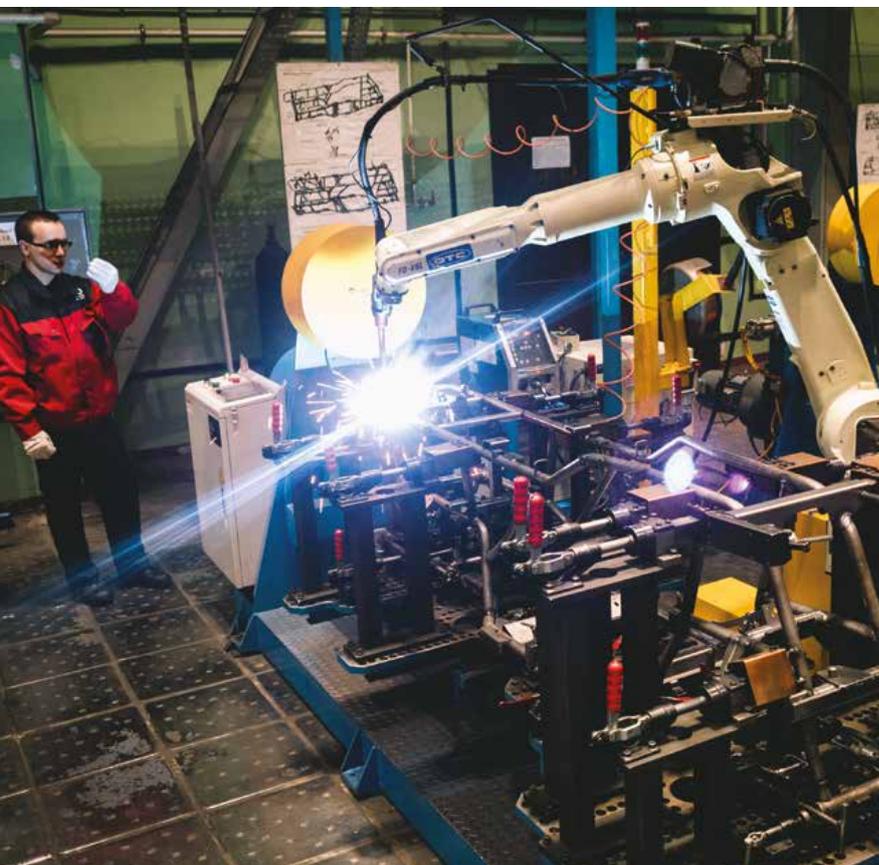


# TECHNIQUE WITH NATIONAL COLOR AND EXPORT POTENTIAL



"Russian mechanics" is an enterprise with a history, and traditions, specializing in the production of snowmobiles and ATVs. Who has not heard about the snowmobile "Buran" - the conqueror of the taiga forests, the faithful friend of the peoples of the North? For 46 years it has undergone several modifications, following the trends of the times, but the main thing that it has remained unchanged is the quality and reliability. The enterprise managed to survive without any special losses the economic recession caused by sanctions. Here, wall newspapers about the production successes are still popular with the workers who are distinguished by a sense of comradeship and mutual assistance. Today, "Russian mechanics" creates new models of technology, focused on exports. In February, the mass production of a new snowmobile on the platform of aluminum alloys RM Vector 551i started, but the snowmobile "Buran" - still remains popular. **General Director of JSC "Russian mechanics" Leonid Mozheiko - told us about the activities of the enterprise.**

**- Leonid Cheslavovich, the name of your company speaks loudly for itself. What associations does it cause for the consumers?**

- We were lucky with the name, because «Russian mechanics», in my opinion, carries a much greater meaning than the abbreviations. The essence of our brand is the Russian character tempered by the harsh winters, and, of course, its inconsistency, because, on the one hand, we are an extremely hard-working people. But on the other - we like to take risks, to some extent being fatalists. It means that the Russian person is well adapted to changing conditions and has the ability to adapt in harsh conditions. «Russian mechanics» immediately refers us to the well-known - the best - traditions of the Russian people, to the inventions and achievements of the Tula Lefty, Nizhny Novgorod Ivan Kulibin. Reliability, simplicity, rigor or adaptability to the strict conditions - these are the values that our company shares, and we are striving to ensure that these values are passed through our product to the consumers.

**- Have the Snowmobiles «Buran» realized all these qualities?**

- We are owners of the brand «Buran», which has been successfully presenting on the special machinery market for almost half a century and

we are still in high demand, despite the fact that there are similar offers and other companies on the Russian market.

Our snowmobile «Buran» is represented by several models. This snowmobile is built on a two-track platform, its supporting structure has one ski and caterpillars, and it gives the original characteristics and it is highly appreciated by residents of the Far North and the Far East - where simplicity and reliability are needed. Taiga hunters consider our «Burans» to be the best among snowmobiles, thanks to their increased patency, maneuverability in the taiga forest.

**- Loyalty to the traditions is one side of the coin. But it is extremely important to develop, to master new horizons ...**

You're right. That is why we are not only faithful to traditions, but also pay special attention to innovations. We spend a lot of effort, attention, knowledge and resources on the development of our technological base, on the development of competences in the field of design, construction and efficient production. Today our main customer base is residents of our northern regions, many snowmobiles are used in the Upper Volga region. There are corporate clients of large energy companies in the field of gas and oil transportation. We are the

only state supplier for the Ministry of Defense, the Ministry of Emergency Situations. Therefore, we are working on improving the technology, taking into account the operational experience of such serious consumers.

**- The popular phrase « Russian man's meat is foreign man's poison» comes to my mind... How successfully do you manage to cope with the competitors onslaught?**

- We have taken some certain actions aimed at conquering the Scandinavian market of special machinery. And you know, did not go unnoticed. If I may say so, the competitors were worried, by trying to work in those markets that were traditionally considered to be markets of other producers.

Yes, we are not such large-scale production as BRP or Polaris, or Yamaha, but our products are familiar not only in Russia, but also far beyond its borders. And we intend to develop our presence abroad, ready and open to cooperation, to expand cooperation broads. The matter is that snowmobiles are rather expensive product, and partner relations with our potential competitors, in my opinion, will help to reduce the cost price. Everyone will benefit from this - both the consumer and the producer.

**- After we were imposed the economic**

**sanctions, the country took the policy of import substitution. Have you worked out a development strategy based on these realities?**

- Of course. The fall of the ruble against foreign currencies affected our production quite seriously, because we bought some aggregates abroad. But with the desire to stay afloat, it has become clear that difficult economic conditions will require us to take concrete actions in order to level out the risks that have arisen. In particular, we paid all the attention to our own pricing policy. Realizing that the population incomes were declining, so the purchasing power was falling, we proclaimed the principle: all the inflation processes are left inside the company and sell products at fixed prices, which were set, for example, at the end of 2015. In the second half of 2016, the situation was stabilized, people's sense of danger were decreasing. And we, thanks to a stable pricing policy, not only kept the sales volume down, but also managed to increase them by 13% in 2016. The same dynamics persisted in 2017. It was possible to reduce the so-called group of constant expenses and increase labor productivity. As a result, profitability was increased. Last year, the profitability of the capital amounted 27% - a very high figure for machine-building enterprises, giving us the opportunity to think about further development.

Our second strategy is to change the

geography of sales. We suddenly realized that Scandinavia is geographically much closer to us than the Far East, and with the right built marketing policy, there are all chances to fill the second market with the products of our enterprise.

**- And how did the staff react to the taken measures? Have they affected people?**

- While there was gloom around us, our team managed to keep optimism. People are our main resource. Machines or technological trends do not make it possible to succeed, people working in production do it!

We do not like to part with people, because every person who has worked with us takes away a piece of our culture and history. And these losses are always noticeable. Therefore, we follow the personnel policy, we carry out the main duties of the employer and monitor the compliance of the employment contract terms, timely conduct wages indexation and try to reward the employees. This is a complex labor-intensive system for evaluating staff, but it gives great results. Eventually, we have a well-coordinated team of high-performed specialists. The specificity of our production requires the strict discipline, stability and standardized procedures.

**- What does the structure of your enterprise look like?**

- We have a preparatory department that processes some primary materials, steel sheets

or aluminum profiles of various configurations. There is a mechanical restoration department, where the parts for assembling two-stroke engines are produced. No less serious technological direction is robot welding. Next is a large press-stamping department with a huge number of rigging. We have a section of injection molding machines for the manufacture of the plastic parts.

Our pride is the experimental test section, equipped with a large number of different stands, including motor ones. Experienced team of testers daily test new equipment.

In general, we have about 800 people, of which more than 400 people are production personnel, about 100 people are engineering and technical personnel, the others are from various services, including marketing and economic departments. For example, almost 60 people work with the director of quality and 45 of them are designers and testers.

**- You were able to execute a state contract with the Ministry of Defense for 2.5 months earlier and since the beginning of 2018 you have already got a certificate of conformity. To work in advance is your principle?**

- On the one hand, yes, it is! On the other - it is the strategy. Moreover, it is an absolute necessity. We do not have a choice: only advancement leads to success.



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