

STRATEGIES FOR BUSINESS IN MOSCOW

# CAPITAL IDEAS



No bees, no honey;  
no work, no money

Anke Pötzsch:

# When one door closes, two new doors open

**The German holding company INTERPONT, which provides consulting and outsourcing services and has been operating in Russia for over two decades, is a unique enterprise. It wasn't "imported" from abroad, but rather founded from scratch right here in Moscow.**

*Anke Pötzsch founded INTERPONT in 1994, while she was a student from GDR studying in Moscow. She was an exchange student at the Moscow State Linguistic University, learning how to be a translator, as well as an economist and lawyer. Life circumstances pushed the German student to go into business. After the reunification of Germany in 1990, all previous agreements between Moscow and Berlin were no longer in effect. Things were changing quickly, and one of the things that changed was that Anke now had to pay for university with money she did not have.*

*After thinking things over, the entrepreneurial German student set up a German-Russian venture with her Russian friend: a tailoring shop for curvaceous women. Anke was quite inventive and her fashionable outfits started selling immediately. She even had to hire additional help.*

*Anke liked living in Russia and decided to stay in Moscow, figuring that her knowledge and experience in starting a business in Russia with respect to tax, accounting and legal nuances may be useful to Germans who want to start doing business in Russia. This is how INTERPONT was born.*

*Not much time passed before the goal-oriented German student turned into a successful businesswoman people turn to for advice and support.*



**Ms. Pötzsch, you founded INTERPONT 22 years ago and now help others do business in Russia. Were things easier back then, or are they easier now? How much have things changed for people looking to set up a business in Russia, both in terms of organizational challenges and political nuances?**

You know, business is always difficult – that's just the nature of business. Anybody who tells you otherwise is lying. On the other hand, it is very interesting. In my opinion, comparing the challenges of different time periods won't give you a complete picture.

You develop and grow with the market and with the country, you set new goals and objectives, overcome new challenges and enjoy your shared success. Of course, a lot has changed since 1994 and many aspects of doing business change quickly: tax nuances, licensing and registration procedures, our everyday reality (such as the introduction of sanctions) and many other things. This is one of our professional competencies – to always stay on top of changes in order to help our clients.

**One online review of your company states the following: "a stable German consulting company that is active on the Russian market." How stable and active are you? And what specific services do you offer?**

The number of years we have been in business (22) is already a good indicator of our stability. Our large client base is another factor that has remained stable – it continues to grow, together with our company (Smiles).

The fact that we have been in the same office on Tverskaya 16 and have expanded our company to take up three floors also speaks to the stability of our company.

But all jokes aside, our constant expansion and development, the opening of new regional and international offices, new clients: all of these are indicators that point to how active we are on the market. We do everything gradually, step by step and, as the popular saying goes, measure seven times before cutting once. Like all Germans, we are extremely careful and think every decision over several times.

Right now we are working on the Asian market with the help of our offices in China and Kazakhstan. Our colleagues from Germany, Brussels and Warsaw are helping us attract European clients, especially clients from the Benelux and Poland.

Even our appearance is going to change soon: we are actively working on updating our corporate style in order to ensure it falls in line with the development of our company and is a better reflection of our mod-

ern, methodical approach to all issues. We offer a very wide range of services, including: outsourcing business processes, legal support, auditing, accounting and tax consultations, certification, administration, personnel management and office solutions.

**How many clients do you currently have? Is INTERPONT's client base limited to German companies, or do entrepreneurs from other countries use your services as well? Do you only work with small and medium-size businesses, or do your clients include big companies?**

INTERPONT's client base includes over 400 companies. 55% of these companies are German, 20% come from other European countries, and the rest are from the US, India, China, Japan and even Russia. It's easy to imagine a scenario in which we, an open organization with a multi-cultural employee base, would gladly work with companies that are not part of the German segment. Our door is open to everybody who needs our services.

As I have already pointed out, INTERPONT started operating at the international level a long time ago. In addition to our branches in Russia, Kazakhstan and Ukraine, we have opened offices in Warsaw and Hong Kong.

We have many different types of clients, but we deal with a lot of medium-size businesses (companies with turnover of about 50 million euros per year), as well as large international corporations and multinational companies. We also work with small successful companies. For us, every client has always been and will always be important, which is why we are happy to help any company that seeks our services.

**Do you have a lot of employees in Russia? Obviously, most of your employees here are Russian. How would assess their level of professionalism?**

I always say that it is impossible to do business in Russia without Russian employees. This is why almost all of our employees are locals. We currently have over one hundred Russian employees that I expect to be responsible and take initiative.

They always have a right to voice their opinions and I am interested in hearing them – especially when it comes to young professionals who have grown up in a different world and have an entirely different approach to business. I value the professionalism of my colleagues, otherwise I would not have offered them a job at INTERPONT. It is very important that the level of service we provide to clients meets their demands. I respect, value and like my colleagues.

**Western businessmen frequently express concerns about working in Russia. They bring up bureaucracy, corruption and crime. What has your**

**experience and the experience of your clients been like?**

I think that these concerns are somewhat exaggerated. There is bureaucracy everywhere, it's just easier to navigate in some places than in others. There is also corruption and crime everywhere. Russia is a wonderful country with great opportunities, as well as a big market for goods and services.

Foreigners are sometimes scared to enter the Russian market because they fear dishonest partners or financial scams. This happens, first and foremost, because foreign media distorts information and misleads people. This is why, aside from providing the services outlined above, we try to alleviate some of these fears. We tell our clients how great Russia is and show them what life here is really like. Of course, we also offer to run background checks on future partners or outsource accounting and legal support in order to put our clients at ease once and for all.

**According to the Committee on Eastern European Economic relations, trade turnover between Russia and Germany fell by about 25% in 2015, shrinking from the 80 billion euro high posted in 2012 to 50 billion euros. Many experts say that the reasons behind the decrease include the plummeting ruble and oil prices, as well as economic sanctions. Have you or your clients felt the effects of these negative factors? If so, in what way?**

You know, the biggest challenge is the exchange rate and the decrease in consumer activity. This has a direct impact on contracts, accounts, payments – on the financial livelihood of companies. Yes, these are also challenging times for us...

Our clients are constantly in contact with their partners, fixing exchange rates, granting extensions, expanding their range of services, providing discounts. We are always ready to discuss terms with our clients in order to make sure that everybody is happy. I think German companies were hit the hardest by the sanctions...

**One relevant trend in the development of the Russian economy is import substitution. Do you think this will scare off Western entrepreneurs?**

Import substitution does not preclude the participation of international companies and, so far as I can tell, Russia does not plan to completely do away with imported goods. The summer economic forum in St. Petersburg, for example, confirms this.

Among other things, we've seen the results of a recent Ernst&Young study: in spite of the fact that 90% of polled foreign investors did not see the current economic situation as favorable, 39% of them planned to expand their presence in Russia. In my opinion, this is

a positive indicator and I see evidence of it every day while working with our clients.

**Another aspect of the problem is that Western sanctions have pushed Moscow to more actively seek cooperation with other countries – China, for example. Are German companies at risk of losing their share of the market in Russia, along with their long-term Russian clients?**

No! I don't think that there will be a complete shift toward Asia. Moreover, the credibility of German companies in Russia has always been and will continue to be high. Even if there is a decline in market share, we will see a return to previous dynamics as soon as there is a positive change.

**In your opinion, what spheres will be most attractive for small and medium-size businesses from Germany and other foreign countries in the near future?**

I am no superb business analyst, but, according to GTAI research, there will be higher demand for packaging equipment and greenhouses, for example. Since Russia is gradually developing domestic production and values technology from Germany and Western Europe, there should be a lot of opportunities in this sphere.

Russia also intends to utilize German technology in projects that have already supposedly been contracted out to Asian countries. The reason is simple: Russia and Germany have many things in common, not just history...

When one door closes, two new doors open. This same rule applies to business. ■

