

Interview with Svetlana Shmakova, Winner of the Grand Prize of the APEC BEST Award 2020

Russian Mother Promotes Healthy Food Business as Pandemic Prompts Public Health Concerns

By Japan SPOTLIGHT

The APEC BEST Award, launched in 2016, is the first contest for female entrepreneurs across the APEC region. The 2020 contest featured 20 nominees from 11 APEC economies representing various sectors, from high-technology and social entrepreneurship to healthy food production. The winner was Svetlana Shmakova, co-founder of a gluten-free products manufacturing company, indicating the concern over public health during the coronavirus pandemic. Japan SPOTLIGHT conducted an interview with her by email based on a questionnaire.

(Interviewed on May 6, 2021)

Self-Introduction

JS: First, could you please introduce yourself and your business?

Shmakova: My name is Svetlana Shmakova, and I am the vice president of the investment holding company Viridian, a co-founder of FOODCODE (a unique Russian manufacturer of gluten-free products), a founder of a charity, a mentor, and an executive coach. Also of importance is that I have a large family. I am the mother of seven children and a grandmother to eight grandchildren.

In 1991, my husband and I founded a group of companies called SAPSAN, which is a leader in the suburban real estate market in the suburbs of Moscow. Thirty years later, we took a bold step: we completely changed the primary sphere of the company's activities and entered a totally new industry for us – manufacturing food products. In May 2020, we were the first to produce bread and confectionery products in Russia without gluten. There are no similar companies in Russia.

According to sales data for Russian retail chains in 2018–2019, the demand for gluten-free products increases annually by 20%. Even with such statistics, this market is not as well developed in Russia as it is, for example, in Europe or the United States. For a specific portion of society, people with gluten intolerance or Celiac disease, a gluten-free diet is a question of quality of life and is the only way to solve medical problems. Despite its importance and relevance, awareness of the disease and accessibility to necessary products in Russia, especially in certain regions, remains at a low



Svetlana Shmakova

level.

By constructing our own factory with an area of 6,600 square meters 100 kilometers from Moscow in the Volokolamsk region and investing already more than 16.5 million euros in the project, we intend to change the situation and offer the market a stable alternative to imported goods from Germany, Italy, and Poland. Production is carried out in a quality certified manner according to the international standard Food Safety System Certification 22000, and the absence of gluten in the products is confirmed by a certificate issued by the Association of European Coeliac Societies (AOECS) and the mark “Stricken Wheat”.

We immediately entered the market with a wide assortment of natural products without gluten, white sugar, and artificial additives, which already includes more than 40 items, such as buns, breads, eclairs, pastries, cantuccini, and others. However, we do not plan on stopping there. We are currently in the process of developing a whole assortment of products and testing recipes. Variety and the ability for consumers to choose is one of our priorities. For this reason, we are not limiting ourselves to bread products that are the traditional examples of gluten-free products.

The primary ingredients in the FOODCODE products are carefully chosen and vitamin- and mineral-rich forms of flour (buckwheat, flax, rice, and corn), as well as seeds, cereals, nuts, berries, and fruits. As a result, our products are treasure troves of beneficial properties.

As I indicated previously, the market faces the challenge of geographical accessibility to products. FOODCODE products are



Photo: Svetlana Shmakova



All photos were taken at the FOODCODE Plant.



already offered in dozens of cities from Saint Petersburg to Vladivostok, and the products are also shipped through our Internet store to any corner of Russia. Our products are in large federal networks and small specialized stores, as well as on popular online markets and in restaurants and hotels. We are also in negotiations regarding exporting our products to the US, Europe, and Asia.

FOODCODE's maximum production level is 50 tons per day. We have 100 employees, but we plan to increase this number to 500. In addition, we are actively implementing IT solutions that permit us to make our production processes even more efficient and transparent.

An independent external assessment has shown that we are on the right path. FOODCODE's activities were highly evaluated on the regional, federal, and even international levels. In November 2020, the project was awarded the grand prix of the APEC BEST Award contest.

The Pandemic & the Award

JS: Was your winning the APEC BEST Award 2020 grand prize the result of the difficult situation of the pandemic or some other factors?

Shmakova: The FOODCODE plant was launched in the height of the

pandemic, in May 2020, but we began actively working on the project long before this. Despite the fact that the implemented restrictions served as an additional stimulus for us, owing to the concerted efforts of our team of true professionals we were able to fit within the set timeframes and implement what we had planned. We always have very ambitious goals.

The idea of FOODCODE was born within the family. In this project, I am not only an entrepreneur and a leader, but I am also a mother of seven children and a grandmother to eight grandchildren, and their health and wellbeing is extremely important. I certainly feel the need for quality products about which there can be no doubt concerning their use and safety. Before releasing a product for mass production, our own large family tries everything and makes sure that we can include the product in our children's diet with confidence. This is a new, more serious level of control. Not only is the knowledge of our first-class specialists included in FOODCODE's products, but they also include a personal touch and family values.

We carefully study global trends and consumer demands and we offer a modern product that fulfills actual needs. Each item that is included in the FOODCODE assortment of products meets the requirements of being 100% natural, unique, and innovative, both in relation to taste and appearance, but also in relation to its useful properties. The products do not include white sugar, artificial

Photo: Svetlana Shmakova



Winner of the Grand Prize of the APEC BEST Award 2020, Svetlana Shmakova, with her eldest daughter Maria Ivanova

additives, or ingredients that contain gluten or other potentially harmful items.

An analysis we conducted showed that there is an interest in gluten-free products among almost 50% of the population that are conscious of what they eat. We aim to make the characteristics of our gluten-free products as close to traditional characteristics as we can, so that no one has to refuse their favorite meals or limit themselves. Based on satisfactory consumer reviews, we have been able to achieve this. We are drastically changing the view of proper dieting and beneficial products, proving that a healthy way of life is interesting, involves variety, and is satisfactory!

At the same time, we are monitoring the development of health problems that are caused by improper diets, with such problems being especially dangerous during a pandemic. This includes obesity and diabetes, product intolerance and food allergies, as well as autoimmune diseases. Having a large family, I have encountered the problem of gluten intolerance and I am no stranger to the difficulties that arise as a result.

In this situation, it is sufficiently difficult to ensure the quality, variety, and completeness of a diet using the products we are used to for the whole family because of the limited choice of products without gluten in grocery stores and the lack of time to search for delicious meals for each person. A gluten-free diet, which our family observes, has demonstrated an exclusively positive result: the consequences of foods allergies have practically disappeared, the children have become calmer, and the adults have seen more energy and better concentration.

Our goal was to find a solution that simplifies the life of families with complicated problems. We aim to prove that proper nourishment does not entail restrictions, but rather provides possibilities.

An Ideal Business Leader & Entrepreneur in the Pandemic

JS: Many business people today are in difficult situations due to the pandemic. In facing such difficulties, what qualities, professional as well as personal, are important in your view?

Shmakova: A crisis situation is a serious test of strength for a business and the chosen directions and models, as well as for the entrepreneur and his or her team. I believe the most important thing is abiding faith in your work, team, and self. When difficulties arise, it is difficult to continue with something about which you have doubts and to lead the team. This is immediately felt and disrupts the overall tone, which complicates the position even more! In a crisis, an entrepreneur encounters a number of additional issues, which can be successfully negotiated only working with people whose opinions, experience, and professionalism you can entirely believe in.

Furthermore, the flow of information that one must follow is more active and larger in a pandemic. It is important to be able to work with a large amount of data and easily parse out the important data. Most important is to foresee and analyze risks and quickly make sometimes difficult, but often pivotal decisions.

Other factors that are always extremely relevant for an entrepreneur, but which are even more important in a pandemic, are patience, a strong work ethic, and concentration on the large goal for which everything was begun.

Working Women in the Pandemic

JS: In the pandemic in Japan, more women than men seem to be getting poor, as they are more likely to become unemployed, as many of them are non-permanent workers. How do you think such women's job security can be ensured? Should more women be encouraged to become entrepreneurs?

Shmakova: First of all, it is worth noting that the traditional basis that has been present throughout the entire history of mankind for distributing duties in society between women and men is often preserved today, despite the changing world and roles of both sexes. Macroeconomic measures still ignore work involving caring for family members, which plays an important role in the success of economic activities. The insufficient acknowledgment of unpaid labor that is primarily engaged in by women tangibly hinders equitable economic development.

Currently there are trends of moving into the informal sector of all types of labor, which were previously protected. The expanding informal economy creates workspaces for many women, as well as for men, but the wages that are paid for such labor are not protected and low. This means that many millions of women remain outside

the zone of applicability of the conventions of the International Labour Organization and national labor legislation, the principles of equal possibilities and treatment and worthy labor conditions do not apply to them, and they become victims of discrimination and abuse, not only because they belong to the class of disenfranchised and poor workers, but also because they are women. Women specifically remain the most underemployed throughout the world.

The level of education among women is increasing, and owing to new possibilities they are not only becoming more independent, but in general their status in families and society is changing. Today, women comprise more than 40% of the worldwide labor force. Over the course of the last two decades, there has been a swift growth in the number of women that engage in paid labor: approximately 70% of women in developed countries and 60% in developing countries have a paid job. The zones of gender inequality in the labor market have shrunk, and the number of female entrepreneurs has simultaneously significantly increased.

However, despite the positive trends, progress in relation to three interrelated parameters is still insufficient. These include the invisible “glass ceiling”, which restricts the movement of women along the career ladder to management positions, both in the government and private sector, the inequality in relation to salaries, and the preponderance of women in the lowest paying jobs. In addition, the dignity and rights of women are also often neglected, including, for example, during the hiring process when they need to undergo a pregnancy test or are exposed to sexual harassment.

The situation has become aggravated during the pandemic. The crisis has dealt a strong blow to such areas of the economy as hospitality, street retail, conducting public and cultural events, and organizing leisure activities where the number of women employees is significantly higher. These are only some of the spheres, but of course it is impossible to underestimate the large contribution of female entrepreneurship in the development of medicine, education, fashion, and all areas of business associated with service.

Numbers in general evidence that startups led by women have not only a tangibly larger repayment of each invested dollar relative to those headed by men (0.71 versus 0.42), but also a lower level of risk. Companies in which the mandatory participation of women on the board of directors is required demonstrate better economic indicators (on average by 12–15 points). Female intuition has proven to be successful in implementing innovation, which ensures a level of effectiveness 7% higher in comparison with exclusively male management. Therefore, the active involvement of women in business and manufacturing not only ensures the growth of the economic factors of companies and countries, but also harnesses new methods of supporting the stability and forecasting of risks.

Economic Prospects & Business After the Pandemic

JS: What are the prospects for the economy in 2021

and 2022? Do you think after the pandemic the economy will recover quickly? What do you think about the prospects for your business?

Shmakova: I would like for a quick recovery of the world economy to occur after the coronavirus pandemic. However, following economic forecasts of experts and studying public opinion polls, I believe that the recovery process will be long and staged.

The third wave of the epidemic, which is reflected in a continuously growing or stably high number of newly detected cases each day, new strains that are being discovered in various areas of the planet, and restrictions and lockdowns all speak to a world that has not come to grips with Covid-19 and it is still strongly impacting all aspects of our lives, including, of course, the economy. People have become restless and think of shorter planning periods. The economy will continue to see the significant predominance of attitudes and investment decisions that are firmly based on world and local newsworthy events.

The active injection of funds in the fields of biotechnology, healthcare, and the pharmaceutical industry evidence the hope of the world and the large bet on science. In my opinion, this is entirely justified. The growing trends in healthy eating, a conscious way of life, and attention to ecology have clearly proven their relevance, and during the pandemic they are prompting companies to carefully select ingredients and think about quality and safe production.

For entrepreneurs, this is a growth point that of course requires additional investments. These investments will immediately be followed by a rise in prices for products and goods. New advancements await us in the field of resource preservation and increasing demands on brands. The force of public opinion and the influence of social networks will gain momentum and have an impact on the value of companies.

As concerns the FOODCODE project, I see more perspectives, because our focus on quality and clean products (without using chemical conservatives, flavor enhancers, and stabilizers) has elicited a response from consumers. The various methods for increasing immunity and preserving energy, including as a result of a conscious approach to eating, are currently an area of focus, and we are 100% meeting this demand.

We plan on expanding the assortment of bread and confectionery products, creating items for children, releasing new categories in the areas of drinks, snacks, prepared breakfasts, and many other opportunities. We are very positively set up for partnership and creating joint products/complements, as well as participating and taking an active role in organizing options in the field of “detox”, “restoration”, “alertness”, and other similar goods for a complex approach to a conscious way of life.

JS

Written by Naoyuki Haraoka, editor-in-chief of *Japan SPOTLIGHT* & executive managing director of Japan Economic Foundation (JEF).