

Interviews with the IEDC Alumni

From Marx to a WiMax start-up, with the World Bank in the middle – the unique career of Nana Adeishvili.

Nana Adeishvili is a manager, a consultant in SME development and enterprise restructuring, and a policy advisor in private sector development. Until recently, she was the CEO of the incumbent telephone carrier, the United Telecom of Georgia, where she completed a successful turnaround and prepared the company for privatization. She is now starting up a WiMax initiative in Georgia. The interview is by Mark Vanderbeeken.

Your bio is quite a dense piece of reading. Let's start by talking about what you are doing at the moment.

In June of last year I started working as the sales and marketing director for Otel, a foreign company, a foreign investment here in Georgia. It's a start-up actually, a completely new company. We are setting up wireless telecommunications, or wireless Internet, also known as WiMax, here in Georgia. It is a completely new technology here. We hope to start operating very soon. Most of my work is actually devoted still to the tasks involved in setting up a company. The company has only very few people now and everybody is doing everything.

You were a CEO before and we will talk about that later, but now you are not the CEO anymore.

No, I am not. I didn't want to be. I am now in a condition where I am enjoying myself and enjoying my work. We have wonderful people in the company. They are very friendly. It is a good atmosphere, a good culture.

About Nana Adeishvili

Nana Adeishvili is a manager, a consultant in SME development, enterprise restructuring and a policy advisor in private sector development, who is now starting up a WiMax initiative in Georgia. Until recently, she was the CEO of the incumbent telephone carrier, the United Telecom of Georgia, where she completed a successful turnaround and prepared the company for privatization. In the years of 1997-2004 she served as the Executive Director of the Centre for Enterprise Restructuring and Management (CERMA), managing the US\$ 15 million Enterprise Rehabilitation Project, funded by the World Bank. During this period, she also consulted in the field of project management, business restructuring and performance improvement for both private and public sector clients.

Dr. Adeishvili was a Director on the Executive Board of The Competitiveness Institute (TCI), and has studied cluster development programs in Scotland, Slovenia, Northern Italy, Australia, Sweden, California and Arizona. She has taught economics and business at Tbilisi State University for nine years, and for the last 3 years she has been teaching Marketing Management and Strategic Management in the CERMA School of Management, which is a school for executive management training.

She obtained an Executive MBA at the IEDC-Bled School of Management in 2004; a Master in International Affairs, Economic Management Policy at New York's Columbia University in 1997; a Ph.D. in Demography at Moscow State University in 1987; and a Master in Economics and Political Economy at Moscow State University in 1982.

WiMax is a very cutting edge technology, also here in the West. Why Georgia?

Well, in fact it would spread faster here than in the West, because the conventional telecom communications system is not as developed here. The

fixed and mobile phone penetration level is very low compared to the Western countries, and Internet penetration is even lower, about 6% in the capital city. There are many regions where people cannot make a call for less than 12 cents a minute and do not have access to Internet at all. WiMax is indeed a cutting edge technology, its economics is different from fixed line or mobile. This technology is only at its very first steps, but there are many proofs that it works. With this technology it will be easier for us to enter the market and quickly obtain a significant share of the Internet market with a new set of services. We also have the advantage of being global, with good experience from the operations in Costa Rica. The company has good technical people, with know-how that is not available in other Georgian companies. We are also a small company, flexible with very low overhead. All that gives us advantages over our competitors. We are really anxious about launching our operations very soon.

You started doing this job only recently. What were you doing before?

Before I was the CEO of United Telecom of Georgia, which is a completely different company than the one I am working now for. I was appointed by the government to restructure UTG, increase its value and prepare it for privatization.

You were at United Telecom for one and a half year. That's very short. Did you leave the company when it was privatized?

Yes, I left it when it changed ownership. In June a Kazakh investor bought the company and I stepped down.

So once it was sold, you were out of a job. They put in another CEO?

Yes, they decided that knew better how to manage this company. They changed the whole top management and put their own nationals.

Did you know the company that bought United Telecom?

No, I never met them before. They were unknown on the telecommunications field. Their acquisition approach was very different from the one taken by other candidate investors: they did not study the situation in the company, did not meet the management and significantly overpaid for it.

And now a year later, has it been a good thing for United Telecom?

As far as I know, they finished last year with much worse results. The growth has been negative since we left. And what is the worst, I think, is that they managed in one year to position the company behind its competitors. I suppose the investor is not very happy about it.



So it must have been quite a change for you to move from a company where you were in charge of 5000 people to a company of 10 people.

Yes, but it is quite a pleasant change. It's nice to come in the morning and deal with challenges that are much more pleasant than the problems I had to solve as CEO in UTG. And actually I needed a bit of a rest as well after being in a very stressful job for a year and a half. In fact I took some time off in between these jobs, if we do not

consider that I was involved in a consulting assignment in Kyrgyzstan for one month.

And before that you worked with the World Bank.

Yes, I worked with the World Bank as a consultant in the area of private sector development and also as executive director for the project that financed the non-financial restructuring of private companies in Georgia. The implementing agency for this project was CERMA (Center for Enterprise Restructuring and Management Assistance). I managed this 15 million US\$ project for 7 years for the Government of Georgia.

We will come back to that. But first I want to go back a bit further in time. You initially studied economics and political science in Moscow in a time still of Soviet communism, and then you got a Ph.D. in demographics. You made quite a change! After all, your studies were within one economic system, and your professional reality now is in a completely different economic system.

Well, that was what life brought. What I studied during the Soviet Union was much politicized. You couldn't really avoid it. I did my Ph.D. in demographics because it was the least politicized social science. Afterwards I lectured at the university. But when the Soviet-Union collapsed and we started to transform to a market economy, I found out that my background was completely irrelevant. I understood that I needed to be educated again. It was a completely new world and I tried to get accustomed to that. It was quite a change: At the Moscow State University we were raised on dialectic materialism, were reading Engels and Marx and trying to build our economic thinking coming from their philosophy. It was a philosophical approach that had very little to do with real economics. In this new world all that didn't exist and what was needed was a completely different type of thinking. It was very strange for me in the beginning but then I got attracted to it.

You went to New York!

Yes, I was accepted at Columbia University to do a masters degree at a program in economic policy management. So I experienced the brain transformation quite viscerally. I started to understand this new type of thinking. In Columbia I took several subjects in the business school and I decided I liked that more than macroeconomic policy management. I liked the idea of being involved in the private sector, in company life. I got really interested in the management of companies, in figuring out why one company is more successful than another.

So you took a wise decision and went to work on privatization within the World Bank, which is of course also a policy-driven institution.

I decided to get involved in the World Bank projects that were dealing with the private sector. There were very few projects like that and I was lucky to get involved in one of them, because they were just working on setting up the project in Georgia, in order to help the Georgian private sector develop. The head of this project was a Slovenian, Vladimir Kreacic, and this is how I found out about IEDC. He was the team leader for the project and had already done a similar and successful project in Moldavia. Then the President of Georgia decided that I should be managing the whole, \$15 million project in Georgia, which was the CERMA project. It turned out that in seven years it was one of the most successful World Bank projects in Georgia.

How did you get to know the President of your country and why did he pick you out for that particular function?

Well, Georgia is a small country and of course it is not the same as in the US for example, when it comes to getting to know the President or the Prime Minister. When I was working for the World Bank, one of my functions was to promote our project to the Georgian Government. It was not easy. In the

years '95 to '97 it was very difficult to explain what the terms management or strategic vision meant. These terms were new for our society. It was very difficult to explain to a company manager that it was not money they were lacking but management skills. Nobody wanted to believe that as they were confusing management with the administration. Fortunately some government officials understood the importance of this project very well. By the way, the current President of Georgia Saakashvili was at that time the majority leader in the Parliament and became a big supporter of our project.

The previous President being Eduard Shevardnadze?

Right. I had to present the project to President Shevardnadze personally several times. I had already met him before, when I worked at the US Embassy, at dinners with the US Ambassador and at various official receptions. President Shevardnadze also gave me a nice recommendation that helped me apply to the World Bank special program which financed my tuition fee at Columbia University. And I am very grateful for it.

And he wanted you to lead the project.

The President wanted somebody with a foreign education and not tied to any of established corrupt families in Georgia. He wanted someone who was independent of these influences. They were looking for a long period of time and couldn't find anyone. And then I got a call from the President's economic advisor who offered me this position at CERMA. I refused initially because I liked my job at the World Bank. But he tried to embarrass me by saying how could I refuse to the President. Sometimes I am thinking what would have happened if I had said no. Where would I be now? I definitely wouldn't have had so many challenges and so many interesting jobs later.

Why did you move from the more regional challenges at the World Bank, to more national activities, in

particular later on at United Telecom?

I worked before as a consultant and I think it should be the dream of all consultants to become at some point in their lives a CEO or the manager of a private company, to have the opportunity to experience in practice what they have been preaching, to really understand how it all works in practice. So when I got this opportunity to become the CEO of United Telecom, I jumped to it immediately. It was a unique opportunity to be the CEO of a company in Georgia with over 5000 employees.

Three years ago lots of things happened in Georgia, as we all saw on TV. A new President, Mikheil Saakashvili, who by the way also studied at Columbia University, came to power during the so-called Rose Revolution. How did that affect your work, your professional situation?

One of the results of the political changes was that was I was offered the position of CEO of United Telecom of Georgia in the first place. There was not a slightest chance of it during the previous government. It all started with a meeting at the Prime Minister's office where the Government Ministers discussed the CERMA project results. They viewed it as a very successful project that should continue. That's how the Government started to know me as a successful project manager. For the first time in 6 years I felt that actually somebody not only cares about what we are doing but also appreciates it. Kakha Bendukidze, a very influential figure in the political and financial groups of Russia and a Georgian by origin, was appointed Minister of Economy of Georgia.

And he got actively involved?

He decided that all the remaining funding in our project should be redirected to help privatize state-owned enterprises. He did not believe that state funding should be spent on the private sector directly. Privatization of inefficient

state enterprises was among the top priorities on his agenda of economic reforms. That required, of course, removing old directors and the appointment of new one with the objective of increasing the value of those companies before their privatization.

The minister then offered you the job at Telecom Georgia.

Yes I got the job offer from him. To tell you the truth, I don't know why. It was really quite surprising to offer such a job to a woman, given the absence of women in Georgia's top positions. But he is an extraordinary person. Maybe he noticed something that made him think that I could do this. Then there was also the atmosphere of the Rose Revolution. The first thing on their agenda was to fight corruption, and of course in the state-owned companies corruption was flourishing. That could be one of the reasons. I never asked him the question about why he did that.

You had your MBA degree then already?

Yes I got my degree just before that. I did the Presidents' MBA at IEDC-Bled School of Management, which gave me the opportunity to stretch my studies and get the degree over three years.

And this degree was a factor in you becoming CEO of United Telecom of Georgia?

Yes, of course.

You were not the only Georgian studying at IEDC. You told me there have been thirty. That's quite a lot. Why so many from Georgia?

They were nearly all consultants who worked at CERMA. We thought that IEDC provided a very good training. It is the best management development program in Eastern and Central Europe, and it has a reasonable price. We really didn't want to miss that opportunity. I wanted that my employees got the opportunity to go through this training. All these people now have executive positions in various

private companies, and they are doing very well.

You were basically responsible for getting them there?

Yes, I was responsible.

So you must be very well liked at IEDC-Bled then?

Yes, of course. (laughs).

What kind of activities do you do as alumni?

We are mainly trying to network. Recently we had a big networking party. We are trying to bring some professors here for lectures and presentations. Our alumni want to hear the people who are lecturing at IEDC. Another thing is that we provide each other with information on human resources. Finding skilled employees is a key issue here for the executives.

You mentioned to me that few women were in top positions, when you became CEO of United Telecom. Is that still the case?

There are very, very few women who are in top positions in Georgia. There is a gender issue with all problems associated with it. I hope it will change soon, but for now stereotypes dominate.

What can you do to change that?

You can change it through your example, of course. But it really seems to hurt men's macho feelings to give that type of recognition to a woman.

So you sometimes had difficulties in being accepted as a leader?

I would say that I had to earn it. Women here need a longer time to be accepted than men. They really need to be much, much better than men to prove something. The society and the environment is more demanding when it comes to it. But I think that women experience this in all countries, only in different dosages.

Aren't things changing with a younger generation, for instance at the universities?

We always had equality in education system. That was never a problem. Quite the opposite, it was a must for women to be educated in Georgia, to have a higher education. It's not a problem for a Georgian woman to get work. It only becomes a problem when a Georgian woman wants to get to a top position. Below the top Georgia is quite an equal society. In fact I think women in Georgia work more and are more efficient than men.