

Crisis Management

6 Lessons from Companies That Shut Down Their Business in Russia

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Summary. Increasingly, companies are being pressured to decouple from regions that customers, employees, politicians, advocacy groups, and even leaders deem politically fraught. This can pose a dilemma for executives, as research both shows that fast decision-making is vital, but some circumstances require deliberation and care. Interviews with 16 leaders from 10 companies who faced pressure to exit Russia after the 2022 invasion of Ukraine offer six lessons for organizations facing similar situations: 1. Public opinion expects immediate and binary decisions. 2. For consumer brands, speed may trump deliberation. 3. B2B firms may have more time to calculate. 4. Even 1% of sales can be 100% of a company's reputation with employees. 5. Business and brand value initially took a hit, but CEOs still feel good about having done the right thing. 6. Crisis offers an opportunity to rethink and restructure. [close](#)

Rising tensions between the U.S. and China, escalating turmoil in the Middle East, scrutiny over the climate-friendliness of the supply chain, and other similar issues are forcing companies into a new dilemma: how to manage business decisions that are driven not by profits nor a company's own strategic planning but are based on moral and societal values. Pressures for decoupling from dangerous, politically fraught regions will make these situations more common.

Profitable businesses can be lost, and reputations built over decades can be enhanced or tarnished in weeks, or even days. After George Floyd's murder, for example, research showed that firms that responded faster in their Instagram posts fared better with consumers. Quick, public responses were viewed as authentic by consumers, even though other research has indicated a slower response signals deliberation and care. That said, not every political crisis is the same, and there will be different consequences for deciding to act — or not act — depending on the nature of situation. Leaders can thus face a deep tension towards getting in front of the socially charged issue versus working through the details of its implications.

Our research team, which includes a past public company CEO and current chair of several boards, strategy consultants, and a professor at Harvard Business School, decided to look at such a moment: When Russia's invasion of Ukraine in 2022 forced many Nordic companies with significant operations in Russia to rapidly respond. Most of us are based in the region, and all participate in or engage with the leadership of Nordic companies.

We observed firsthand the serious challenge created by the crisis for leaders, alongside debate over responses. Whether a customer-facing operation or a business-to-business manufacturing plant, pressure quickly mounted: Will the company stay in Russia? If not, what will happen to its operations? Have you seen the

latest post on X — how should we respond? While most Nordic companies ultimately had no choice but to exit from Russia, their decision-making and subsequent management of the withdrawal are instructive.

We took a close look into how Nordic companies approached these decisions. We interviewed 16 leaders from 10 companies that ranged in size from about 100 million euros in revenues to many billions. Companies covered many verticals (consumer goods, transportation, retail trade, and manufacturing), and they all had profitable operations in Russia. One organization had even just named Russia as its best business unit.

We summarize our findings into six lessons that may prove useful for peers globally when they need to navigate similar situations.

1. Public opinion expects immediate and binary decisions.

The companies that we interviewed were overwhelmed by how rapidly the public pressure demanding an exit from Russia escalated. “The first two weeks were traumatizing. There is always someone complaining on social media. But now even members of parliament, major newspapers, and our shareholders were [publicly and privately] demanding us to exit from Russia,” noted one leader. “Simultaneously, we had a moral responsibility to our employees in Russia as well.”

Intense public scrutiny demanded a binary and immediate decision. The “correct response” on social media was not that the company should thoughtfully wind down sales in Russia over the next year, but that it stop operations completely, today. This is symptomatic of a broader trend for external bodies (advocacy groups, politicians, etc.) to seek to influence business decisions in all-or-nothing ways, whereas corporate values encompass recognition of many stakeholders.

That said, for many Nordic companies, a consideration of their values did result in an immediate decision on the exit. The values were typically not written down explicitly but expressed by leaders drawing upon deep-seated traditions and culture. “We discussed in the management team and then the chairman blurted out that: ‘Look we cannot sell to Russia.’ It was a moral choice we made together based on the values of our company.” In another case, the family that owned the company mandated to the CEO that they wanted a quick withdrawal. “It was a very emotional moment when our CEO, with tears in his eyes, announced that we would immediately leave Russian operations,” recalled one executive. “The conference room was completely silent. After all, we all had many close Russian colleagues. But we knew this was the right thing to do.”

“Being a CEO in this kind of situation is very lonely. You really need a key player or a few to discuss with,” said one executive. To ensure clarity and efficiency, most companies managed the retraction with a small management team in daily contact with the board of directors. Another CEO even required a security team due to death threats. Indeed, the weight of responsibility and the high stakes involved in the decisions were deemed more challenging by the leaders we interviewed than during the early days of the pandemic.

2. For consumer brands, speed may trump deliberation.

Business-to-consumer brands that are deeply dependent on their image and consumer reputation had to make rapid decisions to protect their brands and to maintain customer loyalty. “Maybe the most significant learning was that rapid implementation of decisions is very important when it comes to great brand risks,” noted one executive.

By the hour, these companies saw added deterioration and hostility on social media. Consequently, they had to make swift decisions and interventions. “Quick decisions and actions were required to be able to succeed. Timetables were followed from watches rather than calendars,” another leader explained.

One executive said that a strategic decision needed to be made without hesitation and without the luxury of planning it properly. The business thus pursued “the most efficient M&A process ever: IM [Investor Memorandum] of five pages, no due diligence or management interview possibility, and closure of the deal before May.” The urgent actions overrode attention to costs and planning. “The board of directors said that we must retract from Russia regardless of costs. So, it was a kind of an open check for me,” shared another executive.

Such a spirit may have been only feasible when Russia was a downstream consumer market for the company, not an integrated part of upstream supply chains. After the retraction, most of these consumer-focused companies quickly turned to international acquisitions to offset lost sales. These acquisitions typically added new geographies or grew existing ones, rather than bringing in new product lines.

3. B2B firms may have more time to calculate.

Companies with limited customer exposure, mostly business-to-business (B2B) firms, were better able to balance image and brand risk with financial considerations. These companies approached the situation with a more calculated and measured response, weighing the potential impacts carefully.

“It is the responsibility of the company management to make good business decisions regardless of public discussion and pressure by individuals,” one leader asserted. The leadership of his organization sought to minimize the issue to the degree

possible, and was willing to take small, short-term financial hits as a result. Another supplier company noted it had extra time because its downstream customers were also caught up in withdrawal decisions. Until their customers acted, they had space to think.

Some executives drew parallels and lessons from their experience during Russia's 2014 invasion of Crimea. One executive recounted that the speed at which that situation normalized set expectations for how the fallout from Russia's attack on Ukraine might unfold. "In that time, everyone left Russia but then returned within six months." Another dryly noted, "Our chairman reacted first by asking: 'Wars come, and wars go. Should we really retract now?'"

Interestingly, while we anticipated a spectrum of exposure levels to Russia, few companies fell into a middle ground between these two groups. Companies either got caught up in the consumer cycle or did not.

4. Even 1% of sales can be 100% of a company's reputation with employees.

For these B2B companies, employee activism, rather than consumer activism, was often the first point of significant pressure. "There were employees who decided to resign because we did not immediately announce the withdrawal," one leader of a B2B organization revealed. Another noted "Employee activism began rather rapidly within the organization. Especially employees in Finland and the Baltics demanded fast exit."

Leaders were frequently surprised at how quickly the company's response to Russia escalated to a crisis solely due to employee concerns and activism. Additionally, there was little correlation between the intensity of the employee response and the sales exposure to Russia. A senior leader at a B2B company noted "Russia comprised minimal share of our sales (less than 1%, in fact) but it still was 100% of our reputation with employees."

In cases like these, respecting Russian employees in both the Nordics and Russia became a delicate matter, requiring careful handling to avoid internal conflicts and maintain morale. One company, for example, would not use the word “war” internally out of fear of harming employee relationships. Another had to navigate potential criminal penalties for its Russian employees when it withdrew.

Some leaders were willing to withstand employee heat to accomplish other objectives. One CEO decided rather quickly that it was right for them to withdraw, but he also wanted to optimize the sale value of the assets in Russia. Worried that announcements of a retraction would compromise business negotiations and the ultimate sales price, he kept quiet, enduring months of employee departures and animosity before securing and publicizing a deal. This decision required a strategic and somewhat ruthless approach, balancing long-term financial health with immediate operational challenges.

5. Business and brand value initially took a hit, but CEOs still feel good about having done the right thing.

We identified a sharp dip in the brand value of the 10 Nordic companies we studied in 2022 until 2023, with one executive wryly recalling: “It did not take long to understand that a brand house like us cannot continue operating in Russia.”

However, brand values for these companies eventually rebounded to pre-crisis levels, and leaders even argued the retraction was an opportunity to enhance brand value. “Brand value was preserved [or] even created due to quick responses,” one leader asserted. Another noted, “There was some value creation in home markets due to the withdrawal: our brand reputation has increased during the last years and is higher than ever before.”

Stock prices for the companies mostly fell during 2022, and their subsequent recovery was slower than brand reputational metrics. Today, market capitalizations are mostly on par with pre-crisis levels, but some companies continue to show lower valuations as a legacy of the disruption.

When reflecting on the longer horizon, leaders consistently argued their decisions were correct in hindsight, aligning with company culture and values. This retrospective validation often reinforced their confidence in the actions taken during the crisis, and we don't find too many critics of them in Nordics today. Time will tell whether this optimism becomes evident in future stock valuations.

It was striking that we did not find even one instance of a leader believing the company was weakened on net by the withdrawal. Moreover, those that had the most to lose, like consumer-focused companies, consistently believed exit from Russia made them far better. One leader noted that the adaptation was better than anybody "dared to hope."

6. Crisis offers an opportunity to rethink and restructure.

Several leaders noted that the crisis gave the company space to accomplish something that was past due and to rethink their strategy beyond the specific case of Russia. "One way to force disruption!" a leader noted. Another executive highlighted, "As a result of the crisis, we were able to implement necessary and beneficial organizational changes which would have been extremely challenging to push through in ordinary situations."

Companies now evaluate risks more systematically, incorporating lessons learned into their strategic planning. "In retrospect, risk diversification had failed," admitted one leader. Another noted, "Scenario planning is used more, and the probabilities of different scenarios are assessed. Risks are taken more seriously nowadays."

Many noted that their prior risk assessments had been way too optimistic, needing rapid updating during the early days of the crisis.

The companies we interviewed are now designing end-to-end operations to allow easier carve-outs of business units in risky countries, often with teams of about 50 people engaged in this work. For downstream operations, the corporate structures, decision-making roles, IT systems, and brands are being chosen to allow a rapid spin-out if necessary. For upstream supply networks and production and procurement, alternative backup sources are in place. These features can be expensive, but executives believe them to be essential for a more volatile environment.

An intriguing example came from a manufacturer that sourced from more than 80 countries. The Ukrainian crisis heightened the management team's awareness of the sensitive issues faced with their overall value chain, spanning countries like Iran and Venezuela. For countries that were close to being irreplaceable, they internally developed thresholds where they would retract and a contingency plan for that moment.

Indeed, this company and another expressed a provocative sentiment. Leaders in both noted their historical response to these festering situations would have been to wait for collapse and/or "milk the businesses dry." The crisis taught them that binary decisions might be better, and having a clear plan B makes them more empowered today as a leadership team for ongoing decisions.

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The lessons learned from how Nordic companies responded to the Russian invasion of Ukraine can be useful for other global events. The pressures we have observed will be felt by managers in

situations where values overlap with business decisions. These external forces were experienced immediately and severely by Nordic leadership teams, creating a special laboratory for study. Pressures from social media, employees, customers, politicians, and stock market in other settings will vary in the severity and immediacy with which leaders must react. But they will be there, and leaders must begin preparing for how they might make business-altering choices.

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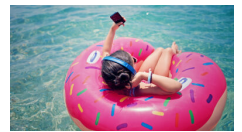
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