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Aleksey Zharkov Captures the Power of Networking

Alumni Interview
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Aleksey Zharkov joined BCG Moscow as a junior associate in 2003. In 2004, he was promoted to associate, and one year later he left BCG.

Currently, Aleksey is the CEO and founder of Business Family, a business community of midlevel and top managers of reputable companies from more than 30 industries which organizes closed networking events in key cities throughout Russia and CIS countries. There are more than 600 events per year, keeping Aleksey and his team busy almost 20 hours per day.

In his special interview for *Panorama*, Aleksey shares his secrets to managing so many Business Family events and tells us about the skills he acquired at BCG many years ago—and is still using today.



Aleksey, you left BCG almost ten years ago. What memories do you have of the company?

I have very positive memories of the company! BCG is indeed my favorite company. I had very nice colleagues. At that time, there were only 12 employees in BCG Moscow. BCG has played a very important part in my career development—I would even say a key one.

What key skills and competencies did you get and develop in BCG?

First of all, in spite of my junior position in the company, it was the ability to be responsible for a task entirely. That is, I did not only work on a small part of a task, but instead, I came through all the work cycles, starting with generating hypotheses, checking the hypotheses, preparing slides, and finally doing the actual presentation.

Second, it was the ability to work under stress in the positive sense of the word, when you have very limited time and very high expectations, and you need to create a product that will exceed those expectations.

Third, it was an understanding of how the businesses work. There is a learning curve and exchange in experience at the beginning of every project between different practices, offices, and specialists. The input of international experience is rather significant, and my experience at that time was very limited. So I had to get used to new international experience, which was very interesting.

Do you use any of these skills in your current position?

In fact, I use all of these skills. I have my own business now operating in Russia and the CIS. The global experience I acquired at BCG helps me to always have the big-picture view of the business and think of the global perspective.

Also, I am constantly using my presentations skills; not only the slides themselves but also building the logic of the conversation.

The internal BCG procedures, such as the evaluation process are very good, and in my company we've created something similar but a bit simplified. We have 12 employees, and the evaluation score is directly linked to employees' bonus and promotion.

What project was the most interesting for you in BCG?

All of my projects were very interesting, but one of the projects was shocking in a very positive sense of the word. I would call it "going out of the comfort zone." It was the project for one of the major steel-making companies. For three months, we lived in Monchegorsk, a very cold northern Russian city, from which we could see the aurora borealis. The city is situated very far from the airport, so every trip there was very memorable. It was a long way, with snowfall and polar lights, and the car could always get stuck in the snow.

We had a very good team on the project—Ken Payne, Yevgeniy Khata, and Olga Gavrilova—and the project, a cost-optimization effort, was very interesting. We had to understand all the production processes, how the people worked, and what the manufacturing and business processes consisted of, and that was very exciting. This project was a great success. The team worked very hard and there was a feeling of complete victory after the project was over.

Do you remember any funny stories that happened during a case?

Once when I was staffed on a metallurgical case, one of our top experts arrived at the factory. The task was to reduce costs by 30 percent, and the first idea our expert had was to fit windows with glass to save on heating since the windows in the workshops were smashed.

In reality, it's too hot and stuffy in the process-industry workshops, so the lack of windows just helped keep the temperature at a normal level. So our expert thought he had a great idea, but in fact he just played "Captain Obvious," and that was very funny.

Why did you decide to start your own business?

It was a long process. When I left BCG I worked for an investment bank. Actually by the third working day with the company, I realized that I didn't belong there. In spite of the higher position, the level of the tasks that I did was very grounded. For example, I had to send some specific slide, or rework a certain part of the model. It was absolutely not comparable to the work that I used to do in BCG.

That's why I moved to a private-equity fund, where I worked for two years. While at the fund, I learned entrepreneurship and Internet business. I was responsible for telecom and Internet investments, and I liked those projects very much. When the fund was closed in 2008, I decided to try to become an entrepreneur myself, and since that time I have had my own business.

How did you get the idea of creating a business network?

It was by pure chance. At that time I had another project called Family-Space. At Citigroup, where I used to work, there were usually 40 people involved in the deal, which is a standard financial team consisting of auditors, financial and tax consultants, and experts. When you don't see each other, the team of 40 people is quite a big number for a conference call. So when the deal was over, I initiated a meeting at the Tinkoff restaurant.

That was the beginning, but as time went by more and more people began gathering. Once the turnout was more than 100 people, which surprised me. A bit later, I met a partner who played a key part in turning these people gatherings into real business. His name is Artem Zvezdinsky, and he is a managing partner of Soho Rooms. He suggested some ideas which were quick wins, but the payback was very small. Later, we added new opportunities, different creative ideas, and that's how Business Family appeared.

You have very good software allowing people to meet each other quite easily. You just see who is at the event and who might be interesting to you in terms of business, right on your smart phone. Can you speak to your creative ideas?

And all of this is still a work in progress. Right now we are only running in cities of 10 million people, and we are planning to grow in several CIS cities in the first quarter of 2015, and later I would like to try and open Business Family in London and Geneva.

That's a very ambitious plan! Aleksey, you have only 12 people in your team. How do you manage to organize more than 30 events per month with such a small team?

We are extremely good at optimizing and automating our processes. Actually, the employees interact with the computer screen, which reminds them to check the number on the monitors at the venue to make sure that the meeting was not cancelled. Our employees just click the "OK" button and the rest of the work is done automatically. In Moscow, we have one event manager and two hostesses who run more than 400 events!

But of course the main thing is to choose the right audience, because if the people don't arrive, there is no event. To gather the audience for 20-30 events per month you need to choose interest communities in the right way. If we invite a person to an event they are not interested in, they will just stop coming. So the system makes several hypotheses based on the guest activity and checks these hypotheses.

This verification process can also be compared to the processes I used to have in BCG. The same is with the concept "one message per slide" that is used a lot in consulting. We have it in the frames of our website: one message per page, one message per function. Although the concept can also be found in other recommendations on staff development, we borrowed it from BCG.

How many people visit your industry network events?

It's usually 80-120 participants for the pharmaceutical industry, 100 for oil and gas and GR, 150-200 people for strategy, 150 for marketing, and 60-80 for all other industries.



Do all these people really belong to the industry or do most of them come to the parties just to have fun and meet new people?

We have five main goals for our meetings, and networking is only number three of those. The main goal is career development. People come to learn the news of the industry and to understand how to build their careers in that industry. Each industry meeting is based on the industry, positions, and type of company. There should be at least 60 percent from the industry at the industry meetings.

The goals of the participants can be absolutely different. Perhaps a person arrives just to take a look around, but he belongs to the industry. If you don't belong to the industry, the rest of the invitees vote for letting you visit the event or not. And since the voting is official, people that come to the meeting are interesting to each other.

Do you invite HR specialists at your meetings?

We invite HR specialists at our events, but to get in they should go through the usual voting procedure. We have a separate table at the mainstream meetings with several representatives of the HR industry and they informally consult at these meetings. They can give some career advice, but it's not about offering jobs—these are more like coaching sessions. If the person is interesting as a potential candidate, the recruiting specialist will suggest exchanging contacts.

Do you visit the events yourself?

Yes, 70-80 percent of them. It's not necessary, but in most cases there are people at the events that I am interested in, so we can talk business, advertising, and potential partnerships. I have most of my meetings at Business Family events. This way I show how Business Family works, so it usually has a double effect.

Are all of your meetings free of charge? Do you always keep that format?

Most of the meetings are free of charge, but we also have paid meetings. These are business breakfasts and meetings that we call "lead generation," when the audience is divided into buyers and vendors. At these meetings people communicate in an informal setting. This model works very well, and we have a lot of positive feedback. Some of the companies even become sponsors of Business Family after the meetings, without asking for anything in exchange.

Are there any competitors to Business Family?

Unfortunately not. We tried to find something similar abroad to copy it, but there is nothing similar. However, there are some communities that can be considered our competitors. The closest in terms of target audience are exhibitions and conferences. But usually, most of them are our partners, so we have afterparties with them.

Also, bars and restaurants can be considered our competitors in terms of time and budget. In terms of monetization models, advertising agencies can be called Business Family competitors, though it's difficult to compare since we have a different cost-base. Our proposals are quite different, so there are things that we can't do and others that can't be ordered via advertising agencies.

What is the most difficult thing in your current job?

I don't have any easy tasks, but the most difficult is team motivation. We have a highly dynamic culture, something between consulting and banking but the employees' salaries are not that high. Our working day can last 20 hours, and for several weeks it can run without weekends.

On the one hand, we have office work, since we cooperate with clients and advertisers that lead an office life and, and on the other hand, our events start at 8:00 p.m. and run past one in the morning. So in fact, we work almost 20 hours per day. Our team is very small and we are in the office in the mornings and at the events in the evenings. So the question on team motivation is a challenge. Plus, if I make mistakes it influences the profit-and-loss (P&L)—and if the mistakes are very expensive, we can't pay bonuses to the team.

What do you like most of all about your current job?

I like the dynamics most of all: we grow very fast and we have a very ambitious perspective on what we want to do, and on what we manage to change. Business Family is not a simple project; we've changed the communication culture at night clubs.

Night clubs are a very tough thing with their own rules, and the audience that we have is not the target audience of the night clubs. Usually when you go to a night club you have difficulties with entering, face control, glamour, etc. We completely changed this audience by combining the best venues and our target audience. Now, our audience feels very comfortable, and at the same time the clubs like us. It's one of our achievements.

Also, I am proud of the atmosphere of communication at our events. We have a very positive vibe where people feel at ease communicating and meeting each other. There is no element of arrogance, and even when there is, it vanishes very quickly. When the environment is that comfortable, the person either accepts the rules or leaves. When all the attendees are open and helpful, there is no reason to be arrogant. We consider this another achievement.

Additionally, I like the independence of my job. I can try my own ideas, and in most cases they do work. I like the fact that we attract the attention of leading newspapers and magazines. It's pleasant to know that many of the market players know about us and like us. It's a joy, but at the same time, it's frightening since every new step means that we are expected to do something better tomorrow.

It's the same with BCG—when you develop, your status grows after each project and it means that people have higher expectations and you need to work harder to meet them.

Do you still have the project Family-Space?

Yes, the project is active. This idea has an analog abroad. When I worked at Delta, I was responsible for social media development. During the boom of social networks it was believed that niche social media could have success. The idea of Family-Space is genealogy. You go to the website and build your family tree and then you invite your relatives to join.

At the moment we have 1 million users, and these are real people who actively use this network.

Is genealogy popular in Russia?

There are some peculiarities that are different across Russian, European, and American users. In Europe, the people interested in genealogy are usually well-off adults that are ready to spend money on research. It's fashionable to know about your roots if you are in business. In Russia, people who are interested in genealogy are usually less well-off and not buying anything with credit cards. For instance, if an average American spends \$300 per year at a website like that just for subscription, an average Russian would spend less than \$100. So the business approach is absolutely different, as is the acquisition cost. But the project is still alive, and the audience is growing.

Aleksey, you have a very tough schedule. Is there any time left for hobbies?

I integrate all the hobbies into Business Family. I like my work very much; my work is not just sitting in the office, it's my lifestyle. For example, one of my hobbies is aviation and space. Together with Business Family, it's easier to realize these hobbies, due to my flexible schedule. So I integrated my hobby with many meetings and people connected with aviation. We have some events together, which I like much more.

What can you advise to people that are thinking about starting their own business?

I would advise them to be sane about the environment. Start-up is not a simple choice; you should be sure that you are ready for it. The inspiration that you have is not enough. I would recommend having critical experience in international companies and only starting your own business if you have the exact idea that already moves you ahead.

It's not about making a hypothesis and working to cut something new. It's better to combine your permanent job and your start-up. That's my advice.

— by Irina Kovaleva