



**«Arbat» is not just a stable, dynamically developing enterprise. It is a real Empire, headed by Alexander Basansky.**

**«Arbat» became the first enterprise in the region which started extraction of deposits of buried gold formed in Great Ice Age at a depth of 90-100 m. It was one of the first to use the powerful Japanese diesel shovels.**

**The Holding consists of 11 mining objects, including two mines, placer enterprises; a jewellery workshop, 15 jewellery stores, and also a restaurant and a shopping center. One thousand employees are involved. How does he manage to run such a large-scale Company? What can be considered the key to success? How are human relations “the head – the subordinate”, relations with partners and competitors built? We addressed these questions to Mr. Basansky, Director General of the Holding.**

## ALEXANDER BASANSKY, CJSC “Arbat” Concern Chairman of Board of Directors «I Stake on Personalities»

### About the staff and company management

Today a lot of company executives complain of personnel problems. How topical is this issue for you?

There are no personnel problems at all. I offer people worthy wages, comfortable working conditions, human relations, and observance of Labour Code. As a result we have more people wishing to work with us rather than vacancies.

Speaking of comfortable working conditions you mean the office and shops, but not workers operating excavators in 50 degrees of frost, don't you?

Why? Absolutely all the subdivisions of the Company, including the extraction and processing of precious metals,

work in comfortable conditions. If speaking just about the excavators, their cabins are warmed, equipped with heaters, audio equipment, and the workers, controlling the excavators, feel comfortable, warm and safe. Certainly, this is very expensive equipment (Japanese Komatsu), but without tangible investments there can't be effective business... The “Arbat” Concern owns 9 most powerful Komatsu D-475A-5 bulldozers, 20 Komatsu D-375A-5 bulldozers, in total more than 100 units of imported equipment.

How do you succeed in managing such a number of employees – 1 thousand people?

It is clear that absolutely different people work on different positions and in different structures. So there's a special approach to each division. For example, in artels (about 750 people are involved in extraction and

processing), there's very severe army discipline, prohibition. It cannot be otherwise. They say that miners' wives don't recognize their husbands after their return home: clean-shaven, the washing-up is done, the clothes are in perfect order...

**And the office? The shops? A female team is something specific...**

Yes, an all-women collective is a peculiar structure. But here there's also a full order. There are no women at work; there are staff members. It is impermissible to be late, to gossip, etc. I set a task clearly. Those who understand at once work in the company for a long time and successfully. Those who don't understand have to leave. Judging by the fact that the turnover of staff in the company is 1%, nobody complains. In general, we give a person only one chance to get a job in our company. If you leave there is no way of returning back.

**Nevertheless, there is one percent of dissatisfied... And do you really take nobody back?**

You know, the dissatisfied always exist. Another thing is what they are dissatisfied with. The work discipline? There won't be differently. If you don't accept it – goodbye. We cooperate with those who are willing and able to work and earn. Not long ago three miners decided to join another arte – one 'activist' found out that allegedly the income is higher there, and enticed two more. They worked for a season, got their pay, and it appeared that with the deduction of income

tax, food, and other 'additional services' their earnings were by one-third less than ours. And they came to ask to take them back.

**And what? Did you take them back?**

Only the instigator – on condition that this demarche was for the first and for the last time. The rest two were refused – we don't need those who follow like sheep, who are not able to think and make their own decisions.

**It has been always considered that it is easier to manage the crowd...**

To manage – maybe. But I do not need to manage, I need to work. To work, to cooperate is possible only with personalities, with thinking people.

**What else besides decent salaries, bonuses and social package do you motivate your employees with?**

All our employees take refresher courses – people highly appreciate such opportunity for their professional growth. And for the company the professional level of the staff is certainly important. Non-material values are also of great importance for us. We are all humans, and all of us would like to get appreciation of our work, our significance for the company.

That is why I never forget to personally and sincerely thank the people for their conscientious work, for their loyalty to the company. I always myself present flowers and gifts on birthdays, and for me it is not a duty but a pleasant mission.







**Who solves numerous problems arising in the work of the company? You yourself or do you delegate powers to anybody?**

I myself supervise all the key, strategically important for the Concern issues: from a choice of fields to concept development of shops; from negotiations with partners, jewellery suppliers, to staff policy. The solution of current issues (not strategic) is the responsibility of deputies and qualified staff.

## About partners and competitors

**Such a huge corporation as yours, for sure, has a wide circle of contacts: partners, competitors...**

Partners – yes. For example, at the last jewellery exhibition 9 of us worked together. We examined 120 stands of real and potential partners, jewellery suppliers for our chain of shops.

As for competitors, I am not sure that the right definition is chosen. There are companies which work with us at the same market. But they have their own niche. So, no need to speak about competition in the habitual sense of this word.

**What principles do you build your relationships with partners on?**

First of all, it is observance of the assumed obligations, including financial. And without any delay! Though, of course, money is not the only and main indicator.

**Not money? Then what?**

Most important are the relations. Human relations (I spoke about it when answered your question about the staff). It is important not to refuse to help when somebody needs it. To lend your shoulder when necessary. I am deeply convinced

that while ‘struggling’ for business effectiveness you should not forget about the soul, and such non-commercial terms, as conscience, honesty. Some years ago one nowadays known (and at that time a beginner) businessman was opening his business on Kolyma. He asked me, as more experienced player, for help. There were a lot of people who said, “You are growing your future competitor.” It was fun for me: why competitor? The market is large; everyone is in his place. Why not to help an adequate serious man? And so it happened. Today it is a prosperous company; we work in parallel and not once have already helped each other. Remembering that in former years I was alone who didn’t refuse to support him, now we have the warmest and... mutually beneficial relationship.

**About diversification of business and success You have diverse fields of activities: in addition to gold mining there are jewellery stores, a workshop, a shopping centre, a restaurant...**

...And soon we are opening Kolyma First jewellery factory. At present the “Arbat” Holding has a small jeweller’s workshop, but its capacity is not enough.

**There are so many units within the company, and all the directions are successful, and economically effective! How do you manage?**

We understand very clearly for whom we are working, our target audience. So, all investments, all the steps in business development are targeted. Take shops, for example. Selecting items for sale, we clearly know who they are for; who will buy this or that ring, chain or necklace... Certainly, not namely, but how many and what kind of customers and in what month will come, what range of goods will be in demand; we possess such information to 99%. So, we have no problems with turnover. The same is with the shopping centre and restaurant business. Our services and the lessors’ services



(I mean the shopping centre) are directed to quite specific consumers. We offer only what is in demand.

**Targeting – it is much spoken about, but not all have such results. Perhaps there are other secrets**

It is not a secret but an advantage of a vertically-integrated company, which we certainly use. We have opportunities to improve the work promptly at every stage in each unit. As far as we ourselves extract, process, manufacture and sell, at all stages we can quickly make changes and get maximum profit.

**In November this year you opened one more, the 15th jewellery store. What is its difference from and similarity with your other salons?**

This is not simply a shop but a jewellery palace. Its name is “Gold of Russia”. Here you can find jewellery, gifts, statuettes, tableware in precious design. The target audience is the widest (as, actually, in our other stores). I think it is fundamentally important that everyone, regardless of income, could fearlessly come to the store and find a thing of appropriate design and price. The difference of “Gold of Russia” is in its sumptuous interiors; there have never been such stores in Magadan before. The best equipment, expensive finishing materials, the latest lighting systems... Only interesting topical quality items, regardless of price range. We call “Gold of Russia” a jewellery palace, and the store completely justifies this name!

**In addition to the Concern you have active social life; for many years you have been elected to local authorities, and hold the position of Deputy Chairman of the regional Duma. Why do you need this additional for you duty?**

My work in the regional Duma gives me the opportunity to influence the situation in the region.

Not to complain that everything is bad, but really change it for the better. It is necessary to enhance the

prestige of teachers' profession, isn't it? On Teacher's Day (and the anniversary of the first opened in the village of Palatka school) we organized a wonderful holiday with a concert and presentation of gifts to the best teachers and the director. Is it necessary to provide the overgrowing generation with normal development? We are planning the construction of a large sports complex with a swimming pool and a fitness center in Palatka. I see the changes in my small motherland, the Palatka village, and understand that all my work isn't in vain.

**In the region you are also known for your large-scale charity projects...**

I don't consider it a feat; it is very simple: if you can help – do it! (we have already spoken with you about it). Every year I take part in the charity event for the 1st of September and help families with many children and needy families to get the children ready for school. The “Arbat” Concern at its own expense erected a temple of the Transfiguration, built three fountains, children's playing complex, covered the sidewalks with tiles.

I am convinced that every businessman as well as the authorities must keep their territory in perfect order. My task is to make Palatka one of the coziest, most beautiful and most comfortable places of Kolyma region. And also, to organize the work on improvement in such a way that all the inhabitants of all the settlements of the region could feel respect.

*Interviewed by Olga Zarzhetskaya  
Translated by Tatyana Kapustina*

**CJSC «Arbat» Concern**  
Magadan Oblast (Region)  
Khasynsky region, v. Palatka  
52, Lenin Street  
Tel/fax: (4132) 62-44-55,  
(41342) 9-25-99.  
e-mail: arbat-palatka@mail.ru