

**National Research University
Higher School of Economics**
Graduate School of Business

MANAGEMENT PRACTICES OF RUSSIAN COMPANIES

CASES FROM THE COLLECTION
OF THE HSE GRADUATE SCHOOL OF BUSINESS

VOLUME 1



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This collection of compact cases on management practices in Russian companies was produced
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ally. The cases in this volume reflect on a wide range of the current issues in business management,
such as Strategic Management, Business Innovation, Supply Chain Management, Brand Management,
ESG and Business Ethics, Talent Management, Entrepreneurship, as well as doing business during the
COVID-19 pandemic.

This case collection is recommended for students, participants and faculty of various programs in
management — from Bachelor and Master to MBA and Executive Education.

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N°	Compact case title	Subject category						
		Change management	Data analysis	ESG and Business Ethics	Logistics and Supply chain management	Marketing / Branding	Strategic management	Talent management / Organizational behavior
1	CIRCULAR ECONOMY DILEMMA AT BIOFOODLAB: HOW TO STAY FAIR, HEALTHY AND GREEN			●			●	
2	RELOADING THE KALASHNIKOV BRAND IMAGE, HIT OR MISS					●	●	
3	CRACKING CROC'S TALENT	●						●
4	50 SHADES OF GREEN: THE RE-POSITIONING OF PEREKRESTOK IN THE GROCERY SUPERMARKET SECTOR			●		●		
5	JOOM — CHALLENGE TO THE AMAZON				●	●	●	
6	WHICH PERSONA? APPLYING ARTIFICIAL INTELLIGENCE TECHNOLOGIES AND DIGITALIZATION TO TRANSFORM THE FASHION INDUSTRY					●	●	
7	ORGANIZATIONAL CHANGE MANAGEMENT IN PAŞ ABAHÇ E-RUSSIA: MOVING UPSTREAM	●						●
8	GAINING COMPETITIVE ADVANTAGE IN THE E-GROCERY MARKET IN MOSCOW: VKUSVILL'S RESPONSE TO THE CORONAVIRUS PANDEMIC				●		●	
9	DELIVER2.ME: EXPLORING THE POTENTIAL OF DATA SCIENCE TO IMPROVE RELIABILITY OF SUPPLIER DELIVERIES		●		●		●	●
10	DIGITAL CHALLENGE: THE STORY OF THE INNOVATIVE 3D SCANNER OF THE HUMAN BODY					●	●	

INTRODUCTION



SERGEY KUSHCH

Professor, Deputy Dean for Research,
HSE Graduate School of Business

We are pleased to present you this first volume of compact cases produced by the Graduate School of Business at the National Research University Higher School of Economics, Moscow. With this book we start a large-scale project of creating the HSE Graduate Business School's collection of cases which will focus on the management practices of Russian companies and multinationals that are doing business in (and with) Russia. Although there are currently more than 100,000 cases in various international databases, very few of them focus on business management in Russia. Also, we at HSE GSB are interested in developing the case method further in order to adjust this traditionally key learning method of management education to the new challenges that business schools face — in Russia and elsewhere.

The work on this volume started in Autumn 2020, when 20 HSE business management faculty members (16 from GSB and 4 from the University campuses in St. Petersburg and Nizhniy Novgorod) formed a study group in a seminar, jointly organized by HSE GSB and The Case Centre to develop competencies in designing and writing compact cases. This type of cases is increasingly popular in the leading business schools around the globe. Conceptually, these are short cases — no more than five pages long — that may embrace a wide range of business issues in various fields, as it is with full-size business cases (the so-called Harvard cases). Thus, compact cases provide contextual backgrounds, connect theory with practice, and develop insights as well as full-format cases.

This first compact cases project has been the initial action of the newborn HSE GSB' Russian Case Center which aims to promote integration of the case method not only at HSE but in the Russian business education at large — by creating a collection of Russian-centered cases, and also by accumulating and promoting advanced expertise in the case writing and the case method. The collaboration with The Case Centre (the world's largest

clearing house and distributor of business cases) provided expert support during the entire case development process. This allowed HSE faculty to familiarize with international standards of all stages of producing high-quality compact cases, thus aiming at registering them at The Case Centre after appropriate procedures.

The collection covers a wide range of topics including Entrepreneurship, Strategic Management, Business Innovation, ESG and Business Ethics, Supply Chain Management, Brand and Talent Management. Furthermore, some cases considered such “hot” topic as the features of management during the COVID-19 pandemic.

This volume is published simultaneously in two languages — English and Russian — which means that these educational materials will be used not only at Russian-speaking, but also at international business schools. Publishing this set of cases in English also provides for registering them in The Case Centre database, thus making these cases available to professors and students all over the world.

This set of compact cases was developed for business school students of undergraduate and graduate programs, and also could be used in executive education, as well as by professional managers interested deepening understanding of effective management decisions in the Russian institutional and business context. Each case specifies the appropriate target group and programs where the case can be best applied.

I wish to express here my deep gratitude to the management and experts of the companies, who provided the information necessary for developing these compact cases, as well as all the project participants for their enthusiasm and extensive involvement in creating and presenting the cases. Special appreciation to Trevor Williamson from The Case Centre for his outstanding professionalism and careful attention to each case and to each member of the project group.

With great sincerity and best wishes to all the project participants.



TREVOR WILLIAMSON

Elmfield House Associates,
on behalf of The Case Centre

My passion for and belief in the value of the case method approach to teaching and learning can be traced back to late September 1976 when I was inspired by my Marketing lecturer to engage in a marketing strategy case, Nike in China. I was a final year “Management Sciences” undergraduate at the University of Manchester Institute of Sciences&Technology. Little did I know at that moment in time that I would be here, 44 years later, trying my best to help faculty members at HSE Business School write “teaching”cases that will, hopefully, have an equally inspirational impact on the lives and careers of students with whom they and other lecturers come into contact with, around the world.

A career switch into Higher Education, sixteen years later in September 1992, provided the platform for me to practice the art and craft of delivering cases in the classroom with students of my own. I had been appointed Programme Leader for a “Financial Services” degree at Manches-

ter Metropolitan University and was intent on releasing the potential of case studies to help them acquire skills and insights into business and management that no other approach to teaching and learning could deliver, in my view.

The next step on my journey of discovery that has underpinned the design and delivery of something in the order of 80 case teaching and case writing workshops at leading Business Schools around the world, was participation in “An introduction to case writing workshop” at The Case Centre in Cranfield, in 1995. Little did I know at that moment in time that 25 years later I would receive a telephone call, Kate Cook, Events Manager at The Case Centre, to invite me to participate in this wonderful, ground-breaking, case writing project.

From the moment I was introduced to the colleagues from HSE I struggled to contain my excitement at the prospect of laying case writing foundations at the Business School to showcase the quality of the applied research, teaching and business connections that the cases in this booklet reveal. The quality of the first cases to emerge from the process reflect the depth and range of expertise of faculty members in the Business School that was shared with its business partners, from startup entrepreneurs to corporations with a global presence. This provided

for a platform for discussion and debate about contemporary business issues and concerns, and consideration of alternative perspectives on their solution. Those who engage with the cases will find it a rich and valuable learning experience that will stand them in good stead when they face similar challenges in their future careers.

It has been a privilege and pleasure to work with such an able and enthusiastic group of authors, all of whom showed great commitment to establishment of a compact case collection at HSE Graduate School of Business. I congratulate the case authors and hope their work receives

the recognition I believe it deserves. I look forward to working with Cohort 2 to build upon the foundations of the case collection that have now been laid.

Wouldn't it be wonderful if in 44 years' time another individual writes a foreword in a case booklet, reflecting upon the life-changing and inspirational experience of engaging with one of these cases, delivered by a faculty member at HSE. I am confident that in the meantime the lives of many students around the world will be enriched as a result of this collective endeavour. For those of you who have participated in this project, I thank you on their behalf.

Case № 0001-2-1

CIRCULARECONOMY DILEMMA
AT **BioFoodLab**:
HOW TO STAY FAIR,
HEALTHY AND GREEN

E. Ivanova, N. Milovantseva

This case is written for upper-level undergraduate and graduate students to be used in business ethics, corporate social responsibility, sustainable development, social entrepreneurship and strategic management courses. The case was compiled from field research and open sources about a Russian pioneer in healthy food snacks industry.

The readers are invited to identify, analyze and understand the risks and opportunities that business faces with introduction of environmentally friendly packaging in the context of emerging markets; investigate how to develop and continuously improve a responsible product according to the principles of circular economy; internalize the importance of business with purpose capable of meeting expectations of company's stakeholders.



Figure 1. Elena Shifrina, BioFoodLab, 2019
Source: BioFoodLab.

Immediately after reopening her business production works in the middle of May, 2020, after the first COVID-19 lockdown, Elena Shifrina, the BioFoodLab founder, was very happy to reconvene with her office staff. Having finished her morning rituals — a jog around the neighbourhood, a healthy home-made breakfast with the family — Elena rushed to lead a meeting at the renovated space of Trekhgornaya office in the western downtown of Moscow.

Alexandra, Anton and Anastasia, BioFoodLab's R&D, finance and marketing directors correspondingly, had already gathered to make a strategic decision. The decision concerned the commitment

the company should take to switch to a more environmentally-friendly packaging solution for its flagship Take a Bite snack bar. The company attributed 60% of its product success to packaging with stylish design that speaks directly to 'Generation Z'. The dilemma about how to change the packaging without compromising the company's values, raising production costs or impairing product quality was on Elena's mind.

As she was heading to the office, Elena recalled a recent trip to the BioFoodLab's production site in Moscow's Khimki district where she welcomed the first guided tour for a group of curious visitors. During the tour, some of the lifestyle of health and sus-

tainability (LOHAS) bloggers who loved the Take a Bite brand for its natural ingredients were upset to see how much packaging materials were used in production and distribution of Bite bars. They questioned what the company was doing to convert their products to environmentally-friendly packaging to avoid over-packaging and waste accumulation. Elena told the guests that BioFoodLab had already made a significant change in packaging for its Bites from the original triplex wrapping to a single plastic one. She emphasized that the key principles of circular economy are embedded in the company's DNA.

Figuring out how to deal with the packaging without harming the environ-

ment has long been on the company's list of priorities. Anastasia, the marketing director, insisted on addressing consumers' calls for action, "Millennials are super conscious consumers and they demand a 100% environmentally-friendly product." Alexandra, the R&D director, said, "Given our standards of product quality, expected shelf-life and the current state of environmentally-friendly technology, this would be impossible to achieve in the nearest future." Anton, the finance director, was also skeptical, reminding his colleagues, "Think about costs of switching to a new equipment and rebranding if we consider changing our packaging."

ELENA'S JOURNEY: FROM A STAR STARTUP TO A BUSINESS WITH PURPOSE

It was a strange journey: from a cat-walk model in Paris and London in the 2000s, to oil company executive for TNK-BP in Moscow in 2005, to the founder of BioFoodLab in 2011 with a \$120,000 investment from her own savings. Elena's company was recognized by Russian Forbes as a 'Startup of the Year' in 2013. In 2015, Elena's BioFoodLab was an ambassador of Russia at the World Expo 2015 in Mi-

lan. Now she is the CEO of a business with global ambitions, already selling its products in 14 countries (CIS countries, EU, Arab Emirates and China), with 170 employees and expected turnover of \$22 million in 2020.

As a young girl, Elena was brought up in a typical middle-class family in the South of Russia and never dreamed of becoming an entrepreneur. She wanted



Figure 2. Healthy snacks, BioFoodLab, 2020
Source: BioFoodLab.

to be a customs officer. But she did not pass university entry exams in Russia. So she left the country and worked hard to finance her bachelor degree in business from Regents Business School in London, where she was earning her living as a model and studying at the same time. Quite soon, Elena became disillusioned with modeling, because of the little influence she had in what she was doing. Moreover, she was constantly forced to lose weight and stay on a diet. This was far from her own perceptions of healthy eating habits that her mother had instilled in her when Elena was a child. As she was growing up ballet classes gave her

thorough training in the everyday practice of staying fit.

Her accountant grandmother taught Elena to carefully calculate her budget, save money and be conscious about using resources in general. A career change to become a corporate executive in oil sector brought Elena back to Moscow and allowed her to accumulate savings. As part of her final project for an MBA degree at Skolkovo Business School Elena put forward an idea to fill a gap in the Russian healthy snacks market inspired by her internship at MIT. The healthy lifestyle that she saw in downtown Boston with people jogging, eating healthy food

and the entrepreneurial spirit she felt in the air from all the youngsters running around with their prototypes left a lasting impression on Elena.

She was so fascinated by the idea of launching a first healthy snack business on the Russian market that one day, after many sleepless nights and doubts, she followed advice of her future husband and registered her own startup, BioFoodLab. She opened a bank account and hired a technologist, her first employee. To Elena's surprise, her startup created at the Skolkovo co-working space was able

to become a profitable business within the first 6 months with a small team of enthusiasts. This was possible without borrowing money, but with only effective management and a desire to make a product that mattered to public health. Elena always remembered what her grandfather, a test pilot who had trained with Yuri Gagarin, said, "The sky is the limit if you work hard and remain true to your values." Elena's mission is to go even further and supply astronauts with BioFoodLab's healthy snack bars, and leave this planet for her kids in a better state.

BIOFOODLAB'S PRODUCTS: A CO-WORKING CREATION WITH LOCALIZED PRODUCTION

The first product BioFoodLab launched in 2012 was Take a Bite¹ fruit and nut bar,

¹ A Bite, Cherry Almond Bar has a weight of 45 grams, contains 176 calories and its seven ingredients include Dates, Cranberries, Hazelnut, Almonds, Cherry, Cloves and Cinnamon. To compare it with a competitor's snack bar, a Cherry Bar produced by S7, it has a weight of 35 grams, contains 460 calories and its 19 ingredients include Syrup, Puffed rice with cocoa (rice flour, wheat flour, sugar, table salt, cocoa powder), Cornflakes (corn grits, sugar, table salt), Confectionery fat, Baked grain mixture (oat flakes, wheat flakes, palm oil, puffed rice, sunflower seeds, wheat flour, syrup), Dried cherries, Dried cranberries,

which consisted only of nuts, fruits and spices. "It was originally made for people who don't want to choose between tasty and healthy, natural and artificial," recalls Anastasia. She said that by 2020 the company had a product line with a range of over 50 items. Take a Bite remains the flag-

Candied pineapple (pineapple, sugar, food coloring carmin), Raisins, Maltodextrin, Dried whole milk, Malt extract, Rolled oats, Dehumidifying agents (sorbitolsyrup, glycerol), Flaxseed, Sugar, Emulsifiers (lecithin), Flavorenhancer, Antioxidants (ascorbicacid, citricacid).



Figure 3. The first guided tour of the production site in Khimki, BioFoodLab, 2020
Source: BioFoodLab.

ship brand followed by its lower calories version, Take a Slim Bite, a special brand for kids — Take a Bitey — and a protein-based cookie, Take a Cyber Bite, for people who are active in sports. “At the moment, around 80% of ingredients used in production are sourced from multinational suppliers that guarantee high quality and continuous delivery,” pointed out Anton.

What sets BioFoodLab products apart is that no product contains added sugars, coloring agents or preservatives. This is why they are labeled as authentic healthy snacks. Elena is a 100% vegan. Her values are reflected in BioFoodLab’s products

that are manufactured using gentle processing technology. All products are vegan certified and are suitable for kids and even astronauts. “We all are living LOHAS and we believe in a circular economy, just look at the green wall in our office,” Anastasia proudly stated. “I love running marathons with Elena and Anastasia, and can’t wait for our next one,” added Anton. Elena is not only engaging her own colleagues in LOHAS, but as an active social media user she runs joint campaigns with celebrity bloggers to promote this culture in Russia by focusing on sports, cooking and healthy eating. All members of the

management team share a belief that following the 'reduce, reuse and recycle' principles in the daily business operations is the only way to move business forward.

In 2015, BioFoodLab opened its own production site in Khimki, which allowed them to strengthen quality control, expand the range of products, by launching gluten free bars and healthy snacks for children. Initially, as Anastasia confirms, the distribution policy was targeted at premium supermarket chains and pharmacies. By 2020, products of BioFoodLab could be found on healthy food shelves of the larg-

est supermarket chains in Russia. Anton pointed out, "Being a market leader in our niche is a huge responsibility, but we outperform our followers by offering consistent pricing, flexible delivery options and a range of products available online from us directly." Elena believes that business should create jobs locally and strive for fair pricing. That is why her production is based in Russia. She keeps telling her colleagues, "I believe that the snacks must be affordable so that every person in Russia can have a healthy snack at least once a week."

IT IS ALL ABOUT PACKAGING: HOW TO SHIFT TO A 100% SUSTAINABLE PRODUCT

In snack industry packaging is everything because consumers prefer individually packaged treats. This means, according to Anastasia, that "In addition to be visually appealing, the wrapper must be well sealed to ensure shelf life of the product." Teaming up with first technologist, Elena initially had chosen a triplex packaging in order for the product to meet rigorous Russian safety regulations and have shelf life of 12 months. From the very beginning the company used colorful pictures and messages on wrappers and boxes

for its products to communicate its values to consumers. An initial investment of \$30,000 was made into the original packaging product design developed by British designers.

How to dispose of plastic and paper packaging in an environmentally friendly way is the area where BioFoodLab is looking for a sustainable solution. Responding to the consumer expectations of 'Generation Z', Anastasia had noticed a growing concern about lacking environmentally-friendly options for packaging disposal.

She maintains contact with a popular blogger Nick who shared his pain, “I would love to take Bite bars with me on my hiking trip to Altai mountains! But I cannot do it. The plastic wrapping of my favorite bars doesn’t allow me to get rid of it in the beauty of a divine nature, without harming the environment.” BioFoodLab has already worked toward reducing its

single use packaging, according to the provisions of the EU Green Deal¹. In light of the upcoming EU’s sustainability advocacy as the new mainstream, Aleksandra is still adamant, “It would be impossible to seal and guarantee the quality without adding preservatives to our products.” Anton added, “I am afraid there are no efficient technologies and processing sites

Sustainable producers are seeking safer alternatives to harmful packaging with plastics in FMCG sector.

ecological footprint by making efforts to recycle paper boxes and by replacing a triplex wrapping with a new single plastic material. Anastasia shakes her head and says, “For recycling the packaging it has to be accumulated in high volumes and the single plastic material still is not a 100% sustainable solution our product deserves.”

Sustainable producers are seeking safer alternatives to harmful packaging with plastics in FMCG sector. EU countries, where some of the BioFoodLab’s products are sold, are planning to develop requirements to ensure that all packaging in the EU market uses environmentally-friendly, reusable or recyclable solutions by 2030 and there will be new regulations to support the use of innovative and sustainable biodegradable, bio-based and

for turning the snack wrappers into compostable material available in Russia yet.”

Awaiting Elena’s arrival at the office, Anastasia, Anton and Alexandra were finalizing the agenda for the meeting. The absence of preservatives is of paramount importance for maintaining BioFoodLab’s mission as a high quality food producer. The dilemma was how to stay true to the

¹ The EU Green Deal was presented on 11.12.2019 as a roadmap for making the EU’s economy sustainable. The Green Deal is an integral part of the EU Commission’s strategy to implement the United Nation’s 2030 Agenda. It aims to make the EU a global leader on transition to sustainability benefiting from zero pollution, affordable secure energy, smarter transport and high quality food. See: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

expectations of key stakeholders to deliver a 100% sustainable healthy product with a fair price and packaging that does not harm the environment. As Elena was entering the conference room a thought

struck her. She recalled her Soviet childhood with package-free goodies sold by weight. Now Elena and her team are to make a strategic decision on packaging for its flagship product Bite bars.



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#ResponsibleBusiness
#SustainabilityMindset



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#GreenEconomy
#SustainableDevelopment

Educational edition

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