

**Doing Business in Russia and Eastern Europe**  
**EURR 4202A/5202X**  
**Fall (Sept - Dec) 2012**  
**Mondays - 18:05-20:55 p.m.**  
**River Building # 3302**

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**CONTACT:**

If you want to get hold of me quickly, please use the following email address:  
[jfedorowicz@sympatico.ca](mailto:jfedorowicz@sympatico.ca). I tend to have this address open all the time.

**COURSE OBJECTIVES**

Russia represents a large and growing market of interest to Canada. If Canadians familiarize themselves with the country, they can build successful commercial relationships in promising areas such as energy, raw materials, and technology.

This course will focus on the challenges of doing business in today's Russia. Designed as a seminar, it will apply the format of a typical business plan to explore different aspects of Russia's current economic environment. Each session of the course will use a different component of a standard business plan to explore Russian conditions and possibilities. The major headings of this analysis will include:

- A review of Russian commercial opportunities (what businesses are most promising),
- Analysis of specific sectors (size, dynamics)
- The Russian business environment
  - formal (laws, infrastructure)
  - informal (how business is done)
- The state of competition in Russia (local competition, international competition)
- Market characteristics (size and dynamics of internal and external markets)
- Operational challenges: the challenges of setting up and operating a business in Russia
- Human resource issues (workforce characteristics and availability)
- Financial conditions (including capital flows, exchange rates, tax rates, profits).

While the focus of the course will generally be on Russia, if students want to look at business opportunities in an Eastern European country, we can include that as a useful comparison.

**PARTICIPATION: THE PREMISE**

The course will attempt to replicate what actually happens in companies that are looking to expand their operations in foreign markets. In determining whether or not to enter a market, a corporation will set up a group to review information and evaluate opportunities. It will assign

staff to perform structured research. That research will be compiled into a business plan and presented to the Board for review and approval. The seminar will be run more or less to replicate this process. That means presentations and brief written reports – both of which are used in business to make decisions.

So, we are part of a task force designated by our corporate parent to explore the Russian markets. As a task force – WE ARE ALL ON THE SAME TEAM! So part of every participant's contribution is to enhance the value of what others have done by offering a thoughtful and informed critique that can improve the work of their colleagues. Don't tell me what is wrong – tell me how to make it better!

Students will be expected to participate in several ways:

1. By identifying and sharing sources of useful information about Russia, its economy and business opportunities. This material will follow the outline of topics set out in the seminar plan which reflect the kinds of topics addressed in a typical business plan. The sources can be posted on the course website and it can be presented and discussed either in the appropriate website forum or in class.
2. By identifying and presenting ideas for possible business ventures to the class for preliminary evaluation; this will take the form of a brief presentation of the business idea, followed by general discussion.
3. By presenting a business plan for their chosen business idea. This will take the form of a written report, supported by a presentation in class. **The major course output for each participant will be a complete business plan embodying a proposal for doing business in Russia.**

#### **COURSE WEBSITE:**

Carleton is switching over to a Moodle-driven learning management system for its courses. The portal for entering this course will be located at <http://www.carleton.ca/culearn/>. When students go to this site and log in, the courses that they are enrolled in will be listed and that can then enter the site or this course. Student support can be found at the following link: <http://www5.carleton.ca/culearnsupport/students/>. The website will be used to post materials relevant to course content. It will also be used to post presentations and sections of business plans for comment by others.

#### **READINGS AND SOURCES**

There are now assigned readings for this course. A numbers of courses will be posted to get your started, but generally, as in any business organization, you would be expected to do your own research, find useful materials, and bring them back to the task force for discussion and evaluation. You can expect to read 50-100 pages a week of country reports, company evaluations, statistical analyses, and other business and economic sources.

So the challenge of this class is that participants will be asked to search for and contribute to a common body of knowledge about the Russian economy. This is what would happen in a corporate environment. Participants can start with the following basic sources. In some cases

the sources are posted in their entirety, in other cases, links are provided to get participants started.

- Basic Overview: CIA World Factbook,
- Country profiles prepared by large accounting and consulting firms (several are posted on the course website),
- Economist Intelligence Unit, which includes country reports, sector analysis, and detailed economic studies.
- DFAIT Trade Commissioners Service: market overview and country reports,
- Canadian trade organizations: (Export Development Corporation, Canadian Commercial Corporation),
- Investment banks,
- US government websites for exporters: reference posted on website,
- Statistical information (Industry Canada's Trade Data Online; data provided by international organizations such as the WTO, etc.),
- Business newspapers and magazines (Economist, Financial Times, Business Week etc.),
- Additional suggestions will be posted on the website. As participants bring forward the results of their research, this too will be added to the common body of knowledge.

Go to the Carleton Library and see what publications and business-related materials it subscribes to. This can include business magazines, newsletters, the Economic Intelligence Unit, Dun & Bradstreet, and a host of others. Ask a librarian for assistance in accessing their collections. Then report back to the class on what you have found.

Standard academic literature can offer some good analysis and background, but it should also be remembered that business tends to look at the most recent information available. Anything more than a couple of years' old is already out of date.

## REQUIREMENTS AND GRADING

All students will be graded on in-class participation and written assignments. Active and consistent class participation is VITAL to succeeding in this class. Participation marks will be assigned on the basis of attendance, contribution to the discussion, familiarity with readings, and the ability to relate material in the readings to the topics under discussion. A total of 20% of the final mark will be based on these criteria. Any unexcused absence will result in a reduction in your participation grade.

### 1. Oral presentations in class:

Because power point presentations are the life-blood of business decision-making, students will be required to make three short presentations in class:

- On a source relevant to the week's topic;
- On a business idea;
- On their business plan.

Presentations using only slides with words are less effective than presentations using charts, statistical graphs and other visuals. The room in which we are meeting is an electronic classroom. Students can bring their presentations on a USB key that can be plugged into the

control panel for projecting to the class. Alternatively, students can email their presentations to me and I will bring it in on my USB.

Each presentation will then be written up. Both the presentation and the write up should be handed in.

A sign-up sheet will be distributed in the first class so that students can choose the topics on which they would like to present.

**2. Written work:**

Students will be expected to submit the following items:

- A brief write-up of the source they have found that helps to understand the week’s topic;
- A brief write-up of their business idea;
- Their business plan.

**COURSE EVALUATION**

<b>Item</b>	<b>Weight</b>	<b>Undergrads</b>	<b>Grads</b>
Participation in class discussions; contributions to critiques and comments.	20%	Same	Same
Oral presentation to class on a useful source	10%	10 minutes	15 minutes
Write-up describing the source	10%	~3-4 pages	~5-6 pages
Oral presentation to the class on a general business idea	10%	8-10 minutes	12-15 minutes
Write-up of the general business idea	10%	~3-4 pages	~5-6 pages
Presentation of business plan	10%	10 minutes	15 minutes
Write-up of Business Plan	30%	10-15 pages	~20 pages

**Requirements of all written assignments**

- A Title Page with a real title reflecting your topic. Under **no circumstances** should the title page be in a separate file different from the body of your essay.
- Page numbers
- A header with your name on every page
- An executive summary with the main point of the paper.

- Proper references (footnotes) to the sources from which information is drawn. Use Chicago Manual of Style or MLA. Do not use in-text citations.
- Bibliography (at end) of sources used. Sources drawn from the Internet should include the URL and the date accessed.
- All of the above should be in electronic form and it should be in a single file. Do not submit multiple files for an assignment. The name of the file should contain your surname and an indication of the topic. Thus, for example:
  - o SmithMining.doc
  - o KovalchenkoTourism.doc
  - o AzabakianEnergy.doc

Assignments are expected to be well-written and concise, conforming to correct grammar and spelling. All material submitted in this course must be your own work, written specifically for this course. You must always reference the ideas of others, as well as paraphrases and direct quotations.

### Handing in Work

Assignments sent by fax will not be accepted. You cannot hand in the same assignment for two or more courses. The due dates of the assignments have been posted. All written work is to be submitted electronically by the due date, using the course website. This means that CUOL students need not be physically present on campus to hand in or receive assignments. When submitting electronically, you **MUST** use a file format that is compatible with MS Word. Those using Macs or other software **MUST** convert it to MS Word formats. You **MUST** use a file name that includes your Surname. You **MUST** upload it to the appropriate assignment dropbox on the course website. Assignments will be returned electronically after marking by email. I will make every attempt to hand assignments back promptly.

## Scheduled Task Force Meetings

### 1. SEPT 10: RUSSIA SINCE 1991 - AN INTRODUCTION AND OVERVIEW

Agenda:

- What is a business plan: what is its purpose?
- How are business plans structured?
- What sources are used to develop business plans?
- The transition from a centrally planned to a market economy.
- Current conditions and challenges.
- Discussion of general sources.

### 2. SEPT 17: WHAT IS THE OPPORTUNITY?

Agenda:

- Two sources of information on opportunities
- How to define business opportunities?
- What information is required to describe a business opportunity?
- Presentations on two business ideas

**3. SEPT.24: STRUCTURE OF THE RUSSIAN ECONOMY: SECTORS, DYNAMICS**

## Agenda:

- Two Sources of Information on Economic Structure
- How to measure an economy?
- What are the key sectors of the Russian economy (for imports, exports and investment)?
- Measurements of size
- Indicators of growth
- Other indicators of potential?
- Presentations on four business ideas

**4. OCT 1: THE MARKET: SIZE, TRENDS, CHARACTERISTICS**

## Agenda:

- Two Sources of Information on the Russian Market
- How to define and categorize the market?
- Indicators of Russian income and spending power (personal, institutional)
- Indicators of growth
- Four business ideas

**5. OCT. 15: BUSINESS ENVIRONMENT: THE LAWS**

## Agenda:

- Two Sources of Information on the Russian Business Environment
- What aspects of the business environment influence opportunity?
- Which laws should we pay closet attention to?
- Four business ideas

**6. OCT. 22: FINANCING**

## Agenda:

- Two Sources of Information on Financing in Russia
- How much financing is required? For what purposes?
- Is financing available in Russia? If so, what kind? On what conditions?
- Other sources of financing (in Canada, internationally?)
- What are the consequences of financing a venture externally?
- Two Business Plans

**7. OCT. 29: COMPETITION: LOCAL AND INTERNATIONAL**

## Agenda:

- Two Sources of Information on Competition in Russia
- What countries are active in Russia?
- What are the biggest companies (domestic and foreign)? Who might compete with our venture? How are they structured? What can we learn from them?
- Case studies of successful investors in Russia.
- Two Business Plans

**8. NOV.5: BUSINESS ENVIRONMENT: HOW BUSINESS IS DONE**

## Agenda:

- Two Sources of Information on Russian business culture?
- Why culture matters
- Business culture in Russia
- How negotiations are conducted in Russia
- Two Business Plans

**9. NOV. 12: HUMAN RESOURCES**

## Agenda:

- Two Sources of Information on the availability of human resources in Russia
- How skilled is the Russian workforce? Levels of education?
- Levels of research and innovation.
- Wage rates?
- Availability (unemployment)
- Training issues?
- Management issues?
- Two Business Plans

**10. NOV. 19: WHAT CAN GO WRONG: RISKS AND CONTINGENCIES**

## Agenda:

- Two Sources of Information on Business Risks in Russia
- Political risks
- Economic risks
- Other risk factors
- Two Business Plans

**11. NOV. 26: OPERATIONAL CHALLENGES**

## Agenda:

- Two Sources of Information on challenges such as bureaucracy, corruption, bribery, political intimidation etc.
- The Russian mafia
- The political establishment
- Levels of bureaucratization
- Bribery and corruption
- Two Business Plans

**12. DEC. 3: MARKET ENTRY**

## Agenda:

- Two Sources of Information on techniques for entering Russian markets (partnerships, joint ventures, etc.)
- Examples of how companies have entered the market
- What can be provided by other companies/partners?
- Defining a core business
- Two Business Plans

## ACADEMIC ACCOMMODATIONS

You may need special arrangements to meet your academic obligations during the term. For an accommodation request the processes are as follows:

**Pregnancy obligation:** write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details visit the Equity Services website: <http://www2.carleton.ca/equity/>

**Religious obligation:** write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details visit the Equity Services website: <http://www2.carleton.ca/equity/>

**Academic Accommodations for Students with Disabilities:** The **Paul Menton Centre** for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (*if applicable*) at <http://www2.carleton.ca/pmc/new-and-current-students/dates-and-deadlines/>

You can visit the Equity Services website to view the policies and to obtain more detailed information on academic accommodation at <http://www2.carleton.ca/equity/>

**Plagiarism:** The University Senate defines plagiarism as “presenting, whether intentional or not, the ideas, expression of ideas or work of others as one’s own.” This can include:

- reproducing or paraphrasing portions of someone else’s published or unpublished material, regardless of the source, and presenting these as one’s own without proper citation or reference to the original source;
- submitting a take-home examination, essay, laboratory report or other assignment written, in whole or in part, by someone else;
- using ideas or direct, verbatim quotations, or paraphrased material, concepts, or ideas without appropriate acknowledgment in any academic assignment;
- using another’s data or research findings;
- failing to acknowledge sources through the use of proper citations when using another’s works and/or failing to use quotation marks;
- handing in "substantially the same piece of work for academic credit more than once without prior written permission of the course instructor in which the submission occurs.



Plagiarism is a serious offence which cannot be resolved directly with the course's instructor. The Associate Deans of the Faculty conduct a rigorous investigation, including an interview with the student, when an instructor suspects a piece of work has been plagiarized. Penalties are not trivial. They include a mark of zero for the plagiarized work or a final grade of "F" for the course.