

Oleg Krutko and team

MEDOR

How to build an honest business, build a strong team and make a lot of money

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Introduction. The army, elections and Christmas trees

With a hammer and a telephone

A small office in a run-down St. Petersburg hotel with the banal name "Tourist". There are four desks, bloated linoleum on the floor, and a baseboard that has come loose from moisture. The room has a stale odor. Armed with a hammer and a telephone receiver, a man is hammering nails and talking on the phone at the same time. There is a line outside the door, several people waiting to be invited one by one into this dubious room.

Finally, things move - the door opens and a man in a suit enters the room - a candidate for the position of branch manager. At this time, a man in jeans and a crumpled T-shirt, bought for five dollars, is still banging a hammer on the baseboards, with his shoulder pressed to his ear phone, telling someone about advertising on transportation. Then he sits down on a chair, concludes the conversation with an agreement on payment,

turns his gaze to the next applicant and begins the interview. And the first thing he says is

the previous director of the representative office was fired without pay because he turned out to be a complete bum!

How does that sound? Promising? The man with the hammer was me, Oleg Krutko, founder of the Medor advertising agency. At that moment, I came from Moscow to St. Petersburg to find a new director of the representative office in the Northern Capital after several complaints from clients. The case was in 2010. That branch no longer exists: there is a partner in St. Petersburg who bought a franchise from us. His business is going amazingly well, he has excellent profits and a team that is renowned for its diligence. But it wasn't always like that.

Today Medor is a large advertising agency that offers clients in ~~Russia~~ a wide range of advertising services (in fact, almost any kind of advertising at all), a developed network of franchisees in Russia and abroad. How we came to this and what lessons we learned; I will tell you in the book you are holding in your hands.

I will be glad if our experience comes in handy and you do not step on the same rake that we did. We are also happy to share successful ideas. Just remember that there are no universal methods, and what worked for us will not necessarily be as successful at other times and under other circumstances. Nevertheless, it was a great story.

So, first, let's turn on the imaginary time machine and travel back almost twenty years from the time of the book's writing - to the early 2000s.

And just in case I clarify: for convenience, all prices will be quoted in dollars at the exchange rate of the time mentioned, so figure out roughly what and how much it cost then.

Tug of war with a lieutenant colonel

In 2002, I studied at the Military University of the Ministry of Defense. At a certain point I realized that I didn't want to continue and become a professional military man. There were many reasons for this. In particular, there was a story that clearly showed me that the army was decaying.

One lieutenant colonel was making arrangements to let us go on leave. But not for nothing, but for a task. We were to go door-to-door collecting signatures for different political parties. Remember when that was the fashionable thing to do? They paid us 20 cents for each signature. It wasn't much, but it was better than nothing. Six signatures an hour times four working hours, that was about five or six bucks. At that time, it was enough for a bottle of vodka and an entrance to the nightclub "Fifth Element" on Molodezhnaya Street. We all went to that disco!

Everything was fine, until one day I got the contacts of the customer for collecting signatures. It turned out that the real cost of one signature was 60 cents. That's three times what the lieutenant colonel was paying us. I offered the other guys to give me all the lists with the collected signatures. They agreed, seeing that I had a plan....

Anyway, the lieutenant colonel and I had a funny confrontation. He was cursing and even pulling the packet of signatures on himself, and I, demanding fair payment, on myself. And since I physically outnumbered him, the lieutenant-colonel had little chance. Your humble servant, of

course, apologized, but did not let the papers out of his hands. In the end he paid the full amount, the money I gave to the guys, all fair and square.

As it is easy to guess, the lieutenant colonel disliked me from then on. He was our teacher and intended to lower my grade in his subject. Simply put, he began to "sink". But I still had no problem answering all his additional questions, which pulled myself up to an "A". But it didn't matter much, because after the story with the collection of signatures I finally became disillusioned with the army and its whole structure, and decided to quit.

It is not an easy task to leave a military school for civilian life. Of course, they didn't want to let me go just like that, they tried to influence me in various ways to change my decision. But the more they pressed, the more I resisted.

I had to use heavy artillery. I found out: if a serviceman did not appear on the territory of the unit for nine days, it is an administrative offense. He can be punished, reprimanded, but that's all. But if a serviceman has been absent for ten days, then criminal responsibility begins. The case smells of real prison, i.e., disbat. I see!

Anyway, I left my unit for nine days. Then I came back, bought coffee in a cafe on the territory of the unit, took a receipt as proof of my presence - here was the coffee I bought. Then I would go to the training building to I was scolded by the command staff and "rewarded" with out-of-turn detentions. But as soon as there was a pause in this endless scolding and I had a chance to go to the toilet, I left again.

The sanctions became tougher - my friends were put in the outfits. In general, everyone who spoke to me was immediately punished. I was like an ulcer that the management intended to cut out along with

everything around it. I was yelled at for not obeying the command, more and more threats were made. But I acted within the law, the management had nothing to charge me with. If they yelled at me, fine, I had already made the decision to leave.

Tickets, tapes and elections

I can't say that entrepreneurship has attracted me since I was a teenager. I just did a few odd jobs. I washed cars, handed out flyers - probably like most guys my age, I just couldn't pass up an opportunity to make some money.

That's why I didn't do nothing for the nine days I was out of the unit. I was not a lazy man, and I needed the money, so I took a job that paid by the day. I worked, for example, as a courier - delivering theater tickets. So, I was entrusted with the distribution of tickets for performances of the theater "School of Modern Play". I took everything to the box offices in the subway, negotiated that they were taken for sale. Then, on the day of the performance, I drove around the points until lunchtime, collecting the proceeds and unsold tickets.

And then one day an acquaintance who knew that I needed money offered to go to a rally, promising 5 dollars per participation. I agreed and asked how many people they needed in total. He said a lot, about 400. Hmmm... I thought about it and said I would bring that many people, no problem. It wasn't difficult for me to call everyone in my notebook (as I remember now: 360 people!) and call them to the rally. I got acquaintances of acquaintances, and then acquaintances of acquaintances of acquaintances, and so on. In general, in two days I really gathered the necessary audience for the rally of the Party of Revival of

Russia (there was such a thing, yes) - I remember all my customers and I love them!

I haven't forgotten that I earned eight monthly salaries in two days - because I kept 70 cents of fair commission for each person I brought.

Grateful customers began to recommend me to other organizations. Various offers came my way: for example, to put up flyers before elections. There was a funny story with them, too, with these leaflets. They were mostly pasted by cadets, and in those years, the Military University had a so-called caste system. It manifested itself in the fact that if the customer pays, for example, 15 cents per flyer, the final performers eventually received only 3 cents (that is, almost nothing). The "cool kids" on the course took almost all the money, and the guys who did the work were given only 20 percent. Over time, I realized that

that cheap labor was too expensive in the long run,

because in reality, the work in such a scheme is poorly done, people try to cheat each other for an extra penny. And most importantly - half of the print run is just sent to the trash cans by unscrupulous stickers. Why work hard for pennies?

So, there is an additional "overgrowth", which does not perform any function, but money settles on it. In short, the scheme does not work.

Some time later, I was offered a job for as much as 360 dollars, in the company "Melfuds". That was a lot of money in those days. A lieutenant, for comparison, then received 130 dollars, a lieutenant colonel - 250-270 dollars. So yes - my salary as a sales representative was more

than that unfortunate lieutenant colonel who was competing with me! I went to the points and arranged for them to buy the necessary products. But the music did not last long - I worked like that for only a month, and then I was informed that the company is no longer interested in small points, it will now focus on large stores. In short, the retail department was being abolished - managers like me were no longer needed.

There was no time to be upset - almost immediately I found a job as a "development manager". I promoted language courses on disks and cassettes. The task was to open new points of sale, to organize their work. One point - a hundred dollars. At that time there were already two working. That is, I was earning 200 dollars a month. At the same time, I continued to gather people for rallies, earning an additional 1000-5000 dollars per action.

The State Duma elections were underway at the time. After the successful realization of several orders, I was introduced to my future teacher and friend Mikhail Khaluga. He invited me to join the election team of our candidate Evgeny Sobakin as head of "Organization of Mass Events and Distribution of Printed Advertising Materials". Simply put, he called me to work for 1000 dollars a month.

At first I refused, remaining on my salary of 200 dollars. I continued working with the language courses because I didn't want to let people down. But soon my father asked me for money to repair his car - 500 dollars. I had to tell my then manager about the situation. And what was there to do? I got his approval to change jobs and still agreed to the offer to work in the election headquarters. There were only three weeks left

before the election - and imagine, I also received a bonus, earning 1200 dollars! We worked hard then!

When the election campaign was over, Mikhail Khaluga, the head of the headquarters, offered me to continue working with him. Namely - in the advertising agency "Center for Creative Technologies "Silver Wolf", which was formed from former members of the election headquarters. Mikhail was invited there as general director. And I started working for him as head of the sales department - why not? To be exact, I was the department itself, in one person, but the job title on my business card was pleasing to the eye.

The agreement was for a small salary + a high percentage of each deal. But as soon as I signed a contract with a client for a large sum, the agency immediately forgot about its obligations, and instead of 3000 dollars I received only 500. This organization was not doing very well. I left there without a scandal, having gained valuable experience. Non-compliance with agreements became a red line, which, by the way, Medor (which at that time was yet to be born) has never crossed and will never cross. After all, nothing reduces an employee's motivation as much as an underpaid sum! The principle of fairness - one of the bases of successful cooperation - is violated. Therefore:

**we have always paid and are still paying people the money
that they have earned.**

Here you go, soldier, Christmas tree!

You may already be getting tired of all this fuss with different places of work. But, dear reader, our book is impossible without it - simply because the subsequent events will be a consequence of this whole "era

of formation" (I'll call it that). In other words, it is important to understand under what conditions and circumstances the preconditions for the future of Medor Agency appeared.

Therefore, I will continue. In 2003, on New Year's Eve, I decided to make money selling Christmas trees. I lived at that time with my mother and brother in Kuntsevo, so I went wherever I could: I drove around twelve markets in the Western and South-Western districts of Moscow, talked to the owners. In the end, I agreed to rent a site near the Teply Stan metro station - for four days. Here I must make a small digression. When I used to gather masses for rallies, apart from students, I also found various alcoholics and other idlers on the square of three railway stations, on "Pleshka". There you could hire laborers for a whole day for a small fee. There I met two alcoholic foremen who recruited people for rallies, one was called Igor, the other Vova. I gave them money to go to the Vladimir region to buy Christmas trees.

A couple of days later, Volodya calls and says:

- "We're in some hotel, Igor is drunk, there's no money, no Christmas trees.

There was nothing to do, the sum had to be repaid somehow, and it was desirable to earn some extra money. He started looking for funds for a new purchase. I borrowed 3000 dollars from Irina Karpenko, the wife of my friend Alexei Karpenko (at that time it was a serious, but still not as substantial amount as it is now), hired a KamAZ, came to the guys... It turned out that Igor drank even his winter jacket. I bought him a new one - in my youth I believed in all people indiscriminately, sincerely believing that we were a team, even when no one but me did anything.

In the end, I bought the fir trees from the forester, loaded them into the truck and drove to the point. We started selling - the trade was brisk, our proceeds for the day reached 2500-3000 \$ at that exchange rate. Neighbors who sold pine and fir trees on the site next door earned \$200-300, i.e. ten times less, which they did not hide. Why did we make more money? This is another business lesson that has been with me for life. Customers came to us willingly because we were smiling and open. We'd say to every passerby: "Hello, we sell Christmas trees here! Do you need one?" The person would stop, a dialog would begin, and other interested passersby would pull up. We were literally like the flight attendants at Virgin Atlantic - all super positive. We hung jokes on the fence of our point so that people would stick around and read them. Some people were even given goods for free: "Hey, soldier, here's your holiday tree!"

In short, there was always a crowd gathering near our Christmas tree market. I was not taught anywhere that it is necessary to smile to everyone, to attract people in every possible way and communicate with them. But I immediately set my employees a task: there should be at least three people in front of our site. You serve one client, and two or three stand in line, waiting, creating a frenzy. We do not rush, we pay attention to everyone. But as soon as the queue increases, we work faster, so that there are no more than three people, but not less.

We worked in threes, that is, we could simultaneously serve three customers at once. And if one of us was free, he started giving sprigs of fir trees to passers-by to avoid standing idle. The givers said: "Thank you", - stopped, and ... again there was a queue and a crowd. To put it in modern terms, I had set up the right system to create hype!

In addition, we provided a wide assortment: we took from neighbors pine and fir for sale and sold them in our "coniferous hypermarket" more than they do on their, so to speak, monobrand points.

We were on a roll, on a spree - cheerfully traded from early morning to late evening. And in the end, in two and a half days, we sold everything for nothing. From the money I earned, I paid the foremen, paid off my debt, and, yes, I still had some left over for myself - so it was not all for nothing.

Campaigning in a Batman cape

I was periodically offered to take part in election campaigns, so I didn't sit idle for long. My classmate and friend Alexei Karpenko found a client - Irina Hakamada. It was 2004, and she was running for president. Lasha and I were sent to work on the island of Sakhalin, to head the election headquarters.

It was assumed that we knew what to do - how to organize an election headquarters, how to set up its work. In the end, we flew in, rented an apartment and an office, bought me a big hat and a leather cape like Batman in the movie of the same name, a VCR (they still existed, yes), and we also hired a driver. We spent almost all the money we were given on the purchases - we thought they would send more, but we were wrong.

The local TV station gave free time to the authorized representatives of presidential candidates. Clips of my speeches ran on TV. I was 22 years old at the time, but I was already saying something about power in a confident voice.

Although... we didn't really know what exactly to do at the headquarters (as, in fact, did everyone else). And in general, we were sent to Sakhalin only because we were "good guys" - we successfully gathered

rallies and worked hard at the elections. They did not prescribe responsibilities, did not give recommendations on the budget - a common story in those days. "Handle it yourself."

So, we sat in the headquarters and drank beer in the evenings for nothing. When it ran out, we went to the casino, because in those days night stores did not work on Sakhalin. We would buy beer with a terrible markup and take it to the office to continue the "work of the headquarters". We organized a casting call for the position of "secretary", a secretary, not a secretary, which was fun - with champagne and positivity.

By the way, everything is expensive on Sakhalin. Food prices are five or six times higher than in Moscow. So we used up the money in a week. We called the capital and asked for more. But they were in no hurry to reply.

Problems began - when we rented an office, we agreed to pay later, because we were from Irina Khakamada, a presidential candidate after all. We were kicked out of our apartment for non-payment, and we started living in the office, where they still kept us. We slept on desks, jackets instead of mattresses.

And then there was more. We wandered around the city looking for coins. We used the rubles we collected on the streets to buy phone cards to call Moscow and ask for money. That is, not so long ago we were chic and drank beer in casinos, and now we are looking for change in the snow. But the interesting thing is that we always found something, and everyone certainly had enough for Rollton. Although there were days when one package was shared between two people.

Anyway, we had nothing to do, and we spent all day playing some kind of computer shooting game. And we kept calling Moscow, repeating:

"Send money." People came to our election headquarters and also asked: "We are having a Korean wedding, there will be two hundred people, we will campaign, give us money. I listened to this, nodded understandingly, and my stomach was rumbling so much that I couldn't believe it. In my opinion, even the visitors could hear these sounds. But I couldn't say that we were beggars and we didn't have a penny, so we had to live up to our status.

No one was desperate, though. We had a plan for getting from Sakhalin to Moscow if we didn't get any money. We would hitchhike to the town of Korsakov, get a job as sailors on a ferry, and work as long as necessary. Then we'll be transported to the continent.

From there we hitchhike to Ust-Ilimsk. This is Alexei's hometown. There we'll ask his parents for money and get to Moscow. That way we'll be saved! If it had happened, a separate book could have been written about such a voyage, but....

Moscow finally sent money and leaflets for distribution. We paid the salary we had promised to the driver. The office was paid for from the candidate's current account.

And the first thing we did after distributing debts and working out all the necessary obligations was to buy airplane tickets!

Chapter 1: He who is lucky is lucky.

"MEDOR" - the first attempt

So, I returned from Sakhalin and began to think about what to do next. With my old friend Alexei Kokorin, we almost immediately decided to open an advertising agency - and why not? It was the end of 2005. We registered "IE Krutko", and off we went - we rented a modest office at the station "Komsomolskaya", put up a sign "Medor".

The name "Medor", by the way, was invented by my ex-wife (yes, I also had time to get married). The idea was that employees, like bees, bring honey to the hive, each contributing his or her own. This is about the first syllable, and the second (OR) - in translation from Spanish "gold" (actually ORO, but now it does not matter). That is, according to the idea, each employee brings his or her own value to our common "hive".

The business plan back then was to supply promoters for various promotional events. Employees worked for \$6.60 an hour, of which the promoter got 6 and the cents were left to us (the organizers) - all fair and square. It's exactly the opposite of the predatory pay option I previously had to go through myself. I didn't want people who came to work for me to consider themselves cheated.

So, rented an office, set up a sign, and I began to call potential customers, offering our services. But the happiness did not last long - we worked like that for only three or four months. It was good that at least we didn't hire a lawyer and an accountant. Alexei already had some experience in business: video rental, pharmacy and other things - I was counting on his skills. However, it was at that time that he had a child, and our companion could not do our business - he simply did not have time.

Therefore, it turned out so that at the beginning of the business money, we equally discounted, but ... one person in the office from

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