



Leaders Talk

Sophie Oliphant - Chief Executive Officer of 3M Ukraine

Can we start with an introduction of yourself and an overview of your company? What is your company's strategic positioning on Ukraine's market?

I am a long time 3M-er. I have worked in the company for over 12 years, starting as a marketer and having very varied roles over the years. Yet, 12 years is considered a relatively short tenure in our company, where people often retire after 30, 35 and even 40 years of service. My previous assignments were mainly in Western European subsidiaries in European or Central Eastern European regional roles.

Last year, I was asked to take charge of 3M Ukraine. This was unexpected but exciting. I knew the region very well and I spoke the language but had not worked continuously in Central and Eastern Europe, if I do not count numerous business trips in my previous roles.

3M is an innovative company, in a true sense of the word. Behind 3M brand, there are many famous inventions, which changed the world, starting from light reflecting films which are used for street signs and not finished with Littmann™ stethoscope. We have products and technologies for virtually every industry.

The beauty of 3M is that regardless of the weight of a certain industry as a % of GDP in any given country, we can offer thousands of products helping improve processes anywhere. In Ukraine we are representing all of 3M's businesses but not necessarily all products, where opportunities have not yet been created. Our focus is mainly heavy industry such as mining and metallurgy, machine-building and energy sector as well as healthcare.

What key market drivers are positively impacting your business? What are the main challenges for you to overcome?

The political and economic outlook is unpredictable today in Ukraine. This creates certain challenges in business planning. The industrial output has a direct impact on some of our businesses. On the other hand, if safety standards are increasing at Ukrainian companies, which they are, is positively impacting our business. The UAH devaluation will help the Ukrainian industry, making exports cheaper, but is going to be tough on consumer businesses.

A diversified company like 3M is not dependent on a single market factor. The biggest challenge usually is prioritization of resources for new opportunities, as there are many, even in uncertain times.

Have you launched any new initiatives to combat the current challenges?

We recently completed a complete overhaul of our data to better understand our market, to quantify and assess

our opportunities on complex criteria based on market reality as well as future potential. Prioritization entailed assessing if a project is real, if we can win, and if it is worth it. We have created a detailed plan for the next 3-5 years. We re-assessed our portfolio and identified areas to invest in as well as areas to just maintain. This was a very useful exercise for the whole company.

We took this very seriously and attracted our European experts to aid us with this. It took many months but we now know which way we are going: we are focusing on operational excellence, productivity improvement and rational spending.

How do your latest trading/figures compare to the same period last year? What do you attribute the upturn/downturn to?

Core business continues to grow double-digit. The trend is still going up. However, some large projects are more volatile. Infrastructure projects, for instance such as pipeline rehabilitation or road construction and modernization, depend on the state budget spending.

If you look ahead five years, how do you see the future of 3M Ukraine?

The future is bright. It depends, however, on many reforms which still need to be implemented in the country, whether it is standards for safety, tax, lowering corruption. Ukraine's ability to trade actively with its neighbors and to increase exports is vital for the future.

It very much depends on the economy and the world's renewed confidence in Ukraine. Building manufacturing base is not yet in our plans as the scale is not there yet for our products. However, we are firmly committed to this country and will continue to invest and provide employment and education opportunities to talented Ukrainians.

What has been the most important management lesson you have learned?

Integrity, equity and openness are my main principles. The management needs to set an example. The recent history of Ukraine has led to forming a very hierarchical society with management culture very different from that in the west. In many local companies, management cannot be challenged; people expect very precise instructions, etc. Of course, progressive local companies are changing this and are setting some excellent examples.

We, on our part, are actively changing that and moving to a culture where people take full ownership and responsibility, show initiative, are self-motivated. It will take time but this is the only thing that will transform this society into a competitive and productive one.



When focus on the success of a business model you run - is it marketing or sales strategies that matters most?

One does not go without the other. We sell sophisticated products that often address our customer's unarticulated needs. These, often not-so-obvious benefits are not easy to communicate. So marketing and sales work hand-in-hand to correctly deliver the message to customers and expand our audience. If a sales representative can visit 5 accounts a day, a marketing program can reach thousands. We encourage marketers to spend up to 20% of their time in the field, working with customers, to better understand their needs. Once we reach the awareness and use, we achieve our ultimate goal to delight the customer. This is an organic process.

Naturally, Ukraine is a smaller subsidiary compared to even regional giants such as Russia, Poland and Turkey. We are a younger subsidiary and have access to the best practices of our older and larger siblings. On one hand, the information and support from the corporation is abundant, which is a massive benefit.

On the other hand we have to be effective and creative in our strategy and tactics, in order to deliver outstanding results with available resources.

How would you describe 3M's approach to being innovative? Is it a stimulus for growth and success?

Innovation is what defines 3M. It is at the heart of the company. 1/3 of our annual sales should come from the products which were launched within the last 5 years. Innovation is very dynamic. Even in Ukraine, every year, we launch hundreds of new products every year.

MEP Libor ROUČEK:

What is the model of cooperation with Ukraine we'd like to see?

For the Ukrainian business community, and not only for the business community, but for the entire country as well, it's extremely important to have close commercial, business and economic relations with the outside world. With regard to the European Union ... what are the benefits?

It's the investment, and above all I think it's the know-how. I mean the know-how of how to organize a business and how to organize a company. I'm Czech - not German or French - and I know how beneficial it was for the Czechs, Slovaks, Poles and Hungarians to attract companies from Europe and from all over the world. That's because those companies didn't just bring in money and capital, but more importantly they contributed know-how, namely, the knowledge of how to organize and manage companies and economies.

In my opinion, the abovementioned innovations are of great importance to Ukraine. Ukraine needs economic growth, not just to achieve economic progress, but also for social prosperity, and to increase the country's standard of living.

That's the most important thing when strengthen-

ing commercial and business ties with the European Union.

Of course, the Association Agreement doesn't mean Ukraine is joining the Eurozone. We can see there are difficulties within the Eurozone, because at the very beginning there were certain requirements and specific conditions which, however, were not properly fulfilled by several countries. In particular, this concerns Greece and the other countries that are facing problems that affect the entire Eurozone. But Ukraine is not yet joining the Eurozone. So it's up to the EU to sort out the issues, and I do believe we'll manage to resolve them.

What is important to understand is that even without the Eurozone, there will be certain parts of Europe, some states, which will be much more competitive and more developed than the rest. If we take our car industry, e.g. in Germany and France, and by the way, also in the Czech Republic, we see that they're world leaders in terms of development. In the long run, these countries have produced the highest quality [products]. That's why, whether we have the Eurozone or not, the knowledge, the know-how, you know, the engi-

neers, the designers and all the other professionals, will be still there. In my view, that's exactly the kind of knowledge Ukraine needs.

Moreover, I recently visited Uzhgorod in order to check out the car manufacture Skoda, which is assembling cars in Uzhgorod for the Ukrainian market. Beyond all doubt, this car company has big plans and is eager to expand.

What I'm trying to explain is that this is exactly the model of cooperation with Ukraine we'd like to see. That's because such expansions mean more jobs for Ukrainian specialists.



Libor ROUČEK is a Vice-Chair of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament

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