To arrange such a delivery, I studied all possible delivery options, calculated the minimum tariff, agreed on everything with the client, and sent it. It was an exciting adventure. Then I was on the alert for two weeks — checked the delivery status of the parcel, sent it to the client, constantly stayed in touch! When I received a photo from the client with the caption, "Look, we are going to warm up your porridge. Thank you so much! You didn't think how difficult it was. You just did it." That's what our Service Department works for.

The stories like this are inspiring! What else makes your team happy?

It's vital for us to see our satisfied customers — it's a real success. We always strive for this. Our department is a kind of Wikipedia for clients. We know the answers to many questions and explore new opportunities to improve the service. For example, if we have a child who needs a gift for a holiday right now, we don't ask how to deliver it. We use a taxi service that will do everything on time. Both the child and the parents will be happy! This is how happiness looks like for my colleagues and me!

Is it important to get feedback with this kind of work?

It's a must, and we always look forward to hearing from our customers! If their feedback is positive, we are twice pleased. There was a story when a client with her daughter went to an Antoshka store on the eve of a business trip, but they couldn't find the doll

they wanted. Mom promised the child to bring the doll from the trip, but she couldn't buy it in another city, so she contacted us directly. We checked the availability and sent the doll to a store convenient for her. Later, the customer sent a message on Facebook that everything was OK, and her daughter added, "Mommy, tell them thanks for me!" It really warms our hearts!

Yelena, your department has many achievements, and what are your plans for the future?

Now we are actively working on a CRM program designed to improve our work with clients. The work with reviews will be integrated in a single CRM system. We also plan to develop a bonus program, for example, if a customer buys a suit, then accessories could be purchased for bonuses. We also want to update the catalogue of permits. We are always open to everything new because often customers' requests give birth to helpful innovations!



SMARTY FAMILY MERCHANDISING GENERATES INCOME!

In 2019, Smarty Family introduced new merchandising software. This powerful tool has helped not only optimize the department but turned it into a business unit that generates revenue by providing services to external clients.





YURIY PARKHOMCHUK,
Sales Director for the
Central and Southern
Region of Smarty
Family

The idea belongs to Yurii Parkhomchuk, Sales Director for the Central and Southern Region of Smarty Family. According to him, the new software, which they started to use in the merchandising department, allowed them to rebuild the work completely. "Now we can manage merchandisers online, assign tasks and monitor the implementation remotely. We can also monitor the movement of employees; provide them with operational information on products, the matrix of goods, and their shelf position. Our employees studied all the stages of the program. And our next big step was to provide merchandising services to other companies. Since the beginning of 2020, we've been gradually approaching this goal. Since summer, we've started providing such services not only to Smarty Family distribution partners, but also to customers whose products we don't sell. Judging by the results, we are moving in the right direction — we get new clients every month."

A NEW LIFE STAGE OF THE DEPARTMENT

Smarty Family merchandisers ensure the visual dominance of the product on the shelf. It has a positive effect on sales growth and allows them to respond to customer requests quickly. At the same time, the level of employees' professionalism continually grows.

"First, we offered our services to our suppliers in the distribution business — large companies Bio Products Factory and Sunfill," says **Liudmila Reka, Head of the Merchandising Department of Smarty Family**. "We worried how this project would work for external clients, as we had worked only for ourselves before. Gradually we became more confident and gained momentum. Today we have six contracts, and two more are at the stage of conclusion. The suppliers are satisfied with our work results, and thanks to the effective presentation of our project, we can choose the suppliers."



LIUDMILA REKA,
Head of the
Merchandising
Department of
Smarty Family

The critical point: Smarty Family merchandisers provide services to Ukrainian companies — those that created their own business. "We are a family business, and we find like-minded partners with



the same approach," says Liudmila. "The history of each company is unique. For example, our supplier of gluten-free cookies Smakuli is a Lvov-based company with three employees: the daughter is in charge of sales, and mom and dad are in charge of shipping. HiSnack makes natural fruit chips, Leopold — natural chocolate with added fruit. These are small companies, but there are also larger clients — Bonner (soups) and Sunfill (granola, natural sweets, bread). We've recently signed a contract with the Kiev company Ethic Food — these are NewJerky soy snacks and natural Vesa sauces, prepared according to original recipes. It's very cool

that they manufacture their products in Ukraine, and we help them — we advise, teach them to receive feedback from large retail chains. We are not just a merchandising agency that makes money; we help the national business to develop and grow."

THE SOURCE OF PRIDE

It's impossible to ignore the fact of generating income by the department that has never done that before. This is the source of pride! "We plan to create a full-fledged business unit with a stable income that will cover all the costs of merchandising for Smarty Family and will bring profit to the company," explains Yurii Parkhomchuk. "The data of the fall 2020 show that the income from services to external clients is about 100 thousand UAH per month. Every month we will increase our turnover. The program development resulted in the idea to

THE PROJECT BECAME SUCCESSFUL THANKS TO THE EMPLOYEES — SUPERVISORS AND MERCHANDISERS OF SMARTY FAMILY, WHO QUICKLY ADOPTED THE CHANGES

make profit on it. The development became a tool for the implementation of this idea."

The project became successful thanks to the employees — supervisors and merchandisers of Smarty Family, who quickly adopted the changes, completely restructured their work, and put a lot of time and effort to ensure that everything worked smoothly and efficiently. Having passed a rather difficult initial stage, the department has now reached a stable level of success. Further plans include active development of this direction.

THE E-COMMERCE DEVELOPMENT AT SMARTY FAMILY

The boom in online sales during the quarantine made the distribution company Smarty Family rethink its e-commerce development. In May 2020, Ivan Krot headed the e-commerce direction, and with his team, he brought in a structured approach and in-depth study of this distribution channel.

FOR REFERENCE

Ivan Krot has been with RedHead Family Corporation since 2014. He started as a sales assistant at Antoshka. Since 2016, as a part of the Kiev region Smarty Family team, he's worked his way up from a merchandiser, a sales representative to the head of the region's sales representatives.

Yuliia Opanasiuk,
Ivan Krot,
Kseniia Kostiuk



"Before the quarantine, the e-commerce department worked successfully; we've been and remain represented on extensive Internet resources. But the new business environment has enhanced the relevance of this direction as an important platform for the sale of goods and services. This is how our team was formed with its main goal to increase sales and to make Smarty Family the leaders in this segment," says **Ivan Krot**. To achieve these goals, the e-commerce team identified three main areas:

- 1) **Thorough study of market coverage**, availability of our brands on all possible Internet websites, and online platforms.
- 2) **Implementation of the B2C direction** as a very promising segment that will enable us to cover the market fully.
- 3) **Work with an assortment and content** focused on the consumer.

"Marketing activity, in-depth work with existing promotion tools as well as new ones, such as increasing the availability of our brands, focused promotion of several brands through cross-promotions with suppliers of other categories and time-limited promotional mechanics that increase demand in the long run, have a huge impact on the level of online sales," Ivan shares his ideas. "Marketing support in e-commerce enables clients to get a better offer, which means that they can make a purchase faster than with other sales channels. Just a couple of clicks — and they don't need to go anywhere, waste their time, etc. In this regard, we'll place our stake in marketing."

The nearest plans of the e-commerce Smarty Family team are to increase sales on the current Internet giants and expand their availability on popular marketplaces and trendy online stores. We wish the team the best of luck and the implementation of all their plans!



IdrinQ IS A NEW BRAND IN THE SMARTY FAMILY PORTFOLIO

In 2020, a new brand was added to the line of products distributed by Smarty Family. Thanks to the work of our team, the unique IdrinQ drink is now available in Ukraine. Its way to our country was quite extraordinary — first IdrinQ was tested and approved by Founder and CEO of RedHead Family Corporation Vladislav Burda.

This product went through a lot of research and focus group testing and was proved to be non-addictive. IdrinQ is not an "energy drink" in its conventional sense; it has a unique formula that gives natural energy without side effects.

has become the exclusive representative of the brand in Ukraine, offering this product as a healthy alternative to energy drinks.

"About a year and a half ago, I met the inventor of this drink in Spain," says **Vladislav Burda**. "He gave me a long explanation of the miraculous properties of IdrinQ. The secret is that two German scientists found a way to pack the molecules of alpha-lipoic acid, which a person needs for normal nutrition of nervous and muscle tissue, but which cannot be consumed in its pure form because of its taste. The product was originally developed for diabetics to protect their nerves, kidneys, and eyes from excess blood sugar. But later, scientists came up with the idea to add L-arginine there, and it turned into a unique energy drink." IdrinQ is produced in Austria.

"The fortified drink works at the cellular level. It doesn't contain caffeine and taurine," says **Yuliia Zagorodnaia, Smarty Family brand development specialist**. "The main ingredients are alpha-lipoic acid, a powerful antioxidant, and L-arginine, which promotes vasodilation. The drink also contains vitamins that improve metabolism in the body. Such a formula is truly unique."

In our company, Vladislav Burda tested first-hand the product's quality and effectiveness, confirming the slogan of the project "Safe energy of a new generation". Smarty Family





ALEKSANDR
PAVLENKO,
brand development
specialist of Smarty
Family

"Our companies have a lot in common in the business approach. HiPP has been available on the Ukrainian market for 27 years; that is, we've been building our business almost in parallel," said **Aleksandr Pavlenko, brand development specialist of Smarty Family.**

"Our businesses have reached the stage of development when we can create a mutually beneficial, promising alliance. Smarty Family has all the tools and capabilities to help this brand continue to grow and strengthen its positions. We are sure that our cooperation will develop into long-term business and partnership relations."

ABOUT THE HIPPI COMPANY

HiPP is a German family-owned organic baby food company with over 120 years of history. HiPP has specialized in producing high-quality baby food for 60 years. The company's portfolio includes breast milk substitutes, purees, cereals, juices, teas, and more. HiPP products always reflect consumers' interests — children like their taste and parents can be sure of their quality. HiPP products are known for their scientifically based nutritional value, the formula that meets the age needs of a child, and strictly controlled organic quality of ingredients. The manufacturers follow these traditions in the 4th generation of family business management.

SMARTY FAMILY + HIPPI = COOPERATION!

The achievement of 2020, worthy of special attention, is a partnership agreement signed with the famous German baby food manufacturer HiPP.

"We started negotiations on cooperation back in September 2019," says **Sergei Vasiliev, Purchasing and Promotion Director of Smarty Family.** "The process of discussing all the details and commercial conditions ended in February 2020, but the launch date was postponed to the summer due to quarantine. We started in August this year. It's an important step for both companies as both HiPP and RedHead Family Corporation are family-owned companies that follow the principles of long-term partnerships."

Today, Smarty Family has become the exclusive distributor of the German branded products in the distribution channel previously used by 16 operators.





red cube. & Co: ALL ABOUT REAL ESTATE



The course for office space taken by the Real Estate Department last year had to be slightly revised due to the new realities of 2020. However, some projects were implemented, and the most striking of them is, of course, red cube. in Kharkov.

The red cube. project is an example of the conversion of a building previously used as a children's shopping and entertainment centre into a multifunctional shopping and office centre, which accommodates the Antoshka store, a fitness club, a café, and a space for IT companies. The offices and the store areas are clearly separated, and the business space is emphasized with the red cube. branding.

What's new to our tenants since the launch of red cube.?

"First of all, there is a separate entrance, so they can enter their offices without crossing the Antoshka store," says **Dmitrii Burda, Director of the Real Estate Department.** "The office centre has a separate reception with security.



The security officer is responsible for the safety of all staircases, the entrance, working areas, and bicycle parking lot, created especially for the tenants. Another innovation is the centre navigation zone, which enables you to find the company you need without the help of store employees. The last bonus is the separate entrance of the business centre, which means its complete independence from Antoshka's opening hours. We have provided 24/7 access to the premises to all of our five tenants."

FROM IDEA TO IMPLEMENTATION

The idea of the project belongs to Dmitrii himself. Initially, this five-story building was designed as a store. Later, the upper floors were converted into offices, but to get to their premises, tenants had to cross the territory of the store. It was inconvenient both for the tenants and for Antoshka's visitors — the traffic was up to 300 people per day. This issue has now been resolved.

The name "red cube." was suggested by the building itself — it is red, rectangular and associated with a red cube. The main concept of red cube. is the focus on IT companies, which was taken from the very beginning. "Five IT companies are our most reliable office tenants, and that was proved by the coronavirus crisis — our tenants paid in full, even though they didn't use their offices full time, and they continue to fulfil their financial obligations today," notes Dmitrii. "We decided to become the first place in Kharkov, positioning itself as the

WE DECIDED TO BECOME
THE FIRST PLACE IN KHARKOV,
POSITIONING ITSELF AS
THE IT SPACE





IT space. To reach this goal, we tried to implement the best practices, including security, access control system, and stylish design in the spirit of modern IT companies."

INTERNAL CHANGES

Besides red cube., the Real Estate Department implemented some other projects in 2020. Thus, they repaired the building C of the central office on Bozhenka Street in Odessa, which had never been used before. "The project was based on the idea to create the most utilitarian office using inexpensive but highly functional solutions. And we did it," emphasizes Dmitrii Burda. "The repair costs were

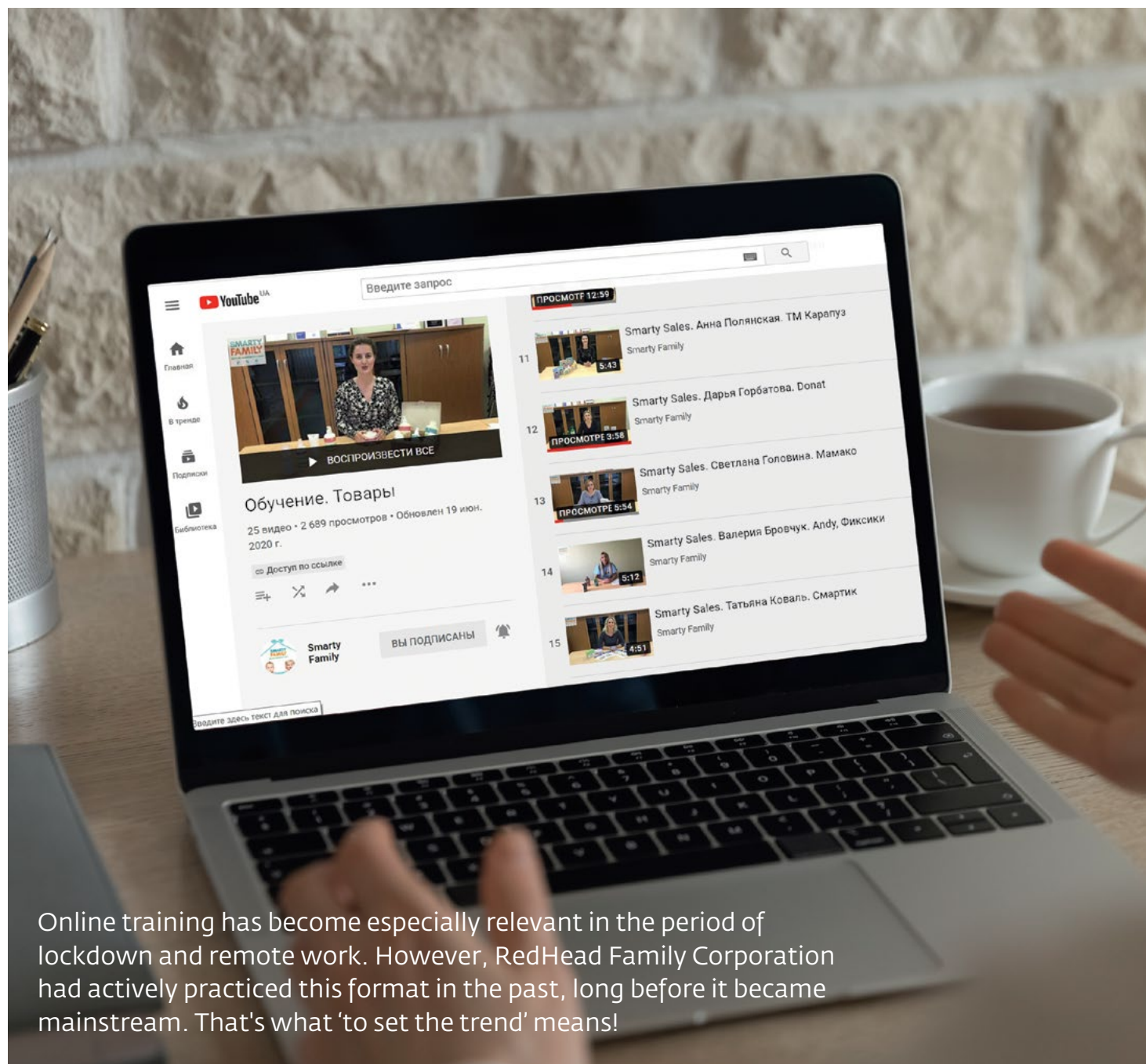
six times lower than the ones paid ten years ago for buildings A and B, and we managed to attract tenants with the rate of only 20% lower than in other buildings. In addition, all this was done during the quarantine."

"Several creative solutions allowed us to achieve such great results in terms of the investment and rent ratio. For example, instead of filling the wall, we painted it; instead of the floor tiles, we used the varnish with a micro-cement effect, creating a loft-style. Instead of internal wiring, we used external wiring in corrugations, which enabled us to make convenient electrical wiring and meet the needs of the tenant; and instead of gas boilers, European air heaters with winter-summer air conditioners were installed."

"We are going to rent out 1000 sqm in red cube. and renovate the premises previously used as a culinary shop. And for sure, this will be another successful and creative project."



ONLINE FORMATS: LEARNING IS EASY!



Online training has become especially relevant in the period of lockdown and remote work. However, RedHead Family Corporation had actively practiced this format in the past, long before it became mainstream. That's what 'to set the trend' means!



IN THE END, WE GOT
NEW SKILLS: BRAND
MANAGERS —
OF SPEAKING IN
PUBLIC, AND HR-
MANAGERS — OF
MAKING AND
EDITING HIGH
QUALITY VIDEOS

YELENA BOGACH,
Head of the HR
Department of Smarty
Family and Antoshka



VIDEO TUTORIALS AT SMARTY FAMILY

The idea to train employees online came up in the summer of 2019. The next question was how to make training available for the Smarty Family trading team throughout Ukraine. The training had to be easy and convenient, so that the employees could study, for example, while driving to work in the morning. "So, we decided to create video tutorials and post them on a private YouTube channel," says **Yelena Bogach, Head of the HR Department of Smarty**

Family and Antoshka. "We chose the format of short, but informative videos, 10-15 minutes long, and made three large blocks of them."

The first one is about products: description of brands and their value for the consumer. "We had the longest preparation here — brand managers themselves had to talk about the brands they were responsible for," notes Yelena. "They hadn't had such an experience before, so they had a lot of fears, embarrassment and ... many takes! But in the end, they did it, and we got

new skills: brand managers — of speaking in public, HR-managers — of making and editing high quality videos."

The second block is a placing order program Agent + for sales representatives. Its introduction last year faced some resistance at first. "To help his colleagues adapt faster, Maksim Kalinkovskii made educational video. He recorded his screen while performing the main daily tasks with the Agent +," adds Yelena Bogach.

The third block is financial training. Maksim Maksimenko, financial analyst at Smarty Family, and Yaroslav Gordeichuk, Chief Financial Officer, helped improve financial literacy. Using accessible examples, they talked about such complex concepts as turnover and cash flow.

At the end of the training, there was a competency assessment that confirmed the effectiveness of the course.

"In the near future, we want to make a course on the Excel tables' functionality. We aren't going to stop at what has been achieved," Yelena explains. "Feedback from employees on the previous videos proves that this format is very convenient and has excellent results."

RECENTLY, ANTOSHKA HAS INTRODUCED A FORMAT OF INTERACTIVE PRESENTATIONS WHERE AN EMPLOYEE TAKES AN ACTIVE PART IN STUDYING THE MATERIAL

VLADISLAVA SHILOVA,
specialist of the Antoshka Training
and Development Department



ONLINE TRAINING COURSE AT ANTOSHKA

"Since 2019, we've been conducting online courses," says **Vladislava Shilova, specialist of the Antoshka Training and Development Department.** "We are a large all-Ukrainian company, and to bring information to all employees, the online format is indispensable."

Thus, a three-month special course "School of Furniture Experts" was held for employees of the Furniture category with the national expert Aleksei Dziuba as a speaker. As part of this training, webinars and a two-day offline event were held at the central office in Odessa where the key suppliers, Ukrainian

and European, presented their new products. After the course, the employees had the test evaluation, as a result of which the best ones received the status of the Furniture Expert.

In February 2020, an Online School for Fashion Specialists was launched for the Antoshka consultants of the Clothes and Shoe category. The employees of the Fashion category, Sergei Fedishin, Svetlana Sugak, Alina Anisim and Antonina Kolesnikova made presentations about the most important aspects and main brands of their category. During the spring quarantine, the Training Department made a video course of course of 4 lectures "WOW-Service for Clients" for the employees of the online store antoshka.ua.

"We always accept our suppliers' proposals on the training for employees and offer the formats convenient for everyone," notes Vladislava Shilova. "And we are also glad when our colleagues initiate the training. So, this fall, on the initiative of Yulia Chekhovskaia, Head of the Service category, we made a video lesson on customer service for hairdressers at Antoshka children's salons."

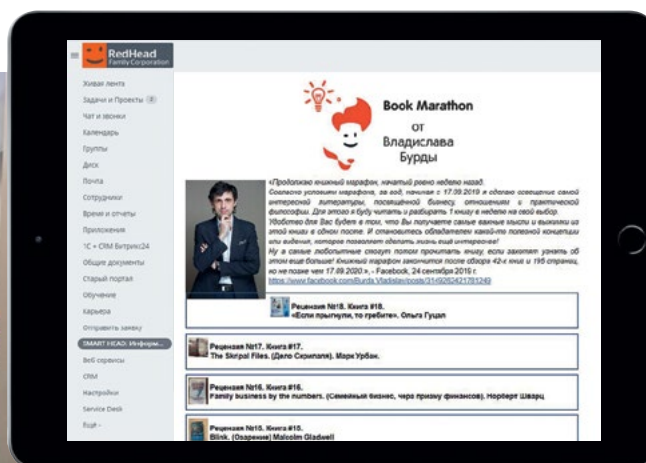
All video lessons are available on the corporate portal, as well as product and brand presentations and recordings of webinars from our suppliers. Thanks to this, any employee has access to information at a convenient time for them.

"There are also other internal projects of the RedHead Family Corporation online," says

Vladislava. "For example, lectures of the Smart Head information initially take place offline, and their recordings are then posted on the corporate portal. Another online project is "Book Marathon from Vladislav Burda". Vladislav posts reviews of the books he has read on his Facebook page, and we repost them on the portal for all employees."



Yulia Chekhovskaia on the shoot of the video training for hairdressers



The Training and Development Department plans many more projects. Recently, Antoshka has introduced an interesting format of interactive presentations where an employee not only reads information but also takes an active part in studying the material by doing quests, answering questions, etc. On the corporate portal, you can already see such presentations — "About RedHead", "Remote Work from Home", "Service Vision. Turing Child Care into Pleasure", "Sales Standards". Stay tuned for that!

SOCIAL INITIATIVE

As a socially responsible company, RedHead Family Corporation regularly implements projects to make the world around us a better and kinder place.



GIVE LIFE: DONOR DAY IN THE COMPANY

Several years ago, our country began to celebrate the Day of the Defender of Ukraine. Last year, RedHead Family Corporation decided to support this holiday with a social initiative, holding Donor Day at the head office. "We invited employees to participate and held this event together with Donor.ua," says **Anna Bebeshko, training and development manager of Antoshka**. "The Odessa blood transfusion station came to us with its equipment, and a mobile blood donation point was arranged right in the office. Twenty four employees took part in this noble initiative then."

Despite the pandemic, Donor Day was also held this year. In addition to the company's employees, we invited the tenants of Solnechnyi Gorod to join the initiative. In 2020, 14 people became donors. "For obvious reasons, we got fewer results this year," Anna explains. "But the staff of the blood transfusion station was very grateful for this help. It's really important right now — in the city, as well as throughout the country, as there is a major shortage of donor blood. Because of the coronavirus, the number of volunteers to donate blood has reduced greatly, while the need for it did not decrease. So our contribution, although small, turned out to be very helpful."





BE A MAGICIAN!

The "Be a Magician!" project was launched at the end of last year. Its idea was that during the New Year holidays, people could please with gifts not only their children, but also children who have no parents. On New Year's Eve, Antoshka stores are always decorated with festive Christmas trees. That season, they decorated the trees with paper balls with letters from children in orphanages to Santa Claus inside.

"Charitable organizations helped us to collect children's wishes. It is very important to choose responsible partners with a good reputation who do work with orphanages. We are grateful to the RedHead Family Corporation Security Service for their help on this matter," says **Irina Zelenai**,

Head of the Advertising Department of Antoshka.

"The Monsters Corporation and the Blagomai Charitable Foundations provided a list of 821 gifts. The directors of orphanages asked their children to choose what they would like to get under the Christmas tree on the website antoshka.ua to make it easier for the children to decide. I should admit that we accepted all the gifts from the donators, not only those bought at our stores. The only requirement was that toys and clothes were new and of high quality."

All donators could leave their phone number to get a photo report of the kid receiving a gift. The initiative has gained incredible popularity. In Odessa, the gifts were bought the most rapidly.

"Even in December, at the very peak of the sales season, the Antoshka managers found time for this project. Thank them very much for this," adds Irina. "Special thanks to Mega-Antoshka's managing director Tatiana Spirina and her deputy Tatiana Kalugina for their instant response and wise decisions."

Employees of shops and offices, who joined the project as donators, became magicians for children. They attracted their relatives and friends so that every kid's wish could come true. For example, suppliers of the Antoshka Fashion category donated tracksuits to an orphanage in Lvov, and their colleagues from the Hygiene category helped the rehabilitation centre in Krivoi Rog. The Toys and Fashion staff provided an additional gift fund. The Marketing Department made sure that no one was left without a gift: if only 8 gifts were bought in the stores, and there were 16 children in the institution, the surprises were sent to all kids.

"The most exciting moment of the campaign was when we started to get the photo reports of how our kids received the gifts," continues Irina Zelenaia. "It was very emotional to see these touching photos and happy children's eyes! We received a lot of gratitude from donators for giving them the opportunity to become a magician... This year, we are going to repeat the project. The IT department has already proposed an improvement in the scheme for receiving photo reports. The desire to make children happy is very natural to people. And it's Antoshka's thing."

THINGS ARE COMING TO HELP

In 2018, our company started a good tradition to support the Dobrobutik charity event entitled "Things that Help". The partners hold this initiative in Odessa: they install green containers around the city where you can donate things that you don't need anymore, but which may be helpful to others. Clothes in excellent condition are sold at the Dobrobutik store, and all the profit goes to charity. Clothes and items of average quality are given to the needy, and completely worn ones are disposed of. Thus, the charitable initiative solves environmental problems.

"We are happy to join this useful event — twice a year, we install a green box to collect things in the central office. Within 3-4 weeks, our employees revise their wardrobe and bring everything they want to give for a good cause," says **Anna Bebeshko, training and development manager**. "In the spring, due to quarantine, we couldn't hold this event, but we did it in September and collected a full box — our colleagues always generously share their things. I think that next time we will collect even more!"





THE CORPORATE MUSEUM IS TEN YEARS OLD!

One of the traits of family businesses is the ability to honour their traditions and respect their history. For this purpose, RedHead Family Corporation created its corporate museum. This year the museum is celebrating its 10th anniversary!

The corporate museum is located on the 5th floor of the company's central office in Odessa, and it has interesting facts, photographs, and exhibits. The exposition shows how the company developed from year to year: the launch of the first store and departments, the conclusion of contracts with key suppliers, how Antoshka grew and changed. And the museum grows and expands every year.

HISTORY AND DEVELOPMENT

"The museum was founded in 2010, a year after I started my studies in the US. As part of the EMBA training, we visited family business museums. Local exhibits, for example, the founder's cap or his lighter didn't impress me," recalls **Vladislav Burda, Founder and CEO of RedHead Family Corporation**. "I asked our guides why they talked so much about the history of companies, but it wasn't reflected in the museum. They replied that I could make my own museum the way I think is right. I returned to Odessa, and with the marketing department, we started working on a project that is ten years old today!"

"When I first joined the company (16 years ago!), I worked as an import manager and communicated with suppliers from all over the world. I realized how important it was to tell partners about the company, but I didn't have enough information," shares his memories **Vadim Orlov, CEO of Antoshka**. "I got interested in collecting and structuring it. To do

this, I conducted interviews with all the leaders of the company. Thus, I managed to collect various details and bit by bit bring them together in a presentation, which I translated into English for all import suppliers. Many years later, all this came in handy for the creation of the museum."

The exposition is arranged in chronological order — it starts with the business creation in 1994 and moves through events to the present day. Each stand is dedicated to one or several years of the company — the most important facts, key milestones, significant people and partners, exclusive brands, new stores.

Employees take part in the development of each stand: at the beginning of the year, Vladislav approves the concept (which events will be covered in the museum), and then HR and designers work on the implementation. Thus, the museum is updated annually.



WELCOME TO THE TOUR

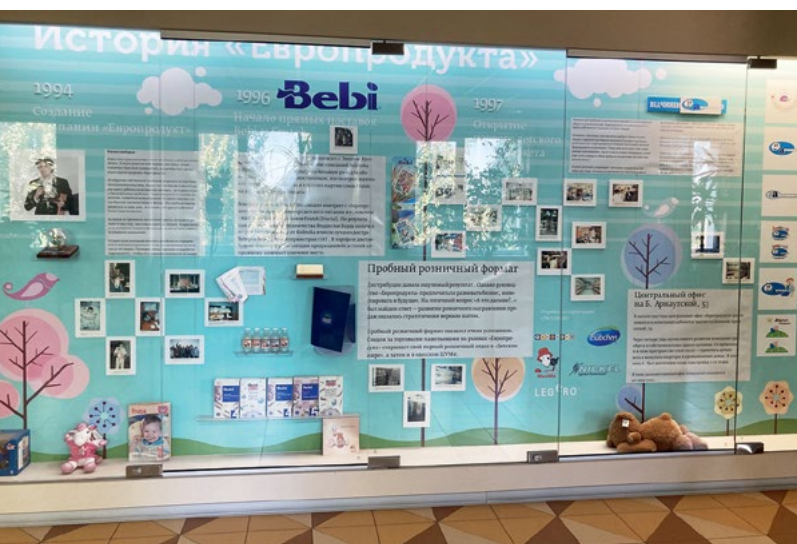
The museum guests are, first of all, employees, customers, suppliers, and RedHead Family Corporation partners. The museum also holds guided tours for other companies and non-profit organizations from Odessa and all over Ukraine. Sometimes Vladislav Burda talks about the exposition, but most often Antoshka's CEO Vadim Orlov or HR staff work as museum guides.

"All new employees visit the museum. At the start, it's important to explain to the newcomers that we are not just a company, but a family business with our own values and history," says Vadim Orlov. "And we want every employee to be a part of our culture and to understand that we offer the best service in the world for our clients. The museum tour perfectly illustrates this idea."

"Since RedHead Family Corporation is a family company with a long-term history, the museum plays an important role in its preservation," notes **Anna Bebeshko, Antoshka training and development manager**. "It's a part of our corporate culture which every new employee learns and which is remembered with warmth by everyone who's been working here for many years."

THE MUSEUM IS A PART OF OUR CORPORATE CULTURE WHICH EVERY NEW EMPLOYEE LEARNS AND WHICH IS REMEMBERED WITH WARMTH BY EVERYONE WHO'S BEEN WORKING HERE FOR MANY YEARS





TEN YEARS IS JUST THE BEGINNING

In 2021, the reconstruction of the corporate museum is planned — it's run out of free walls, and there are new events that need to be captured. "Now, as we don't have enough space, we have to condense the information, using one flight in the museum for three years," says Vadim Orlov. "For example, 2015 was a year expanded into three stands, and then it was shortened to only key events".

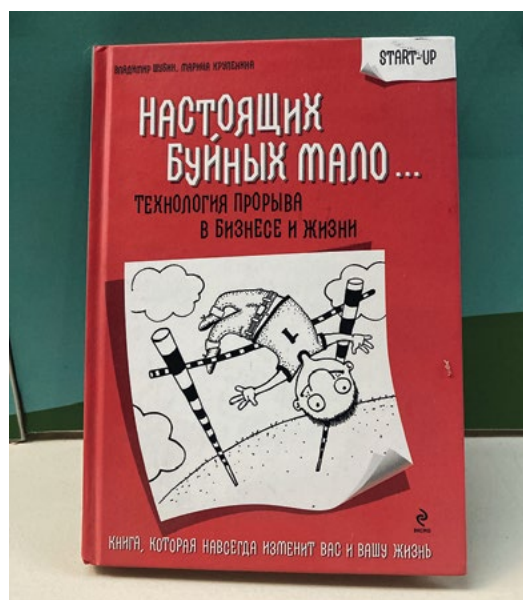
Each visit to the RedHead Family Corporation Museum gives inspiration and reassurance that by caring about people like they were your family members, you can achieve truly great business results.

"There are several special places in the museum for me. The most significant one is the transition from the blue zone to the orange zone. Until 2009, we were called Europroduct. When we were 15 years old, the New15 project resulted in the new name of the company — RedHead Family Corporation. To mark this important stage, we created a bright visual transition on the wall of the museum.

Perhaps the most exciting place is the beginning of the exposition. Here, there are children's photographs of Dima Burda, whose birth in 1994 started the direction of baby food distribution and this business. Insets of children's photos are like an exciting quest, as plunging into them is both a part of business memories and a family photo album.

If we talk about the exhibits, then the Pursuit of Prime statuette, which we received in 2007 from Ichak Adizes, has great importance for me. It's interesting, but I have a replica in my office while the original is in the museum. Another significant exhibit is the book "There are Few Real Violent Ones" by Vladimir Shubin, where one chapter is devoted to us as a company obsessed with corporate training."

Vladislav Burda



Family Business Awa

ЦЕРЕМОНІЯ НАГОРОДЖЕННЯ
НАЙКРАЩОГО СІМЕЙНОГО БІЗНЕСУ РО

FBN UKRAINE: A NEW DECADE

The 35th event will go down in the history of FBN Ukraine (Association of Ukrainian Family Business Owners) as the most ambitious one. Summing up the results of 10 years' history, memories of how it all began, sincere confessions, and the awarding ceremony of the best family company of the year — all this made the event unforgettable.



I started reading this book as a fascinating detective story, and ended it as a tragedy," said Vladislav Burda, Founder and CEO of RedHead Family Corporation, President of FBN Ukraine, in his opening speech, talking about the book "Family Wars", which describes the classic conflicts in family businesses and ways to resolve them. "I bought this edition in September 2008 in Delhi while attending my first family business summit, FBN International, the International Association of Family Business Owners. At that time, there were no serious corporate disputes related to family conflicts in Ukraine. It was then when I realized that we should learn how to prevent conflicts within the family that could lead to family wars."



Vladimir Domanin, Vladislav Burda, Larisa Mudrak, Tatiana Burda, Vera Kolinko

Later, having studied the concept of significant interaction within three circles of family business — the roles of the owner, manager, and head of the family, Vladislav began to search for like-minded people. On August 8, 2009, for the first time, he met with 16 enthusiasts. After three hours of communication, the owners of family businesses realized that they could give one another much more than outside consultants or teachers. They defined three main tasks to work on: integration into the family business, training heirs, and sustainable continuity.

UNIQUE COMMUNITY

Knowledge transfer required a lot of efforts. During this time,

they tried different formats: ski and yachting competitions, communication within the "circle of trust". For closer communication, the Family Business magazine, the FBN Ukraine library, and other things were launched. Eventually, they found the most effective format of meetings that includes speakers' presentations, visits to the host companies to learn their business experience, discussions, sports, and entertainment events. All of these elements helped to create an ecosystem that has allowed family businesses to stick together for a decade. For ten years, members of the Ukrainian Association have participated in 36 events and visited nine countries.

"We managed to create a unique community of people who are ready to support each other in difficult times as well as in good ones," notes **Vladislav Burda, the President of FBN Ukraine**. "We never close our eyes and turn our backs on family problems. We look ahead, try to find the best solutions, think about progress, and the best ways to develop the family business as to manage a family is much more difficult than just to manage a business. FBN is a kind of education system. We all are ideal colleagues for one another as we know all the nuances of the family business."

At the anniversary evening, **Sofiia Opatskaia, Founding Dean and**



FBN IS A KIND OF EDUCATION SYSTEM. WE ALL ARE IDEAL COLLEAGUES FOR ONE ANOTHER AS WE KNOW ALL THE NUANCES OF THE FAMILY BUSINESS

Chairman of the Supervisory Board of Lvov Business School at the UCU (LvBS), presented the results of the first research on the family business in the history of Ukraine. "The question that all founders of family companies try to answer is how to find the personal balance in the triangle "business, me and family." It's not only about time, but also about dividing the relationships into working and

personal ones. And although all the study participants admitted that such a division is essential for family businesses, many of them are still looking for this balance."

FAMILY BUSINESS AWARDS UKRAINE 2019

The 35th event culminated in the solemn award ceremony of the winners of the first national Family Business Awards

Ukraine 2019 – the best family company of the year. The idea of the award came up five years ago, but only in the summer of 2019, FBN Ukraine finally developed its implementation methodology and format. They invited a reference jury of 10 experts from different spheres – education, strategies, corporate management, marketing, family business, etc.

"Together with the jury, we discussed how we would conduct the competition," Vladislav Burda explained. "Then we announced the call for applications. To our surprise, we received more than twenty applications from Chernigov,



Poltava, Cherkassy, and Odessa. Among the participants, there were representatives of various industries: retail, banks, education, development, a dry cleaning network... The most important evaluation criterion was the constant growth and development of a company. We also considered how a nominee prepared for succession, whether the company had a board of directors, some progress in the building of the inheritance system, the characteristic features of the family business, and what its social contribution to the society development was."

AWARDED THE BEST

The mission of the Family Business Awards is to develop the culture of the family business and help family companies form a strategy for long-term stability and create opportunities for their business growth. The award winner received the main prize — the Best Family Business of the Year statuette, created by famous Ukrainian sculptor Mikhail Reva. The statuette



represents the stem growing from the seed and symbolizes growth, sustainability across generations, and the creation of a succession culture in the family business.



The Kazavchinsky family

THE STATUETTE REPRESENTS THE STEM GROWING FROM THE SEED AND SYMBOLIZES GROWTH, SUSTAINABILITY ACROSS GENERATIONS

To apply for the award, a company should have at least 70 employees; at least five years of experience; equity capital of at least \$ 1 million on December 31, 2018, and its business operating in Ukraine. As for the selection methodology, the nominees were assessed in three main categories: corporate management, financial and

growth stability indicators, and positive impact on society.

The main prize of the Family Business Awards 2019 went to the GST Group of the Kazavchinsky family, producing security seals. The Odessa family-owned company has a successful 21-year experience with over 2000 sqm of production space, its own product

line of 14 items, established export to 80 countries, about 180 employees, three managing partners from two generations. And they are going to expand their export geography to 150 countries.

In addition to the main award, two special prizes from the partners of the competition IdeasFirst and Deloitte Ukraine were awarded to the Nibulon company for its social contribution to society development; and to the LIGA group of companies for the harmonious integration of the next generation into the family business.

THE 36th EVENT IN LVOV





At the end of August, the first post-quarantine meeting of the Association members gathered 70 participants from 30 families. It was a long-awaited event. After numerous online conferences and a lockdown, the owners of family companies were able to meet like in the days of the pre-quarantine era. A distinctive feature of the 36th event was a large number of new families. FBN Ukraine members greeted the representatives of AVA Group, Astarta, HDGroup, Macrochem, Modern-Expo, and KIMS.

The event began with a speech by Vladislav Burda. He reminded the main theories of a family business, tools, and methodology of business sustainability, management, and succession.

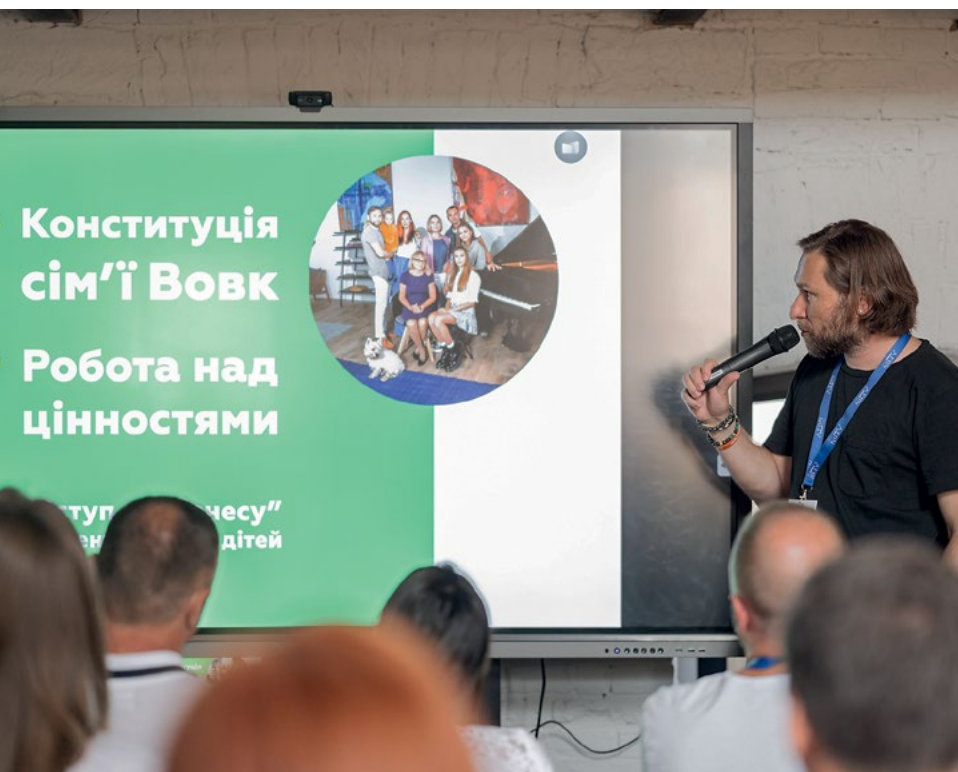
Only a third of family-owned companies in the world is successfully handed over to the next generation. The goal of the Association is to achieve 70% of successful business succession in our country.

"Succession should be ensured both in management and ownership. So, the owners will always have lots of work to do. Exchange of precious experience is the reason why people come to such meetings," **Vladimir Domanin, the Executive Director of FBN Ukraine**, shares his impressions of the event.



The participants will definitely remember the speech by Sofiia Opatskaia, Founding Dean and Chairman of the Supervisory Board of Lvov Business School at the UCU, who spoke about the goals and mission of UCU and the development of the university. Many participants of the meeting had something to compare with — in 2013, FBN Ukraine visited UCU during the winter event.

"The way the university has developed over seven years is impressive as well as its story about fundraising (the university has many patrons both in Ukraine and abroad). Another amazing story is how UCU finds a balance between caring about the quality of education and raising funds for the construction of modern educational buildings, or how it attracts funds for training of talented youth," says Vladimir Domanin.



The founders of the Barkom Company, which united meat production under the Rodynna Kovbaska (Family Sausage) trademark and the bakery production Rodynna Pekarnia (Family Bakery), shared their family story. Their products are sold in 450 stores with 1,900 employees. Once the brothers Aleksandr Bavorovskii and Oleg Baran had a production conflict, their family business appeared on the edge of division. They saved the situation by creating a board of directors and thus changed the format of communication and



business management. Thanks to this, Oleg and Aleksandr managed not only to maintain excellent relations in the family but also to bring the company to a new level of development.

The FBN Ukraine participants could also hear a presentation of the Enzym Company. By developing new technologies, this company moves towards its goal — to grow from a large yeast producer to a developer and manufacturer of biological products.

The next host of the event was the family business of Yelena





The Burda family
(Dmitrii, Yana, Tatiana,
Vladislav, Timofei)

and Rostislav Vovk — the company for the animal food production Kormotech. The company dramatically changed its export strategy after the Revolution of Dignity. The Head of the company Rostislav shared the story of how Kormotech could abandon the Russian market — their main sales market at that time — and enter the European one.

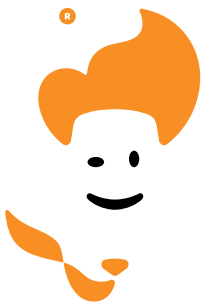
Some of the events in Lvov were held especially for the NextGen participants (children of the family business owners). Every evening, the NextGens gathered for their own team building sessions. On a separate panel of





the event, Marina Yevtushenko (Familia Dental Clinic), Sergei Korin (Ruta Resort & Event Hotel), Aleksandr Mikhailenko (MIRS) and Dmitrii Burda (RedHead Family Corporation) shared their own experience of entering the family business.

Although the official program of the Association members' meeting was designed for two days, the communication continued on the third day too. On Sunday, families gathered for a golf master class and even had their own mini-tournament, which they called the FBN Ukraine First Family Golf Tournament.



RedHead

Family
Corporation

www.redhead.ua

Founder and CEO
RedHead Family Corporation —
Vladislav Burda

Credits:

Data and photos (RedHead Family Corporation) —
Anna Bebeshko, Angela Poddubnaia

Design and prepress:
the Custom Lab content studio customlab.ua



The issue was signed for printing on December 12, 2020.
When using materials, a reference to the magazine is required. Photo: [shutterstock.com](https://www.shutterstock.com)

*Corporate magazine of RedHead Family,
Issue №16 (52), December 2020.
In publication since 2001*

*Printed by Avanpost
Edition 500 copies*