

Ildar Khusainov



The Power of Freedom

WHY COMPANIES
WITH AN ENTREPRENEURIAL
SPIRIT WIN

Ильдар Борисович Хусаинов

The power of freedom

http://www.litres.ru/pages/biblio_book/?art=72793642

SelfPub; 2025

Аннотация

Ever wondered how some businesses keep growing while others are shutting down? What's the secret that sets legendary companies apart from the ones that fade away? Want to build a system that actually works – no chaos, no wasted money, and no more running around trying to fix emergencies all the time?

Ildar Khusainov, entrepreneur and founder of Europe's largest real estate company, opens up about his journey: he shares honest lessons from his mistakes and reveals the core principles that propelled 'Etagi' to market leadership.

This book isn't about theory – it's about real practice. Inside, you'll discover actual case studies, practical principles, and take-immediate-action lessons. If you're looking to do more than just work, but to build something truly meaningful, the author's experience will give you the competitive advantage you need.

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Ильдар Хусаинов

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The Foreword of Igor Mann

In brief: just an amazing book!

In detail: when Ildar asked me to write a review of his new book – I didn't hesitate to agree.

I really enjoyed his first book «Etagi. The Power of Management» – and had high expectations for the second one.

What can I say?

He went way beyond my expectations.

I'm thrilled.

I love books like this.

First of all, it's written by a practitioner (and a successful one).

Secondly, I know the author personally – and it feels like a private conversation with him, or rather, conversations on various topics.

Thirdly, the book is filled with insights, practical advice and thoughts.

I personally have learned a lot of new things – and it's not an easy task to strike me.

There are some things I agree with, there are some I don't agree with – but this is exactly what makes this book extremely useful (and practical)!

And, finally, I happen to get to know some of Etagi employees, their business process management, their product, I've given a seminar to Etagi team – everything that Ildar's writing about is nothing else but true.

Anyway, I'm jealous of those, who is about to discover this book and get to know Ildar.

Ildar mentions me in the book paying me a compliment (see the chapter «About Marketing») – I'm going to reply like this: Ildar could be named as a «hero-entrepreneur».

Unfortunately, there are only few of those.

And Ildar can definitely be a role model!

I know that lots of his employees do follow his example – and that's the right thing to do!

Long story short, take a pen or a pencil and start reading thoughtfully.

And more importantly take action, turn the ideas that you'll get after reading the book into reality!

Ildar just goes for it!

And that is exactly one of the main secrets of his own and his

company.

Igor Mann

The author, publicist, business-speaker and consultant

Introduction

There's no such term as "accidentally" if we talk about achieving outstanding results. You may accidentally win the lottery, but spending years trying to achieve your goal, as well as being the best in your sphere – these are the things a true leader would do! What people see is the outstanding result, but what they don't is taking risks and huge responsibility. In pursuit of our goal, we bypass excuses, bureaucracy, and justifications; we focus solely on opportunities, systematic effort, and seamless integration. There are lots of candidates who are ready to sacrifice everything to win, but competition with the best ones just makes you stronger! The best ones will never whine about the quantity of competitors, moreover, they love competition! This is what actually brings them lots of pleasure. They're self-confident, aware of what they're worth, don't doubt whether they succeed or not, and never ever will you hear them rambling on about their problems. They keep their eyes on the future, see it clearly, and make it happen. No matter what opinions or criticism they hear, they're sure of the result they're going to get. And later people start following them, copy their methods and use their tools and say: "That's a no-brainer! How come we haven't done that before?"

The best ones might also lose but they're not that affected by their failures. However, if something goes wrong on the way to

the desired outcome, it fosters an even greater positive drive for growth, and ultimately, failures are merely a stepping stone to even greater new victories.

Leadership is a special type of energy; this is something you can see in people's eyes, something they can't hide or explain, but it can easily be seen in actions and results. It's like a wonderful sunrise at the crack of dawn, when the first rays of the sun fall on the sleeping town, and everything around becomes prettier, shinier and more exciting.

Only those may not like the best ones, who have never achieved anything themselves, although secretly crave success. People often get envious of leaders, but envy is for the weak. The strong ones will learn from leaders, emulate their path, style and way of management, and perhaps strive to become better.

Being a leader means doing everything differently. The more uncommon and innovative the leader's approach is, the more effective it's going to be. It's indeed a powerful mix of fear, risk-taking, innovation, strategic planning, dedication, passion, uncertainty, and countless other contrasting elements. This combination ultimately creates something truly remarkable. Just like diamonds – rare gems in nature that everyone covets, with prices that soar to extraordinary heights. It's the rarity and uniqueness that make something truly precious!

It's essential to create systems where such leaders can thrive and become genuinely invested in their growth. Everyone benefits from this approach. Top performers set the standard,

introduce new technologies, redefine what's possible, and act as inspiring creators who drive progress.

After decades of socialism, it's challenging for us to shift from the "status quo" mentality to the "winner-takes-all" principle. However, anyone can apply this philosophy to their own endeavors. Companies that succeed in becoming the best environments for exceptional talent will dominate markets and inspire admiration – just as the stars who flourish within them will.

In organizations that fail to value leaders or create supportive conditions, those focused on mediocrity will lack the powerful energy of extraordinary potential. Always beware of mediocrity. It's easy to become average – you simply need to do nothing, and the result is guaranteed.

Following the publication of my book "Etagi. The Power of Management", I received numerous positive responses as an author, though there were also some critical comments. At that time, our company was entering a new phase of development. Since then, significant changes have occurred both in our business approach and in my own personal growth.

I'm starting to write a new book in spring 2024 – a particularly interesting period. Five years ago, while working on my previous book, I could never have imagined that the following years would be so turbulent: the world experienced a pandemic and a serious economic crisis. My new literary work will address how companies operate under challenging conditions, among other

topics.

While my first book had a rather academic tone, in this one I want to emphasize that successful management is always grounded in humanity. It is impossible to become a good leader without first being a good person.



My family: my wife Oksana, my elder daughter Alina, my

son Timur, and my younger daughter Elina. May 2023

A good person is someone who does not harm others. Let me clarify that, in my view, harm is any action taken in one's own interest at the expense of another person's needs and benefits. When someone manipulates or forces others to act in their favor without understanding the situation – that is harm. Even raising one's voice at someone is a form of harm, a form of emotional manipulation and abuse: it means failing to persuade through reason and resorting to emotional pressure instead.

I advocate a constructive approach. People often come to me with differing opinions, and I am always open to dialogue. I say, "All right, I'm listening to you – prove your point." I appreciate when people challenge my views. Once, a friend and I debated for three hours. In the end, he won the argument by presenting stronger evidence to support his position. I could have simply said, "No, I think differently," thereby causing him harm. However, I always strive for mutual understanding and agreement. In my experience, there have been very few instances where my counterpart and I did not reach a common ground. Sometimes the balance shifts, but what matters is that we understand the essence of our disagreement and arrive at a mutually acceptable solution. This approach makes a person good because it acknowledges the importance of emotional connections with others.

A good person solves problems through creation, positivity,

and shared interests with partners, generating added value that is then distributed fairly. A good person creates a growth environment around them – a space where people become the best versions of themselves. They always foster a comfortable atmosphere.

I don't believe in a purely technological approach to business. With age, I've come to realize that any strong company is built on the right emotional foundation and the right proportion of good people. It's important to understand that a good person isn't always a good manager, but among good managers, it's better to choose those who are good people.

From a psychological perspective, it's crucial to recognize that 'goodness' is contagious. The mechanism of transmitting anything requires creating the right environment. We need to encourage good people and give them freedom. In this book, we will certainly delve deeper into this issue.

Creating the right environment requires being a good person and continuously developing in that direction. It's essential to learn how to control one's ego and desires.

Speaking personally, in the past I provided more negative feedback. During my first 15–20 years in my career, I was significantly more assertive than I am now. However, this never manifested itself through shouting, pounding on tables, or any other emotional outbursts. I have always avoided a negative tone. If someone had observed me in daily life, they would have been surprised by how calm I remained, even in the most tense work

situations.

Over time, I have changed, and I am confident that this contributes to creating the right environment. Now, when I strongly disagree with something during a meeting, I simply politely say, «Guys, let's end this», realizing that further discussion would become destructive. This is about the ability to quickly assess a situation, which I have developed.

Let me draw an analogy with football. Some players always smile, stay positive, and apologize when rules are broken. Others, after getting kicked, start yelling at the opponent and the referee, creating tension on the pitch. The atmosphere of such a match immediately becomes heated, injuries become inevitable, and there is no enjoyment from the game. The audience might be excited by the spectacle. However, returning to the business context, I want to emphasize that the purpose of business is not to entertain spectators with conflicts. Its purpose is to create a product, and that requires a completely different environment.

A good person plays a key role in a company's operations. In the age of evolving HR processes, the role of the emotional component is becoming increasingly significant. Many books are now being published on emotional intelligence, and I am convinced that companies possess this quality as well. I hope that after reading this book, you will agree with me.

A company's emotional intelligence mirrors that of its leader. While this hasn't been scientifically proven yet, I firmly believe it to be true. Over 24 years of management experience, I've

observed how people naturally begin to emulate their leader – in voice tone, facial expressions, habits, and reactions. Therefore, whether you're starting or running a business, consider this aspect carefully. No technology or management methodology can compare to the emotional climate of a company.

Our brains have evolved over millions of years – 100 million years as reptiles, 20 million years as mammals, and only 2 million years as humans. Consequently, emotional processes will always form the foundation of any organization. Understanding this fact is crucial for successful management.

I am convinced that true success is only achievable for leaders and businesspeople with the right foundational values. While I've seen exceptions, such success is usually temporary. Effective leadership, in a sense, becomes the center of the universe. The more warmth and openness to change you possess internally, the faster you can build a company and attract strong people around you. This is a bold statement, but if you analyze successful companies, you'll find they are always led by extraordinary individuals.

This book reflects my understanding that crises come and go, and neither they nor numbers will be remembered after some time. The only constants are basic human needs and universal values! Recognizing this fundamental principle is crucial in business.

However, the main focus of this book will be on understanding the entrepreneurial culture within a company. As a strong

advocate of freedom and innovation, I will attempt to explain how to build a company's operations not on principles of control and administration, but on the best qualities of each employee, their natural desire to unlock their potential, and grow in a competitive environment.

The pinnacle of this approach will be an exceptional corporate culture that develops its own DNA for years to come, strengthening the organizational immune system to such an extent that outdated principles cannot return.

At every stage of development – whether personal or organizational – the decisions made by a leader after thorough analysis are crucial. I have decided to write a book about significant transformation and how to correctly reshape a company. I place particular emphasis on personal aspects because organizational change is impossible without internal transformation of the leader. This is challenging because we often unconsciously replicate the established norms that preceded us.

Research shows that an organization's structure frequently mirrors the structure of the industry in which it operates. The industry, in turn, follows a model characteristic of the broader context – the state.

Despite this, each of us possesses immense potential that can be unlocked over time. We intuitively sense what makes us unique – it's what has shaped us. However, expressing these unique traits can be difficult because we must first adapt to

existing reality. Just as a new employee in a large organization cannot immediately change its structure – they lack the weight and authority to do so – an individual cannot change a state overnight. But over time, as they reach certain heights, they gain the ability to influence the organization.

In this book, I will share my thoughts on how personality is formed, the principles a leader adheres to, and their significance within a company. The key is not to fear change and to maintain flexibility. As for me, I have always been ready for drastic changes in external circumstances and any unconventional management decisions. Perhaps that's why the companies I manage have successfully existed for 25 years, showing minimal annual growth of at least 25%, with an average growth rate around 35–37% annually.

Ildat Khusainov

Chapter 1. About the Childhood

Speaking of my personality, and how my mindset was built, it's only logical to turn to my childhood memories. I was born in 1980 in Tyumen and a year later my family moved to a small town in the north of our country. My lovely Novy Urengoy!

The story of my family ending up in Yamalo-Nenets Autonomous Okrug is quite intriguing and reflects my dad's character. My father graduated from Industrial University with high grades, and in those days, there was a system of competitive distribution for graduates. This concept is almost forgotten nowadays, but at that time it was like a ticket to a new life. He was one of the first people, who'd won the competition, and chose his career in Novy Urengoy. This decision defines him as really active, brave, and decisive. However, hardly did he pay attention to the risks and side effect of numerous flights or stress at work. He would always move forward forgetting about the consequences.

My father headed for the North and obviously my mother followed her husband. They'd known each other since they were kids, and their families had got on. There are even childhood photos where my mum is seven, and my dad's nine. But they really got to know and fell for each other on the train. They were both students at the time, my dad was travelling somewhere on the same train where my mum was working part time as a

conductor. That very feeling that appeared there lead them to the town hall later. After getting married they had me and two years later my brother Vildan.

When I was a child, I wasn't that much different from my peers. And if you had asked any of my classmates if I had been a leader, the answer would definitely have been "no". The only things I was exceptionally good at were Maths and sport, but nothing else. I didn't really want to become a leader, lead anyone, sometimes I even felt that I was unlucky.

In the early 90s one of my friends got a PC, which was really rare at that time and was considered luxury. I often came to his place to play games like "Formula 1" or "Football", and it was really special for me. One day, I came home and told my mum that I felt I was the most unhappy kid in the whole world because I didn't have a PC. At that time, I was absolutely sure I wasn't going to get one.

It was in childhood that I realized that the environment and external circumstances can either suppress or support a person in their development. And now when I'm an adult I often think about how important it is to create conditions in which everyone has the opportunity for growth and realization of their potential regardless of their financial situation. I'm sure we need to satisfy children's basic needs, create the environment for their true potential to be fulfilled. And then at some point, perhaps, the government should step up and provide equal conditions for all the citizens of the state. Only under such conditions will all true

talents flourish and then demonstrate outstanding results on a competitive basis.

But let's get back to my childhood memories. I recall having low self-esteem. That's true! I wasn't good at arguments, didn't stand up for myself. My opinion was always different from the ones of my peers and even adults, and sometimes I thought, "How come, my views are completely different from everyone else around?" I had a lot of friends and acquaintances, but I still was quite shy. I was so convinced we wouldn't make it! I remember that my mum came home once and said that she went to the fortune teller who told her she was going to be a rich old lady. I asked her, 'Mum, how is that possible? How on earth can we become rich?' I didn't believe at all that I can become affluent and successful. And yet I managed to! You might be interested in how a skeptical person can become a leader and founder of a large company, live according to clear life principles, and be a good father to his three children.

Only years later was I able to appreciate the impact our financial struggles had on my feelings and ambitions. We lived modestly. Moreover, my parents' marriage didn't turn out to last long.

After my parents' divorce in the late 80s we had even less money. My mum worked a lot. She worked as a doctor in the clinic, the swimming pool, and the school. Her schedule was really tight and on Tuesdays she had appointments up to 8 p.m. My brother and I often were on our own. We hardly ever saw

our dad, and we spent just an hour or two in the evening with our mum. I was really lucky to be the elder brother. Even though I'd faced a lot of challenges, there still were some advantages. I was very responsible. When I was nine, I felt like a grown-up, because my life circumstances made me mature early. Since I became independent and responsible too early, I got unable to ask for help. Even now I still haven't got this skill, I can't ask for help, unfortunately. However, I think it's perfectly normal, and you shouldn't be ashamed of it.

Once, I found myself in a situation where I needed to ask my dad for additional financial support, which he was already providing as much as he could. I was eleven at the time. It's important to mention that during my parents' divorce in 1989, things got really hard for me emotionally. I struggled to cope with all of it. I believe that it was during that time that life toughened me for many decades to come, or rather, for my entire life. I wouldn't want to write too much about it, but I'll say that for three years after my parents' divorce, I couldn't talk to my friends about it and kept making excuses, saying that my dad was just busy at work. One day, in 1991, I noticed that my mom was having some financial difficulties, and I suggested reaching out to my dad for additional help. I spent two days mentally preparing myself, gathering my courage, and finally went to see him. I rang the doorbell and ran away. I was torn apart by pain and resentment. I fled when I realized that I would just break down in tears within ten seconds of that conversation. The interesting

thing is that a week later, I gathered my thoughts and went to my dad again. This time, I rang the doorbell and didn't run away. I talked to him and asked for money. But this left a certain mark on me, and since then, it has been extremely difficult for me to ask anyone for anything on my own behalf, although I find it easy to ask for others. Here, I'm going to say a few words from my perspective as a parent. When you raise children, you realize how important every step they take, every moment in childhood is, and how profoundly it can impact their future. That's why I place such great importance on how I raise my children, striving to give them everything possible for the best start on their life journey.



Me and my dad – Khusainov Boris Biktemerovich

I'm now trying not to spoil my kids too much, and often set tasks for them, the solutions to which will help them in their future lives. Of course, these tasks are easier than the ones I had to solve. For example, when I was twelve, I was told to load three tons of bricks onto a truck, and I managed to do it all by myself. I was very obedient and diligent. I always tried to help others. Obedience and the desire to assist were my ways of making life easier for my mum, as she'd been raising my brother and me on her own.

I'd seen lots of examples how families' affluence hindered rather than helped children prepare for adult life. I saw how my peers, as they grew older, struggled to cope with life's challenges despite their apparent well-being. I witnessed their failures, and it made me reflect on the importance of balancing good conditions with a child's ability to do things independently.

My younger brother faced a difficult situation during his teenage years that put him at a crossroads, but ultimately, my example, support, and guidance helped him choose the right path. We both decided to lead a healthy lifestyle. This choice was influenced not only by external circumstances but also by a deep aversion to alcohol and smoking that had developed in childhood.

I'm one of those rare people who have never tried alcohol, smoked, or used drugs in their lives. This is not just a fact that makes me different from the others, it's a foundation upon which my principles have been formed. My main belief is that the ideal

exists and that we should strive for it. I have always been honest with myself and loyal to my choices. At the age of eight, I decided that bad habits were not for me, and I have carried that decision throughout my life. Believe me, there have been many occasions when influential people offered me to have a drink, even just a bit, but I have always remained faithful to my inner principles and have never betrayed them.

Everything I'd experienced in my childhood shaped me as a person. It proved that even in a challenging environment, a person has the potential for growth and self-realization. This understanding helped me create an organization that develops and supports talents, regardless of difficulties.

I'll tell you about an incident that had a profound impact on me. It was in 1990. My swimming coach, trying to impress my mother, took a rather risky action. He took me under the water and kept holding me down for a minute and a half. I was nine or ten years old at the time, and I was a good swimmer, but I wasn't prepared for that dive. Underwater, after a minute had passed, I almost gave up and was about to take a breath when he finally let me go. He didn't know about my asthma and couldn't imagine how difficult it was for me to hold my breath for so long. I remember that moment so vividly because I nearly drowned that day.

Recalling that incident, I think about the fragility of life. Just a few seconds could have changed everything. If something had gone wrong back then, there would be neither my company nor

this book. Everything in this world is uncertain, and we exist on the edge between great opportunities and risks.

I want to emphasize that I truly love and respect my parents. They played a huge role in my development. I always try to do everything possible for them. The more I live, the more I reflect on my childhood, and the grievances and pain are replaced by relating and the realization that my mom and dad have always loved me and still do, and I reciprocate that love. When I was 15–16 years old, my relationship with my father improved, and he did a lot to help me become who I am today. He has always been the person I could rely on more than anyone else in this life! Yes, we are very different, but we have a powerful spiritual connection. And my mum is for sure the person who shaped me as an individual. I've come to understand how important it is to appreciate our parents. If I meet someone who, for some reason, has distanced themselves from their parents, I can spend hours explaining why it's so important to get on with them. Speaking of the fragility of the world, no one knows when everything might change or come to an end, so it's crucial to value what we have right now. This applies to both personal life and, surprisingly, the economy. Bad times usually come unexpectedly, and people start lamenting over how good it was before. The essence of our world is constant change – we must learn to embrace it.

And if the world is so changeable and unpredictable, one might decide that it's better to live for today and not make plans. However, **my life principles are different:**

1. **Long-term thinking.** I always try to look to the future and prefer delayed gratification over instant one. I am willing to wait, endure, and put in any effort for future success.

2. **Deep understanding.** I am convinced that if you want to achieve a high quality result, you need to work through the whole process, and every little detail. Nothing good happens by chance. Any successful product is the result of a well-thought-out strategy.

3. **The triumph of justice.** I believe in justice and that if you do something good and right, it'll serve you in the end. It's in our nature to justify our actions, but our conscience, sense of shame, and understanding of morality help us avoid mistakes.

4. **Minimalism** – a very important principle for a businessman. Many people start splashing out money as soon as they get some profit. I believe that rational spending contributes to long-lasting success and sustainable business development.

Things that happened to me when I was a child taught me to be responsible and organized. I never expect something good to happen without a reason – it's not pessimism, but rather realism that protects me from disappointment. Most people who face different problems because their expectations are far too high. I don't spend a lot of money on myself, even though I am obviously a wealthy person now. Since I was little, I have learned that happiness has nothing to do with prosperity.

This principle of mine isn't popular, I should say. During the early stages of the business, I had a serious dispute with my co-founders about how to use the earned money. I insisted on reinvesting it into further development of the company while they leaned towards spending it. I was perplexed about how we would grow our venture, but nobody seemed to hear my arguments in favor of expanding the business. The disagreements led to conflicts, and even my mother sometimes supported the idea of splashing out, believing that after all the difficulties we've been through we deserved the right to a decent life.

I was convinced that for a businessman, it is important to strive for success and to achieve a certain status in the professional sphere, and that a penchant for spending a lot along the way can be detrimental. One must find a balance between personal desires and the needs of the business. For example, my car isn't the most expensive one among the employees of my company. For me, the true sign of success in business is not what kind of car a person drives or how much money they spend, but how they impact the lives of others, how they help their clients and employees grow and develop. Only this is memorable and has true value. Ten years will pass, and you won't remember what car you drove or what suit you wore in the mornings, but you'll never forget and will always be proud of your achievements.

Balance is equally important in all aspects of life: medicine in the right dose can heal, but in excess, it becomes poisonous. In real life There is no clear division between what is "right" and

what is “wrong”; everything depends on the boundaries we set for ourselves. Understanding where these boundaries lie and being able to respect them contribute to building a stable and effective system, whether in personal life or business.

Chapter 2. About Self-education

Over time, I began to rethink many things, and before discussing how to cultivate valuable qualities for life and business in others, I believe it's important to share how I developed these qualities within myself. Reflecting on my childhood, which undoubtedly had both joys and challenges, I realize that my journey as an entrepreneur began back then. I transformed and nurtured many personal qualities in myself; however, the most important aspect, in my opinion, is how I changed my attitude towards understanding my significance. I am convinced that the more a person recognizes their importance and value to their work, the better they perform.

When I was 23–25 years old, I did not realize my own significance as the head of the company. Let me give you an example. In 2007, there was an event that I'd mentioned in my first book. I went to a football tournament in Neftekamsk, took the team with me, and spent quite a bit of money over two weeks. At that time, there was no opportunity to work online. Basically, I didn't have the right to leave the company for such a long period just to play. Now I understand how critical each day and each hour is, and how important the role of a leader is. But back then, I just wanted to participate in the tournament. And we won! The prize for first place was 160,000 rubles, which fully covered our travel expenses. We even gave part of the money to the team.

However, I disapprove of the decision I made back then.

In 2023, the veteran football championship of Russia took place. Any athlete will relate: when you get the chance to play for Tyumen region at a high level, you start considering the event special. We reached the finals, where we competed against players who had previously played for the national team and in the Champions League. We took second place – the first time for Tyumen region in 80 years. It was amazing! Two similar events, and my attitude towards them was completely different. In 2023, I spent a negligible percentage of our free funds to participate in the competition, whereas in 2007, it was 5%. I didn't stop working – I attended meetings and conferences – and I don't consider that time wasted. I am convinced that the head of a company must always recognize their significance and prioritize their business. By 2023, the company was quite large, I had established online management processes, and participating in the competition was a completely reasonable action. In 2007, I did not think quite the same yet. Recognizing our own significance makes us more responsible and effective both in sports and in business.

At every stage of a career, the better you understand your significance to the business, the more effectively it develops. However, many entrepreneurs face a common problem: they try to separate themselves from their work, which is impossible. It's like in the movie "The Mask" – the mask becomes a part of you. In reality, an entrepreneur cannot separate themselves from their

business, no matter how hard it may be to admit. Not until ten years passed had I realized it myself. I thought that if the business shut down, I could just do something else. But it doesn't work that way: the business is a part of you, and you are a significant part of the business, and sometimes it's hard to accept that.

Understanding one's significance in a company and the responsibility that comes with it is extremely important. This is connected with the internal motivators of each individual. For example, socially motivated people seek for opportunities to communicate and interact with other people, so different processes are important to them. Those who are results-oriented, the "achievers," want their business to be large-scale and well-known. There are also those for whom money is a priority. Monetary motivation is the simplest; it is easiest to manage people of this type, whereas managing "achievers" is the most challenging. They want to work only in large and successful systems and strive for significant positions. Such individuals are drawn to entrepreneurial culture, i.e. its principles, ethical norms, and traditions because it offers them exactly what they need. If you can create such a culture, these people will come and stay for a long time.

Let's move on to what I've learnt about the **4 key principles that will help every entrepreneur enhance their significance and find their place in the system:**

1. It's important to realize your connection with your business.

Ask yourself, "What do I give to my business, and what does it give me?" I recommend taking some time to have a conversation with yourself to get an honest answer to the question: "Why do I need this business?" If the answer is simply "for the money," it might be worth reconsidering, because you can't build something great just for money.

2. If your motivation is just a pursuit of being busy, it's worth considering why is that. This is also a questionable type of motivation that is unlikely to lead to significant achievements.

3. If the goal is to impress your friends or acquaintances with how cool you are, this may work for a while, but it won't lead to long-term success.

4. The best type of motivation is when you dedicate your life to your business, genuinely love it, and are willing to do more for it than for your loved ones. Only if you are sincerely attached to your work do you have a chance to achieve real success.

If I think back to 2005–2006, when I was 26 years old, my life looked like this: I was working, studying, and could afford to go to the gym at 3 p.m. There were times when I could put something off for five months, thinking, "It can wait, it's not a big deal." I didn't realize how much I could do and I was afraid to communicate with partners. I started my business in 2000, and for the first five years, I didn't meet a single developer or banker because I didn't understand how important such meetings were. The thing is, our business depends on partnerships, but

initially, this wasn't obvious to me: I thought there was an internal system, and it was enough to make things right within it. It took me some time to understand that modern business can't work without external integration, interactions, and good connections.

After being a manager for 25 years, I can say that the first thing to do is to merge with your business. If you don't do this, you won't achieve success. Initially, I didn't feel a strong passion or drive for business. From 2000 to 2008, I was like most people: I went to work and did what I had to do. I was involved, but only because it was necessary. The only thing I aimed at was making money. In 2008–2009, a lot changed, and I began to fall in love with the business. I started to think of it as my baby. I got a strong feeling that we could change the entire real estate sector, and our company should be a leader in it. However, at that time (2009) we were not among the 50 largest real estate companies in Russia. By the end of 2024, we became the top company in Europe and seventh in the world by business volume. And all of this happened in just one decade.

When my attitude to work changed, I started working until ten in the evening. When something didn't go well, I literally felt pain in my chest. After 2011, the whole new period of my life began when I realized that I and my company "Etagi" were one and the same. I realized that I wanted to dedicate my entire life to the development of this company. There were many challenges ahead, and I am sure that the readers of this book will understand that my journey was not easy.

I haven't noticed how my business gradually took over my life. Work became my daily focus, and I put my afternoon workouts on hold – a situation I can't relate to at all nowadays. I don't know what would have had to happen back then for me to prioritize my workout over work. With each passing day, I felt more and more the energy that you get from teamwork and responsibility. I realized that managing the company is my main calling, and I cannot let my people down. Many people think that I work like a robot now, but that is so not true.

My old friends, who knew me when I was 15 or even 22, would probably be surprised to see me now. A lot of things have happened in my life. I remember when I was 19, my friends and I were driving to Yarkovo to celebrate New Year when we were stopped by the police. My friend, who was tipsy, was driving, while I, a completely sober person, was sitting in the back seat with a girl. We quickly swapped places and the police didn't notice this. But for some reason they thought we were both drunk. I tried to explain that I don't drink at all, but at the same time my friend started resisting and refused to get out of the car. In the end, we were arrested and taken to a detention center. They released me quickly, and I stood up for my friend. I told the officer, "Listen, my friend will sober up and apologize. Please consider that we are young, only 19, and this is our first time driving a car. Haven't you ever been young?" He took pity on us and let us go. I bought him a big bottle of beer to show how grateful I am. This is just one of many stories that now seem

unbelievable.

Why am I sharing these? I want my book to be as honest as possible. Some may think that I've always done everything right, but it's important for me to show how things really were. The problem with many books is that events are presented from one perspective, while many important details are left out. I want to avoid that mistake. I also want to share how difficult my personal transformation was and **the changes I went through**.

1. I started reading a lot. My mum has always told me that I don't read enough.

I read very few books from the school program since I preferred studying Maths, Geography and History. I wasn't into fictional books, although I really enjoyed reading detective stories. I read everything Rex Stout and Arthur Conan Doyle had even written. The only book on the syllabus that I still remember was *Fathers and Sons* by Ivan Turgenev. My mum asked me, 'Ildar, why don't you read more?' I answered, 'Mum, I know enough'. In the early years of my career from 2000 to 2005–2006, I dragged this idea into my adult life, and I sometimes missed the events; I thought I knew everything. I rarely asked other people for their opinions. I was just like most young ambitious and too quick to judge, and that led to the certain outcomes. I didn't attend conferences for a long time and didn't recognize my potential, not realizing that some push was needed for its development. Potential doesn't activate on its

own. Now, looking back, I can definitely say that many people do not realize that their potential is truly limitless, that they are actually rough diamonds. They just haven't learned how to polish themselves. And this doesn't happen quickly – it's a long process. I started reading a lot and attending conferences. From 2005 to 2009, I attended numerous events related to real estate and HR, began to read professional books and articles on these topics. By 2011, I had a feeling that I needed to go further, to open up to the world, and get to know other people. Books and conferences helped me quickly realize that there was even greater potential ahead of me, which fueled my desire to go to the US – a country with over 100 years of market economy, where major globally competitive companies emerged. I felt that I'll get new knowledge and experience there and have some fresh ideas on what to do and how to develop. Although I had no idea what exactly could I get there, there was an internal desire to pursue it. All these changes were part of my journey.

2. I started *changing my habits*. In 2006–2007 I got several, underwent some surgeries, so I had to stay away from sport for some time. From 2004 to 2007 having happy family life led me to putting on some weight and I ended up weighing 90 kg. However, in 2007 I got my act together and got fit again, returning to my usual weight of 75 kg.

I have always been an athlete and considered myself a talented football player. I had great potential: I could run 100 meters in 10.9 seconds and a kilometer in 2.29 minutes. That's very

fast, and as far as I know, even in the Russian national football team, not many players achieve such results. But I had to admit that a sports career was not promising for me. Knowing how to manage and direct your desires effectively is a valuable skill. Many books have been written about this, including "Good to Great" by Jim Collins and "The 7 Habits of Highly Effective People" by Stephen Covey. The main thing is to do what needs to be done, not just what you want to do.

There are three main statements that I consider a priority:

- A. Life is the greatest value.
- B. You want it? Forget it!
- C. The program needs to be «finalized».

I'll write about the first saying later. The second and third ones relate to overcoming temptations. I'll explain this idea using the example of people who have some extra weight. In some cases, it is due to genetics, but most studies show that the main causes of obesity are a certain lifestyle, poor diet, lack of physical activity, and sleep disorders.

Sometimes a person feels like they are very hungry, but in reality, it may just be a form of stress eating. A good question to ask yourself is: "Am I really hungry, or do I just want to snack on something?" Very often, people eat not because they are actually hungry, but because it has become sort of a habit and something you would normally do. What they want isn't just to eat, but to get a certain pleasure from food. For example, why do people

eat fast food? They enjoy the combination of flavors from fat, salt, and sugar. In reality, they could be satisfied with a lean patty with buckwheat or sauerkraut, but they go for some French fries and chicken drumsticks instead.

The situation when you have to do what you should rather than what you like, I call "You want it? Forget it!" I always work on myself and try to choose healthy food. This doesn't mean that I never let myself have something tasty, but I believe it's important to be able to control your desires.

At the age of 29–30, the real Ildar Khusainov began to take shape. Now I am a role model for many people, but back then I wouldn't have believed it was possible. If someone had told me in 2009 that in 15 years I would become the head of a large company, an author of books, fluent in English and Chinese, inspiring others, an active user of social media, and a recognizable person not only in the regions but throughout Russia, no way I would have believed it.

Although it all was completely unintentional. My life has been very diverse. I grew up under a complex combination of circumstances: poverty, the need to take responsibility for my loved ones, surrounded by strange friends, and in generally difficult times, but with a strong inner core and a desire to do everything right. All of this shaped me. It took time for me to develop the qualities that I now consider the main. My approach to business was not always innovative and flexible, and I was not always forward-thinking.

I remember in 2003 my friend suggested creating a website. I replied, "Man, what are you talking about? What website? I don't even know what that is!" He said, "Well, there's Yandex." And I was like, "What? 'Yandex'? What on earth is that?" At that time, little did I know about Yandex, mail.ru, LiveJournal, or Firefox. "What's Firefox?" I would ask. But my friend was really into all of this. He even subscribed to special magazines and read them, spending days on end in gaming cafes. I kept resisting for a long time: "No, no, no websites, there's no need to spend money on that!" But three months later, he came back to me with new arguments: "Imagine, everyone will see us. Let's make something simple and inexpensive, we'll just add a header and a big phone number." In the end, I gave in: "Alright, let's do it." It took us two months to create the website. Back then, such work took a while, but the people who worked on it were true professionals. And the first website I ever visited was our own.

From 2000 to 2008, I hadn't read a single book. But in 2008, a remarkably talented girl named Veronika Nikitina joined our company, and she was the one who made me understand how important literature and modern technologies are. She presented me the book, which I strongly recommend everyone to read, "Customers for Life" by C. Sewell. Later, she convinced me to create an account on social media. Initially, I resisted this idea, thinking of it as something I didn't need. But Veronika persuaded me that it would be beneficial. In the end, her persistence had a significant impact on my perception of new business tools and

my understanding of the importance of using them. I have no doubts saying that during those years, Veronika Nikitina, Nina Karavaeva, Vitaly Kurbatov, Sergey Shchepelin, and my mom did a lot for the company, pushed it forward, and had a great influence on me, contributing to my development as a person.

I read the book that Veronica had recommended to me. I don't remember exactly if it was a bet or if I just promised, but **I always keep my word – that's my life principle**. Entrepreneurs are known to keep their word and only make promises they can fulfill. After I read the book, Veronica suggested that I undergo training as she saw potential for development in me. Now I realize what a powerful driving force she was in the company. Starting as a part-time marketer, she quickly became a full-fledged marketing director. It was hard to imagine the company's rapid growth during that time without her. She inspired me to grow and instilled the thirst for knowledge in me. I was even afraid that if she found out I wasn't reading books or attending conferences, she might leave the company. At that moment, she was a unique person for me, a promising employee with whom I wanted to grow and develop. In 2015, Veronica decided to move to another city due to personal matters. No matter how much I wanted her to stay, I didn't want to go against the principle I had developed by that time: if someone wants to leave, they should be let go. I still stick to this principle and believe it's the right thing to do. We can talk about it, but if someone has decided to quit, I won't try to hold them back. By 2011, I had fully formed

as a person, and from then on, the question of self-development followed its own course.

When I started my journey in business, my attitude to work was just beginning to form, and over time it evolved in many aspects. My productivity has always been high, but the period from 2008 to 2011 was a turning point for me: it was during this time that I fully developed as a professional. Our business entered a vibrant growth phase in 2011, flourishing like a rainbow after a storm. Over 14 years, a small company transformed into a serious brand, uniting more than 25,000 like-minded individuals in various cities across Russia and with representatives in several countries. The foundation of such success lay in the changes that occurred within me, and although these changes became less noticeable over time, they continued to have a significant impact on my attitude towards business and management.

The second business book I read was about the corporate life cycles. After that, I started reading everything I came across: books, articles. I subscribed to all the magazines and couldn't stop. I could devour a large, multi-page book in just three days. It was something incredible for me. I enjoyed it so much that I set a rule for myself: I read a book and right after that try to apply the ideas I gained in practice.

I started planning my actions according to the books I read: the world of books and the real world started to merge, just like in "The Master and Margarita." The more I read, the more I got amazed by the effect that reading had on my life and work.

For example, after reading Claudio Fernández-Aráoz's book "The Talent Masters: How Great Leaders Make Great Teams" I organized regular meetings with top managers.

After finishing reading a book, I jot down what I need to do. Sometimes I record a voice message with my thoughts, and other times I simply write them down in a notebook. I don't write anything in the margins of the books. Nowadays, I tend to listen to more audiobooks. I used to read texts, but when audiobooks appeared, I switched to them because, being an athlete I prefer to listen to them while walking or jogging. It's effective, and my brain absorbs information better when I set the playback speed to 1.5 or 1.7 – it sounds like a bedtime story from my mum. If I have that opportunity, why not take advantage of it? I "devour" books one after another.

My mother grew up in a family of teachers and writers. Their home was always filled with books, and there was a special place for book subscription. As soon as a new book or novel was published, it would immediately appear in their home. In Urengoy, my mother also subscribed to many books, and our library was constantly growing. She could read a three-hundred-page book in just one night. Unlike her, I developed my love for reading when I was much older than a child. And one of the reasons I read many books is that they significantly improve my arguments. Books let me be competitive in discussions and easily provide evidence.

Reading books discovers various systems and connections,

which helps me articulate my ideas. I realized this when I reached a certain level of literacy and began to notice that I could come up with arguments from different fields and justify my claims. This is part of my role as a leader.

Moreover, I always pay attention to how a person argues for their point of view. Sometimes, I deliberately provoke people into a debate to see how they defend their position. Even if I agree with them, I express an opposing opinion to test their argumentation.

I assess whether a person understands who they are speaking with. Sometimes people present arguments as if they were in elementary school. I always evaluate how well a person is aware of their interlocutor and the quality of their argumentation. The process of discussion and persuading someone of something is a whole world, and I could write a book about it. Most people don't know how to argue effectively. They don't understand that a problem can't be solved at the same level it appeared; you need to rise to a higher level. If an interlocutor can provide that depth of argumentation, I would consider them as a potential employee.

For example, if we discuss moving to a new office, I'll ask, "Why do we need this? What are we going to gain?" Many people would answer like, "We'll increase revenue" and describe straightforward processes, but realizing that the other person truly doesn't understand is an art. When I see someone addressing exactly what will help the person realize why they are wrong, I mentally give them the highest mark.

If we debate about moving to a new office, instead of presenting obvious arguments, one could say: "Market share is critically important for us, and 25% of our partners and employees are not willing to work far from home. We could lose that slice of the pie." Such arguments demonstrate a deep understanding of the issue and strategic thinking. It could be also mentioned that opening a new office increases internal competition. There will be competitive mechanisms, processes become cheaper, and this gives us advantages. Here's another example of effective reasoning in favor of the new office: "Don't you agree that we need to learn how to work remotely. As a system, we become better when we strive to operate not on the principle of 'I see you and control you,' but on the principle of trust and independence."

Here are three levels of arguments: from basic to more profound, which truly resonates. It's essential for any manager to understand how all processes of argumentation work. There is immense power embedded in the system of argumentation. I evaluate people based on their ability to put forward their point of view.

I have a high success rate when it comes to persuasion. It requires intense mental effort. I need to quickly understand what the person needs, how they think, how they assess situations, their willingness to take risks, and why they might be resistant. Hundreds of questions race through my mind. Convincing someone who disagrees with you is the most energy-intensive

task.

It's important to consider the mindset of the person you're dealing with. If you start a confrontation, you'll never reach an agreement. You need to be able to see things from your opponent's perspective and say, "Yes, but..." – and that takes a lot of effort. This approach to management, rather than simply enforcing rules, creates a unique environment within the company and fosters different relationships.

Sometimes, there's a strong temptation to make a drastic decision, but that impulse is often misguided. I get it – I feel that way sometimes too. I remember one director at a meeting saying, "Sometimes you just want to slam your fist on the table and say, 'Just get it done!'" That really captures the mindset of that type of manager.

There are also side effects to a gentle management style. Many people, for some reason, perceive kindness and openness as weaknesses. Some may even take advantage of this. In Russian mentality trust is often seen as a vulnerability. I see this in management. If people start to exploit my kindness and genuine desire to help, distorting my intentions, I can respond sharply and put them in their place. There's a fine line that needs to be considered. In rare cases – less than 0.1% of situations – I might respond harshly if someone behaves inappropriately. For example, if someone in a meeting says to another, "Be quiet, can't you see I'm talking?!" I might ask that person to leave the meeting.

Why does this happen? Because, as a result of my flexible management style, people from different cultures sometimes get the impression that it's okay to be harsh. There are two dimensions to consider: managerial flexibility and human softness. I believe that human softness is important, but it must have its limits.

As I grow older, I increasingly realize that responsibility means being willing to sacrifice a lot for the company. I've even started writing about this in my first book. I must admit, I've become a bit like Scrooge McDuck. I've come to understand that my company needs money. Even though we sometimes made over 100 million rubles a month, I found it hard to spend even 50,000. I kept thinking about potential tax risks and other unexpected expenses. Imagine earning so much money but being afraid to spend some of it because you might need it in the future. I counted every thousand, even with such high earnings. And by the way, all my concerns always turned out to be justified, even the most pessimistic ones.

Usually, coincidences happen over short periods of time. Perhaps I was internally prepared for them, which is why I noticed and followed them. In a person's life, there are usually only two or three significant random events. This could be meeting someone special or encountering important circumstances. Everything else tends to follow a more predictable path. Therefore, we should approach coincidences with caution, but also recognize the opportunities they can bring.

I want to tell you a story. I was flying to Kostroma from Gorno-Altaiisk to make a speech at a forum. We took off in the morning, and guess what? I have a weak spot – I don't handle flights well. I spent all four hours in the lavatory, throwing up non-stop. I handed the flight attendant 5000 rubles and asked her not to let anyone in because I couldn't come out and explain why the bathroom was out of order for so long. She assured me everything would be fine. I was severely dehydrated, having drunk seven liters of water during the flight. When I arrived, I had to speak at 10 a.m. I hadn't slept all night and felt terrible. My deputy saw me three hours after landing and suggested canceling my speech, which was scheduled to start in just an hour, but I turned down his offer and went on to speak anyway.

No one noticed anything, but about ten minutes before the end of the workday, I felt like I was about to pass out. Nevertheless, I managed to get through all my scheduled meetings at the office, and in the evening, I even played in a football match for the local team. And I played well! But when I got home, I just collapsed. I realized that pushing myself to the limit can be pretty dangerous.

When I was heading home, I realized that I would never do that again. If I feel tired, it's better to cancel my plans. Since then, if I haven't got enough sleep, I go to bed to recharge before tackling my tasks. Why am I sharing this? To show that everyone is capable of transformation; we all have the potential and catalyst for change within us.

Chapter 3. About a Good Person and their Inner Strength

What does it mean to be a good person and have real inner strength? I touched on this in the introduction, but this question deserves a more detailed exploration. In my opinion, a good person is someone who, when faced with the choice between money and their values, will always choose the latter. This is important for life and critically essential for business – many aspiring entrepreneurs encounter such dilemmas. When it comes to choosing between personal principles and financial gain, principles should win.

I have faced this choice myself more than once. Let me give you a specific example related to motivational management within a company. When we started in the 2000s, many believed that salary was the only thing an employee should receive from an employer. However, from day one, I adhered to a different principle: every employee is a partner with whom we need to honestly negotiate the sharing of income. The fact that we build a partnership with our employees doesn't mean they bear the same risks as the leadership. For instance, when employees made mistakes that led to significant losses, we never shifted the responsibility onto them. We always took on all the losses ourselves. This is our formula: the entrepreneur takes

responsibility, while employees participate in the distribution of income.

There have been times when employees earned more than I did, and I've always considered that perfectly normal. My main principle is to create value for others. My job is to build a community where everyone finds it interesting and beneficial to work. Only after I make sure the interests of my employees are taken care of can I think about my own well-being.

My acquaintances often said, "Ildar, what are you doing? You're investing all your income back into the business, while your employees drive expensive cars and earn high salaries." I would respond, "That's how we agreed to operate." Our model is built on this principle. The growth of the system is impossible without strong individuals who can realize their potential. They invest in themselves and their development, striving to improve. For that, they need income. One thing has always been important to me: how much my employees earn. When I saw the rising incomes of my staff in the accounting reports, it made me happy.

Moreover, I have always been happy to see the profits of our partner realtors, senior partners, and franchisees grow. There's a special kind of satisfaction in knowing that we are all working together towards a common goal. Our system allowed for income growth, which signified the company's development and served as a tangible measure of our efforts – a visible result. It meant that the knowledge and skills of our employees were being effectively utilized and that the company was truly investing in

their development. For me, this has always been a key indicator of success.

Another trait of a good person, and for me, it's a fundamental issue, is keeping agreements. For example, in 2008, we had no money at all. I remember going to the bank and taking out a loan at 25% interest to continue paying salaries at the level we had agreed upon for a certain period. Only after fulfilling my obligations did I have a serious conversation with my employees, where I explained that I had to temporarily reduce their salaries by 15–20%. Even though I had no money at that time, I didn't let my people down. As a business leader, I took on all the risks. This principle was crucial for me then and remains an important value for the company to this day.

Honesty is also vital in business relationships. You can't build a business without it. I can't stand lies, and I always speak the truth directly to people's faces. Those who start working with me are often surprised by my straightforwardness, but over time they realize that it's much better to say what you mean rather than think one thing and say another. I always advocate for honesty in both personal and professional relationships, which sometimes leads to serious conversations with my deputies. I express my thoughts respectfully but directly, and I expect the same from others. There was an incident with our top realtor when we caught him cheating. That realtor was responsible for about 10% of our total revenue. The situation that unfolded when we started discussing measures to address this issue became a serious lesson

for me. In the early 2000s, our company "Etagi" had four co-founders, so we discussed this matter together. My partners insisted that we should not terminate our relationship with the realtor caught in dishonest dealings. We were already facing financial difficulties and there was uncertainty about whether we had enough funds to keep the company afloat during such a challenging time without going bankrupt. Besides, we were concerned that he might leave for a competitor.

At that point, I urged my colleagues to think about the long-term implications: "What will we achieve with this decision? What message are we sending to our partners by condoning the dishonest actions of their colleague?" I was convinced that in the future, we would lose much more because of this. We were building a large system for the long haul, and we couldn't turn a blind eye to this misconduct. Personally, I made the decision to build a system with the future in mind, rather than living day by day. Long-term thinking is one of my principles, as I've mentioned before. At that moment, I managed to persuade my colleagues to take decisive action. We ended our partnership with the realtor who had violated the rules. My partners understood that such behavior was unacceptable in our system, and as a result, our revenue doubled the following year because all the shady schemes disappeared and turned into our profit.

In the first couple of years of managing our company, there were four of us involved. My mother and I were equal partners with Galina Vasilievna Maximova and Andrey Valeryevich

Maximov. However, by 2003, my vote became the deciding one. From that point on, I was fully in charge of the company and made all the strategic decisions. For the first three years after the company's founding, my mother played the role of leader and carried the entire company on her shoulders. I was only 23 at the time and was just beginning to step into the world of senior management.

At that moment, I realized how important it is for a businessman to have clear principles and a strong inner core. When a leader faces a complex management decision filled with contradictions, it's crucial to be confident that the choice will ultimately be the right one. But how can you determine that, especially when you're deeply involved in the situation? It can be quite challenging to take an objective view. From my management experience: the more fear arises within, the closer you are to the right decision. The human brain is wired in such a way that neurons send signals about impending danger, and the closer that danger gets, the more strongly fear affects us. However, fear doesn't always indicate that the decision is right. As the importance of a decision increases, fear can also grow. Yet, fear can also arise when you're moving away from the right choice. It manifests in both scenarios: when you're approaching an important decision, it causes anxiety, and when you're distancing yourself from that decision, the potential consequences of inaction can be frightening. I don't like to make decisions when I'm feeling fearful. When you feel fear, it often

means you lack sufficient information, have conducted poor analysis, or simply lack experience. For me, the ideal point for making a decision lies between these two types of fear.

The case with the unscrupulous realtor was very telling: everyone was afraid of losing money right away, but few considered that if they ignored this incident, it could lead to a toxic culture within the company in a few years. I always focus on the future, and I'm less concerned about immediate financial losses than I am about long-term benefits.

Chapter 4. About the DNA of a Company

The DNA of a company is established at the very early stages of its existence and becomes woven into its management system, relationships, laws, and resource distribution. Even if your business has only two employees, that DNA is right there. Every company reflects the personality of its leader. This effect has its own rules and areas where it manifests most clearly.

Recruitment

The head of a company has a significant impact on the team: they hire employees – their inner circle – who then shape the rest of the team. It all starts with selecting the right people; this is how the company's DNA is formed. Ultimately, the entire structure is built on the principle of similarity. If a leader lacks a strong internal foundation, they will only attract people who are similar to them. It's crucial to understand this, as many believe that money can buy any professional. But that's not the case. In fact, the importance of this factor cannot be overstated. What distinguishes the world's best universities from average ones? It's incredibly difficult to gain admission; they set a very high standard from the beginning, and that's what

makes them so valuable! They concentrate talented people that enhance one another. Imagine what would happen to these prestigious universities if they started accepting students based on connections or without entrance exams, simply relying on emotional assessments?

A new employee in a company senses its DNA; they may not be consciously aware of it, but they pick up on it at a deeper, intuitive level. This phenomenon occurs in every organization, making it crucial to be able to feel and manage changes effectively. The creation of a company's DNA is the responsibility of its leadership.

The psychology of relationships

Respectful communication is the foundation of any successful organization. I always strive to maintain a culture of respectful relationships, engage in clear dialogue, and avoid putting pressure on people. I never allow grievances or disagreements to escalate into conflicts. I always resolve disputes peacefully and constructively, focusing on explanations rather than arguments. Even when I face insults or criticism, I stay calm and focused, concentrating on building connections rather than tearing them down. I strongly believe that people are meant for creativity and creation. This is the essence of life and work. Creating, not destroying, is what truly matters for any entrepreneur seeking success.

My management style involves defining the company's development directions in collaboration with my colleagues. This is the approach I strive to implement within our organization.

Many people who join us notice that we are always friendly. I am an open person myself and believe that we should communicate with others as if they were our parents or someone we respect and value. Our main strength lies in our respectful attitude towards people. Effective communication fosters loyalty to the system and creates the principle of openness. I realize that while talking to employees, I am partly shaping the company's culture. There are moments when I feel like saying something harsh, but I understand the importance of being the best version of myself, even when it's tough.

Trust is the core value of our company. When employees begin to trust management, they realize that it's a comfortable and safe environment where they can speak up without anticipation of being punished. It always disappoints me when people are afraid to express their opinions during meetings. This goes against my values. I believe that even in a work setting, people should be able to be themselves. That's what creates the right atmosphere.

It is absolutely unacceptable for me when any of my deputies begin to criticize a person's character rather than their professional qualities. I can fire someone for that. For example, when one employee rudely asked a colleague, "What are you grinning about?" I immediately dismissed him, despite

his effectiveness and results. Respect for others is one of my fundamental principles. I do not tolerate disrespectful attitudes toward people or personal attacks in arguments. I believe that every businessman should be prepared to stand for their values. When faced with the choice of whether to fire a valuable employee, there may be a temptation to compromise, with thoughts like, "Where will I find someone like that again?" But remember, straying from your core principles can be costly: it can lead to irreversible changes in the company's DNA. It's like a virus that gradually undermines the system from within.

In the past, everyone in our company would address each other using the formal "you," but now we've switched to the informal "you." People still tend to address me formally, but I'm perfectly fine with being called informally. In 2023, I officially announced, "Hey everyone, let's all use 'you'." While more and more people are starting to use the informal form, many are still sticking with the formal address for now.



Business trip to the Etagi office in Kostroma, featuring a tour with top real estate agents.

From left to right in the photo:

Olga Yuryevna Maltseva – real estate specialist at the Kostroma office

Polina Dmitrievna Chernakova – sales manager at the Kostroma office

Vladislav Viktorovich Sidorenko – my deputy for relations with government authorities

Svetlana Ivanovna Gorodinskaya – real estate specialist at the Kostroma office

Ivan Evgenyevich Volkov – real estate specialist at the Kostroma office

Olga Albertovna Shepeleva – business trainer at the Kostroma office

Lyubov Vladislavovna Igrunova – real estate specialist at the Kostroma office

August 2023

There was a situation where a programmer approached me and asked, "Ildar Borisovich, may I call you just first name?" I asked him why. He replied, "It's about equality. We're a company that values equal opportunities." I thought about it, and a month later, I announced to everyone, "Please feel free to address me informally."

Those who switch to informal address often encounter mental barriers. It's impossible to change the system all at once; we live in a society that has its norms. I genuinely believe that the ideal corporate culture is one where everyone is on first-name terms. However, for those who are significantly older, it's better to stick with more formal title.

The DNA of a business is shaped by a system of metrics that reflect our priorities. Leaders focus on different indicators; some emphasize profit growth, while others concentrate on production costs. Some take pride in low employee turnover or high margins. This highlights that each leader has their own priorities, which define the uniqueness of their management approach.

Observing and interacting with various directors, I've realized that each takes pride in something unique: one might boast about

having 150 realtors, another might highlight a profit margin of 22%, a third may celebrate low employee turnover, while a fourth proudly points out that one of his realtors considers their company the best in the world.

In our company, we have developed a comprehensive metrics system that includes aggregate rankings similar to the Fortune 500 index to evaluate various aspects of the business. Creating these aggregate rankings helps us monitor revenue and profitability.



<https://disk.yandex.ru/i/71czSpz7SbjnOg>

We may have one overarching global goal, but we always encourage cities or managers to choose their own metrics.

Until 2011, we didn't even track employee turnover; we didn't pay much attention to it and thought that realtors would come, make their money, and leave. At that time, we didn't realize how important this aspect is for the business. Now, our

turnover rate among realtors is around 28–30% per year, which is quite good. Among our top realtors, who form the backbone of the business, the turnover is only about 8%. Very few companies worldwide can boast such numbers. Why? Because we established a metric that works for us and stick to it. To track our results, I compile monthly reports to share our achievements and how we outperform our competitors with our team. I believe these reports help shape the DNA of our system.

Chapter 5. The Distribution of Resources

My approach to business has changed significantly over the past eight years. The main reason for this change is my growth as a manager and the deep understanding of laws of my company's development. When you experience certain cycles, you begin to notice them and learn how to face challenges. For example, consider the flooding in Russia in 2024. Such events occur on average every 10 to 15 years. Those who haven't experienced such disasters will struggle to prepare for them in the future.

Management cycles typically last around 5 to 8 years. As you go through these cycles, you gain experience in resolving various situations, misunderstandings, and conflicts. Our business also has a "long tail" of rare but significant events that occur every 3 to 4 years or even less frequently. It's essential to experience these events to fully understand their impact on us and learn how to navigate them effectively.

When I first encountered certain issues, whether it was dealing with government agencies or unexpected risks, it felt like a nightmare. My heart would race, and I felt uncertain. However, with experience came the understanding that these challenges are an essential part of the system and that facing them is inevitable. Over time, I learned to approach these challenges with more

calmness. Each new trial brought me greater confidence, and I found myself almost always in a state of tranquility.

I realized the importance of a resource-based approach. This approach is rooted in the understanding that everything we possess is a resource that should be used efficiently and beneficially for all parties involved. After all, in the end, we are managing resources.

Effective management is the ability to configure a system so that resources are utilized in the best possible way. There are many starting points in management: you can begin with resources, clients, stakeholders, business processes, or performance metrics. For me, management has always been primarily about the efficient use of resources.

I identified a flaw in my own working algorithm – funneling efforts in the wrong direction and inefficient resource allocation. Then I realized that this isn't just my individual case; many leaders make the same mistakes.

A good example of effective resource allocation can be seen in a well-organized construction project. Some builders may take three years to complete a 16-story building, while other companies can finish the same project in just eight months. As a result, the latter not only completes the project faster but often does it at a lower cost and with better quality, thanks to their efficient organization.

Every morning, I walk past a construction site and see the same scene. At 7:30, the workers are already lined up and

receiving instructions to be fully prepared and ready to start work by 8:00. The equipment is well-maintained, everything is new, and there are no delays.

The same applies to business. Resources operate on similar principles. Sometimes, the resources themselves indicate that they are being used inefficiently. For example, when we talk about human resources, high employee turnover is a sign that we are not utilizing our staff's potential effectively. Similarly, when it comes to financial resources, a lack of profitability or high operational costs are also indicators of inefficiency.

There still aren't many books about resource management, but it has a promising future. It's essential to consider both the core and resource business models, as they always intersect. The more dimensions you analyze, the better you'll understand your company and see its potential.

To avoid mistakes in resource management, it's important to understand **the three key aspects** that influence a manager when making decisions about resource allocation.

Aspect 1. The power of habit

Earlier, I mentioned that companies operating in the same industry often copy each other, including their resource allocation methods. We tend to stick to traditional ways of doing things, which can hinder our ability to make the right decisions. This is how the human brain works: if you ask it to imagine a

non-existent animal, it will combine parts from real ones, like drawing an elephant's head and a tiger's body. The same applies to resource distribution; there may be a temptation to adopt the strategies of other companies or the industry as a whole. However, if we rely on old methods to solve new challenges, we risk falling behind. This is one of the most challenging management traps, and finding a way out is nearly impossible. This is the fear of loss and the instinct for self-preservation that don't let you make a decision. So how do we tackle this and create a powerful system? The answer lies in effective resource management.

As an example, I'd like to share my experience during an audit visit to one of the company's branches. We started looking into the staffing levels, and I found that they had four finance specialists and only one HR professional. In our industry, it should be the other way around. Only when I asked the branch manager why this was the case did he realize it was a poor management decision. I can speculate that this imbalance might be because the manager's got on well with the finance team, or perhaps he has a personal interest in finance. Besides, HR is often seen as a complex and unclear area for professionals in our field, which requires bringing in people with different skill sets. The manager simply doesn't understand the criteria for selecting such individuals, how to train them, or what metrics to set, which ultimately leads to this distortion. This is a typical example of ineffective resource management.

Aspect 2. Misjudgment of resource potential

Different types of resources yield results within varying timeframes, and it's not always possible to predict their long-term effects. A deep understanding of the structure and potential of each resource is essential to avoid making decisions based solely on short-term gains.

Overall, effective resource management requires not only an understanding of the current needs of the business but also the ability to anticipate future trends and adapt to them. This is the foundation for building a sustainable and dynamic business.

Types of resources:

- financial;
- material;
- human;
- intellectual;
- technological (figure 1).

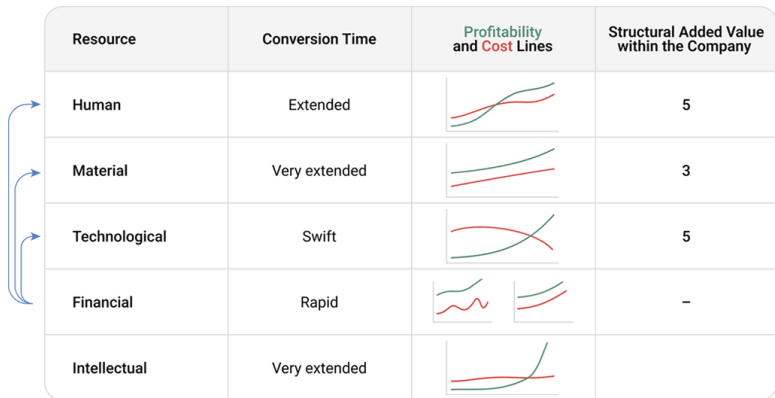


Figure 1

Resource Characteristics and their Contribution to Company Development

Financial resources are utilized according to the needs of the company and are often directed towards generating profit, although they are not always directly linked to it. Finances can be employed in various forms to support three main types of resources: human, material, and technological. In this context, it's crucial to understand how to effectively manage financial resources; it may even be beneficial to establish a dedicated department for this purpose.

Finance plays a dual role in business. On one hand, money allows for the acquisition of resources; on the other hand, it is itself a valuable resource. While having funds in accounts is always important, I have never seen it as the primary goal

of management. I believe that making it the main objective is a misguided focus that can often lead one astray. I have always viewed the company independently of its financials. I am convinced that profit is simply a byproduct of effectively managing the underlying processes that drive the company's operations.

If we draw an analogy with a football match, financial resources are like the score on the scoreboard; the real action happens on the pitch. If you focus too much on that number, you might lose sight of what really matters. It's important to concentrate on effectively utilizing all types of resources to achieve the desired result on the scoreboard.

In our business, we place a high value on human resources, as they account for 70% of all our assets. This means that people are our top priority, and we design all our systems around this resource. We often discuss where to direct our attention and resources, and we conclude that we need to invest more in partners and entrepreneurs, as well as in the funds that support them.

Salaries are worth mentioning as well. Currently, they are not very high in Russia, but I'm positive that this situation will change soon. I would even venture to predict that by 2030–2035, the value of human resources will significantly increase. I hope this book highlights an important aspect – the necessity of sharing success with employees and creating new business models. This way, businesses will transform, and competition will naturally

elevate the entire system to a new level.

The value of human resources is significant and will continue to grow, so it's crucial to keep the focus on people, especially if this type of resource is primary for your business. On the other hand, it's perfectly acceptable to seek external financing for specific goals. For example, construction companies often take out loans that are 100 to 150 times greater than their own capital, and they successfully execute projects. They are not afraid to take risks because they know exactly where the value lies and how to leverage it.

Material Resources. I would rate their importance as three out of five. I don't deal with the administrative and operational aspects, nor do I hold meetings about it. At one point, I delegated the management of this area to a truly reliable and talented person, and I haven't revisited the issue ever since, as I don't see the point. Instead, I focus on the technological aspects, which are extremely important in our field and deserve a five out of five rating in terms of significance.

Every industry has its own system for resource allocation, and it's crucial to understand where to direct efforts to realize potential. I've seen leaders who take part in choosing office furniture or purchasing computers. I believe that's inefficient. A leader should be where they can provide the most value to the business, regardless of company size. Every entrepreneur subconsciously understands the profitability of different resources. Take our real estate business, for example.

We have an overall structure of income and expenses, and the simplest method for evaluation is analyzing return on investment (ROI).

But honestly, it's hard to imagine that investments in material resources could be highly profitable if other resources remain unchanged. I like a method I call "taking the situation to absurdity." Let's say we only invest in material resources and start by buying new desks. We won't hire new agents or invest in their training and development; instead, we'll buy desks made of gold. Will this help our business grow? No. The desks will be there, and their utility will be zero unless we sell them later. Now let's consider another scenario: if we actively invest in developing our staff, nurturing professionals in their fields, while changing nothing else, our profitability could immediately increase by 20%.

Or think about investing in a strong brand. What would change if we created a powerful brand but kept our technological processes the same? It's unlikely that this would yield significant results. This is one of the simplest ways to understand the real effectiveness of various investments. Of course, there are more complex methods that involve mathematical and financial calculations

Human Resources. Even when a business is just starting to grow, it's important to invest resources where they will yield the greatest results. For instance, when real estate agents join us, we ask them what they're aimed at. Often, they say they want to

close deals and earn money, but it quickly becomes clear that they don't always realize that it's much more important to develop the qualities that will lead to those deals. I point out that while the knowledge provided by the company is important, what matters even more is quickly building a client base and finding properties.

Intellectual resources, such as licenses, technologies, and the collective knowledge of employees, fall into a separate category. Although they may seem inexpensive, monetizing these resources requires time and effort. It's a complex process, but with the right approach, it can yield significant benefits. Intellectual resources often turn out to be more valuable than they appear at first and play a crucial role in the long-term success of a company.

Technological resources include various interaction technologies. They're not only physical resources but also IT processes, software, and an understanding of all business processes. Technology plays a key role in ensuring the efficiency of a company's operations.

We might develop powerful technological frameworks that we establish. Eventually, every company contemplates how to effectively utilize its resources.

Different companies manage their resources in different ways. For example, in the real estate business, important resources include the number of agents, the size of the client base, and brand recognition. We assess the efficiency of resource use and accumulation, which is like debits and credits at any time. In

other industries, such as hospitality, resources are invested in material assets, service quality, and brand reputation. In service sectors, there's a greater emphasis on the human factor, while in banking, financial resources take precedence. However, there is always some method for managing these resources effectively.

Aspect 3. Investment Mindset

Let's break down the essence of this concept. An investment mindset is closely tied to understanding value, which is fundamental for a lasting business. When an entrepreneur makes decisions that are beneficial, their business becomes profitable. However, it's crucial to understand who benefits from these decisions. This is where the challenge lies.

A business can only exist and thrive when it provides value not just to investors, but also to employees, customers, and society as a whole. Balancing the interests of all these stakeholders is often quite challenging. Creating systems that are simultaneously beneficial for all four market participants requires significant effort.

Let me give you a simple example. We spent a long time discussing the cost of investing in the training of a single employee. Training is often undervalued in Russia because the focus tends to shift towards tangible assets. For instance, if an employee needs a computer costing 250,000 rubles, no one would object; everyone sees that as reasonable.

But what about employee training? Essentially, it's about focusing on the customer. Few people realize this because training is usually categorized under employee budgets, when in fact, it should be considered a customer budget. Once we understood this, we increased our investments in our staff. Our strategies became long-term. Training one employee can cost up to 500,000 rubles, but the return on such investments is enormous. This kind of investment yields significant returns: the better trained an employee is, the higher the quality of the products or services they provide. Therefore, such investments are more than justified and highly profitable.

Two years after implementing this strategy, we noticed that our company's average customer satisfaction rating increased from 4.3 to 4.8. Between 2018 and 2021, we actively invested in development, which yielded tangible results: conversion rates improved, performance metrics enhanced, and profitability increased. We launched a comprehensive development program for employees and realtors, investing around 1.5% of our total revenue into their training. These are substantial sums, but the results we achieved in 2021–2022 were impressive.

To achieve these results, the company had to sacrifice short-term profits for two years. Those who don't recognize the importance of this balance often cut back on development. However, a successful business relies on maintaining a sense of balance. We shifted our focus from short-term gains to long-term employee development, which led to positive outcomes:

employee turnover decreased, job satisfaction improved, and customer loyalty increased.

This invisible balance is crucial for business success and plays a key role in achieving positive outcomes for the company. In the early stages of a business career, there's always a temptation to pursue immediate gains, but that can be a trap. Trust me, when profit comes instantly, it often resembles cheese in a mousetrap. No matter how tempting it seems, it's not worth taking. Your decisions carry significant weight. If a leader makes a strategic decision that yields immediate profit, it could turn out to be a trap for the entire company – potentially even for all thirty thousand partners and employees who share the same vision.

This is why many businesses walk a fine line and ultimately fail. Each year in Russia, up to 450,000 companies close their doors. These figures highlight not only the high level of dynamism in the business environment but also the serious challenges entrepreneurs face. Observing these numbers makes it clear that the market demands constant adaptation and innovation for a company to survive and thrive.

Some leaders focus all their efforts on employee well-being; others prioritize meeting customer needs until funds run out; some extract every possible profit for themselves while neglecting others; and some dedicate everything to the benefit of society, leaving nothing for themselves.

When it comes to the work of "Etagi," we didn't manage to

find that balance right away. In the early stages of my career, I didn't always pay enough attention to clients. This is a topic worth discussing openly. I didn't fully realize how important it was. My work felt like a daily routine, and I didn't think about the bigger picture.

If I could go back to the year 2000, I would have advised myself to start looking for and analyzing patterns back then. Running business is like doing an equation in mathematics. Learning to see and take into account the multiple aspects is like solving a system of equations with several unknowns. It's challenging but possible, and the right tools help find that balance. Now I have several such tools that allow me to effectively manage all aspects of the business while satisfying stakeholder needs.

The first tool is understanding global flows: customer, financial, human, and others. Over the last 20–25 years, I've realized that the biggest mistake is trying to analyze something in isolation without understanding the overall direction.

For example, when someone is swimming in a river, they don't think about which way it's flowing. They only start to realize this when they're swept away by the current or overwhelmed by waves. Not until a situation directly affects them, can they grasp the big picture. Hiring weak employees is like rearranging blocks in a poorly assembled Rubik's cube. No matter how hard you try, you won't be able to solve it; there simply won't be a chance.

Solving such problems can be costly because weak employees won't achieve the desired results, and no amount of money can fix that.

In the early days of my career, I didn't understand this and tried to address issues on a case-by-case basis. Now I realize that solutions need to be sought at a different level. I used to enjoy watching the show "Your own game" (Russian version of *Jeopardy* game). You never know what will happen next. The key isn't just being the smartest; it's knowing when you can't solve a problem and looking for answers at a different level. I always say, "Let's look higher." I even have a catchphrase: "Let's look upstream and downstream."

At one of our branches, I requested a list of 50 newly hired employees. I personally interviewed each one and discovered that 35 of them were not suitable for their positions. I told the HR specialists, "Guys, this isn't working; we need to change everything." I appointed a supervisor to oversee their work. As a result, candidates began to be selected more carefully; this now took more time and significant effort. Five months later, many things had changed in the branch. By simply hiring higher-quality employees, we improved the process chain. Competition increased, conversion rates rose, and we were able to reduce development costs.

We could have endlessly tried to solve problems at a superficial level, but real change came when we looked deeper. I can confidently say that this is the most important tool in business

that one needs to master. I learned it late, I admit. It took me 18–20 years of practice to understand how it works. Minor problems can be very distracting, and it takes effort to see the big picture.

The second tool is planning. On the one hand, it can seem like a necessary evil, but on the other hand, it helps assess situations more accurately. It depends on the degree of planning. I've seen cases where everything is planned down to the smallest detail, including furniture and budgets for it. This approach is bottom-up: first, they count the number of tables and computers, then they form an overall budget.

I'm a proponent of top-down planning. I believe in setting goals and identifying major resources. I enjoy discussing the big picture with people without getting bogged down in details. We say, "Here's our goal, and here are the necessary resources." Some might ask, "How can we achieve our goals without a detailed plan?" But that's how we all live. We don't always know how the gearbox in a car works, but that doesn't stop us from driving. The key is to understand the fundamental principles and keep moving forward. However, when necessary, one should be ready to dive into the details and figure things out. Regularly engaging in detailed analysis isn't practical; people need to be given autonomy.

The same applies to management: focus on your level, and the details will become clear as you progress. The main thing is to find the boundary of how far to plan. This boundary isn't as extensive as people think. There's no need to spend hours

on Excel spreadsheets; it's enough to discuss the task and goals in broad terms, agree on concepts, coordinate resources, and identify the interests of the system before getting to work.

That's how I've built my company. We don't have extensive developments or documents. Our largest presentations don't include more than 10 slides. Yet, we produce high-quality products and are the largest company in Europe in our field. Of course, this requires thorough preparation and high intelligence from all employees, but that's a different issue.

The third tool is the non-optimistic model. A common problem for many managers and entrepreneurs is that they are too optimistic. It's good to be optimistic, but it's also essential to acknowledge the possibility of failure. I advise everyone to accept this as a given and not to suffer if things don't go as planned. Most people, especially managers, can't handle unexpected situations and can crumble under setbacks. When everything goes according to a plan, there are no problems, and everyone enjoys the process. But true management talent shines when difficulties arise.

When things go wrong, what matters is how the leader handles the situation. True mastery is not shown when you're sliding down a hill but rather when you're climbing it up.

My effectiveness is truly tested when business or the economy are having a hard time. And honestly, I find excitement in that. I'm always engaged; I never lack energy or enthusiasm, no matter how bad things get. Perhaps that's the key to our company's

success.

I advise everyone to immediately prepare for tough work and see themselves as crisis managers. When everything is going well, you're not as needed; you play a different role in the business. There's a function that creates value and a function that materializes it. Always strive to create value rather than just materialize it.

I don't derive pleasure from high financial results. I understand they are the fruits of efforts made a year ago. What interests me is the value I'm creating now. My work has always focused on this. However, I didn't come up with this model overnight. I admit that at first, I revelled in early financial success and celebrated significant achievements. Over time, I realized that it's more important to be at the forefront of value creation and lead my team there. There's no point in celebrating what has already been achieved; it's just a comet tail.

Around 2015–2017, I began to understand how each of my decisions impacts the balance of interests in the business. It's crucial to track how the decisions made affect the company trajectory. I can see what's happening and make the right decisions when I understand what stage the business is at:

- Growth
- Stable development
- Stagnation
- Decline

This categorization helps me approach management and strategy thoughtfully by directing efforts where they are needed most at the moment. I declare that if I sense that the company is not growing, I'll stop managing it. This is essential for me. I made this decision long time ago and wrote about it in my first book. I'm convinced that one should always leave at the right time.

I'm familiar with Adizes' methodology, but I strongly disagree with it. I believe that a company's stages of development depend not on its age, but solely on the quality of management. A company's age can drastically change with a change in leadership. I've witnessed this in over 200 partner companies within our network.

We had several partners on the brink of collapse, but a team change helped them grow into network leaders within a year or a year and a half. Organizations do not age like people do. While we carry a gene of aging, organizations do not. Discussions about company life stages often mask underlying management inefficiencies.

If you have a mature company, it means that the management team urgently needs to be replaced. If you are experiencing significant revenue growth but have unbalanced margins, it indicates problems in financial management, not that the company is heading in the wrong direction. Everything can be balanced with effective management.

I also find it absurd to claim that out of three parameters

– price, quality, and timelines – you have to only choose two. I am convinced that it's possible to successfully manage all three parameters simultaneously. That is the essence of effective management.

Let's take a closer look at the stages of a business:

1. **Growth Stage:** At this stage, it's crucial to focus on meeting customer needs and ensuring employee well-being, even if it comes at the expense of personal interests. Investing in these two areas will bring long-term revenue, especially if the business rarely sees repeat customers. In such cases, prioritizing internal marketing and employee engagement becomes more valuable than direct sales.

2. **Stable Development in Challenging Market Conditions:** When facing a market crisis, particular attention must be paid to financial stability. It's important to ensure that the business remains profitable for investors. In my management practice, there is a strict rule: avoid losses at all costs. We have a principle that as soon as we see the business going into the red, we actively begin to cut costs. According to my management model, we cannot allow the company to be unprofitable for more than five or six months. I always say that if we don't get any profit for more than seven months, we'll have to take serious optimization measures. This means reducing staff and lowering salaries. I candidly tell my team that we cannot sustain the current model.

There is a strong temptation to try to keep all employees on board by continuing to invest our own funds into the company, but that strategy doesn't work. The business model starts to "suffer", becomes accustomed to this mode, and then it is very difficult to recover. Of course, there is always a fine line between necessary measures.

As they say on an airplane, in case of an emergency, you should put your mask on first before assisting a child. The same applies to business: it's important to protect yourself and not be afraid to prioritize the company's interests in times of crisis. This is extremely important. This is my tactic, although others may see different solutions.

During the development stage of a business, there is a shift in internal balance. This doesn't mean that we stop caring for employees and clients, but the conditions change. While we used to invest a lot in financial resources, now, during a crisis, our ability to make such investments is limited. A crisis means a reduction in available resources, and this issue deserves special attention, possibly in a separate chapter on crisis management.

As I'm writing this book, we are going through a challenging period. In fact, we have already faced similar difficulties before, but now we are encountering them again. For example, in January and February, we incurred serious losses – up to 85 million in January. January is always a tough month. In the first quarter, losses reached 70 million, but we have learned not to dwell on it. Instead, we focused on increasing our market share

and improving processes and systems. As a result, we achieved fantastic financial results in the second quarter.

If we had started to slow down back then, even with reserves of funds, the situation could have got even worse. This stage is difficult for most people, and forecasting periods of difficulty is relevant for everyone reading this book. It's important to monitor market conditions. In July 2024, while writing this book, I understood that we were about to face six challenging months, but we were prepared and believed that things will get better in 2025. By the time I finalize this book in October 2024, I realize that nothing good awaits us in 2025.

We don't view our business as problematic; instead, we see these difficulties as temporary. We adapt our motivational schemes to the current situation, support our employees, and take the full responsibility. This is the only right tactic because excessive staff reductions and the panic associated with them can lead to failure.

I always advise clearly distinguishing between "business" and "market conditions." Initially, due to lack of experience, I confused these concepts myself. When the market was declining, I thought we were underperforming. Now I always separate these circumstances.

3. Business During Stagnation: In the third stage, when a business stops growing, it's crucial to shift the focus back to the customer. It's important to realize that if your operational model isn't delivering the expected results, it's time to drastically

change your approach to resource allocation. During this period, analyzing the situation and adjusting strategies becomes critically important.

A business often stagnates due to a misunderstanding of the value it creates for its customers. You may have lost touch with them and no longer feel their needs. Understanding what the customer truly wants is akin to love; it isn't eternal. Even if you've discovered a brilliant management tool, over time – whether in a year or a decade – it will require adjustments. Continuous analysis is necessary because customers don't buy what we find interesting or appealing; they purchase what is valuable to them.

Numerous studies support this idea. A customer doesn't always choose a real estate service just for profit or time-saving reasons. Sometimes, it's simply important for them to have someone by their side. In some cases, clients seek real estate services because they need an expert to assess the scale of their purchase. These could be individuals who rely on external validation, which does happen. Therefore, if we misinterpret the customer's motivation and build our system on that misunderstanding, we risk losing everything.

When a business enters a state of stagnation, the key question for management becomes: what went wrong? The problem usually lies at the highest levels of management. Often, leaders tend to blame operational units, claiming they aren't functioning properly. However, my experience indicates that if a company is stagnating, the issue is likely rooted in mistakes made by upper

management.

4. Degradation: This stage is the hardest for me to describe; I believe our company has never reached this point but has come close. The main characteristic here is that the organization stops meeting societal needs. Symptoms of this stage include low employee engagement. Outsiders often sense what's happening within the company.

Some might argue that degradation arises from a declining market. However, if the market is falling and the organization is increasing its market share, that's definitely not degradation. I'm speaking about the essence of the organization itself. The market can certainly impact financial results, but a company can be in a state of degradation even with strong financial performance. It might be losing market share or lowering the quality of its services or products while still making substantial profits.

For a leader, it's essential to honestly answer the question: "Where are we?" For instance, I've made many personnel decisions at the peak of success. Even when everything seemed fine, people would ask me, "Why are you changing the team? Everything is great!" And I would respond, "No, it's not as good as it seems."

In 2024, I underwent a major overhaul of our top management team. Despite having a successful year overall, we faced significant issues with market share and performance metrics. The only thing that saved us were the favorable markets of 2021, 2022, and 2023. I was convinced we were entering a stage of

degradation: we were disproportionately increasing costs and losing employee engagement. So, I decided to take action.

In a state of degradation, every step becomes critically important. It's like in the movie "Interstellar": one hour on another planet equals seven years on Earth. For those who find themselves in this stage, recovering previous positions can be extremely difficult. Many companies fail because once they enter a state of degradation, they can't respond quickly enough to changes in the external environment. In such situations, two hours of delay can cost a company its very existence.

Another characteristic of the degradation stage is that people begin to protect their personal interests rather than those of the company. It's essential for employees' interests to align with those of the company. However, during the degradation stage, this connection is lost, and corporate culture starts to focus on the appearance of work rather than actual results. In this stage of degradation, many people are more concerned with seeming productive rather than being productive.

Equally significant is the fact that the zone of risk becomes infinite; there used to be the river of risk, now it's the sea. For example, during a storm, a person can be swept away from the shore. They either quickly try to return or they may never come back. I must admit, I sometimes feel a shiver when I realize we are being pulled into this stage. It's a terrifying stage, and I fear it. Most systems enter it and quietly perish.

Chapter 6. About the Power of Energy in Business

Business is a pragmatic endeavor where leaders always operate based on data from reports and charts, taking trends into account. However, I believe there is something invisible yet equally important. I truly believe in the power of energy in business. There are different types of energy. There is **the energy of success** that genuinely drives a business forward. When a business stops being successful, everything – energy level, morale – goes down, and no amount of artificial attempts to improve the situation without real achievements will work. Many are familiar with the surge of energy that comes when work is done well and results are visible – it's like the euphoria after winning a match.

Recently, during breakfast, I had a conversation with one of our franchisees. He asked, “What’s the point of working, Ildar Borisovich? You already have so much money; why keep going?” I replied, “The meaning of life and work lies in the work itself.” I genuinely believe this. Other processes, like raising children, are understandable and important, but they are inherent to nature. Only creating something makes it possible to stepping beyond the ordinary.

I don't seek meaning outside of life because I believe it doesn't exist there. It's important to recognize that each of us

has already traveled a long way just to live. Therefore, life is the greatest value. For me, the main meanings are family, children, relationships with friends, and hobbies. But it's been a while since I've decided that my top priority is creative work. Life becomes simpler when you set a goal to improve something, enhance the lives of others, or compete with someone in your ideology and philosophy.

Some might call this selfishness, but it's a positive form of selfishness that benefits everyone. Within our company, we are building an entrepreneurial culture that acknowledges that each person has the opportunity to choose their tools for achieving goals as well as the goals themselves. This is the strongest energy that propels us forward.

We are gradually approaching the main idea of this book – the power of freedom, a force I have felt within myself since childhood. Honestly, I've dreamed of writing such a book since I was about ten or maybe twelve.

Another type of energy is **the energy of individualism** – a unique and unexplored force. There are no serious studies explaining why people enjoy looking at their own photos or reading thoughts about themselves. I remember my school days when many peers would fill out questionnaires about themselves and read what others thought about them. Everyone was curious about who liked whom. Those were sort of the social networks of that time.

Social media allows people to showcase what they are doing,

often sparking interest from others. I post in social media mainly for the company – it's a business necessity. Honestly, I'm not sure I would have created accounts if it weren't for work. Perhaps if I step down from my leadership position, I will stop posting.

However, I can't deny that I enjoy looking back at old posts, much like how we used to flip through old photo albums. The energy of egoism as the highest expression of individualism exists, and it's essential to recognize and harness it.

Egoism in entrepreneurship lies in creating value with the intention of making money. A successful entrepreneur focuses first on generating value and then finds ways to monetize it. In contrast, unsuccessful entrepreneurs often start with the mindset of how to make money, neglecting the importance of creating real value. This is a crucial distinction to recognize. Any organization needs to have a high-level management system in place.

I also believe in **the energy of novelty**. A company that fosters a culture of renewal is constantly evolving. There is also **the energy of passion**, when employees truly love what they do, you can feel it looking at their work.

However, the most powerful form of energy is **the energy of competition**. It is unique, yet many people are afraid to enter the race, preferring the stability of a monopoly. Nevertheless, in our team, we encourage a competitive spirit, sometimes assigning the same tasks to different individuals to see who performs better. This promotes a healthy sense of competitiveness, and we openly

share our employees' success rankings with the entire team. The top performers receive recognition and rewards, such as a trip to Dubai or a reserved parking spot in our company's underground lot. In our company, an employee's rank in the hierarchy doesn't matter; only their performance counts.

The energy in business is largely shaped and sustained by leadership through certain principles that guide the company's operations. These principles help ensure that energy not only exists within the system but also positively impacts the entire organization.

I believe that a company is a building block of society. Companies create the economic strength of any country. Regardless of ownership structure, whether state-owned or private, they contribute to the economic development of the nation. The effectiveness of management within companies directly reflects the efficiency of society as a whole. Therefore, it is crucial to invest in the development of managers and to recognize the best among them as national treasures. Successful management can quickly and effectively boost the economy of any country. It is dangerous when managers are afraid for their positions or feel insecure, as this hinders the system's growth and development.

Companies play a crucial role in the development of individuals. We invest heavily in the education system, but schools and universities only account for 16 years of a person's life: about 10–11 years in school and 5 years in university. After that, individuals typically work until they are around 60 years old, with about 40 of those years

spent developing their skills in businesses and organizations. When we translate these periods into numbers, the investment made by companies in employee development far exceeds the budget allocated by the government for school education by nearly two and a half times. In this way, company leadership effectively provides a form of "third education" for all their employees, contributing significantly to societal development.

Everything that has been built and the way we live depends on companies. They ensure the efficiency of resource utilization and guide the direction of society. Every leader plays a crucial role in the economy and should never underestimate their importance.

I feel a strong sense of purpose in my mission: to create a product, develop an economic structure, enhance efficiency, and foster personal growth. Financial and economic results are not my top priority. What matters much more is how people develop, the services we provide, and how we transform society by improving our internal culture and optimizing our work approaches.

The motivation behind writing this book is my desire to draw the attention of leadership in as many companies as possible to the idea that the clearer they understand their significance, the better it will be for everyone. Many business leaders underestimate their own roles. I don't suffer from a superiority complex, but I also don't have low self-esteem. I believe I am doing something great and serving as an example for many who are transforming their businesses.

After the release of my first book, I received an overwhelming amount of feedback and gratitude. People

come to see me just to talk and share how the book has helped them transform their businesses. I try to meet with everyone, even if it's just for 15 minutes, but I make it a priority.

The role of all managers in the development of society is immense. We are making a significant contribution by advancing society as a whole.

Chapter 7. About the Culture of Entrepreneurship

All over the world people make a mistake thinking that it's really easy and appealing to be an entrepreneur. However, not everyone can clearly articulate what entrepreneurial culture means within an organization, and there aren't many resources available on this topic. I want to delve deeper into this issue, drawing on my substantial experience and insights.

Entrepreneurial culture is based on the idea of freedom. In many companies, regulations are so strict that they stifle employees' ability to express themselves, unlock their potential, and contribute significantly to the organization. The upbringing I received, for which I am grateful to my mother, instilled in me the value of freedom. This value became the foundation of the corporate culture at "Etagi."

Creating an atmosphere of freedom in a company requires not only the implementation of motivational mechanisms but also a comprehensive approach to management. It's a complex process that demands constant attention and fine-tuning. I 'm going to elaborate on how these principles are put into practice.

1. Motivational Mechanisms – These are the cornerstone of the entrepreneurial spirit. The way resources are distributed

within the company significantly impacts employee motivation.

2. **Initiative** – Every employee should have the right to voice their opinions. In an entrepreneurial environment, unlike more conservative systems where freedom of expression may be restricted, the generation of ideas and suggestions is actively encouraged.

3. **Access to Resources** – In an ideal entrepreneurial culture, employees should be able to utilize the necessary resources of the company without fear of punishment. In traditional cultures, resources are often tightly controlled, and any deviation from the norm is viewed as a violation.

4. **Right to Take Risks** – The company's ability to take responsibility for its employees' decisions is crucial. During interviews, I always allocate time to discuss this topic, which often surprises candidates. I encourage them to consider what risks they are willing to take in their work.

There is one important question I always ask candidates – it's a question about responsibility. What is responsibility? Essentially, it is the extent of risk a person is willing to undertake. Therefore, irresponsibility can be seen as a reluctance to take risks.

Let me share an example of a conversation about this during one of the interviews. When discussing their previous job at

a large state-owned company, the candidate mentioned that at one point, a new motivation system was "imposed from above," which turned out to be ineffective and ultimately led to the collapse of the business. I asked, "What actions did you take? What do you mean by 'imposed from above'? Did you try to change anything? Did you meet with management to argue your case, gather feedback from your colleagues on the issue, or present them with data showing the problem? Did you even consider traveling to Moscow to meet with the business owner? Decisions are made by people. You didn't even try." The candidate replied that in their system, such initiatives don't work.

This incident highlighted how large organizations can "standardize" people, stripping them of their initiative. I ended up hiring this person, and he's doing well in our company. He had been in a system that constrained him within rigid boundaries. Our goal was to help him regain his morale. That's all about the importance of internal company culture.

Sometimes, we have to let employees go, and other times they leave on their own. I often hear from them that in their new positions, they feel like their "wings are clipped." In our company, the environment is more flexible, allowing people to unlock their potential.

That's why I always give people the right to take risks and encourage them to take proactive steps. For example, when I decided to move one department from one division to another and shared my plans with an employee, he wrote me a long letter

explaining why it was a bad idea. He was completely against the decision. I replied, "Alright, no problem." The employee showed courage and took responsibility.

This is the culture we foster, and it's incredibly important. It's the DNA of our company, and it's invaluable for business. The courage and responsibility of employees are worth a lot.

5. Entrepreneurial Activity – This refers to the willingness to engage freely with others to achieve goals. A true entrepreneur sees themselves as the master of their own fate, even while recognizing that their activities are influenced by various external factors, such as resources or tax systems. Nevertheless, every decision they make is based on personal choice. It's crucial for every employee to feel that they can express themselves and influence the company's resources. This empowers them to act like entrepreneurs, making independent decisions despite potential risks.

I remember in the early years of our work, we formed a team of managers to develop a unique entrepreneurial culture. It was a challenge similar to trying to change human nature. We encouraged managers not just to perform routine tasks but to think and act bigger. They were given the authority to influence various aspects of the company, including financial decisions and employee development. For instance, we allowed them to invest in training initiatives, thus combining corporate and personal resources.

An entrepreneurial culture involves thinking beyond just financial gain and considering bigger values. This is an approach we continually develop, including training our managers to be not just leaders but true entrepreneurs within the company who can generate significant revenue through their effectiveness and entrepreneurial activity.

6. Money and Values – In the world of entrepreneurship, understanding values is immensely important. While an ordinary employee focuses on completing tasks, an entrepreneur is focused on creating value, and an investor is concerned with investment returns. Implementing a values-driven culture within a company is critically important; the absence of such a culture can lead to organizational decline.

As an example, I'd like to share our experience in mortgage brokerage. We set a goal to create a high-quality service that would enable each broker, as the owner of their own segment, to earn money. Initially, we had a motivational system where brokers received a fixed salary of 50,000 rubles. Over time, we changed our approach: we reduced the salary to 25,000 rubles and offered the remaining 30,000 rubles based on achieving KPIs.

Then we revised the reward system again: we started paying 200 rubles for each approved loan. In one meeting, I proposed an even more drastic measure: "I suggest we pay 1,000 rubles for every approved application and reduce the salary to 10,000

rubles. Earnings will be solely based on results.” This sparked a debate, during which my colleagues advocated for their interests, requesting more authority to meet their targets. I listened to them, and they created a list of powers they needed, which I approved.

What happened next? Our team’s productivity doubled within a year, and the cost per transaction significantly decreased. Our employees began to think not only about completing their daily tasks but also about how to work in a way that would encourage clients to return. In business, there’s an important principle: a client should stay with you for life. Now, it’s not just me as the company owner who thinks about this; every mortgage broker is on it with me. Moreover, our employees started suggesting changes to our software – something that had never happened before. They began to feel like entrepreneurs, considering ways to improve their tools. Employees began asking for resources – this is a crucial indicator of a healthy entrepreneurial culture.

In today’s reality, every employee in a company is part of a larger organism, and the more involved you are in this system, the healthier it will be. If people in the company rush out of the office at 6 p.m. as if a starting pistol signal, that company will inevitably stop existing sooner or later. The more people in an organization who don’t share its values or see their work as a small business, the more likely it is that the organization is heading for decline.

Many people wonder how to elevate the cultural level of a

company. Let me explain how this happened for us.

The first thing is recruitment. Some might think that one disorganized employee won't affect the entire team's performance, but that's not true. The process of how a small part can undermine the whole can be compared to dripping some black ink into water: the entire water becomes dark. This is a metaphor, but it accurately reflects what happens in an organization under these circumstances. Therefore, I always adhere to the principle of not hiring people who are not a good fit for us.

Criteria for Changing Company Culture

1. Defining the Candidate Profile.

2. Leading by Example. In my opinion, a leader must always adhere to the principles they advocate. This may seem like a simple truth, but it is crucial. When faced with a task, I always strive to accomplish it. If I fail to do so, others will follow suit.

3. Goal Setting. This helps direct employees towards achieving results. I refer to this as our accountability framework. It's a system of metrics and motivations. We can create a results-oriented system that retains only those who are driven to achieve. By giving people freedom and keeping only those who are motivated to succeed, we filter out the weak performers. Conversely, if we pay everyone for processes or manage processes alone, we end up with individuals who are good at

managing but don't achieve results.

We need people who can find solutions in challenging situations. I don't persuade anyone to have those tests but they do explain a lot. Traditional interviews don't always reveal these inner traits, but individuals who possess them tend to be successful in life.

4. Competition and Transparency within the System.

The higher the level of transparency within the company, the better the results will be. Transparency creates a feedback mechanism: a) nothing can be hidden, b) everyone receives enough feedback to motivate them to take action. This is a complex but essential process. I have seen many organizations where autocratic leadership prevails and where such a culture is absent. Over time, these companies lose their bright and ambitious individuals – the ones on whom everything relies.

For people with critical thinking skills, it's important to understand that transparency exists within the company. This fosters productivity. Truly talented individuals who achieve results want to talk about their accomplishments. If a company doesn't establish a system of transparency and openness, such people tend to disappear. I always welcome employees who offer constructive criticism. I've noticed that a tendency toward critique often correlates with personal achievements.



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Critical thinking is a true gift. Often, the ability to analyze a situation and envision alternative solutions gets a person to a new level. However, it's important to note that only about 5–7% of people are genuinely open to constructive criticism.

Even if the criticism is misguided, it's crucial to listen. If you prevent someone from expressing their thoughts, they may become reluctant to share valuable insights in the future. I've long decided to approach criticism from subordinates with a calm demeanor: I strive to listen, discuss their viewpoints, and I never reprimand anyone for having a different opinion. This approach has allowed me to cultivate a unique culture of openness within the company. It's essential to understand that the ability to criticize is a sign of courage and transparency, even if sometimes the criticism is not expressed in the most appropriate manner. Teaching someone to communicate properly is easier than instilling the ability for critical thinking.

Many leaders dislike such individuals, but I believe we should be grateful if they are present in our organization. For instance, when someone comes to me to discuss their salary, I recognize that this person is trying to achieve more and earn more, and that's perfectly normal. It's always important to view situations from the other person's perspective.

In this way, we can foster a robust entrepreneurial culture within the company that becomes a self-sustaining living organism – strong and effective.

But is an entrepreneurial culture associated with risks? Absolutely! I'd like to illustrate the main risk associated with an entrepreneurial culture through an interesting and instructive story from my own life. Once, I encountered an issue of greed that I'd like to share. I consider myself frugal rather than greedy. So, where is the line between frugality and greed? Someone once asked me how to differentiate between a frugal person and a greedy one. I replied that a frugal person applies the same standards to themselves as they do to others, while a greedy person prioritizes their own needs above those of others, showing no concern for them.

For an entrepreneur, frugality is beneficial, while greed is detrimental. Here's the story: It was 2009, during the crisis. We had 12 million rubles in our cash reserves, which was very little for a large company. One of my relatives said that they wanted to buy a country house and needed 6 or 7 million for that. I explained that we couldn't afford such expenses at that time. He

insisted and presented various arguments, including the claim that “you’re working, but there’s no money.”

Why am I sharing this? I want to illustrate where money can go and how important it is to manage it wisely, especially during a crisis.

Many people think entrepreneurship is merely about spending or earning money. Some believe it requires excessive investment in business ventures. But I would argue that often, basic greed hinders people from growing their businesses. For example, if someone has 2 million rubles and wants to increase their income, they need either to risk 1.5 million or take out a loan for 5 million. If they aren’t willing to take that risk, they may miss out on opportunities for growth.



Working in our office in Sochi. October 2023

In public perception, entrepreneurs are often seen as people who splash out money. It bothers me when I see someone publicly flaunting their spending. If an entrepreneur is truly successful and everything goes well for them, they can certainly afford certain expenses. However, we must remember that we are role models for others, and this brings with it certain responsibilities.

Sometimes, businesses need to move quickly from point A to point B, which requires significant resources. Speed is not a luxury; it's a necessity. I don't deny that I don't always perfectly adhere to the principle that sometimes requires

investing substantial resources for speed.

However, I've established a rule for myself: not to spend more than 10% of what I earn. This helps maintain balance and sets an example of responsibility for those around me. Currently, this figure has dropped to 3%. Some might ask, what's the point of all this? Let me explain: I believe that all earned money belongs to the company. If an entrepreneur truly loves their company, they will never take vital resources away from it; instead, they will strive to support it. I love my company very much. Initially, I took half of what I earned from it, then reduced that to 30%, then to 10%, and now it's down to 3%. I've been through various stages in my life, and as I described in my first book, there was a time when I even lived in a rented apartment so that the business could grow.

I can publicly say that I drive a car that's 11 years old with 120,000 kilometers on it. And I don't think I'm doing anything wrong. There are months when I earn more in an hour than my car is worth (once, I made that amount in just 30 minutes).

If you want to have a large and growing business, you must immediately say "no" to personal gain. If you agree with this, you can continue reading this book. If not, it will be difficult for you to understand it, and it may evoke negative feelings.

This philosophy is tied to the idea that finances do not fulfill the truly significant needs of a person. Often, people spend a lot of money on food and housing, but this only satisfies their basic needs. True human needs – personal growth, improving the lives

of others, creativity, and the desire to create something new – go beyond mere financial transactions.

As a person grows spiritually, they feel less inclined to spend money; instead, their desire to create something great increases. This requires not money, but constant effective work, creativity, and the ability to change the world around them. A business has a chance of success only with such leaders on board. Businesses do not thrive where leaders are wasteful – not due to the finances deplete, but due to a certain inner world of those leaders. For them, creating a strong system is an overwhelming task. My perspective may seem harsh to some, but I sincerely believe that if I hadn't pursued continuous self-improvement, I would never have created anything at all.

Emotional and financial responsibility are key elements of successful leadership. Only this approach let you build a strong company and foster its growth.

If you want to cultivate a positive culture within your organization, you must start with yourself, and that begins with establishing your own philosophy. Society often promotes different values: spend all you earn and take out another loan. Marketers everywhere are primarily focused on your money.

However, you should not act according to what marketers want, but rather according to what is best for you in the long run. This is the foundation of a sound entrepreneurial approach.

Entrepreneurial culture is not uniform; it includes a variety of subsystems. These can include divisional

structures, urban organizations, or network partners, as well as emotional groups composed of individuals with different emotional profiles. There are also intellectual subsystems where innovations are created and situational analyses are conducted. Each subsystem has its own unique qualities that leaders must take into account. Some subsystems can be quite isolated from one another. When building such links, it's crucial to consider the risks involved to avoid destabilization.

In one of our company's subsystems, we once encountered a situation like this. In the regional development department, a person with autocratic tendencies came into power. He quickly changed the culture within that subsystem but failed to meet the challenges, resulting in a disruption of balance. This manager possessed contradictory qualities that were incompatible with the needs of the system, which is unacceptable: a leader must have a deep understanding of the essence of the division they supervise. For our company, this department is particularly significant due to the high level of authority entrusted to it.

Chapter 8. Internal Entrepreneurship

Internal entrepreneurship is a system of rules within a company that guides how entrepreneurs operate. The company acts like a government, creating opportunities for employees and clearly defining the rules of engagement. Some risks are taken on by the company, while others are borne by the employees, who in turn gain nearly all the opportunities available. This leads to a different distribution of responsibility compared to traditional entrepreneurship, yet there are many similarities between the two.

In pure entrepreneurial activities, only about 2–3% of people may engage, but up to 40% can become internal entrepreneurs. The beauty of internal entrepreneurship is that only the most effective individuals "survive" within the company. In a traditional organization, low productivity can go unnoticed and often requires a heavy-handed control system. However, in a culture of entrepreneurship, ineffective employees are unlikely to last.

We apply this principle across our entire staff – from mortgage brokers to lawyers and even security personnel – focusing them on results and enhancing the overall profitability of the company. This shift didn't happen overnight; we transitioned to these new values gradually, and it can be implemented in any company at any stage of its development. Here's what

happens during this transition: those who cannot keep up tend to leave on their own – there's no need for administrative oversight. Initially, this may lead to increased employee turnover and dissatisfaction, as people resist change and perceive it as chaos. However, over time, this transforms the company culture. Only true professionals remain – those who genuinely want to work and deliver results. This fosters a healthy entrepreneurial environment where everyone feels engaged and valued.

I fundamentally changed my approach around 2017–2018. A shift occurred in my mindset. I had always aspired to this but hadn't embraced it as my core philosophy. Even when writing my first book, I didn't have these thoughts – it barely mentioned this concept.

In the past five years, I have matured and tested many ideas without fearing risks. That's why I decided to write this book. Even now, five years after my first book was published, I believe we must continue moving in this direction, and it is relevant not only for “Etagi.” Our company needs to further transform to uphold the principles of freedom in 99.99% of cases. I am convinced that out of 10,000 companies, only one may not need to pursue entrepreneurship. The rest must move in this direction. I even suggested to Russian government bodies to increase the degree of entrepreneurial freedom, which would benefit everyone. Often, a lack of authority at the grassroots level worsens situations because essential connections are missing.

While internal entrepreneurship may create some chaos

during its initial implementation within companies, it ultimately establishes a strong foundation where the entrepreneurial spirit thrives at all levels. The wider this energy spreads, the more resilient and successful the organization becomes.

An important aspect of entrepreneurship that is often overlooked is the sense of satisfaction derived from one's work. It's crucial to understand that the foundation of an entrepreneurial culture is the principle of direct evaluation of each person's contributions. Human nature dictates that people need their efforts to be recognized. I don't believe anyone can work effectively without some form of feedback on their actions, even if that feedback comes from within. However, only a few individuals possess this level of self-awareness. Most people rely on the opinions of those close to them – people they trust and respect – and this validation is vital. For others, public opinion and what others think about them are also significant.

In this regard, entrepreneurship fosters a culture of assessment: the results of your work become evident to both others and yourself. I initiated reforms in my company when I realized how important this was. Traditional performance reviews are often too subjective; we tried implementing various rating systems, but they mostly turned out to be a waste of money. Evaluation has to be transparent: rewards must be directly linked to the value an employee creates. Otherwise, it simply doesn't work: you can't pay for one thing, expect another, and praise for something else. Internal entrepreneurship represents a natural

way to structure an organization where evaluation is clear and objective. There's no need to invent anything new; the problem resolves itself automatically. Understanding this has been the secret behind our company's rapid growth.

A key feature of entrepreneurship that isn't always obvious is understanding the employee lifecycle within a company. In a successful entrepreneurial model, an employee's tenure is directly tied to their achievements. Ineffective employees naturally leave the system, ultimately making the company healthier and more viable. This contrasts with traditional models, where inefficient positions are often retained at a high cost.

In an entrepreneurial culture, top employees can stay for a long time because they don't need to change jobs frequently – they can continually progress and earn significant incomes. When employees have the opportunity to earn millions, it should not come as a surprise or be viewed negatively. On the contrary, it reflects their ability to create substantial value that contributes to the overall success of the company.

Just as the government values successful entrepreneurs, companies should appreciate their highly paid employees. This is a sign of a mature system: fair, transparent, and efficient. In such a culture, a company not only retains its best talent but also shows them respect and provides support, significantly reducing turnover. Recognizing and supporting high achievements within the company is a powerful tool for managing personnel and motivating employees.

Another important aspect of entrepreneurship is being ready for constant change. We analyzed various metrics and noticed that people adapt to changes in external conditions more quickly in entrepreneurial environments than anywhere else. It doesn't matter whether someone is an independent entrepreneur or works within a corporate entrepreneurial setting; what matters here is not just the tasks completed, but the results achieved. This requires significant changes in methodologies and work technologies. Moreover, any attempt to stick to outdated processes can spoil everything.

What makes entrepreneurship special? The necessity to continuously improve. Employees also get the right to manage their work and make decisions. This addresses many issues related to project changes. For example, let me share a case involving our HR department.

When I visited one of our branches to analyze the work of the HR department, I noticed that a recruiter's base salary was 40,000 rubles, with an additional 20,000 rubles based on performance. The department was staffed by young, attractive women. I said, "Guys, we don't just need pretty faces; we need people who want to work effectively and succeed in this business." We calculated that each realtor brought into the company by a recruiter could potentially add significant value through the number of clients served and their income. I suggested a change in the system: if a realtor becomes high-performing, the HR specialist responsible for their hiring would

receive a bonus of 50,000 rubles. Also the HR specialist would earn bonuses based on the interim results of their candidate.

After upcoming changes had been announced, the HR director of that division insisted that her model had been working well enough. I agreed but pointed out that such a model doesn't help to hire "stars" as employees are brought in simply to meet hiring metrics. I suggested altering the model: start paying HR recruiters a percentage of the realtor's annual revenue if they make it to the top of the rankings. The HR director agreed but said this would require changing the entire team since different type would be needed for this task. I replied, "Then go find those people."

We changed the model and immediately noticed a sharp increase in productivity within that department, enhanced employee satisfaction, and reduced turnover. Most importantly, HR became a good "client": they began to pass on realtors only to the best managers. The recruiter said, "No, I won't just give my realtor to anyone because I want them to work with the best manager." This created competition. Managers now had to prove their competence and strived to perform better.

This illustrates the difference between communism and socialism. In the Soviet Union, the lack of competition and entrepreneurship led to the collapse of the state, while China successfully integrated entrepreneurial forces into its systems and transformed communism into socialism. The slogan reflecting the communist ideal of production and distribution of its results

is: "From each according to their ability, to each according to their needs," whereas in China, which has built socialism, they adhere to the principle: "From each according to their ability, to each according to what they've done."

Companies need centralized management, but always try to bring elements of entrepreneurial culture into the workflow. Many companies I've seen fail to fully utilize entrepreneurial potential. The distribution of power can be effectively adjusted through the addition of more proactive entrepreneurial elements.

1.

Income Distribution Principle: Employees should receive a significant portion of the value they create, and this share can vary based on their contributions.

2. Employees or partners should have the right to use resources at their discretion. In our system, a realtor can choose not to advertise or spend 100,000 rubles on advertising and potentially earn millions of rubles. It's up to them. In typical companies, such as sales departments in property development, employees often cannot advertise on their own and must wait for the company to bring in clients. Recently, I spoke to a real estate developer and suggested empowering their employees to find clients, advertise, and earn a commission from deals. They listened and implemented this principle.

Now we see some realtors promoting themselves on social media, posting ads on platforms like Avito, hosting personal fairs, and branding themselves. This is an excellent example

of an entrepreneurial approach even among developers. Some developers have sales specialists who not only don't advertise but also don't leave the office. They seem to be "stuck" in one place, which is not right.

3. **Transparency:** The success of entrepreneurship is always determined by the final result. For instance, in our company, the ultimate product of a marketer's work isn't just incoming client traffic but net profit. We evaluate marketers based on the city's net profit and profitability trends.

4. **Decision-Making Autonomy:** If an employee doesn't have the right to make real decisions, it's not entrepreneurship. Granting this kind of right to employees can often be challenging for managers because we tend to control rather than coordinate and develop. Coordination and development are certainly important, but entrepreneurship requires a different approach.

Imagine that your employees are not just staff but internal franchisees or partners. Your marketer isn't just an employee; they're the owner of their own marketing firm. How would you build a relationship with them? Or consider that your HR department is like a consulting firm you pay for services.

This approach fosters a more independent and responsible team capable of making decisions and driving the business forward.

The principle here is that employees should make decisions without constantly seeking your approval. There's a book by Alexander Friedman titled "You or Them:

Professional Exploitation of Subordinates. Regular Management for Leaders." I fundamentally disagree with the approaches outlined in it. I find it hard to accept the ideas proposed by the author. After reading it, I felt compelled to reach out to him. Although I recognize Friedman as a talented coach, consultant, and manager, his principles greatly irritated me. Reading "You or Them" prompted me to start this work. I wanted to express my belief that every person has unlimited potential. It's important to grant people freedom, trust them, and support them in decision-making. In my view, this approach is more effective and fairer than the one Friedman suggests.

5. Problem-Solving with Money: I like the saying, "If a problem can be solved with money, it's not a problem but an expense." I believe entrepreneurship is a wonderful activity. Personally, I'd never be able to work as a surgeon or a pilot, for example. I don't want to take responsibility for other people's lives. I cherish life and consider it the highest value. I wouldn't be able to sleep peacefully if even one life were lost due to my actions, even indirectly. I am convinced that I couldn't manage such systems or take on those kinds of risks.

In business, you only risk money – specifically, your own. That's your ultimate risk. This is why I believe that entrepreneurship is significantly easier in this regard than many other professional fields. Of course, I care about my employees, but I don't bear the same level of risk.

I want to share one of the most intense situations I've

experienced in my life. While on vacation with friends, we decided to ride some water slides set up in the sea. We slid into the water, and when we surfaced, one of our friends was missing. At first, we thought he was just joking around, but after about 20 seconds without seeing him, we realized something was wrong.

Diving under the surface, we discovered that our friend was tangled in ropes beneath the slide. We tried to free him, but in our panic, we only made things worse. The situation was incredibly tense; we could see he was struggling. Fortunately, we managed to pull ourselves together and get him out. This incident reinforced my belief that I couldn't work in environments with such high risks. Even though everything ended well that day, I understand that I am an entrepreneur and nothing more.

From my experience, about 30% of employees quickly adapt to changes and start to actively engage. This is typical in any system. Around 20% tend to leave almost immediately after introducing changes to the motivation system because they seek stability rather than value, and it can be really hard to predict people's preferences in advance. Another 30–50% of employees are worth fighting for. It all depends on how convincing you are selling the idea, how strong your influence within the company is, and how well you build the motivation system.

When we transition to a new system, we always calculate motivation using two models and pay out the larger of the two amounts. That's our rule.

The main problem preventing many company leaders from

developing an entrepreneurial culture is their inability to effectively balance three key elements:

1. **Responsibility:** In many companies, responsibility is concentrated at the top of the hierarchical ladder. You can compare responsibility with a marble slab – rigid, heavy, and sometimes even unmanageable. Leaders often struggle to share responsibility because they believe that subordinates are incapable of taking it on, but that's not the case. From my experience, I can say that every time I delegated responsibility, it was embraced. Imagine that! The highest level of management skill is when your employees start taking on responsibility and showing initiative by asking for resources or suggesting improvements. It's crucial to delegate responsibility wisely – to sell the idea to the specialist of why it's necessary for them. This is beneficial for everyone: for the leader, as it frees up resources to tackle new tasks, and for employees, as they can only grow and develop in such an environment.

I often ask during audits: “How often and to what extent do employees ask you for resources?” The most common answer I hear is, “No one asks me for resources.” You might think this is impossible, but it really happens. People often say that everything in their company is clear, well-planned, and distributed, and that everyone understands what resources are available.

For me, the best response to this question is: “Resources are requested frequently and regularly, and we constantly debate who gets what.” In a well-formed entrepreneurial culture, there will

always be competition for resources. This is a sign of a healthy system.

Don't trust systems if there's no competition for resources within it – it indicates that processes are poorly structured. There are definitely systems that can develop only in the absence of competition, but in most cases, the struggle for resources is essential for efficiency.

No competition means no struggle for resources. No struggle for resources means no effective use of them. And without efficient resource utilization, there's no business development. Long-term growth is impossible without an effective system.

2. Income and Power: The next aspect is delegating income and power along with responsibility. It's like precious gems that many leaders prefer to keep to themselves. But true entrepreneurship begins when leaders are ready not only to assign duties to subordinates but also to share the fruits of labor and decision-making authority with them. This helps to form a strong team where everyone feels involved in the common cause.

3. Delegation of Authority: Delegation is the essence of management science. It's often done poorly, but when done well, the results can be astonishing. In an entrepreneurial culture, delegation allows an ordinary employee to become an entrepreneur.

Moreover, delegation is a reflection of a leader's inner world. I believe in the theory of symmetry: business is a reflection of your "self." The ability to delegate indicates trust in people and

a lack of fear, which signifies inner freedom. If a leader does not delegate authority and believes they can do everything better than others, it means they are not free on an energetic level.

If these three components are distributed correctly, the system becomes more stable because its "weight" is evenly balanced. In this case, the employees become the foundation of the system, which makes them less dependent on the leader. This effect can be compared to the lift generated by an airplane wing. An entrepreneurial culture creates the lift necessary for the company's development. It is essential for leaders to recognize and embrace this concept if they want their business to reach new heights.

I strongly believe that a good leader easily shares responsibility, income, and authority with their employees. This is how they redistribute energy. Let's see it as a celestial body: if a planet were to retain all its energy without radiating heat into space, it would overheat and eventually explode (as we know from the Big Bang theory). Similarly, a leader in a company must not only contain the system's energy but also actively share it, just like the Sun. The Sun continuously emits vast amounts of heat and energy, sustaining life and fostering growth and development. Likewise, a leader should generate energy to support and develop the company while distributing available resources. This approach prevents "overheating" in the organization, which could lead to its "death" due to an excess of unallocated energy.

When reflecting on entrepreneurship, every leader should ask themselves: where is the line between delegating and retaining power? The answer is simple: face the truth. Who is the source of power in the company – the entrepreneur or their employees? What answer can you give to this question right now? If you say it's the employees, you're on the right track. You are creating something great and sustainable. But if you feel like you're carrying everything on your shoulders, you might quickly become exhausted and burned out.

Entrepreneurial culture is based on unleashing the potential of each team member and transitioning from a hierarchical structure to a network of responsible and proactive individuals. In this context, not only financial incentives matter but also the opportunity for each employee to express themselves, make changes in management practices, and even assign specific tasks to colleagues during a project based on their own vision and competencies.

Entrepreneurship is not just a business model; it's a mindset rooted in individualism and each person's responsibility for the collective outcome. It's the energy that transforms tasks and projects into final results, making every employee a co-author of shared success. For this reason, entrepreneurial culture can and should be the foundation of modern business, where every team member feels valued and connected to a common purpose.

I didn't come to this understanding right away. Now, I write about it in my book being confident, due to my experiences,

even though many of the results I achieved didn't come easily. The 2008 crisis forced me to rethink my views on management and radically change my approach. I realized that I was facing inevitable transformations, both as a person and as a businessman. The situation was critical: I sold everything I could, lived in a rented apartment, and had no money to pay my employees. I gathered my team for an honest conversation, explained the situation, and shared my concerns – I laid everything out as it was. I told them that we needed to cut salaries by 20%, but I promised that with increased efficiency, everyone could earn 40% more in the future. All the employees accepted the conditions and stayed in the company because they understood that we had common goals and that together we could achieve more.

When managing processes, it's crucial to recognize what underlies people's actions. People always act based on their personal interests, and trying to change that is pointless. Instead of relying on collective intelligence, it's better to implement a motivation system that addresses individual employee needs, including those related to recognition and self-expression, which are part of Maslow's hierarchy of needs.

Maslow's hierarchy of needs



https://en.wikipedia.org/wiki/Maslow's_hierarchy_of_needs

Management systems that understand and apply the principles of this approach tend to achieve great success.

I always emphasize that selfishness and self-centeredness are powerful driving forces. By understanding individual motivations, we can build large and successful systems tailored to the interests of each person. This understanding helps businesses choose the right customer service principles and marketing strategies.

In practice, effective marketing approaches are based on recognizing personal benefits: people choose services that demonstrate clear advantages for them. This management approach allows for the creation of sustainable systems that rely on fundamental values inherent in human nature. With this in mind, I always ask my employees about their motivations. In reality, a person's motivation often boils down to the opportunity

to gain various benefits at different levels – material (which facilitate development or recognition), career-related (which provide security for the future), and so on. This is simply human nature, and it's perfectly normal. The key is to understand this and use it effectively to our advantage.

In effective management, it is crucial to build systems considering the unique characteristics and needs of each group of employees. There's little point in striving for idealized expectations, as real-world conditions demand adaptive solutions. My strategy is to create management models that take into account both the strengths and weaknesses of each team in order to maximize their potential.

For example, in the real estate business, we implemented a system where an agent's income is directly tied to their performance: the more revenue they generate, the more they earn. This model not only motivates realtors but also attracts more qualified specialists to the team. While previously a realtor might earn around 100,000 rubles, top professionals can now earn significantly more.

We value that our partners work for themselves, and it is their personal drive for success that forms the basis of their motivation. Our task is to create conditions where everyone can express themselves and fulfill their ambitions. This leads to the creation of a system where individual benefits contribute to the growth of the entire company.

Entrepreneurial culture has its boundaries, determined not

only by fundamental human values and societal laws but also by moral and legal standards. The freedom of action for some individuals is limited by the rights of others. Regulatory mechanisms are in place to maintain balance and prevent potential conflicts.

An entrepreneurial culture fosters sustainable development within the company, even if challenges arise along the way in the short term. In the long run, it strengthens the company by enabling leaders to anticipate changes and adapt accordingly. This culture effectively integrates information flows into the management system, allowing the company to respond swiftly to market changes.

Chapter 9. About the Development of Entrepreneurial Skills

I'll begin my story about developing the entrepreneurial spirit in my colleagues with a vivid example. We have a senior partner who earns a specific margin from all his revenue. He doesn't need to invest anything back into the business: the company generates revenue, and he receives his income – that's the formula. At one point, we suggested to our senior partners, who are the leaders of their small firms, that they include HR specialists in their sub-franchise groups to speed up the recruitment of realtors for their teams. The partner I mentioned earlier responded, "I'm not going to invest my money; I'm already getting my percentage."

In contrast, another leader with the same status as a senior partner in his mini-firm reacted to the same proposal by saying, "I need that kind of specialist; I'll hire one with my own money. If revenue increases, my income will grow too. I've calculated it – all of this is profitable for me." As a result, we gained someone in our system who understood that such a decision was worthwhile. His income increased fivefold and continues to grow. Many others followed his example. This story illustrates how we can cultivate an entrepreneurial spirit in employees by motivating them to make effective decisions and invest in their own future.

Is it even possible to develop a person's ability to maximize resources and create new value? I used to think it wasn't. I was among those who believed that a person is either born with an entrepreneurial spirit or not. However, with experience, I've come to realize that this isn't true. After 24 years of managing a company, my perspective has completely changed. Several factors play a crucial role in acquiring entrepreneurial skills. The first is the mindset developed during childhood and throughout life. A person with a growth mindset will always outperform someone with a fixed mindset. If I believe I can't change, then I never will. I know many people who love to say, "Those born to crawl cannot fly." But I am convinced that those born to crawl can learn not only to fly but also to swim – everything depends on the approach. As a result, I began allocating significant resources for the training and development of my employees and partners.

A person who considers themselves a poor manager, incapable of growth, will remain that way. If you think your employees can't grow as managers, then they won't. Back in 2015–2016, I realized the importance of sharing my knowledge with partners and providing them with information about my skills and approaches. How did I do this? I started giving lectures for my employees twice a week. Every Sunday, I spent three hours preparing for these talks. My wife said I was crazy. At that time, we were already doing well financially, earning about 2–3 million rubles a month, but I wanted to make my employees more effective. I felt it was important, and I saw the results.

There are several factors which influence the development of entrepreneurial skills:

1. **Environment.** The environment is shaped solely by the leader. They create an atmosphere where individuals begin to independently enhance their skills.

2. **Success.** When a person achieves success, they tackle new challenges with even greater enthusiasm and responsibility. In our company, we have a rule: we assign more complex tasks to the most successful employees. If someone successfully completes a task three times, I promote them because I believe they can handle higher-level responsibilities. As a result, we have employees who rise from assistant positions to department heads within two years, increasing their income from 30,000 to 500,000 rubles.

3. **Observational Learning.** Employees tend to copy the behavior of their colleagues. Therefore, it's crucial to quickly remove weak performers from the system and set a personal example to minimize the number of people contributing to a negative culture. If an employee sees that 80% of their coworkers are performing well while 20% are underperforming, they will strive to meet the standard. Conversely, if the situation is reversed, weakness becomes the norm, and high achievers may be viewed as outliers.

When I was building the system in our company, I paid

attention to all these aspects. I would enter a department and immediately gauge its effectiveness. If low productivity dominated and newcomers accepted it as normal, I had to take appropriate action. In strong structures where departments were effective, I made no changes. I would say, "If everything is going well, we won't interfere. Request resources or salary increases – I'm open to it. Just keep working."

In areas where problems existed, I conducted an analysis and sometimes had to dismiss entire departments. This happened only twice in all my time because the system was fundamentally flawed. These departments lacked an entrepreneurial culture and were instead characterized by rigid hierarchies. The chief deputy would demand things like bringing him some water – this was unacceptable. Some may wonder why an entire department was let go. Of course, we analyze the effectiveness of each individual. But I was surprised to discover that in a system where even a part of the leadership is strong, weakness at the top cannot exist. By weakness, I mean a lack of effectiveness. Weakness in business can only thrive when there is weakness all around – that's a certainty. This principle holds true at the first two levels of management. If an employee is unhappy with something, they will always signal it. Even if they seem to agree, their dissatisfaction will become clear in some way. It's more complicated when dealing with management across multiple levels, but each level has its own boundaries. Therefore, I believe that as long as there is at least one strong element in the system,

it won't collapse. However, this only works if the majority of the system is effective.

4. **Productivity.** The culture of productivity heavily relies on metrics. It's important to remember a simple rule: people always perform what management expects from them. All systems strive for high labor productivity; all employees want to work better, faster, and more efficiently. But what often happens in practice? To achieve high productivity, it's essential to create corresponding systems, launch business processes, and implement innovations.

Compare the number of employees and the production costs of Toyota cars with those of a brand in a developing country. You might be surprised: with comparable quality, the difference can be two to three times greater. Toyota assembles its Corolla for \$10,000, while in a developing country, a similar car might cost \$20,000 to \$25,000 to assemble, or they may not even be able to assemble it at all. Why is that? The key to Toyota's success lies in the desire of each employee to be a hero within their system. Each worker has the power to stop production and suggest innovations. Even those who do not recognize the strength of an individual acknowledge the power of the system and come to understand the significance of each employee for the company. Some might say, "If Toyota uses an automated assembly line, where is the human element?" But there is indeed a human designer behind it all – someone whose goal is to work without relying on people, who has the authority, passion, and influence

over others. It's hard to imagine how Toyota employees reacted when a machine replaced their supervisor. The management had the authority, and the process for dismissing employees was clearly organized.

In companies where the development of each individual is prioritized over building a system, everything tends to boil down to productivity. There is no limit to perfection.

To illustrate this point, let me share an example. In our mortgage department, we had a procedure that was both simple and complex at the same time. We became one of the largest mortgage brokers in the world by volume of loans issued. Everything was automated and integrated with banks. We invested heavily in advertising, marketing, employee training, and recruitment. Each mortgage broker was an excellent salesperson with a deep understanding of the market. We trained all the realtors and created a robust system.

As a result, the system we built in the mortgage department accounted for 1.6% of our revenue. I asked the head of this department, "Can you make it cheaper?" He replied, "I can." I then asked, "Are you willing to reduce costs from 1.6% to 0.9%?" He said, "I'm willing." I offered him a bonus of 800,000 rubles if he achieved this goal. The department head agreed and began working differently. Previously, he focused on increasing quantitative metrics; now he had to lower costs. Competing on cost is always more challenging. Anyone can do something without considering the budget, but achieving

specific results within a set budget requires true professionalism. Therefore, when assigning tasks to employees, I always take their productivity and efficiency into account.

So, what happened next? The department head actively began automating processes, eliminating redundant functions, distributing tasks among departments, and using chatbots for customer communication. He also proposed training realtors in new working methods. Six months later, costs for this department were reduced from 1.6% to 0.9%. We awarded the department head an 800,000-ruble bonus, and over the next five years, the company saved about 80 million rubles by streamlining this process.

When you set the right priorities and recognize the collective competencies of your team, empowering people and defining their areas of influence, they begin to work in your company as if it were their own business. Real transformations happen when individuals know they are trusted. The results of their work speak for themselves. An entrepreneur's motivation isn't always tied to money; people value the sense of responsibility and the belief that they can impact outcomes. And, of course, the need for recognition remains important!

If I had simply given the head of the mortgage department money without expressing my trust in him and emphasizing the significance of his task, would that have worked? Probably not. It's the combination of many factors that matters. I believe that there are opposing forces at play that need to be sensed and

harnessed. When you feel them, you can adjust your approach like a sail.

With a well-structured system, it's possible to create multiple points of entrepreneurship, even while leaving part of the process bureaucratic. This is enough to instill an entrepreneurial spirit within the overall culture and help the company achieve its desired goals.

Chapter 10. About the Feeling of Unity with the Company

What's my interpretation of being completely aligned with the company?

1. **Feeling that you're a part of the team.** When a person has a team, they are responsible for each member. It is crucial for me that my employees find their work engaging. My greatest fear is losing my team and stalling in my own development. I want those who believe in me not to be disappointed. That is my worst nightmare. Perhaps it was this fear of disappointing those around me that drove my transformation, which became critically important for me. I realized that I couldn't let them down. Every entrepreneur must be prepared for the fact that even if everything seems fine to them, it may not be the same for their people, and this moment will inevitably come. One must be ready for the organization's goals to go beyond personal aspirations, and one must take responsibility for them.

2. **Seeing the company as part of yourself,** especially when it comes to evaluating your identity. Over time, people begin to judge a person not only by their personal traits but also by what they have created. If an entrepreneur understands this, they will do everything possible to ensure their business thrives. I have encountered many entrepreneurs who, for various reasons,

separate themselves from their business: "This is me, and this is my business. The business can be bad, but I'm not. I'm good." However, I believe that if my business is struggling, then I'm not succeeding either. This mindset means I take full responsibility for my venture.

3. Enhancing a sense of inner significance. Working in a company is part of the process of developing my ideas and beliefs. If these beliefs fade away, it means my ideas and core ideology disappear as well. Losing my ideology is equivalent to losing my identity. Realizing this fact was a pivotal moment in my life, which I can now articulate clearly. The company "Etagi" is an extension of myself. When I understood this, everything fell into place.

4. Aspiring to pass my business on to my children. For me, this opportunity is very important as it represents the continuation of my work. Involving my children in business matters, even during tough times, has always been a priority for me. I am willing to overcome any challenges to ensure that my business continues to live and grow.

If thoughts about work don't evoke positive feelings and emotions in a person, it means they haven't reached a stage of true passion for their job yet. The chances are that things won't turn out as well as they hope.

Both leaders and employees should feel united with the company: the more engaged they are in their work, the better the outcomes. Of course, each company has its own rules, but

it's essential to create a culture where employees take their work as seriously as entrepreneurs take their businesses. If this doesn't happen, the results will likely fall short of expectations. Employees who aren't engaged with the company's mission may not be motivated to pass on their knowledge to future generations; they might simply aim to stay in their positions as long as possible, seeing no further prospects for themselves. They may not want their work to reflect the company's values. Within the company, everyone should strive for their ideas to be realized and for their efforts to be recognized. It's crucial to establish a system that ensures employees think in alignment with the company owner, valuing their work as if it were their own business.



Me, along with the Deputy Director of "Etagi" in Surgut – Gnativ Rania Railievna, and on the second row from left to right Dydalina Regina Andreevna – the Executive Director of 'Etagi', and her deputy – Fattakhova Svetlana Sergeevna, attended the Board meeting in Moscow. While there, we visited the Bolshoi Theatre with our colleagues. January 2023.

For the employees of the company, I strive to create an environment of responsibility and opportunity similar to my own. When I come into the office and see that eight out of ten people are just hanging out at their desks, doing nothing, I always recall a phrase by Vasily Utkin, my favorite commentator:

"Do you think we're playing football here? We're living life." This phrase applies perfectly to business and resonates with both entrepreneurs and employees.

It is crucial for a company to be a natural extension of its leader. If a leader doesn't adhere to the principles they advocate, the organization won't thrive. A leader can't pretend to be someone else for a long time. Therefore, the key question is: what are the internal values of the entrepreneur?

Leaders often try to follow the "right" examples that they see in books about management, but they don't always succeed. Sooner or later, there comes a turning point when the discrepancy becomes too obvious. This is why many organizations fail quickly.

True success is only possible when the principles of the organization align with the true values of its leader. For example, when a person gains extra weight, they can carry it without much effort. However, if you give that person a 20-liter bottle of water, they won't be able to carry it for long because that weight feels different. The same happens with companies: it's essential to avoid anything artificial. What is not natural for the company becomes a heavy burden.

When an entrepreneur builds a company sincerely, with love and an understanding of what they are doing, it reciprocates, becomes vibrant, grows, develops, and brings joy for many years. I understand that this raises the question: "How can one become the kind of person whose natural extension as a company will

thrive?"

It's important to consider that, firstly, all people are different; everyone builds something unique. Secondly, one must be internally ready to change in order to meet the needs of the company. Changing oneself is a complex process. I can name several key aspects that a leader should work on to change their approach and achieve their goals.

1. Learn to love and appreciate people

No matter what mistakes employees make, we must first assume that they want to do well and are making an effort, even if they are not succeeding yet. This mindset may clash with the views of many leaders, as we observe in our own company. Some employees who step into managerial positions often react sharply to others' mistakes, thinking, "What are you doing, you fool?" They genuinely feel frustrated by their colleague's failure. Therefore, the most important thing at work is to learn to perceive reality without negativity. This aligns with the teachings of many religions: eliminate negativity and learn to accept people as they are.



**Congratulating my deputy – Karelina Lyubov Sergeevna
on her Birthday. January 2023**

Transforming one's mindset requires significant effort from entrepreneurs. Often, entrepreneurial spirit can provoke passive aggression towards imperfection in others. It's a paradox, but many talented people are critical of mediocrity and flaws. To foster a healthy entrepreneurial culture, it's essential to value every person and acknowledge their right to be themselves. Leaders who fail to understand this will struggle; they will always feel unhappy at work because the negative energy of

dissatisfaction will drain them. This is a channel that quickly consumes one's energy. Sometimes, negative energy, like mild anger, can be useful as a catalyst. However, feeling internal discontent towards others is toxic energy that adversely affects both the individual and their environment.

2. Overcome one's ego

Many entrepreneurs tend to believe they are the smartest and most capable, thinking that only they have all the answers while others know nothing. I admit that it was not easy for me to change my perspective on this. Now, when I contemplate something, I always add, "What if...?" What if someone understands this issue better than I do? What if my old beliefs are preventing me from grasping their viewpoint?

Overcoming ego is a serious challenge. It's impossible to simply ignore it or negotiate with it; it's an adversary that won't give you a chance to win unless you consciously fight against it. Sometimes, I even remind myself of this intentionally.

Once I realized how important it is to admit that someone else might be right, I became more tolerant, and it didn't make me any worse. Among leaders, those who have managed to conquer their ego stand out positively. They are kind, attentive to others, and open to different perspectives. They earn respect for this; they are reasonable and easily compromise while maintaining their integrity.

For a company to progress, it is vital to create a system where its parts collaborate with one another.

3. Becoming an unconditional optimist

For business and for our culture, it's important to believe that everything is going to be fine. I would even say that believing is not just important; it's essential. Unfortunately, we often fear that things won't work out, that something bad will happen, or that we won't have enough resources, rather than believing that we deserve success and that we're doing everything right. We tend to see threats and obstacles everywhere – it's our default mindset. Many companies operate according to this principle: they are always prepared for things to go wrong instead of taking proactive steps toward achieving success. We need to shift our mindset to a more positive perception of reality.

The secret to my success in life lies in my ability to appreciate the little things, which helps me achieve greater things. I have a saying that I often quote myself: “Believe that anything can happen, and the best will happen to you.” In my opinion, there is profound meaning in this phrase.

4. Being ready to take risks

The ability to take risks is a skill that can and should be

developed. I believe everyone should go through a transformation process to master it. For example, I used to be afraid of taking risks. In my first book, I emphasized how difficult it was for me to make long-term decisions. Surprisingly, every long-term decision carries increased risk.

The expectation function plays an important role here – it's about managing risks that can be analyzed and understood as part of the system. The function of faith is the ability to bet on your future. Many people say, "I don't go to casinos." I rarely visit casinos myself, but when I go to Singapore, Las Vegas, Macau, or Monaco, I always stop by one.

I've noticed that the ability to place bets reflects a willingness to take risks. It seems to me that anyone who claims they don't take risks or make bets is mistaken. If you can assess probabilities and feel them, that's incredibly useful. You need to be able to control the game process and understand how to avoid becoming addicted to gambling. This helps maintain your health, manage risks, and know when to stop. It's like training your inner "muscle."

Releasing emotions is an opportunity to understand yourself, your nature, and your limits. Many people don't even attempt to do this. I want to emphasize that I am against exploring these limits through chemical substances. In fact, I've never tried coffee in my life. I believe the human body is too vulnerable to chemicals.

Those who have tried alcohol, coffee, or cigarettes even once

often find it hard to stop. When it comes to personal health, there should be no compromises. I am absolutely certain about this. I categorize personal health into several areas because it is scientifically proven that alcohol, nicotine, and drugs are very dangerous, just like coffee. Currently, companies that continue to produce alcohol, tobacco, and coffee actively lobby for their interests. I believe that in a hundred years, as society evolves and new types of leaders emerge, we will move away from these substances. In the early 20th century, heroin was sold in pharmacies and it was considered normal to use it, but now we understand how dangerous it is. I am confident that society will eventually realize this. Let me explain why this is so important. Our thoughts, feelings, and overall health depend on how our brains function. The chemicals I mentioned have a significant impact on those functions. However, it's always worth experimenting, trying new business ventures, exploring new routes, and visiting new countries. Experiments are beneficial, and we should push our boundaries.

I consider risk management in systems that don't involve chemicals or life-threatening situations to be in the realm of extreme behavior. Smoking and alcohol consumption are sometimes referred to as hidden self-harm. The issue lies in the sense of moderation: you understand that something is harming your health, but you don't stop because it brings you pleasure. In doing so, you're hastening your own demise.

There are aspects of death that are beyond our control and

can be considered acceptable. But why take risks for the sake of fleeting pleasure?

We often focus on the moment, but in real business, we need to consider everything that lies beyond that moment – things that are difficult to control. Unless a person changes, their company won't change either. It won't seek new markets or approaches because the entire system will reflect the personality of its founder. Therefore, when I make decisions – even when they are difficult – I always keep in mind what I want my company to be and recognize that I must change myself first. This is extremely important. This is the fourth global risk: the transformation of personality.

5. Be hardworking

I strongly believe that only hardworking people can achieve outstanding results in their work, and I consider diligence to be more important than discipline. My typical workday lasts from 8 a.m. to 7 p.m., which means I put in at least 11 hours a day. I also work on Saturday mornings. A clear routine is the foundation of success. You can't stop and think that everything that needs to be done is already accomplished. When you stop working, you stop creating new value. In business, it's crucial to keep innovating; otherwise, your company could stagnate or even fail in a year or two.

Being a workaholic is essential for creating new value. Many

people are afraid of doing something that no one has ever done before, but there's a law: the goal you set must be several times harder to achieve than the previous one. This continues until you've achieved them all. For example, when we built a successful business in one city, it was a fantastic achievement. But we didn't stop there; we aimed for new horizons. Out of a hundred real estate agencies in Tyumen, only one dared to open a branch in another city – us. And we kept pushing forward. Among all the agencies operating in one region, we were the only ones to expand our operations nationwide across Russia. Later, we took our business to the international level, where we began competing with tens of thousands of companies. At the next international stage, we found ourselves competing with only a handful of companies comparable to us in size. We earned that position. Great achievements are often easier to attain because there's less competition. Just imagine the effort and risk involved in that journey. Our constant drive for new challenges has always pushed us forward, and this requires a willingness to take risks.



In the Etagi office in Thailand, clients receive the best service here! May 2024.

The principle of "being content with little while having much" resonates deeply with me. I believe that a person should always be prepared for the possibility of having fewer material resources than they currently possess. You can take risks when you have nothing to lose. I lead an ascetic lifestyle because I don't want to depend on high income. I'm always ready to return to where I started. All the assets I own are currently worth the billions of rubles. Essentially, I am a billionaire. However, I prefer a modest lifestyle so that I don't fear losing my current standard of living. My ability to manage risks effectively helps me grow my company. We are one of the few private enterprises in Russia that successfully generates significant revenue by providing services

to the public. Our achievements are backed by precise record-breaking metrics.

I decided long ago that even with billions, I would always live simply. I don't want to get used to luxury, and I fear losing the willingness to take risks and the freedom that comes from being unattached to money. If I ever aim to earn a guaranteed 20 million a month, it would be a nightmare. It would mean that I would have to reduce my willingness to take risks fivefold. Without this willingness, my entrepreneurial opportunities won't expand. The entire system will reflect my fear of risk. These are fundamental truths that every entrepreneur must understand and consider on their way to transformation.

It's necessary to be willing to take a back seat at times. I have partners with whom I share the business, and I always adhere to the principle of being not the main person. I don't interfere with final decision-making. Even if I hold status and authority, the final word in a specific city always belongs to the partner. It's their business, and I'm just there to advise. I only step in during contentious situations, but the final decision rests with them. I firmly believe in the power of this approach. Those who do the work should be the ones to carry it out. Just because I have the right to intervene in all matters of the company doesn't mean I have to use it. It should be used by those who are truly doing the work.

6. Do not place yourself above others

It's important to understand that a company's success is built on collective efforts. When you see yourself as part of a team rather than elevating yourself above others, you create an atmosphere of collaboration and mutual understanding within the group. This approach allows everyone to work towards a common goal instead of pursuing personal ambitions.

Many managers, after reaching a certain level, begin to think that their word is law. They believe that if someone challenges their viewpoint, that person doesn't belong in the organization. It's crucial to recognize and embrace the idea that you are just one among many. Others have just as much right to have their own opinions as you do. This mindset should manifest in everyday life; you should be able to blend in and not stand out.

You should never pressure people with your authority, especially if you've already achieved success. In such cases, your opinion automatically carries more weight and respect. It's essential to foster a culture in the company where everyone feels valued.

I strive for this in my company. At every meeting, especially if someone is participating for the first time, I say, "Guys, let's remember that I'm one of you. Your opinions matter just as much as mine." This helps create an environment where everyone can freely express themselves and feel like part of the team.

Some of our employees are very young, around 22–23 years old. I make it clear to them that I was once in their shoes: “Guys, at your age, I couldn’t even say a few words in English. Yet some of you speak it fluently now. You hold high positions, while I was managing a loss-making company with five employees back then.”

To those older than me, I say, “Let’s be equals; your ideas are valuable. You are immersed in your work constantly, while I only engage with your area of responsibility during meetings. Your insights are likely more accurate. I’m just here to ask questions, and you can convince me if I’m wrong. Let’s come to an agreement.”

There’s also a rule: “Anyone who stays silent in meetings and always agrees with me will stop being invited.” I warn that those who remain quiet will not be welcome at future meetings. This principle is tied to our entrepreneurial culture. I am a firm believer in the theory of equality among people. I appreciate the socialist principle I mentioned earlier: “From each according to their ability, to each according to their work.”

I admire the European approach to personal consumption, where even the wealthiest owners walk or cycle to work and don’t have bodyguards.

This might be the most appropriate culture for business. The state and society, when viewed from a broader perspective, reflect entrepreneurship. Truly successful individuals can indeed influence society. We’ve transitioned from autocracy to equality

and then from equality to a new phase in the 1990s. I can say that since the 1990s, there has been a tremendous evolution in entrepreneurial culture in Russia – fantastic progress.

Business, just like life in general, needs a foundation. That foundation, in my view, is values. Over a long journey, everything can change except for values. If a system – a government or a business – constantly alters its values, it will not achieve great success. The process of forming values takes time; it may require 100–200 years. Within a company, this spans decades.

One of the reasons of our company's success, in my opinion, is that for the past 24 years I've been at the helm, our values have remained consistent, allowing us to operate steadily. We've observed that when a leader or owner changes, in 80% of cases, the company fails to achieve its previous success. This doesn't happen because the new owner is necessarily worse; rather, it's because they often try to change the core values. When values shift, everything falls apart.

The connection between the individual and the company is the foundation upon which the organizational system is built. Everything I discuss has grown from within me. When I was younger, my values and beliefs weren't as clear. However, the competitive market system we see today reflects my personality. Those who follow our company have come to realize how important my internal values, upbringing, actions, and principles are.

7. Be pragmatic

Be specific and experienced. You know, I want to mention that in my first book, I referred to Scrooge McDuck as one of my favorite characters. Over the years, some people have repeatedly reminded me of this, saying, "You really love Scrooge McDuck." And I still find him likable.

Of course, he built his business empire and set prices for his products. His children and nephews had everything they needed. He cared for everyone and didn't indulge himself. While he had a small weakness – swimming in gold – it's not something for which he should be condemned. After all, he lived by his own rules, and no one could blame him for that.

The principles and actions of an entrepreneur that define the entrepreneurial culture within a company are the most complex. I believe that pragmatists like me make up only about three percent of the population.

I think it's essential to set personal boundaries in both business and life. Sometimes, if someone tries to violate those boundaries, they need to be defended firmly. I don't believe in complete freedom without limits. Even when creating organizations, I strive to adhere to these principles. Entrepreneurial culture is built on understanding boundaries. It's clear to me that your freedom ends where another person's freedom begins. There is no such thing as absolute freedom. Therefore, I always advise

being pragmatic and considering these aspects in business.

I told my family that unless we achieve our goals, we won't buy anything for ourselves – no apartments, no cars, no other expensive items. Since 2020, I haven't spent anything on myself, not even on a new car, even though that might seem funny or absurd. I believe I think about my own desires only after I've sorted out all our affairs, including tax matters. That's what pragmatism means to me. I'm sure that those who create value deserve support.

Of course, my family say this isn't fair. I explain that our system is based on this principle. If we acted differently – buying an apartment, yacht, or plane – and then suddenly faced a crisis without any funds left, it would be dangerous. This is especially true in industries like construction, where you may have spent money before actually earning it. Such situations can occur, so one must be prepared for them.

8. Be disciplined

An entrepreneur must be a highly disciplined and punctual person. For example, I never arrive late to any meeting, under any circumstances. All my meetings start at the scheduled time, and this rule has worked for 24 years. Meetings end exactly at the predetermined time – whether it's 55 minutes or 25 minutes after they begin. I always follow my schedule.

I take discipline very seriously, especially when it comes to my

personal discipline. Over the past 24 years, I've hardly missed a single workday due to illness. The only times I was out for a few days were due to injuries I got while playing football. I always aimed to recover quickly from those. Apart from that I've never been on a sick leave. I understand that being ill is very costly, so I always look after my health.

If I plan something, I make sure to follow through. I don't cancel plans unless something more important comes up. I should mention that early in my career, I struggled with procrastination, but I managed to overcome it.

I told myself, "If I want to achieve something in this life, I can't just give up on my ideas without taking the necessary actions to realize them." I made that decision long ago and have stuck to it ever since. Now, I can't even imagine how my assistants would react if I said things like, "Guys, I don't want to hold this meeting" or "I don't want to go to this meeting." That's simply not an option for me.

This is what helped me become a disciplined person:

A. Love for people:

B. Positive attitude: Even during tough times, I always went to work. It's important to maintain a mindset that allows you to feel comfortable in any situation. When I was around 33–35 years old, there were meetings that I didn't enjoy for various reasons. Now, I think differently. I view my work as a match that needs to be won. I'm always inspired and confident that I'll find

the right solutions and improve the situation in meetings. Even when difficult cases are discussed or problems arise, I see the opportunities behind them. Over the past 2–3 years, I've gained the confidence that helps me view every situation as a chance to make things better.

C. Operational discipline: This means that the process of interacting with others or with something should inherently follow certain values. What I write about in my book is not just words; they are facts from my life and the life of the company.

Let me share an interesting story as an example. I was at a football match that was quite tense: the team I was supporting lost in a penalty shootout. While watching the game with other spectators, there was a guy sitting next to me who suddenly started yelling at the referee, calling him a "bald jerk." Ironically, the fan himself was bald. Moments like these make football matches even more memorable. This situation perfectly illustrates how people tend to notice flaws in others rather than in themselves.

Recently, we discussed reducing commission rates for new real estate agents. This was proposed as part of an optimization strategy, but I am against such measures. I firmly believe that focusing on lowering percentages is not what a leader should prioritize. Instead, I prefer to think about how to create additional value rather than cutting back on anything. I told my deputy, "Our company values freedom and strives to improve. But you're suggesting that when inefficiencies arise, we should compromise

our principles and go against the company's values." Many people can talk one way but will abandon their words when circumstances change. Entrepreneurial culture does not tolerate that.

When I make high-level decisions, I always adhere to these principles in operational activities. By the way, I have never sworn or slammed my fist on a table – not once in my life. That's another one of my principles. I truly believe that such behavior is destructive to a person. It's not a form of culture; it's a manifestation of ignorance. Controlling one's emotions is what truly matters.

In our company, profanity is strictly prohibited. While it may happen in casual settings, it's unacceptable at work. I know that in some companies, you can hear foul language during meetings, but that's not the case here. I can imagine that among colleagues, informal conversations might occasionally include such language, but overall, it's unacceptable and goes against our company's cultural principles. At work, you need to adhere to certain standards.

For instance, during football games, my teammates swear constantly, even on the pitch. This always makes me uncomfortable, but I can't tell them, "Guys, let's keep it clean, okay?" In football, I'm just one part of the system and must play my role. Everyone has their own world, and I respect that. For me, it's important to stay true to myself and my principles, even when those around me act differently.

I have always believed that what makes you really strong is being able not to succumb to external influences and not to follow poor examples. For instance, many people in my circle died from drug overdoses in the 1990s. I have never tried drugs myself and have always tried to discourage others from using them. If I found out that someone close to me was using drugs, I would immediately cut off all interaction with that person.

9. Be a team player

Individualists rarely manage to create a large system for other individualists. The truth is that only a strong team player can build a community where everyone can realize their potential.

I consider myself a team player. I have many friends and enjoy socializing. However, there are also many people I don't know who seek to connect with me, and I can't give everyone the attention they deserve. My assistants can arrange for three or four unfamiliar people to meet with me for half an hour once a year. Right now, there's quite a queue of people waiting. I hardly ever speak at conferences – only a couple of times a year, and only when it's necessary. I dedicate most of my time to work, family, sports, and spending time with friends.

If you're surprised that “self-belief” isn't listed among these key aspects of my life, let me clarify: it's not essential. I don't consider myself someone with high self-esteem and often struggle with various insecurities. But that doesn't mean I can't

achieve success. It's important for me to believe in what I'm doing, but I don't necessarily have to have unwavering confidence in myself. In the entrepreneurial world, strong self-belief isn't always the fundamental factor for success. What matters most is taking action and striving toward your goals, despite doubts and insecurities.

Chapter 11. About Goal Setting

If you have a small business, you can skip this chapter. However, if your business is already quite large or aims to become so, I strongly recommend paying attention to the following. The issue I raise in this chapter is a complex one for me. It often becomes quite pressing as the system grows.

Goal setting is one of the most crucial components of success. First, we establish our goals. Many find this process mysterious because it happens behind closed doors. Some people claim, “We don’t need any goal setting! The situation will tell us what to do.” Occasionally, someone asks, “What’s so difficult about goal setting anyway?” I wrote about goal setting in my first book five years ago. If you’re interested, I encourage you to read it.

Previously, I approached this topic from the perspective of resource allocation, but now I want to examine it from the standpoint of departments. A poorly defined goal can harm an organization or a division. You can easily get lost if you’re not following the right star. Confusing Jupiter with the North Star will surely lead you astray. Therefore, choosing the right goal is half the battle, especially for a company.

Goals reflect human psychology. When you’re in a good mood, all problems seem manageable, and you feel capable of achieving a lot. But when you’re feeling down, the world appears bleak, and it seems like everything is lost. People who set goals

understand how important it is to have a tool for defining them. It needs to be competitive. Goals should not be set based on emotions. During the goal-setting process, it's critical to adhere to clear rules and criteria.

When setting goals, we always consider two factors:

1. **Financial Factor:** This is particularly relevant when discussing performance indicators. We analyze all possible influences related to key parameters, such as the average interest rate. We develop models that account for the market's dependence on these rates and adjust our goals according to current conditions and forecasts.

2. **Psychological Factor:** The true goal should not be intimidating or cause excessive anxiety. It needs to be practical. All successful companies set goals that are very practical and realistic. The goals are clear, understandable, and appropriate. Success is largely defined by SMART goals, which I believe are more important than SMART tasks. Even if tasks do not always meet SMART criteria, the goal should always be focused on results.

Now, let's talk about larger companies like ours, which have multiple departments. In today's world, departments are parts of an overarching management system. Standardization – bringing the specific into alignment with the general – occurs before we

start doing anything right or wrong.

Let me compare it with the human body. All humans have the same amount of organs, with similar sizes, functions, and systems. You might say, "Well, that makes sense; it's a result of evolution!" However, I disagree with the notion that development during evolution occurs chaotically and without purpose. Similarly, all organs in our body work towards a single goal: human survival. This is ensured through complex natural mechanisms.

DNA, the digestive system, metabolism – these are all parts of a strictly synchronized system, with each action coordinated by the brain. Organs do not have the ability to act autonomously. If any organ begins to operate independently of the system, it can often lead to the person's demise. Nature clearly tells us: those who cannot maintain integrity have no right to exist. The emergence of cancer cells and other disorders is evidence that some part of the body has started to act on its own accord.

In entrepreneurial culture, there is a key principle: the organization must strive for a unified goal – its own development. For those who have reached this part of the book, it's important to realize that traits such as selfishness, the desire for autonomy, culture, and courage serve the higher purpose of organizational development.

Companies have a significant advantage over living organisms – the ability to easily replace any parts and adapt according to demands. Here, the principle of similarity applies – organizations

are akin to living organisms but are not identical to them.

When you start analyzing the structure of an organization, it becomes clear that many of its structural elements can be compared to human organs – like the heart, kidneys, and others. An improper arrangement of these "organs" within the overall system of the company can lead to a rapid and unnoticed decline. Many organizations do not last long precisely because their leadership often makes mistakes in the early stages – specifically during the creation of the structure, when departments begin to compete against each other.

Over the years of working in the company, my understanding of effective management methods has undergone significant changes.

Initially, I adhered to a unitary approach. I believed that everything needed to be centralized, controlling every step taken by employees. Heads of each department reported to me personally every month. Each department had its own finances and budgets, and I participated in every meeting, knowing exactly what was planned. I was completely absorbed in management – myself! I managed this way until we grew to about 400–500 people. Looking back, I can't say whether this was the right decision. Sometimes I wonder how things might have been if I had already implemented the management principles I'm going to discuss now. History has no subjunctive mood, and we can't go back and correct past mistakes. Eventually, I realized that a leader doesn't need to personally manage every aspect. It's

possible to set up a system that operates effectively without my constant intervention.

After the unitary model, I transitioned to a model of complete autonomy and tried to implement a holacracy system. However, it also appeared to be imperfect. I realized that as the company moved toward holacracy, it became less efficient, leading me to conclude that a two-factor systemic competition was necessary.

Competition within the system should occur at all levels – both within departments and between them, as well as between departments and the centralized structure. Meanwhile, the system must remain decentralized. Let me give you an example with Google. It assesses the importance of web pages based on the number of links from other sites pointing to them. The significance of these pages is determined by what users are willing to pay top dollar for. Google doesn't adhere to strict rules; it simply found a formula for success.



A garage on the outskirts of Menlo Park, California, where Google was founded. November 2021

For the effective functioning of departmental goals and systems, a dual-factor competition for resources is necessary, while maintaining unity in the application of tools.

I will explain how I achieved this. First, I realized that goal-setting is the foundation of this model. This means that each department must establish clear and understandable goals for everyone. Second, these goals should be cross-functional, promoting interaction and collaboration between different divisions. For example, the same goal can be relevant for both HR and sales and marketing departments, facilitating

effective collaboration among them.

The management model comprises several key components:

- Well-defined goals;
- Balancing resource competition with collaborative tool usage;
- Establishing mutual system authorities based on shared values.

The key idea is to incorporate authority naturally into the workflow, avoiding arbitrary delegation. People often mistakenly try to define authority in advance instead of creating the right systems where authority is embedded in specific tasks.

Everyone is used to first determining and clarifying everything. For instance, a person working in the marketing department needs to monitor the cost of leads, while someone in sales needs to focus on the cost of deals. The marketing specialist may notice that the company is spending a lot without generating results. It seems that everything is fine for a typical company: there's a need for sales and marketing. However, when these functions are combined, there's no income because the company is overpaying for leads and still not achieving the desired outcome.

If authority is transferred from the sales department to the marketing department, at some point, the marketer might suggest changing the incentive structure so that sales staff provide weekly

conversion reports. A system should be created where each part feels empowered to change its authority. This is a very complex task. Most organizations fail at this because people often prefer to remain silent and make no changes.

If we look at evolutionary processes, we can see that they happen the same way. Individuals compete with one another – this is both intraspecific and interspecific competition. The situation in organizations mirrors this reality. It's essential to understand that, unlike animals, humans have the ability to cooperate effectively. In nature, however, the struggle for survival, known as natural selection, prevails.

Animals are generally not inclined to cooperate. While there are notable examples of mutual assistance among certain species, competition is the dominant behavior. Unfortunately, humans also often find themselves in conflict with one another. We are not always predisposed to collaborate – a fact that is evident in economic contexts and other processes around the world. Within organizations, a balance must be struck between cooperation and competition.

I emphasize this aspect of authority because many organizations struggle with it. Even with proper synchronization of departments and consideration of all aspects and models, mistakes often occur – one of which relates to motivational tools. Frequently, the goals and motivations of the revenue-generating department do not align with those of the organization.

This synchronization is essentially the foundational level of management. When I conduct audits, a standard question I ask managers is: "What do you get paid for? What value do you bring to the organization?" I start with this to understand how an employee perceives their role and contribution to the company.

Many leaders forget that it's important to discuss company values with employees and how they can align with them. This brings to mind another favorite saying of mine: "We spend half our lives searching for answers to questions we never ask ourselves."

In the future, goal-setting will be a global process for the entire company, and there will be significant competition at the basic structural level for the opportunity to implement important initiatives.

Ultimately, each department becomes a kind of kingdom within the organization. It is crucial that as these departments grow, the organization itself becomes stronger. I see it this way: everyone should develop together; if one department starts to grow unevenly – like a sick liver – it signals a problem.

An important point is that when something goes wrong in a department's operations, management is often reluctant to acknowledge its mistakes. It's vital to have a clear system for understanding what is good and what is bad. When a company is "ailing" and suffering losses, that is obvious to everyone. But try to discern what is happening within the departments of such an organization. Typically, everything appears fine on the surface:

each person performs their job at a high level, yet one single department may be completely unaware of the organization's goals and is performing poorly. In this situation, it is critically important to have a system that allows for an objective evaluation of all aspects of operations. This requires establishing criteria and determining at what level evaluations should occur: at the employee level, department level, or specific team level. I used to think that evaluations were pointless – that I could walk into a department, talk to employees for ten minutes, and grasp whether things were going well or poorly. However, as the company grew, I realized the necessity of creating an evaluation system. Now, I visit departments once a year.

If you try to control everything, you'll find out that you have far less time for management than you could have, because the company continues to grow and your time is not unlimited. The ability to effectively prepare replacements for oversight and evaluation duties is critical. Every founder goes through incredibly challenging stages of their company development. Typically, leaders possess exceptional talents and rare innate qualities. It's important to understand and prepare for the fact that not everyone will be able to work with the same level of efficiency in the future. This difference needs to be taken into account. Therefore, always allow for the possibility that a task you completed in one day may take someone else a week. This is part of the management process, and you earn your income from it, while employees earn theirs – it's all part of the system.

The lack of evaluation, oversight, and sufficient resources leads departments to engage in low-value activities. This correlation has been consistently observed in practice.

The entire system always operates like a business, while we often behave like a government. Striving for this balance is essential. The more freedom you give each department within the system, the more energy you will receive from the "bottom up."

Now, let me describe some mechanisms for effective synchronization using examples from various departments.

1. Encourage maximum interaction among employees. It is crucial that all staff members, not just leaders, embrace the company culture. Engage with your team regularly. Even when pressed for time, avoid limiting communication solely to management discussions.

Many leaders make the mistake of interacting only with their direct reports. I always say, "I want to talk to your people!" During my assessments I seek to understand each person's role, responsibilities and motivations. Once, I spoke with an employee who told me, "We were warned before the meeting that we shouldn't say too much, that we could even be fired on the spot." It turned out that the department head was intimidating the staff. After that conversation, I understood why people always seemed quiet during our first meetings. Then I start working with them, telling a joke to ease the tension. After about 25 minutes, they start to open up, and by the 35th minute, communication flows

naturally. By the end of the conversation, we're almost friends. After the meeting, I always send them a message: "Great job! That was an excellent idea!"

2. Identify the goals of each department. I constantly discuss the objectives with every department, always asking the leader: "What's important to you? Tell me about the motivational management in your department. Show me how it aligns with our goals. Where do you see potential risks?" If someone responds with, "Everything is fine," I start to worry. I say, "No, tell me specifically: where do you see risks? How have you adapted models? Where have you taken risks for the sake of the company?" They need to be prepared for challenges and understand that making mistakes is part of the process.

Let me illustrate the type of questions I typically ask during these discussions. I might ask an employee: "Who have you assigned value and motivation to? If the market declines, who will be affected?" This approach facilitates in-depth conversations and helps us develop a well-balanced organizational model.

Next, I ask: "How are things going with other departments? Are there any challenges you're facing? What improvements would you suggest?"

It's important to understand that this seemingly routine conversations are highly constructive. It's difficult to capture the dynamic nature of these meetings through a book, so I'll provide

a comprehensive record of one of such meetings.

* Meeting Minutes



<https://disk.yandex.ru/i/ue9T9j0dijVOoA>

3. Conduct regular assessments of the financial well-being of departments. In every department, I always ask about its financial performance. I often say, "What is the current budget status? Where are you prioritizing resource allocation?" My favorite question is, "If I gave you one million rubles right now, how would you spend it in your department and why?" This is an important checkpoint for me because it helps me understand how aligned a manager's thoughts are with their actions. Honestly, when I pose this question, I first think about how I would respond if I were the head of that department and where I would allocate that million. Many people don't always grasp how crucial proper resource allocation is for the functioning of departments and the organization as a whole.

Such hypothetical questions help quickly reveal differences in perspectives. This component plays a key role in our processes.

4. Clarify the goal-setting of departments. I always start discussing goal-setting with a risk assessment. I say to department heads, "Tell me about the current risks. What are you doing to manage them?" People often open up here, and discussing risks helps achieve alignment between the system and its components. Fear often plays a significant role, and through these conversations, we can address up to 90% of risks.

"I'm afraid the finance team won't approve my expenses," or "I feel like my work won't be appreciated by others" – such doubts come up during our discussions. A leader doesn't necessarily have to be a genius; it's important to be a good communicator and to handle everyday issues that often determine success.

To conclude this topic, I want to emphasize an important point. As a system grows, a company leader may feel that managing it becomes more complex. This is completely understandable: the more components in a system, the more interactions between them, increasing the likelihood of misunderstandings and various challenges. That's why I often hear doubts about the necessity of participating in large businesses. However, I believe that the law of large numbers supports the idea that patterns become clearer on larger scales. In big systems, management is more predictable than in small ones, which reduces the level of risk that entrepreneurs worry about.

Large systems are more predictable. They are more resilient and easier to manage. Therefore, when you set a goal to grow within a large system, you give yourself a chance for success.

The drive for growth and new heights is a key aspect of success. Success always inspires and expands opportunities. If you're not aiming for expansion and don't want to feel uplifted, it will likely be challenging to achieve success. Within a company, systems need to be built in such a way that they can grow and develop, becoming stronger. Only then can true success be achieved.

Chapter 12. About Employees and Company Development

Let me say that again: a company becomes strong when every employee has the opportunity to develop their potential. I didn't realize how important it is for a company to help its employees grow. It's a simple principle, but it's incredibly significant. Companies that can provide growth opportunities for their employees are much more likely to succeed; otherwise, they will become ineffective over time.

Sometimes, employees are seen as insignificant parts of a large system or, even worse, as people who cannot be changed. When someone works for someone else rather than for themselves, they often view their job not as a means of self-realization but as a temporary occupation. From the very beginning, I speak openly with my employees. I explain that sometimes they can earn even more than I do. There is an advantage to being an employee – there's no risk of the company going bankrupt. Many businesses fail, and working for someone else can be more advantageous because it offers stable income with less risk. Often, entrepreneurs don't make a profit in the first five years after starting a business and aren't sure if their venture will succeed. Many employees don't understand what it's like to

be an entrepreneur until they find themselves in that position. Frequently, they conclude that it might be better to be a strong manager rather than an entrepreneur.

Every year I would present our company's development strategy to the employees and consider it essential. From 2004 to 2012, I did this twice a year, and then I got back to annual presentations.

Every leader should tell their employees what they plan to do, what their goals are, and the tools they intend to use to achieve them. It's important to clarify what you expect from each individual.

A leader must share all necessary information with their team and encourage the system to grow. It's the employees' responsibility to ensure the growth of their department based on that information. It's impossible for a leader to do everything alone. If people in the field don't understand the extent of their responsibility and don't adopt an entrepreneurial mindset, their departments will not thrive.

In Russia, the term "capitalization" is often misunderstood. Only a few companies go public; most of them even struggle to be sold. In reality, entrepreneurs are often unaware that they're no longer independent. The main difference between owning a business and merely participating in one is its proper structure and the ability to sell it profitably. Otherwise, you might find yourself running a business that eventually disappears or goes bankrupt, leaving you with nothing. All your efforts would have

been in vain.

The main goal of a businessman is to create an environment where each employee:

- wants to grow;
- is talented and fits their role;
- understands that their work is fairly compensated;
- is genuinely interested in the tasks at hand;
- sincerely believes that they are realizing their potential through their work.

If all five of these conditions apply to a particular employee, they will be able to achieve outstanding results. This isn't easy, as the process is complex. Let's take a closer look at each of these points for a better understanding.

I'll start with the last point: employees must know that their work is meaningful and offers personal value. This directly relates to our focus on achieving long-term outcomes. Although we frequently seek instant satisfaction in our daily lives, each of us has an inherent desire for something greater. Fundamental values like family and life deeply influence a person's internal culture and their drive for long-term perspectives.

It's crucial to set up a system that supports the development process.

So, what conditions are necessary for someone to want to engage in long-term efforts?

Transparency. Employees want to know what they will be allowed to do and what they can expect to gain in the long run. Let me provide a specific example. At one point, I began to notice that transparency in rules was important to my employees. They wanted to understand what they can expect if they committed to long-term work: what financial rewards they would receive and how this would impact their personal development. Initially, I thought their primary concern was financial compensation, but I later realized they were seeking something more meaningful.



Me with the company's diamond partners from Tyumen, at the Diamond Stars Awards. November 2023.

I have yet to meet anyone who would say, "Just give me the money, and whatever happens, happens." Even the most mercenary individuals eventually start seeking something more from their work than just meeting financial needs. This is tied to our instincts. We have basic animal instincts, but we also possess more complex responses related to social interaction and the functions of the neocortex – the part of the brain responsible for higher-order thinking processes like information analysis, planning, and social behavior.

In interviews, I can sense how people react when the conversation shifts to money and growth opportunities within the company. When the topic of finances comes up, the atmosphere often feels a bit awkward. However, when we start discussing potential and what a person hopes to achieve, it encourages them to open up. Conversations about finances usually last just a minute, while discussions about desires and goals can go on for an hour. That's how this energy works.

The next point I want to address is that employees are interested in the work they do. This is primarily ensured by having engaging tasks. Interest brings immediate satisfaction and triggers a quick dopamine rush. It's crucial for people to feel joy in their work; without it, life can seem dull and gray. Therefore, it's important to create an inspiring atmosphere at work.

I reflected on this and introduced a flexible attendance schedule: if someone prefers to come in later, they can arrive at, say, 10 am. There was a time when I almost fired a mortgage

broker because I couldn't find her at her desk several times. I used to be a strict disciplinarian and would dock 10% of someone's salary for being five minutes late. If someone was late a second time, the penalty was even steeper. This broker even tried to manipulate the data to make it look like she was present. But eventually, we changed our approach. Do you know what we started doing? If someone was late for a meeting and arrived after 9:05 am, they were simply not allowed in – just like they close the door at school. Let me explain why we did this. At that time, I felt that people were too relaxed, and that was a real issue. Because of this, I'm not a big fan of remote work. Now that the initial wave of remote work has passed, it's clear that people crave face-to-face interactions. For instance, it's currently difficult to get into theaters; everyone is looking for personal consultants and coaches – society is returning to in-person communication.

Then I realized how important it is to create a comfortable environment that enhances interest in work. Having an interest in work doesn't mean you can just show up and do nothing. It's essential to set ambitious goals. If you enjoy communicating, engage in that. If you don't like writing reports, create a team of assistants or seek help. For those who like to influence others, it's crucial to find the right roles for them. Recognizing and understanding these subtle aspects is key to fostering a workplace atmosphere filled with joy and harmony – a goal that requires dedication and effort to achieve.

It's crucial to understand that a successful company isn't built

solely for one person – it must serve the interests of all employees while upholding core principles. In 2016–2017, I initiated a major transformation of our organization with a clear goal: to create an environment where every team member could find their work engaging and fulfilling. One of my leadership approaches is to regularly put myself in my employees' shoes. I ask myself: what aspects of work might frustrate or demotivate them? Take monotony, for example. Imagine being forced to perform the same tasks all day long – it could quickly become overwhelming. While I acknowledge that during particularly busy periods, some people might actually prefer a month of monotonous work because it offers a sense of calm and predictability – you can focus on the task at hand without constant disruptions.

Dealing with work that arrives in waves can be incredibly draining. Over time, you'll notice a pattern of peaks and valleys. It's crucial to stay attuned to your organization's natural rhythm, as no business can operate at full capacity non-stop. When I recognize that we've been pushing too hard or maintaining an unsustainable pace, I make a conscious effort to adjust expectations and reduce demands on my team. However, it's essential that employees are aware of and understand these shifts in intensity.

Ultimately, I concluded that my goal is to create a system that allows employees not only to understand the long-term objectives of their work but also to enjoy it in the present moment. They should start feeling that they are not just working

for someone else, but are realizing their potential and fully expressing themselves – and that's truly awesome.

The next point I want to elaborate on is that employees need to feel that their labor is fairly compensated. I didn't arrive at this realization immediately. Back in 2003, my approach was simple. "We pay you money – you work. Leave me alone."

Then I started thinking about freedom. It always annoyed me when people were told what to do. Ideally, individuals should act independently. Many employees are very smart and talented people who – no offense to managers – are often smarter than many entrepreneurs. For such employees, it's essential to create the right conditions. Some aren't ready to take risks, some fear losing stability, or don't have enough financial resources. But what if we create conditions where everyone feels like they own a mini-business? I always tell my employees: "Don't think of what you do in our company as just a job; think of it as your own business. Let's discuss what you want to gain from your work. Do you want to earn more? Let's talk about the value you can bring to society because an entrepreneur earns when they create value for people." I've seen many cases where people started with 50,000 rubles and were earning 300,000 within a year.

I don't have these kinds of conversations with everyone. When I see that a talented employee might leave, we need to support them urgently. This brings us to the next point – recognizing an employee's talent and their willingness to grow. I can quickly identify talented individuals; this is part of my management skill.

If someone stands out in a meeting, I can notice it right away and promote them as soon as the second day of their employment. There have been cases where someone joined us as an assistant at 22 and, within three years, was already in a third or fourth position in the company.

For me, age doesn't matter. I can appoint a 24-year-old as CEO because I believe they will quickly acquire the necessary skills. There are entrepreneurs who are 23 and already multimillionaires. Doesn't that prove that anyone can achieve great things? The only limitations are in our minds. Every employee is a potential superstar who needs swift support. Sometimes during these conversations, an employee will tell me that, to be honest, they were planning to quit and look for another job because they don't want to work for 30,000.

My favorite saying is, "The only thing better than financial motivation is a strong leader." That's why I always value strong individuals: they attract others like bees to honey, creating their own success and drawing more people in. It's crucial to create the right environment for employees where their desire to grow can flourish – another important principle I mentioned earlier. My goal is to provide such working conditions for as many people as possible. Honestly, I'm not fond of banking approaches. We've had many people come from banks, and almost none have returned. If someone leaves our company, it's usually for personal reasons or for significantly higher pay that we can't offer at this stage. Sometimes people come back after realizing that

we truly have a good and healthy entrepreneurial culture with opportunities for growth. We welcome back former employees; there's no taboo against re-hiring them.

Chapter 13. About Business Processes

Let's discuss business processes and see how they are managed. We'll break down each point in detail.

Long-term Component

Every employee should have an individual development plan for the next five years. This plan outlines their expected salary at each stage of their career. With some candidates, I negotiate a five-year salary agreement on the condition that they will develop according to the plan. What does this achieve? We train the employee right from the start, discussing how they will grow, what responsibilities they will have, and how they can realize their potential. We talk about the skills and competencies they will acquire, how much they will be worth in the market, and which companies might compete for them. We have excellent universities, and I always tell my employees that I understand their aspirations and hold no grudges. If someone tells me they don't see a future for themselves in our company or feel underpaid, I shake their hand and part ways without hard feelings. I believe I do everything possible for my employees, and if they find better opportunities elsewhere, then it's the right choice for them.

I don't hold employees against their will, and even with friends, I have no agreements about not poaching staff. If my friends are "hunting" for my employees, I'm happy for them because it means the people I work with are truly smart and talented.

In about 95% of cases, I let people go. Once, I offered one of my employees improved working conditions twice, but he said he was satisfied with what he had. A year later, he came to me saying he had been offered another job and didn't know what to do. We talked it over, and he ended up staying with us at "Etagi," becoming one of our best managers. At that moment, I didn't know what to think: I felt he was underpaid and had offered him a raise, but he, being modest, declined. This was a lesson for me: if you feel an employee deserves more than you're currently offering, you should provide them with those better conditions, even if they refuse. Over time, I realized that those who are naturally modest often turn down better offers, and you might comfort yourself with the thought that they don't need it. But if you believe improvements are warranted, you should make them.

I never get upset when employees leave; I believe I've done everything possible for them, and they thank me for that. Sometimes they leave and struggle to succeed elsewhere. In those cases, I feel sad because I sense that I didn't prepare them adequately for change. It seems they were only valuable within our system, and I made a mistake by giving them too much

without choosing those who could truly handle it. There's a joke that if a wife leaves for someone richer, it's not so bad. What hurts is if she leaves for someone less fortunate.

At our company, we regularly conduct anonymous surveys among employees to gauge their interest in their work. This anonymity allows everyone to share honestly what they like or dislike about their jobs. We collect and analyze the data we receive. Initially, we encountered complaints of a more basic nature, and we responded promptly by making necessary repairs and improvements. Once these fundamental issues were addressed, new requests emerged: in some departments, we had hired too many underperforming employees. After resolving those concerns, new challenges arose: employees began expressing that the company needed to grow faster, synchronize IT systems with sales, and operate with greater speed. The higher the level of issues that arise, the healthier the organization is. If a company struggles with basic tasks, it's a bad sign.

Measuring Employee Engagement

Employee engagement can be measured by turnover rates at a given salary level. There's a so-called "golden triangle" consisting of employee talent, their salary, and turnover rates. How do we measure engagement? I always say it's evident in people's eyes. The eyes are the window to the soul, the only organ that reflects everything. Animals may not have speech, but they can

understand each other through their gaze. I find it difficult to connect with people over video calls and prefer face-to-face meetings. That's why I frequently visit our branches; I need to look people in the eye to understand them better.

In the past, the world's population was much smaller. While living organisms have existed for 500 million years, the evolution of speech has occurred only over the last 100,000 years, whereas the evolution of creatures with eyes has spanned hundreds of millions of years. Therefore, eyes convey more truth than words. Engagement through eye contact reveals more than anything else; it's important to recognize this. However, for many, this might just sound poetic.

There are two types of engagement: external and internal. External engagement is visible at a glance – an employee actively works, participates in meetings, and shows initiative. Internal engagement, however, is far more important and interesting for the organization. When people are truly connected to their responsibilities and view their work as meaningful, they begin to operate with greater dedication. We often perceive the world through emotions, and the realm of feelings is still not fully understood. Engagement serves as a sort of indicator of internal emotional states, which is why it will be the subject of further research. Currently, many employers are losing ground in this area because overall employee engagement is declining.

However, one of the most crucial tasks is to change the internal culture; improving it could turn the situation around.

Implementation

Through learning, people acquire new skills and discover the world. This is my philosophy. To me, a good leader is someone who can inspire people to work. If an employee doesn't rush to the office in the morning or feels reluctant to go, then something is wrong. If you don't enjoy your job, it's better to hand in your resignation and leave. The role of a leader is a complex mechanism that involves relationships, behaviors, emotions, and social, financial, and even personal aspects. It's a complicated dynamic that fosters a desire to work. Yes, at the core of it all lies desire. When people say that management is about business processes, I disagree: management is a much more intricate matter. I've seen many examples where an employee, lacking formal management tools but possessing life wisdom, proved to be more effective than the most educated manager. This is reality, and I acknowledge it.

Teaching someone practical skills is much easier than helping them find their inner strength, build self-confidence, and overcome communication issues. These are far more challenging to teach. We need to seek out talent in management and understand how the system works, which requires deep analysis.

For me, the question of an employee's experience has long

been settled. I never consider experience the main criterion for professionalism. In fact, I often see it as a disadvantage. What matters to me is the person themselves, their essence. I analyze what they are capable of and what skills they possess. Acquiring necessary skills is relatively easy, so work experience doesn't interest me much. The only thing that truly matters is the real results that a person has achieved. The process of analyzing not just results but competencies and the likelihood of achieving future results is a comprehensive methodology.

Motivation

This is a separate system that I will discuss in detail in one of the upcoming chapters. But believe me, the secret to success lies in entrepreneurial culture and motivation. Since childhood, I have believed in practical reasoning and have always thought that one of the reasons for the collapse of the USSR was incorrect motivation. People had nothing to fight for, and this became a fatal mistake for the state's leaders when creating ideology.

Proper motivation can work wonders. Let me give you an example. In our company, HR is motivated by revenue volume and the salary of the employee they hire. This makes them invested in the outcome. If an HR manager finds a candidate willing to work for a lower salary but who delivers excellent results, they receive a significant bonus. This scheme is simple but very effective. It encourages employees to perform better.

Focusing solely on workload without linking it to results, or having an incomplete understanding of the entire process, often leads to problems. In such situations, it's essential to closely examine how an employee impacts the final result from start to finish. This usually presents the greatest challenges and leads to frequent excuses: the employee lacks necessary authority, responsibility is blurred, and results are hardly dependent on their efforts. But you know, there's no need to fear this – you have to try. An employee is like a stream that seeks to merge with a river and then with the sea; they will always find their way. Therefore, it's crucial not to be afraid and not to impose internal limitations on oneself. Obstacles are often only in our heads. When you create a system, employees will discover amazing solutions on their own. However, if a company has ingrained the paradigm of “this is my area of responsibility, and I won't go beyond it,” that's already a signal of a serious problem for the business. Instead, businesses should encourage initiative: “Okay, give it a try, take action. Here's your goal; I expect results from you.” This approach opens up new opportunities.

This is fundamentally the right approach. You can do it differently and hire expensive candidates, but will that be justified? Not always. Strong candidates are also needed, but their effectiveness must be supported by results. This is a straightforward example of how an entrepreneurial model should be structured.

Let me give another example. Mortgage brokers have been motivated based on results rather than just conducting consultations. Now they work differently. Marketers are responsible for business volume rather than just incoming client flow. Even our lawyers are incentivized to sign as many contracts as possible. They compete with each other: they earn 75 rubles per contract, and 120 rubles during evening hours. As a result, by 8 AM all contracts are ready, and there's even a queue for them at night. I see that employees are still working at 2 AM.

We don't force anyone. We simply say: "Here's your money; if you want to, go ahead and do it." We always monitor whether we need to increase salaries, and we see this through results in three systems. At higher management levels, we ensure motivation through net profit. Many of our leaders participate in the distribution of the company's net profit.

Once, I had a conversation with a talented employee. I offered him a five-year contract where his salary would be based not on achieving KPIs but on a percentage of net profit. We would find legal forms for this, establish partnerships, shares, and everything else. He declined: "No, I'm not ready. Let's do 100,000 fixed salary and 100,000 for KPIs." Six months later, he came back to me and said: "Ildar Borisovich, after working with you, I've changed my mind. I'm interested in trying a different relationship scheme; I'm ready for your terms."

We signed a five-year contract, and his effectiveness increased fivefold, if not tenfold. Within two years, his income consistently

exceeded one million rubles, and his contribution to the company became invaluable. With a fixed salary and KPIs of 100,000 rubles, he would never have achieved such results or become such a valuable employee.

When an employee understands that every action they take is fairly compensated, their potential is unleashed. Their inner strength comes to the surface. This is the foundation: 1 + 1 becomes 11. However, to harness this potential, one must be generous. Unfortunately, most leaders are hindered by greed.

Why do I speak about this so calmly? Because I have seen it happen many times. Sometimes I ask people a question: “Imagine you’ve gone to Bali, and your business, under the leadership of an employee, has earned 500,000 rubles. You did nothing, and a year later the business is generating 5 million rubles a month. How much are you willing to give to the employee who made this happen?” The most common answer is 10–12%.

Let me share how I personally battled my own greed. Here’s what you need to know about human greed: it’s rooted in the instinct for self-preservation. People have a tendency to hoard. Primitive humans, after killing a deer, didn’t know when they would catch another one. Without refrigerators, they needed to consume as much as possible. This instinctive greed is ingrained in all of us.

In our entrepreneurial culture, there is no value placed on

investing. We are not accustomed to giving in order to earn more later. This is a legacy of our primitive communal past and humanity's long evolutionary journey. Our first reaction when we receive something is to hold onto it. Understanding this fact will help us manage ourselves and our decisions better.

The ancient Egyptian pharaoh Tutankhamun was right: you can't take anything with you when you leave this world. To think otherwise is to succumb to illusions. So the first reason for greed is the instinct for self-preservation. The second is the fear of uncertainty. Greed requires letting go of something, which triggers fear of the unknown. Even businessmen who keep their funds in dollars are afraid to convert them into rubles, worrying they might lose value. Their minds start painting terrifying scenarios. Many who switch to dollars never convert their money back into rubles; they become prisoners of their savings.

I am an advocate for investing. Money should not sit idle. I have always invested in real businesses. This is a separate topic – investment thinking – and I plan to dedicate an entire chapter to it. The fear of risk is the third reason for greed. Those who do not understand or know how to manage risk will always resort to hoarding. Only knowledge allows one to manage risk and feel comfortable with it.

The fourth reason for greed is distrust of others. A greedy person often does not trust anyone else. They genuinely believe that only they can manage money correctly and that without

them, money will be wasted. This reflects a lack of faith in other people's abilities.

These four aspects of greed – self-preservation instinct, fear of uncertainty, and distrust of others – hinder our development and progress. To overcome them, we need to cultivate an investment mindset and learn to trust others. To illustrate this point, let me share an interesting experiment: a person is given a trinket and asked how much it's worth. "Three dollars," they reply. Then they're told, "Here, keep it; it's yours." When asked how much they would sell it for, they respond, "Eight dollars." Why? Psychologically, people perceive their possessions as more valuable. When something becomes theirs, its worth increases in their minds compared to how they would value it if it didn't belong to them.

Here lies a trap. I found it very difficult to deal with this. I admit that at first, I was reluctant to give people money. I was stingy and didn't realize it was a serious flaw. Only now, as I write these lines, can I calmly acknowledge that all the components of greed were within me.

There were times when I was tight-fisted with employee salaries, even when I had enough resources. I hoarded like a hamster instead of investing. Over time, my mindset changed. Several books helped me, especially Daniel Goleman's "Emotional Intelligence," which I highly recommend. This book discusses, among other things, the nature of greed and the characteristics of human thinking. Greed is always about the

past. It is a remnant of the past, while creating future value requires us to be willing to live in the future.

When a person wants to accumulate something, they are essentially choosing to live in the past. Investments are about the future. Each person decides whether to live in the past or look ahead. Many people on their deathbeds regret that they didn't spend more and didn't give enough to others.

I derive immense pleasure from seeing my top managers earn well. It makes me ten times happier than my own income. What drives me is the desire to continue developing the business so that my employees can earn well. I want them not just to work for me but to work alongside me, feeling that this is their own venture.

I am willing to sacrifice my income. For instance, during crises, I continue to pay my top managers whose salaries depend on net profit. Even when there is no profit, we implement hedging strategies. For example, in 2004, we hedged our top managers for four out of twelve months. I want to share a story: several top managers approached me then and said, "Ildar Borisovich, we see that things are tough for you right now. Maybe we shouldn't hedge our salaries?" I replied, "We should." One of them sat with me for 30 minutes, convincing me that he was doing fine, that he cared about the company and didn't need the money. I said, "Let's skip the altruism; it's not quite right. I'm confident that the business's capitalization is growing, even if it's declining at the moment. We are creating value, and as soon as

the market situation improves, our company will reach a new level. Consider this a form of payment through capitalization and a sign of increased company income.”

In the past, I aimed to accumulate, but then I realized it stemmed from the fear that there wouldn't be enough money. But those fears are misguided. If a person starts hoarding instead of sharing with others, there truly won't be enough money.

These fundamental insights changed my perspective on motivation and business. I detailed this in a post on VK, where I explained how proper motivation is formed and how to apply it. You can read this material by scanning the QR code provided on this page.



<https://disk.yandex.ru/i/4OPe3QZhtIqNJQ>

I believe that those who recognize and appreciate the strengths of others will always reach greater heights, build strong teams, and achieve outstanding results. I'll be honest: I didn't possess

this skill initially, but I have developed it and continue to do so. Learning is a lifelong journey. What did I do? I attended numerous HR conferences and read books on assessing abilities and competencies. Gradually, I began to realize how little I actually knew.

Now, when I conduct interviews, I often feel like a kind of robot because I've mastered many techniques and methodologies. Of course, I try to remain human, but I'm genuinely interested in understanding how the candidate's "processor" works, how they relate to others, and the extent of their self-reflection. Each of us has our own "processor," which doesn't change much over time. There are indeed people with strong cognitive abilities who think quickly, but even their capabilities are limited.

If a person is hardworking, loves people, is honest, principled, and courageous, then their "processor" is more than sufficient for great achievements. In the past, I believed that the "processor" determined everything. However, as I approached my 40s and 45s, I realized that upbringing, environment, principles, and a person's inner world also play a crucial role. Strong individuals want to work with other strong individuals, which is why sometimes I make the tough decision to let go of those who are not capable of growth. If I don't do this, I risk losing my top employees.



With Ekaterina Dzhanbrovskaya, Executive Director of the Vladivostok Office, during a business trip to the city, September 2024

To track employees and identify weaknesses, we have a well-structured management system in place. We have a dedicated HR department, a specialized evaluation department, and we utilize specific technologies. We constantly conduct reviews and assessments. Some might call this bureaucracy, but I see it as order. It's an essential tool that any business should employ.

I believe a company should either focus on finding strong individuals and developing their talents or try to cultivate all employees, but in that case, the overall level of professionalism is

unlikely to be high. My approach is to seek out talent and nurture it. The business environment is tough, and if resources are spent on those who cannot grow quickly, the company will struggle financially.

Sometimes a top manager comes to me with a recommendation to hire a good specialist. I say, "Let's meet and conduct an interview." But if during the conversation it turns out that the person seems decent but their mindset and work approaches don't align with our values, I decide, "No, we won't proceed further."

I recently read a book discussing three personality traits: creativity, genius, and intuition. I agree with this. Creativity, genius, and intuition are sparks that everyone should possess. These qualities are difficult to measure or assess in an employee's work. The average evaluation cycle for an employee's performance is a year; for a manager, it's one and a half to two years. A performer with a limited role can be evaluated in six months. However, operational staff on the factory floor can be assessed in just one minute – put them in their position, and it's immediately clear if they fit or not.

However, qualities like courage, resilience, and kindness are harder to evaluate. Life presents situations where people reveal themselves under unexpected circumstances. Remember the scene from "The Dark Knight" where criminals were on one ferry and ordinary citizens on the other? A criminal refused to blow up the ship while a civilian broker was ready to push the button.

Such situations are hard to predict. Therefore, when I talk about talent, I mean that the system should be able to accurately read people's abilities and allocate resources to them when necessary. It's important to understand that there is a significant underwater part of an iceberg. To uncover this "part" in employees, a company must regularly invest in their assessment.

Organizations that implement such approaches will always evolve, and companies with these systems will succeed. A culture of attracting talent inherently fosters the recruitment of talented individuals. Employee development is the most challenging but not the most expensive function. Anyone can quickly answer whether they are growing in this company.

There's a parable about a young man who asked a wise man how to know if his girlfriend loves him. The wise man replied that if he doesn't feel that love, he already knows the answer to his question. The same applies in organizations: every employee should unequivocally answer "yes" to whether they are being developed here. This is challenging because the development function does not yield immediate results. Real results appear after 8–12 months of working at the company, especially for senior managers. Basic skills can be acquired more quickly, but serious development takes time.

In our company, we have powerful trainers, adaptation specialists, and strong managers, all contributing to a culture of employee development. We refer to ourselves as a "realtor factory" because we train our agents from the ground up. This

is our core business, and I believe in fostering an entrepreneurial culture within each employee. We must help them grow.

We have a screening process in place, and once a recruiter has brought someone on board, our goal is to turn that new hire into a true star. To achieve this, we utilize all available mechanisms: communication, interaction, emotional intelligence, and even mindset.

When we invited business trainers, our finance team rushed to me, saying, "Ildar, get rid of them! We're just throwing money away! Let the managers train the new hires themselves." I responded, "Hold on, let's see how this plays out. Our productivity will increase, turnover will decrease, and people will want to develop. Otherwise, how will we differentiate ourselves from other companies if we don't invest in our employees' growth?"

Chapter 14. About Frugality

One of the main challenges entrepreneurs face is that people often use the saying "penny-pinching" to describe them. The nature of this perceived greed remains unclear, even though entrepreneurs themselves see their behavior as being frugal rather than greedy. The ability to evaluate every ruble and resource is an innate quality that varies in development from person to person, much like the capacity to share results and trust in the system and others. The intensity of these personal traits differs for everyone, similar to how the knobs on a mixing console are set at different levels.

Everyone knows and feels what qualities they possess. For example, I've come to realize that I can be a bit stingy, but I also consider myself a kind person. I can be persuaded to lend money if approached in the right way. I'm fortunate to have someone even more frugal by my side – he even suggests taking a pay cut himself. Let me share a work-related episode that left a strong impression on me – so much so that I decided to include it in this book. One day, Sergey Petrovich Shchepelin came to me and began persuading me to reduce his salary and that of some top managers, believing they were overpaid. We discussed this for about an hour, each expressing our viewpoints. This incident, like the story about hedging, reflects the culture of our organization and the level of trust within the team. Our employees aren't afraid

to discuss even sensitive topics because they have a sense of fairness.

It might be hard for some readers to believe that someone would voluntarily ask for a pay cut, but this became possible due to the culture we've created. When such a value system is established within a team, leaders and their subordinates become partners. Employees start thinking not just about themselves but about the business as a whole. This represents a high level of engagement that can be compared to maternal love. An employee is willing to do whatever it takes for the company's well-being, even if it means taking a pay cut.

I always oppose discussions about efficiency on a philosophical level – this is when someone raises the topic of efficiency without proposing any concrete solutions. For example, we recently optimized the work of our departments. Each department head would say, "We need to cut that department!" But I would respond, "Wait, what about your department? Shouldn't we cut yours too?" And I would hear back, "Why should we cut mine? Everything's fine here!" This pattern repeated itself every time we talked about optimizing anything. Everyone always insisted, "No, no, no – this applies to others, not us."

People are inherently unable to independently improve their internal efficiency. Here's another example: Recently, our esteemed realtors actively began advertising on platforms like Avito and Cian. What happened was that prices on these

aggregators started to rise, trapping us in a vicious cycle. We were covering demands while being asked for an even larger percentage of subsidies. Then we complicated matters further by subsidizing ads on these platforms. We reduced each realtor's expenses by up to 70%, paying for advertisements out of our own pockets. As a result, realtors lost touch with their actual expenses and began purchasing ads on Avito and Cian aggressively, causing those platforms to overheat from demand.

That's when I realized why being a bit frugal can sometimes be necessary and even beneficial. Why is it important for people to receive what they deserve, even if it costs a bit more than they can afford? It's dangerous when global disparities allow things to be obtained cheaply. I often use this example: imagine what would happen if the government covered 70% of the cost of a car for every individual. Public transportation would become obsolete. Getting a driver's license would suddenly be advantageous. Owning a personal vehicle would be cheaper than taking a taxi, which is a reality. Thus, the cost of owning a car would align with the actual expenses of public transport. Some would gain an unfair advantage while others would lose out. The number of pedestrians might decrease because some would switch to cars. As a result, a cycle of incorrect processes would be set in motion.

Most of us don't have an inherent tendency towards efficiency. That's why marketers around the world easily explain why many women dream of buying a handbag that costs 150,000 rubles.

One important thing everyone should understand is how humans are wired. This is crucial because knowing human nature allows for effective management of various processes. I consider myself a kind person, but I'm also economical. For instance, I recently bought my mom a three-year-old used car with low mileage – only about 30,000 kilometers. A new Volvo like that would cost around 10 million rubles, but I found one with low mileage for just 5 million rubles. I believe the price difference is insignificant since the car is practically new. It's all about finding that balance. I chose a Volvo, a premium brand, without regretting the expense. Of course, I could have bought something much cheaper, but it's important to feel that balance. For me, it's essential to spend money wisely. If I decided to gift my mom a good premium car, why not do so by buying a used one at half the price? She got an excellent vehicle that looked brand new.

However, when it comes to business, I fight for every ruble. I don't waste money unnecessarily, neither on myself nor on anything extraneous beyond my personal needs. My main expenses are family needs and helping my parents. If I were living alone, I'd probably be in a small one-bedroom apartment and using public transport instead of driving a car. That aligns with my internal beliefs.

The question arises: how can we instill this same frugality into our systems on a philosophical level?

In this context, we have three main categories: greed,

stinginess, and frugality. Once someone asked me, "What's the difference between greed and stinginess?" I replied, "A greedy person thinks only of themselves without considering the needs of others. Stinginess is when you set high standards for yourself while also striving for savings for everyone." Frugality is the art of finding the golden mean between system development and resource conservation. If frugality could be expressed mathematically, it would yield a formula:

FRUGALITY =	SPEED OF GROWTH /	PRICE OF 1 LITRE OF «FUEL», NECESSARY FOR THIS GROWTH
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In companies, and more broadly, greed refers to the inability to share. In my view, stinginess is not just about being economical; it's about using resources wisely. Frugality pertains to business: the ability to effectively conserve resources and energy while minimizing waste.

These terms may seem similar, but they are actually quite different. They are often confused, but for now, let's not delve into their semantics. Simply put, in business, the return on resource investment plays a crucial role.

I am a big fan of the concept of lean manufacturing. I've participated in internships, attended training sessions, and read all the books I could find on "Kaizen" and "Six Sigma" methodologies in the service sector, lean manufacturing, and how these principles are applied in Toyota factories. However,

in my understanding, lean manufacturing is more about growth than simply optimizing current operations. There is also strategic frugality, which is less frequently discussed. Interestingly, it requires a more intensive use of resources.

For most people, the term "frugality" is associated with minimizing costs to achieve results. But I always teach my employees: "We need to achieve greater results with the resources we use. If you can achieve even better results, then use more resources."

The effectiveness of this approach is clear. We accomplish more without complicating processes. I will continue to develop this topic in the next chapter.

Chapter 15. «Difficult» and «Time-consuming» are the 2 Key Words in Business

At the beginning of this chapter, I want to share my two fundamental principles: "difficult" and "time-consuming." If you follow these principles, it often leads to a dead end. "Difficult" and "time-consuming" are the keys to success. Why are they important? Because they relate to the passage of time.

Time is a delicate matter. In the moment, we don't feel it, but we notice it from a distance. We perceive time from afar because only then does it shape our understanding of processes. Only over the long term can a person systematically comprehend what is happening. Invisible processes are similar to time: they don't manifest immediately, but they inevitably yield results.

People want to see and understand everything right now; we look at the clock and only see the current seconds. Real changes become noticeable only over time. This is the paradox of time. I always say: "Difficult and time-consuming" – remember this.

Regarding complexity in management approaches and tools, I have my own theory. I believe that complexity increases with the passage of time. This is the law of increasing entropy. Any increase in volume leads to greater chaos within a system. Our brains always strive for simplification because many thought

processes are patterned. We don't want complications; we seek simplicity.

The authors of the book "How Google Works" reveal some secrets of the company's development and share an interesting anecdote. During interviews, candidates are first asked, "What complex problem have you solved?" It's not just about solving a problem with the first available method; it's about thinking, designing, analyzing, working step by step, systematizing everything, implementing solutions, managing deviations, and doing it better than others. Only those who can answer this question achieve real results.

This applies to life as well. Some people prefer to go with the flow, avoiding responsibility and living in the moment. The same goes for companies. Everything I will write about next – culture, entrepreneurship, processes – is difficult and time-consuming. Good things don't happen quickly.

Chapter 16. About Chaos and Order

Chaos and order are fascinating and sometimes interconnected processes in business. A common mistake when establishing systems is misidentifying the points of equilibrium. In entrepreneurial culture, chaos isn't always necessary; sometimes it's crucial to create clear order and structure. However, within these systems, it's critically important to define the degree of freedom.

Consider a physics example: in solid bodies, molecules occupy a very small percentage of the volume, with vacuum surrounding them – this represents space for freedom. Even in the hardest materials, molecules take up minimal space. If we could compress all the vacuum in the world to the density of molecules, you wouldn't believe how tiny our world would become.

When creating systems, it's essential to understand what space for freedom remains. Let me share a story that illustrates this idea. In the real estate sector, the key is structuring information. The company "Etagi" was one of the first to take a step toward transparency for clients. In the early days, no one published apartment listings online. Realtors would say, "Come to us; we have all the apartments," but kept the details secret.

We decided to change this approach and made information accessible to everyone. The challenge of translating listings into

a shared platform was that each specialist feared losing their deal to another realtor. Realtors argued and insisted that their listings shouldn't be visible to everyone. Competition is important in entrepreneurship; it establishes clear criteria for determining who is right and who has the authority to speak. But if I start deciding who is right and who isn't, that's not correct. It's vital to discuss and collaboratively determine whether an idea is valid. This approach fosters a strong and sustainable long-term system.

My arguments for making property information accessible were straightforward.

First, if we don't do it, someone else will. Other services will emerge that provide this information on their websites.

Second, if all we're selling is the address of a property, we won't last long. If our goal is to build a substantial business while focusing on closed information, we won't get far.

Third, clients want this information. A business that doesn't prioritize customer interests is doomed. If a client needs information and we withhold it for our own reasons, we've already lost.

Fourth, it will make our work easier. We'll be bothered less. I told realtors they should value their time – there are countless calls from people who just burden them with unnecessary work. If someone isn't genuinely interested, they shouldn't call. This way, we save time for both the realtor and the client.

Everyone agreed that this was the right direction. We undertook a comprehensive effort and built a system where

property data was organized into a clear and understandable structure for everyone: it included well-unified descriptions, up-to-date information, and high-quality photographs. Presenting our properties in this way became our competitive advantage. Clients turned to us because they couldn't find comprehensive information about apartments anywhere else, especially with all options presented by a single company, in an appealing format, and with maximum transparency.

It wasn't easy for us to start photographing the properties. Nowadays, everyone has a smartphone with a good camera, but back in 2003, the situation was different. I remember returning from England, visiting the website <https://www.foxtons.co.uk/>, and seeing stunning, sharp photographs. I thought it would be beneficial to photograph every property. Later, when I visited their office, I saw those beautiful images displayed right in their windows. At that moment, I felt inspired to do something similar. I told my team, "Let's do this." My head of information department responded, "Why do we need this? It's unrealistic." They laughed at me: "Our realtors are going to photograph every property and post the photos online? Are you out of your mind? Our business is different; it's closed, and we won't expose our information to the public." However, I was certain that if our company created quality content, we would stand out from our competitors so much that they wouldn't be able to catch up. I set a goal: every apartment on our website would have high-quality photos. This would make our site look like a media outlet, and

people would come to us for information – we would outpace everyone.

The team had other objections: “This is too expensive. The market charges 1000 rubles per photo. We won’t have enough money for 5000 properties!” We calculated the costs and came up with huge figures. I suggested thinking in a different direction: let’s hire someone, train them in photography, buy a camera – not the most expensive one – and give it a try.

Resistance came not only from management but also from realtors, especially when we decided to publish property addresses. They raised the question: “If everything is visible on the website, what will be our role? The profession of realtor will cease to exist!” As a leader, I continued to explain and “sell” the idea. I had a rule: no matter how confident I was in my correctness, if I couldn’t convince the team, it meant I hadn’t done my job thoroughly. I argued that if our only advantage was having the property address, it was an illusion that we were irreplaceable: anyone could go for a viewing and then approach the owner directly without a realtor to negotiate one-on-one. It’s important to focus not on limitations and scarcity but on the value of the service we can create for the client.

Why do I discuss my ideas with my team? Of course, I can make decisions on my own, and sometimes (very rarely) I do. However, even in those cases, I try to align my actions with the team. If the team supports my idea, it's my responsibility to bring it to life.

So, why do I engage in discussions about my ideas? Because I respect others' opinions and am open to changing my perspective if I'm convinced. But even if I don't change my mind, I still make an effort to implement the idea. This quality is common among many entrepreneurs.

As Ray Dalio mentioned in his book "Principles": "The most important thing you can do is learn from failure and cultivate humility and open-mindedness to increase your chances of success." In both organizations and life, successful experiences justify taking risks. From my calculations, only 2% of my ideas have failed. 98% of the initiatives I've brought to the team for discussion have turned out to be successful. That's why I trust my intuition. There are many people in our company whose opinions I value highly, often more than those of others.

Does an idea have a path? Yes, it does. If an idea isn't implemented quickly, it will lose its relevance over time. In entrepreneurship and organizational settings, acting swiftly is crucial. Nowadays, there are many types of organizations, such as teal organizations, and methods like Agile, all of which emphasize one key principle: speed.

If you spend too much time pondering an idea, you might miss the opportunity to implement it – much like watching a girl and losing the chance to propose, only to see her marry someone else. That's why I believe everything in an organization should happen quickly. One reason I create an environment for people with good intuition is to allow them to express themselves freely. This is

an important part of our entrepreneurial culture and the internal fabric of our company.

I advocate for order and believe it's essential to adhere to high-level rules and procedures. Some may think that being wrong 2% of the time is insignificant, but that's not true. If you constantly deviate by 2%, you can lose your way. That's why I've established procedures that can hold back even good ideas when necessary. I believe this is the ideal formula for a leader, even a talented one.

These 2% represent the instances where my ideas weren't accepted. Here, the majority opinion comes into play. We have a management council and an executive committee responsible for strategic decisions.

At the operational level, the management council is in charge. I believe that a business led by someone who thinks only their opinion is correct will not achieve significant success.

Rules must be mixed with chaos. Any system requires an element of chaos and initiative, but there also needs to be a higher structure. For example, after graduating from university, Regina Dydalina joined our company as a legal assistant. I immediately noticed her incredible talent. Within a year, she was promoted to deputy head of the legal department, despite not having a law degree. When we considered Regina for the position of head of the legal department, part of the team objected: she doesn't have a higher legal education, she's only 23 years old – how can she lead 500 people?

I said, "Wait a minute. She meets all the requirements for

this position, has passed all the competencies, and is delivering phenomenal results. Our metrics for problematic deal payouts are at an all-time low, and our speed is the best. She has excellent communication skills. Why should we hold her back because of formal prerequisites?" Regina became an outstanding department head and eventually rose to the position of executive director.

Some systems impose strict rules. We have rules too, and I believe that higher education is important. Having a degree indicates a person's attitude toward life. The type of degree and the mere possession of a diploma are separate issues. However, we often focus not on the diploma itself but on the individual and their abilities. We are perfectly fine with situations where someone hasn't completed their education yet – like if a woman goes on maternity leave or takes an academic break. Let her finish her studies; that's perfectly normal.

Order in business is important, but we cannot ignore the presence of chaos. It must always be taken into account within the system. When someone creates a system, the rules need to be clearly defined. Even when it comes to me, I don't break those rules. I genuinely believe that if you establish rules, there shouldn't be too many of them, but they all must be followed.

When my ideas are not accepted, I say, "No problem." I don't get angry; on the contrary, I praise those who convince me I'm wrong. Everyone knows we value such people. The principles of modern business culture allow for discussion among employees

and between them and management. People who have their own opinions are a significant part of our entrepreneurial culture.

Many leaders dislike it when employees have their own opinions. They think there are two viewpoints: theirs and the wrong one. That's not how I operate. One of my goals is to ensure that people aren't afraid to argue with me. I even publicly praise those who challenge me.

When we create a system of rules, I am extremely negative about directive management within "Etagi." I try to remove leaders who adhere to a directive style of work. Many directors have been fired for this reason. We have a culture where ideas and thoughts take precedence over any individual. I don't believe that only those in higher positions can be right. When discussing decisions, I strive to establish a flat hierarchy. This is very important to me.

When the system emerges from chaos, everyone does as they please. Then we start introducing rules, which initially meets resistance. People rebel: "Are you trying to take away our freedom? Now we have to follow rules?" But it's necessary. Freedom is great, but to build a large system, everyone needs to learn how to submit and work as a cohesive whole.

There's a fine line between order and chaos. An ant colony operates as a single entity; ants work together seamlessly as one organism, and their society is complexly structured. Companies and managers must understand when we act as entrepreneurs and when we come together as one unit.

No one knows exactly what rules should be established in each specific system. Sometimes they need to be introduced in the most unexpected places, while at other times, it's important to give employees the freedom to be entrepreneurial.

Let me give you a concrete example: we struggle with scripts. I believe they are pointless in our company. Every person knows how to communicate with clients based on their own instincts.

We had managers who supported the use of scripts, but I proposed allowing everyone to decide how to interact with people. We won't check what someone said or didn't say. We respect each employee and let them build their relationships with clients independently. Sometimes this situation can get absurd, but freedom and respect are more important than isolated incidents.

At times, the scripts were ridiculous and everyone got tired of them. It's important to understand this. We gathered together, and there was quite an uproar. I delivered a passionate speech for almost two hours. I always do this when I need to prove a point. I draw graphs and analyze mathematical systems. I'm convinced that if I can't prove something, then it shouldn't exist – it's wrong. Having a solid evidence base is very important to me. I always strive to sell my idea to the team. Only when the team accepts it does it become a protective tool for the system. If everything is done autocratically, it won't be accepted. You can't achieve anything through force in business; only acceptance works. The leadership's task is to invest resources in gaining that

acceptance. I use social media to broadcast my philosophy to a wider audience. People subconsciously pick up on this: what approach, what philosophy, what a person does and why. I write long letters to all directors on Sundays, explaining the reasons behind my decisions.

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