



FACE UP TO PROBLEMS

We sat down with Denis Eganov, Founder & CEO of Himtrust.

– **What does Himtrust produce? Tell us a little about your flagship product and how you have diversified your business.**

– Himtrust initially focused on PU foam components, but in Russia, this market is only growing by between 3% and 5% annually. Therefore, in order to diversify our business and maintain growth, we started to develop and manufacture paints and coatings in 2019. The paints and coatings market is bigger than the PU foam market by an order of magnitude. We aim to increase sales volumes in the paints and coatings market by leveraging the same growth strategy we used in the PU foam components market.

– **How are you building a global chemicals brand? Could you share your goals and strategies with us? What is your current export geography?**

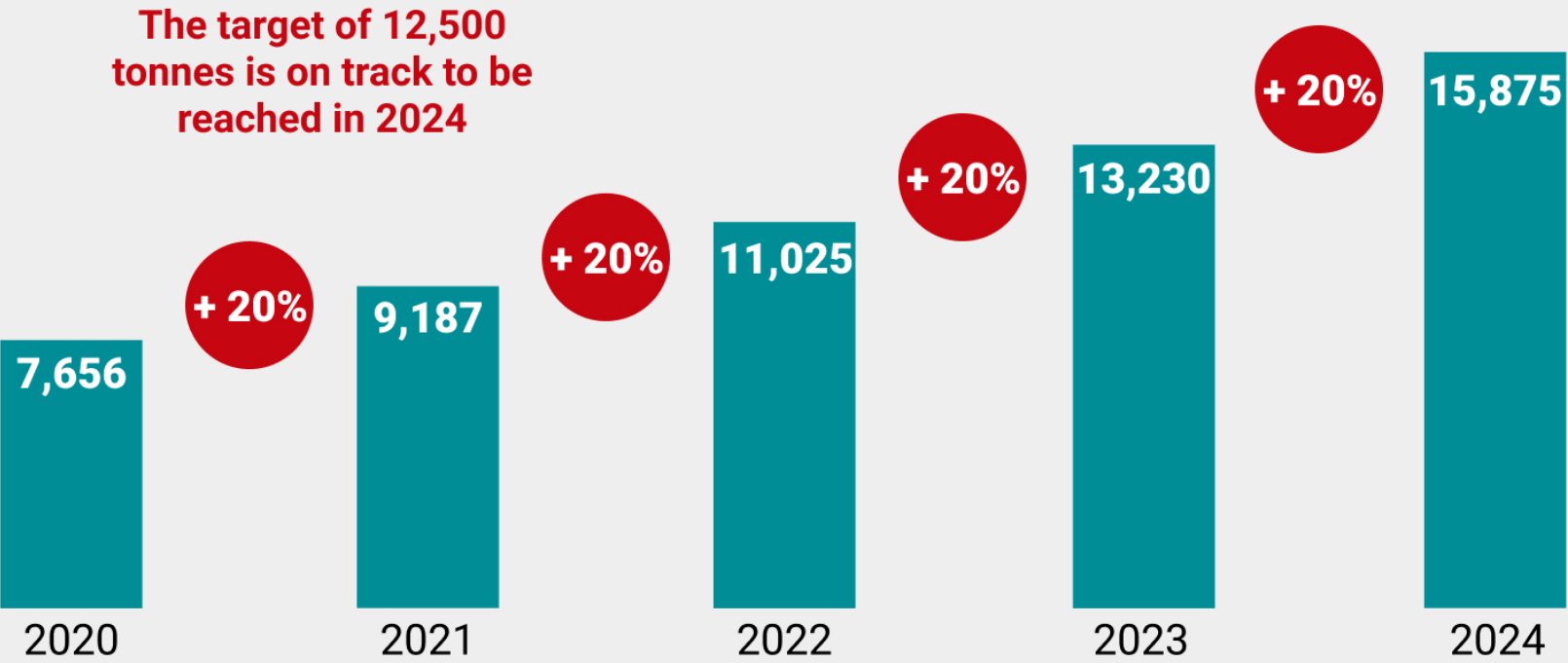
– Himtrust currently grows at 10% to 30% annually. I think 20% per year is a good long-term indicator of stable and sustainable growth at the company. In 2015, I set myself the goal of raising Himtrust's annual production and sales volumes to 12,500 tonnes by 2025. The main principle in driving a company's growth is setting consistent goals. It requires two types of difficult discipline: to always meet a set standard, even when times are tough, and not to get ahead of yourself, even if you have a tailwind behind you. Aiming for an annual growth of 20% for production and, thus, sales, means you can avoid taking on too much risk.



DENIS EGANOV

Founder & CEO of Himtrust

STRATEGIC SALES GROWTH TARGETS, TONNES



Source: Himtrust

We started expanding into the CIS in 2020 by founding a subsidiary in Kazakhstan. We already ship to Armenia, Ukraine, Belarus, Moldova and Uzbekistan, and we continue to grow our sales footprint. By entering and developing one country every two years, we plan to become the CIS market leader. We supply polymer polyol to the Middle East, where it is used as an additive in the production of foam rubber. Himtrust is the sole producer of polymer polyol in Russia; it was developed by our own process engineers.

This year, we have also started to develop the world’s first robot that can spray PU foam and apply coatings. The first prototype will be launched in September 2021. Then for two to three months, we will be working out the kinks in the robot’s features and code. It should be available on the Russian and international markets in the spring of 2022.

The history of Himtrust

1993

Company founded.

1995

First formulations of PU foam components created.
Production base built up.

2011

Fundamentally new formulations of PU components developed and launched. New warehouses in major Russian cities opened. Agreements for the supply of imported feedstock signed.

2020

The strategy to create a global chemical brand implemented. Expansion into the CIS gets underway with the founding of a subsidiary in Kazakhstan.

– You have been rolling out quality management since 2020. How has your approach shifted, and how do you manage quality?

– In 2020, I introduced a quality management board, where any employee can write about any problem holding back the company from developing and growing. We hold weekly meetings to work through these problems, developing solutions to eliminate them. Since the introduction of quality management, we have eliminated more than 150 problems with the quality of our products, services and technologies raised by customers and employees. We don't hide away from problems, we go looking for them before they find us.

Business processes need to be worked on every day. Himtrust products and services should become a benchmark for quality for customers the world over. This can be achieved when employees are not afraid of being punished or fired for mistakes, instead developing a sense of ownership in Himtrust.

We choose our suppliers carefully – according to quality, not price. We aim to source feedstock from just one or two suppliers who have statistically proven the quality of their goods over several deliveries. SIBUR is one of these strategic feedstock suppliers. It's not just the quality and pricing of SIBUR products that I like, but also their customer service. I also appreciate SIBUR's client education and development programmes; my team and I visit SIBUR factories to attend them.

MISSION

Produce quality products at competitive prices, contributing to the growth of the Russian economy and fostering the country's production and service culture

PURPOSE

Seek out and implement innovations in products, technologies, production and service

VISION

Become a company that changes the world's view that Russian goods and services are of poor quality

WE CHOOSE OUR SUPPLIERS CAREFULLY – ACCORDING TO QUALITY, NOT PRICE. WE AIM TO SOURCE FEEDSTOCK FROM JUST ONE OR TWO SUPPLIERS WHO HAVE STATISTICALLY PROVEN THE QUALITY OF THEIR GOODS OVER SEVERAL DELIVERIES. SIBUR IS ONE OF THESE STRATEGIC FEEDSTOCK SUPPLIERS

– Five years ago, Himtrust launched Russia’s first-ever online store for PU foam components. What challenges did

– The biggest stumbling block was that, at first, our customers distrusted our online store, where we started selling barrels of the feedstock we produce. Back then, we were a just small company – even now we are only medium-sized, and in terms of production volumes, we are generally small for the chemical industry. For this reason, our customers were hesitant to use the online store. But I made a bet on small Russian PU foam manufacturers. My competitors are the world’s largest companies – DAW, Huntsman and BASF – and they are not interested in messing around with small fry who buy one or two barrels; they trade several dozens of tonnes at a time. For this reason, I decided to launch a service for small and medium-sized PU foam manufacturers. Over the course of several years, our customers gradually started to trust this service and the online store has grown; now, more than half of all sales are placed through this channel.

Recently, we had a customer who placed an order for two barrels on our online store, but he wanted to come to the company in person to settle the invoice. He explained to us that everything on the site was too easy and simple to use, and that only scammers’ sites work that well! He arrived, we gave him a tour, and he left a satisfied customer; now, he will always go direct to the online store.

Himtrust today

- Know-how and own formulations for all components; the ability to tailor formulations to the customer’s specific needs.
- 16 warehouses, representative offices in Russia and Kazakhstan.
- Russia’s first online store for PU foam and coating products.
- In-house training programme for spray experts.
- Taking the first steps towards developing a unique robot that can spray PU foam and apply coatings.

IF THERE’S A PRODUCT QUALITY PROBLEM – AND THIS DOES HAPPEN SOMETIMES – THEN WE ACCEPT FAULT FOR IT, REPLACE THE PRODUCT IN QUESTION AND COMPENSATE THE CUSTOMER FOR ANY LOSSES INCURRED

– What does customer service mean for Himtrust?

– For Himtrust, customer service is when the customer knows exactly when they will receive their order, and they are certain that it will be of excellent quality. If there’s any misunderstanding with the customer, or if there’s a problem with product quality, we always go out to the customer and help find solutions. If there’s a product quality problem – and this does happen sometimes – then we accept fault for it, replace the product in question and compensate the customer for any losses incurred. I really want my employees to be proud of the quality of our products and services, and do everything I can to make that happen.

– Tell us about the corporate culture at your company.

– Himtrust’s corporate culture hinges on mutual trust, confidence, respect and a no-barrier approach between top management and any company employee, as well as between units and departments. Himtrust’s sales team, process engineers, machine operators, maintenance technicians, cleaners, security guards and all other personnel must work as a single unit to deal with any problems that may arise with our products or services. We strive to make every one of our people feel like a partner in the business and be proud of what they do.



Himtrust values its people, helping them adapt to the company, learn and grow.

ALL EMPLOYEES MUST UNDERSTAND THAT CONTINUOUS TRAINING IS PART OF THE WORK PROCESS, AND THAT THEIR INCOME IS NOT JUST LINKED TO JOB PERFORMANCE, IT'S ALSO DIRECTLY TIED TO TRAINING

– How do you seek out and train personnel?

– I spend about 40% of my time looking for personnel and working with people. To take an example, we are constantly on the lookout for process engineers, because there are very few young people in Russia who are passionate about chemistry, and who want to create new products for a living. Even when we do find someone with skills, they don't always want to move to a small industrial city, despite the fact that our process engineers earn much more here than they would in Moscow or St Petersburg. For this reason, if we see that a person has a background in chemistry, is ready to work hard and love what they do, we give them the time and space to really get stuck in to our developments, in order to learn how to create products for themselves – and this approach has paid off. I'm going to keep on growing my chemicals silicon valley in Nizhnekamsk!

Himtrust boasts a professional growth and career development programme. All employees must understand that continuous training is part of the work process, and that their income is not just linked to job performance, it's also directly tied to training. All of our people can receive financial assistance for training in their line of work. The most valuable employees, those who reach unmatched heights in their careers and in business, are those who actively, of their own volition, without being forced or coerced with incentives, try to improve their education.

– What are your thoughts on doing business in Russia?

– I've lived in Europe for several years, travelled around half the globe, and seen how the world does business. I've also read and studied a lot. In my opinion, attitudes towards business are improving in Russia and the state is gradually creating an environment where we're able to develop and compete with foreign companies, not only domestically, but also on a global scale. The biggest problem facing us today is that Russians don't want to take responsibility for their own lives: they rely on the state, they don't want to study and read. What's more, the government encourages this. Therefore, I believe that Russian-based players that are already well-

established, as well as those that are just getting off the ground, have a great chance to become global companies, as Russian entrepreneurs are more prepared for crises and a lack of outside assistance – unlike our foreign counterparts. And the most important plea to the state, something I’m hearing most often from entrepreneurs is, “please leave us alone, we can manage”. Now I’m seeing that the government is starting to listen to us.