

**MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT
(EUR-0029-G-00-1061-00)**

FOURTH QUARTERLY REPORT

Period: April 18 - July 17, 1993

and

SECOND YEAR FINAL REPORT

Period: July 18, 1992 - July 17, 1993

This report is in two parts: the Quarterly Report covers the fourth quarter of the second year of USAID support for a private sector development program in Hungary. The Second Year Final Report covers the entire project year 1992-93.

The project is managed by the State University of New York's Office of International Programs (SUNY/OIP) in Albany, NY, and is based at SUNY's Center for Private Enterprise Development in Budapest, Hungary.

FOURTH QUARTERLY REPORT

ORGANIZATION AND ADMINISTRATION

The Center's second small business counselor, Irene Dobies, completed her six-month tour of duty in June and returned to her position as director of the Small Business Development Center at SUNY's Jamestown Community College. The Center's Hungarian staff is continuing to advise small business clients and partner organizations. She will be replaced during the project's third year by a Peace Corps Volunteer, and she helped compile a training manual on small business counseling to ease the transition.

The Center's fifth MBA intern, Paul Brunet of SUNY Binghamton, also completed his six-month assignment in July and returned to the United States. His duties included working on trade issues and doing market research and general office work. While this half-time internship program has been valuable to both the Center and the interns, it will not be continued in the project's third year because of a mandated budget reduction.

Center director Arpad Kezdi visited the United States in June. He met with project director Ronald Oppen and OIP staff at SUNY's central offices in Albany, with SUNY faculty and staff in Buffalo, and with AID and USIA officials in Washington. Most of his time was spent in Buffalo, where he visited model business support facilities developed by the university and local government and discussed preparations for the Center for Excellence program in total quality management next year.

Because of a change in ownership arrangements for the office building the Center occupies, rent was suddenly increased by some 60 percent. As a result, Center staff are currently looking for more affordable office space in Budapest.

SELF EVALUATION

The Center conducted a second follow-up survey of participants in Center activities. The first such survey, which was reported in our Quarterly Report for July-October 1992, covered participants in activities during the project's first year. This second survey covered participants from July through December 1992, using an identical survey form. Questionnaires were mailed to 100 randomly-selected participants, and 34 responses were received. As before, the results were decidedly positive. Survey highlights include:

- 56 percent said they had shared their course materials with others;
- 71 percent said they refer to their course materials in their work;
- 76 percent said they thought the Center could help them in other ways;
- 94 percent said they would attend other Center courses;
- 94 percent said the course materials were easy to use;
- 94 percent said they would recommend Center courses to colleagues;
- 97 percent said the course provided new information to them.

A full tabulation of the survey results is included as Attachment A. This is one of several self-evaluation tools we use on a regular basis.

PROGRAMS

Training: During this quarter, the Center presented nine short course seminars -- five on small business, one on management, two on export marketing, and one TQM short course -- two TQM curriculum development courses, and one TQM awareness course. See Appendix 2. This compares with seven short course seminars, two curriculum development courses, and two TQM awareness courses projected in the project implementation plan for this quarter. All scheduled courses for the project year were completed, except for three short courses canceled in June due to last-minute scheduling conflicts and a client company reorganization. Outlines for new Center courses are at Attachment B.

A total of 313 people participated in the Center's training activities during this quarter. Of these, 58 percent were male and 42 percent female. Twenty-four percent said they had previously taken Center courses; the return rate continues to increase over previous quarters. In terms of employment, 53 percent work for state-owned corporations (most of which are being privatized), 40 percent are academics, two percent work in private business, and six percent are "others."

Courses aimed specifically at newly privatized handicraft producers were again delayed. Artisan association leaders reiterated to the Center that they want the training, but said they are still reorganizing following their privatization and thus cannot release their business staffs to attend our courses. The SUNY Center director met with a visiting vice president of the US-based AID contractor Aid To Artisans (ATA), and they agreed to continue to work together in presenting basic management programs to the artisan community.

Total Quality Management: The Center's TQM training series is becoming popular among both individual clients and participating organizations. TQM is offered in several of the Center's training categories. The following TQM courses were presented during the quarter:

- ▶ TQM awareness, in Debrecen (25 participants)
- ▶ TQM short course, in Gödöllő (10)
- ▶ TQM curriculum development, two times in Budapest (42, 35)

Short Course Seminars: Several of the short courses were designed to lead into the Center's emphasis on small business and exporting during the coming project year. The following regular short courses were presented during the quarter:

- ▶ Banking and small business, in Győr (15). Tailored for bank loan officers.
- ▶ Financing your small business, in Győr (39). A companion course tailored for small business entrepreneurs.
- ▶ Market analysis and small business planning, in Szolnok (25)
- ▶ Market analysis and small business planning, in Nyiregyhaza (20)
- ▶ Managing in the 21st Century, in Győr (19). Presented to the Young Managers Club.
- ▶ Small business and entrepreneurship trainers seminar, in Budapest (46). Included training in use of the basic accounting video series produced by SUNY.
- ▶ Export marketing, in Győr (21)
- ▶ Export marketing, in Szolnok (16)

Other Program Activities:

The program's Hungarian graduate student received her MBA degree from SUNY Binghamton in early June and has returned to Hungary. Her major subjects were

small business and strategic marketing. The Center will use her as a part-time consultant for next year's activities.

The Center collaborated with the College of Food Industry in Szeged to sponsor a **Food Industry Conference** on May 19. Forty-two people attended -- about 60 percent were managers of businesses in the region, 20 percent were college faculty, and 20 percent were from consulting firms. Conference speakers discussed requirements of the US market for imported food, procedures for exporting Hungarian food products to the US, and sources of assistance for potential food exporters. Total quality management was an overarching theme. The Center arranged for four American speakers: two from the private sector, and two SUNY Buffalo professors. USDA and USAID representatives from the Embassy in Budapest also spoke, as did three Hungarian professors. A handbook on food exports to the US, developed and translated by SUNY/OIP and the Center, was distributed to all conference participants. Following the conference, the visiting American experts worked with the college regarding its new Food Quality Center (or "Q-Center"). They presented the model of The Center for Industrial Effectiveness (TCIE) used at SUNY Buffalo. This model, also presented at the University of Miskolc last quarter, features cooperation between academics and the business community to solve business problems. The program of the Food Industry Conference is at Attachment C.

A senior delegation from the University of Miskolc participated in a training program at SUNY Buffalo in June regarding their university's planned Innovation Center, a base for partnerships with regional businesses. The team was headed by the University's Pro-rector for Scientific and International Relations. It toured high-tech incubators and other facilities operated by SUNY Buffalo and local governments and met with SUNY Buffalo faculty and staff. A professor of human resource management from Janos Pannonius University in Pecs accompanied the Miskolc team and stayed for some additional days to meet appropriate SUNY Buffalo faculty and attend their classes. This brings the total participants trained in the US this year to five. Both of these universities will continue to receive support by working with SUNY's Center for Excellence in Budapest. Background and itineraries of these visits are at Attachment D.

The SUNY-produced Hungarian-language video instructional series on basic accounting is being successfully marketed and distributed. To date about 170 orders have been received, including a major order by the World Bank office in Hungary. SUNY's series has already been recognized with three international video awards.

PARTNER ORGANIZATIONS

In April a team from AID Budapest visited sites in Debrecen, Nyiregyhaza, and Gyöngyös. In the latter two cities they met with leaders of the SUNY Center's partner organizations, PRIMOM in Nyiregyhaza and the Foundation for Advanced Management

in Gyöngyös. Center director Arpad Kezdi accompanied the AID team to these cities. Feedback on all sides was very positive. One result of the discussions was an approach by the Center to the Sabre Foundation (a private US-based organization which distributes free books) for reference library materials for the Center and its partners.

One of the Center's partners, PRIMOM in Nyiregyhaza, has invited a SUNY consultant to return to Hungary to present a Regional Marketing seminar in Nyiregyhaza and Hajduszobolszo in October. The hosts will cover all expenses, including his transatlantic travel. William Mariani, executive dean of development and community services at SUNY's Erie Community College, taught Regional Marketing in Nyiregyhaza, Gyöngyös, Győr, and Szekszard last autumn. Self-supported program sustainability like this is one of this project's major goals.

After hosting a series of SUNY management training courses last quarter, the Babolna Company, a large farming and agribusiness firm based near Győr, has expressed interest in becoming an active partner with the SUNY Center in northwest Hungary. Babolna has on its premises a modern training center and hotel facility which will serve as low-cost program venues.

TRADE DEVELOPMENT/SMALL BUSINESS ASSISTANCE

Until the departure in June of the Center's small business counselor, noted above, a steady stream of about ten new clients per month came in for advice. Most were new entrepreneurs seeking assistance to meet bank requirements for start-up loans. The new businesses involved range from a video rental store to a plastic surgery clinic to an English language newspaper. Since the counselor's departure, other Center staff have continued this program at a reduced level. A Peace Corps Volunteer will handle these activities for the Center next year.

A client partnership that sought advice from the Center last quarter has, with Center support, sold the rights to its dehydrated food processing technology to a US firm for \$65,000. This gave them the capital to open their own business in Hungary.

A pilot program was conducted in late April in Győr, providing integrated classroom instruction to bankers and local business advisers, on one hand, and aspiring small business entrepreneurs on the other. Partners in this local program were the New York State-Győr Foundation (which hosts many of the Center's programs in Győr), Business Assistance (a private local entrepreneurship support organization), the regional Chamber of Commerce, OKFI (the Hungarian government's small business agency), the Szechenyi Technical College in Győr, and the Hungarian SEED Foundation. The Center's small business counselor participated in this program, which included presentations about the US and Hungarian systems from experts of both nations. She also met privately with many of these local partners.

During this quarter the counselor visited the University of South Carolina's Small Business Development Center project in Pecs, as well as the Local Enterprise Agency in Szekesfehervar, which is supported by the European Community's PHARE program. She also visited the Hungarian Enterprise Foundation and the PHARE office in Budapest.

On her own initiative, the director of B'nai B'rith's small business assistance program in Hungary, Eva Bakonyi, visited SUNY in Albany in early July after participating in a training program in New York City. She was briefed on SUNY's 19-campus Small Business Development Center program and met with SUNY's Associate Provost for Research and Economic Development. She also visited the SBDC at SUNY's University at Albany. While the B'nai B'rith program in Hungary is fully funded by the British Know-How Fund for the next year, she was particularly interested in learning about SBDC's multi-source funding mechanisms.

OTHER CENTER PROGRAMS

SUNY/OIP obtained a no-cost extension of its grant from The Pew Charitable Trusts to train 18 Hungarian Fellows as resources for the Center. The grant was to expire April 30. Remaining funds are now being used to provide added experience in Hungary for the Fellows during 1993-94. This supplements the Fellows' training in the US. Under the extension, Fellows have begun to teach a number of Center short courses alongside American professors, and we are exploring additional ways to enhance the Fellows' professional skills through the grant. SUNY/OIP's report to Pew on the two-year grant activity is at Attachment E.

FINANCIAL REPORT

Appendix 1 contains the financial summary for the fourth quarter. Actual project expenditures for the quarter were consistent with projections made at the end of the third quarter. Total expenditures also reflect project activity through the end of July, even though the project year ended on July 17. Cost sharing for this quarter, including in-kind contributions from SUNY and the Hungarian partner organizations, and grants from The Pew Charitable Trusts and Andrew Mellon Foundation accounted for 11 percent of total expenditures. The life of project cost share average since AID funding began in 1991 is approximately 28 percent. The decline in this quarter is attributable to the winding down of the Pew and Mellon grants.

At the close of the second year of the project, \$438,881 in AID funds remain to be spent. This is due to delays in implementing the Aid to Artisans program (ATA), allocation of monies for a still-incomplete series of business case studies, and postponement of some scheduled program activities. We have requested a no-cost

extension of second year funds into the third year of the project, pending AID approval of third year activities. As this report is being submitted, salaries and minimal priority expenditures are being advanced by the Research Foundation of SUNY.

It should be noted that next quarter projected expenditure figures for AID funds, cost sharing, and other sources in Appendix 1 only reflect monies presently encumbered to cover existing project expenses. No new project activities have been scheduled pending AID third year budget approval. Similarly, the AID funds remaining and projection columns for next quarter indicate the \$438,881 amount remaining between OIP and SUNY Buffalo at the end of year two of the project.

SECOND YEAR FINAL REPORT

The following paragraphs summarize and comment on developments and accomplishments over the project's second year, i.e., July 17, 1992 - July 16, 1993. They supplement the information provided in the four Quarterly Reports (including the fourth quarter above in this document) and respond to the requirement for an Annual Report of Project described in the Grant Agreement.

EXECUTIVE SUMMARY

SUNY's Office of International Programs substantially met the project's specific objectives for this second year, and its basic goals have been largely accomplished. We sought a no-cost extension of the second year grant to use remaining funds to expand the project's third-year activities.

After more than two years of operation, SUNY's Center for Private Enterprise Development enjoys an excellent reputation as one of Hungary's premier private sector training and consulting institutions. SUNY has always stressed the Center's longterm sustainability, and the Center is now seen as a permanent, essentially Hungarian institution. In December 1992, Arpad Kezdi succeeded William Holstein as Center director; at the project year's end, the Center staff was entirely Hungarian. Eighteen "Hungarian Fellows" -- established professionals in various fields who will be part-time Center consultants -- were trained in the US under a Pew grant and have begun to supplement visiting American professors as instructors and advisers. The Center has begun to receive income from some of its activities, and some partner institutions are offering to pay for SUNY instructors to come teach courses for them or are inviting them to present papers at academic conferences.

During this program year, two senior advisers from SUNY's Small Business Development Center (SBDC) network came to Budapest for six month tours to expand the Center's small business counseling and trade development capabilities. They provided one-on-one advice to fledgling entrepreneurs and managers, and they trained the Center's partner organizations and universities to help them develop their own small business counseling capabilities. Advice on exporting was another major emphasis, and at least one client was able to make a successful licensing deal with a US firm. While budget constraints preclude SBDC advisers in the project's third year, a Peace Corps Volunteer with expertise in the private sector will continue the activity at the Center.

More than a thousand (1,055) Hungarians participated in 43 Center-sponsored business and management courses during this project year. Several new courses were developed to meet Hungary's evolving needs, such as:

- *Regional Marketing*, to help local organizations attract outside investment and employers;
- *TQM Awareness*, the first step of a progressive training program in Total Quality Management (a major new emphasis this year);
- *Managing in the 21st Century*, to prepare young managers to use techniques that will be developed in the future; and
- *Banking and Small Business*, to help bankers deal with loan applications from graduates of the Center's standard course in *Financing Your Small Business*.

The Center works closely with a network of partner groups and universities that host SUNY training activities. During this project year a new partnership was forged with PRIMOM, a private sector support organization in Nyiregyhaza, and a special relationship developed with Babolna Co., a major agribusiness firm with extensive business training interests in northwest Hungary. The Center also worked especially closely with the University of Miskolc and the University of Horticulture and Food Industry in Szeged to establish "excellence in industry" centers, and it cosponsored a major Food Industry Conference in Szeged.

Two SUNY professors, working with partner university counterparts, are producing a number of Hungary-based cases for study by Hungarian business students. These real-life cases are true to the Hungarian business environment and are thus more credible and useful than cases transplanted from the US or other cultures. Three such cases have been completed (copies are available at SUNY/OIP), and others are in preparation. They constitute a major step forward in Hungarian business education.

In preparation for a new AID-funded project to create a national Center for Excellence in Total Quality Management, SUNY and its Center worked intensively with administrators and faculty of the Technical University of Budapest (TUB). This major training center in industrial management, engineering, and business is enthusiastically committed to expand its capabilities in TQM with SUNY support and to disseminate its expertise to other Hungarian universities and the private sector nationwide.

GRANT ACTIVITIES

Specific program activities have been reported in detail in the four Quarterly Reports. All of the activities listed in the second-year Project Implementation Plan (PIP) have been successfully completed, with the following exceptions:

- Short Course Seminars: 20 projected, 17 completed. Three courses planned for June had to be canceled due to last-minute scheduling difficulties and a client company's reorganization. They will be completed in the third year.

- **Executive Development:** 1 projected, 2 completed. Sets of courses were provided at the request of the state-owned oil company and a major heavy equipment producer, utilizing the same team of SUNY instructors on a single trip.
- **Artisan Management Courses:** 10 projected, none completed. Following completion of a special needs assessment regarding business training for the newly privatized handicrafts industry, the Center was prepared to provide special training to business managers of artisan firms and co-ops. However, the likely participants have been tied up with organizational issues relating to their privatization and have been unavailable to take the training. Some individuals have taken Center management courses themselves, but handicraft industry leaders have asked the Center to postpone any special courses until they are ready. We expect to schedule them during the third year.

The Center's management training and economic education activities will continue for a third year, albeit at a lower level because of an AID-mandated 50 percent cut in the budget. We will, however, begin a major new program component by helping the Technical University of Budapest become a Center of Excellence in Total Quality Management (TQM). This will include the creation of a new Master's program in TQM. This program component will draw substantial support from SUNY's Budapest Center, and SUNY faculty will be used for both program components on the same trip, where scheduling permits. This will save substantial amounts of travel funds.

APPENDIX 1: QUARTERLY FINANCIAL SUMMARY

APPENDIX 2: QUARTERLY PROGRAM SUMMARY

ATTACHMENTS A - E (SEE TEXT OF QUARTERLY REPORT)

OIP FOURTH QUARTER REPORT

Project Expenditures	AID FUNDS		Cost Share		Other Sources Mellon		Other Sources Pew		ACCRUED	AID FUNDS REMAINING	PROJ. NEXT QUARTER
	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.			
Instructor - US Salary (Buf. only - 1001-3)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$7,273	\$0	\$0
Staff - US Salary (1001,1003)	\$50,635.36	\$9,113	\$5,825.00	\$5,825	\$2,750.00	\$0	\$0.00	\$0	\$487,836	\$70,910	\$70,910
Fringe Benefits (1501,1502)	\$17,654.51	\$2,825	\$1,718.00	\$1,718	\$19.80	\$0	\$0.00	\$0	\$142,568	\$26,806	\$26,806
Salaries Local (1001,2001)	\$9,582.00	\$1,417	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$164,112	\$0	\$0
Consultants (2001)	\$8,701.00	\$798	\$1,086.24	\$0	\$0.00	\$0	\$0.00	\$0	\$135,071	\$112,799	\$112,799
Travel (3501,3502)	\$12,742.09	\$0	\$350.00	\$0	\$1,831.75	\$1,300	(\$55.50)	\$2,384	\$232,876	\$22,282	\$22,282
Equipment (2501)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$88,042	\$6,208	\$6,208
Supplies (3001,3006)	\$7,408.13	\$0	\$750.00	\$150	\$41.72	\$138	\$0.00	\$0	\$35,681	\$17,749	\$17,749
Indirect Cost (7501)	\$37,351.64	\$3,680	\$3,123.06	\$2,454	\$0.00	\$0	\$779.49	\$0	\$223,437	\$81,074	\$81,074
Participant Costs (6503,7001,7003)	\$778.94	\$0	\$370.00	\$0	\$0.00	\$0	\$0.00	\$4,000	\$117,048	(\$7,531)	(\$7,531)
Workshops, Conf. (6510)	\$28,322.71	\$0	\$5,769.24	\$0	\$0.00	\$0	\$0.00	\$0	\$101,870	\$0	\$0
Video/TV Production (6508)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$8,000	\$0.00	\$0	\$356,650	\$0	\$0
Translation (6506)	\$12,672.48	\$0	\$0.00	\$0	\$125.00	\$0	\$0.00	\$0	\$58,138	\$0	\$0
Scholarships (6501,6502)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$36,918	\$0	\$0
Curriculum Development (2001,1001)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Other Direct (6504,6507,6510)	\$27,102.65	\$0	\$3,480.00	\$300	\$79.84	\$1,345	\$0.00	\$0	\$186,229	\$40,269	\$40,269
Other (6510)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$11,726	\$0	\$0
Totals	\$212,951.51	\$17,833	\$22,471.54	\$10,447	\$4,848.11	\$10,783	\$723.99	\$6,384	\$2,385,477	\$370,565	\$370,565

BUFFALO QUARTERLY REPORT

Project Expenditures -----	AID FUNDS		Cost Actual	Share Proj.	Other Sources Mellon		Other Sources Pew		ACCRUED	AID FUNDS REMAINING	PROJ. NEXT QUARTER
	Actual	Proj.			Actual	Proj.	Actual	Proj.			
Instructor - US Salary (Buf. only - 1001-3)	\$20,201.16	\$4,094	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$101,800	(\$9,870)	(\$9,870)
Staff - US Salary (1001,1003)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$16,027	\$0	\$0
Fringe Benefits (1501,1502)	\$5,844.81	\$1,269	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$31,661	(\$3,060)	(\$3,060)
Salaries Local (1001,2001)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Consultants (2001)	\$0.00	\$0	\$900.52	\$0	\$0.00	\$0	\$0.00	\$0	\$32,830	\$0	\$0
Travel (3501,3502)	\$19,481.47	\$2	\$414.55	\$0	\$0.00	\$0	\$0.00	\$0	\$106,888	\$20,219	\$20,219
Equipment (2501)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Supplies (3001,3006)	\$279.60	\$35	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$1,373	\$3,578	\$3,578
Indirect Cost (7501)	\$12,596.94	\$1,485	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$75,173	\$1,286	\$1,286
Participant Costs (6503,7001,7003)	\$3,928.00	\$0	\$460.00	\$0	\$0.00	\$0	\$0.00	\$0	\$48,943	\$42,454	\$42,454
Workshops, Conf. (6510)	\$0.00	\$0	\$6,891.09	\$0	\$0.00	\$0	\$0.00	\$0	\$20,711	\$0	\$0
Video/TV Production (6508)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Translation (6506)	\$2,610.39	\$0	\$600.00	\$0	\$0.00	\$0	\$0.00	\$0	\$23,844	\$0	\$0
Scholarships (6501,6502)	\$21,000.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$31,255	\$0	\$0
Curriculum Development (2001,1001)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Other Direct (6507,6510)	\$3,124.25	\$148	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$12,599	\$0	\$0
Other (6510)	\$378.27	\$15	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$378	\$13,709	\$13,709
Totals	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	\$89,444.89	\$7,048	\$9,266.16	\$0	\$0.00	\$0	\$0.00	\$0	\$503,482	\$68,316	\$68,316

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PROGRAM SUMMARY

August 12, 1993

NR	LECTURER	PROG. #	SEMINAR NAME	PLACE	BEGIN DATE	# PART.
1	Holstein	1	Banking and Small Business	Gyor	04/19/1993	15
2	Holstein	1	Financing Your Small Business	Gyor	04/22/1993	39
3	Robinson/Lyons	3	TQM - Curriculum Development	Budapest	04/26/1993	42
4	Lyons/Robinson	10	TQM Awareness	Debrecen	04/29/1993	25
5	Frase	1	TQM - Short Course	Godollo	05/21/1993	10
6	Dempsey/McKinzie	3	Curriculum Development - TQM	Budapest	05/24/1993	35
7	Holstein	1	Mkt. Analysis & Sm. Bus. Plngg	Szolnok	06/10/1993	25
8	Holstein	1	Managing in 21st Century	Gyor	06/12/1993	19
9	Holstein	1	Sm.Business/Entrepreneurship	Budapest	06/14/1993	46
10	Holstein	1	Mkt. Analysis & Sm. Bus. Plngg	Nyiregyhaza	06/17/1993	20
11	Parente/Cinelli	1	Export Marketing	Gyor	06/21/1993	21
12	Cinelli/Parente	1	Export Marketing	Szolnok	06/24/1993	16
Total Number of Participants:						313

Program Key:

1 - Short Courses

3 - Curriculum Development

10 - Total Quality Management Training

From: Árpád

17 May 1993

Telephone: (36-1)117-5185

Fax: (36-1)118-4251

Dear Virginia,

Enclosed please find the second round of evaluation of follow-up questionnaires, referring to the period 07.01.1992-12.31.1992. The forms sent out to our participants are identical to the survey forms that we developed and used at the end of August, 1992 and which have been evaluated in our fax of October 28, 1992.

Number of questionnaires sent out: 100
Number of questionnaires received: 34

We do not think we will receive more, so we decided not to wait any more but make the evaluation right now. It happened several times that participants did not reply to each question, so you will obviously notice that the number of answers - at times - differ from the actual number of questionnaires received.

Answers in the order of questions are as follows:

1. What was your job when you attended the seminar:

Title

administrator	1
teacher of technics	1
financing officer	1
teacher	1
head of division	1
deputy director	1
college assistant	2
unemployed	1
individual entrepreneur	1
chargeman	2
foreman of technics	1
quality controller	1
assistant university lecturer	1
head of wine and spirits	
division	1
home-trade organizer	1
construction officer	1
manager of education	1
chief technologist	1
manager of trade development	1
engineer	1
managing director	2
financial manager	1
PR manager	1
technical manager	1
entrepreneurial officer	1
junior clerk	1
marketing manager	1
associate	1
organizer	1
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- 2 -

Description

- education
- management of loan-transactions
- installation of integrated circuits
- marketing, economics
- management
- production-control
- arrangement of technical matters
- establishment of an appropriate system for officers
- automatics
- direction, control
- selling of products, making of contracts, administration
- direction of construction businesses
- organizing of re-training programs
- planning, development
- plant engineering
- publishing books, periodicals, etc.
- organization of production
- quality awareness in food chemistry
- supervising networks of artificial kidneys
- co-ordination of international trade-relations
- contribution in developing self-financed telephone-networks

2. Was the seminar useful for this job?

Extremely useful		Useful			Not useful at all	
1	2	3	4	5	6	7

7	4	3	11	3	3	0

Total: 31

3. Is your current position the same, or has it changed since attending the seminar?

Yes

4

No

29

16

- 3 -

4. Did the seminar give you added skills that helped you obtain your new position?

Yes

2

No

4

If Yes, please describe those skills:

- finance
- accounting

5. Have you started your own business since the seminar?

No

21

Yes

6, in the field of:

- road-building
- technical assistance
- education of economics
- home trade
- agriculture
- business assistance

6. Did the seminar give you information which was new to you?

Yes

33

No

1

In the field of:

- management
- the existing practice of small businesses in the USA
- planning
- financial planning and making cash-flow analyses
- analyzing economic efficiency
- how to make a business plan
- delivering experience
- quality issues
- taxation

17

- 4 -

- establishing new working sites
- how to compile marketing plans
- changing attitudes
- cost-analyses
- regional marketing
- organizing phases of work
- business policies

7. How did you find the translated material that was give to you at the seminar?

Easy to read	NOT easy to read
-----	-----
32	2

8. Do you use the information received at the seminar as a reference material to assist you with questions and problems that arise during your work?

<u>Yes</u>	<u>No</u>
24	10

9. Have you ever given a copy of the seminar materials to anyone else so that it may assist them?

<u>Yes</u>	<u>No</u>
19	15

10. Would you attend seminars on other subjects?

<u>Yes</u>	<u>No</u>
32	2

- 5 -

If yes, on which subject(s)?

1. Marketing	25
2. Finance	9
3. Accounting	7
4. Agriculture	2
5. Human Resource Management	12
6. Retail Management	7
7. Environmental	8

8. Other:

- bank accounting
- agricultural innovation
- budget management
- establishing new businesses
- operational procedures
- public relations
- market analysis
- training, re-training
- international informational relations, personal acquaintances
- foreign trade

11. Briefly describe the most important things from the seminar that you are currently using for your job:

- different attitude
- recognition of the importance and role of quality
- measuring pupils by tests
- using several approaches to existing problems
- systematization, projections
- financial preparations for investment decisions
- marketing strategy
- analysis of bank loans
- yield-curve
- the role of evaluation within TQM
- preparing business plans
- self-confidence
- accounting- and cost concepts
- case studies on financial topics

12. Can the Center for Private Enterprise Development assist you in any other ways?

Yes

22

No

7

19

If yes, please describe how:

- non-refundable support/favourable credits
- financial assistance to pupils of the food industry
- further education/additional courses
- constant flow of information
- study tours
- business meetings

13. After our seminar, have you attended any seminars arranged by other organizations?

Yes

No

7

27

If yes, which organization(s):

- International Course for Bankers, Budapest
- Eurocontact
- OECD
- Controll
- Chamber of Artisans - Győr
- OKFI

14. How did you first become aware of the existence of the Center for Private Enterprise Development?

- Chamber of Economics
- Entrepreneurial Center of the County of Tolna
- an acquaintance
- press
- Gyöngyös-foundation
- ÉRÁK (North Hungarian Regional Re-training Center)
- at another course by the Center
- through Mr. Todd Jagerson
- advertisement
- in my office
- PRIMOM (of Nyíregyháza)

Extended Page 5.2

- through a delegation from Buffalo
- a Taiwan connection
- Magic Management (of Pécs)
- MMI

- 7 -

15. Do you know how to contact the Center for information or consultation in the future?

<u>Yes</u>	<u>No</u>
13	21

16. Would you recommend the Center's seminars to others?

<u>Yes</u>	<u>No</u>
32	2

17. Overall you felt the seminar was:

Excellent			Average			Poor
1	2	3	4	5	6	7

11	9	7	5	1	1	0

Total: 34

18. Please use the rest of this last page and the back (if necessary) to make any additional comments you might have about the seminar(s) you attended:

- presenters/handout materials are excellent
- interpreters/translators are very good
- courses provide general information, more specific information is needed (may be this is the task of professional institutions)
- at times certain presenters focus too much on theoretical issues and rather neglect everyday practice
- would like to participate at other courses
- suggests to promote the Center more efficiently

Best regards,

Árpád

Banking and Small Business

ATTACHMENT B

19 & 20 April 1993

- Day 1 -

- 8:30 to 9:00 Registration
- 9:00 to 9:45 Introductions
- Kezdi Arpad - Center for Private Enterprise
Development Foundation
- Hamori Balazs Budapest University of
Economic Sciences
- Kocsis László Business Assistance
Enterprise Agency
- Bognar Otto - North Transdanubian Chamber of
Commerce and Industry
- 9:45 to 10:45 Why Small Business is important to the Hungarian
economy
Budapest University of Economic Sciences
- 10:45 to 11:00 BREAK
- 11:00 to 12:00 Why Small Business is important to the Banking
Industry
William K. Holstein - SUNY Albany or BUES
- 12:00 to 12:30 Hungarian Banks working with Small Business
Kerekes Rozalia - OTP Bank
- 12:30 to 1:00 OKFI Business Programs
Kovári Tibor
- 1:00 to 2:00 LUNCH
- 2:00 to 4:00 U.S. approaches to assisting small business
William K. Holstein - SUNY Albany
- Competitive advantage
William K. Holstein - SUNY Albany
- How to compete
Key success factors
Creating competitive advantage
- 4:00 to 4:30 Q & A

✓

- Day 2

Professor William K. Holstein from the State University of New York at Albany will conduct the lecture presentations for the day

9:00 to 1:00 How are U.S. bankers qualifying small business loan applicants (5 C's)

How does a Banker evaluate the information in a business plan:

Market Analysis

Competitive Analysis

Financial Analysis

Break Even Analysis

Cash Flow Analysis

Income Statement & Balance Sheet

1:00 to 2:00 LUNCH

2:00 to 4:00 Participant Forum

Hungarian banking problems and opportunities

What small business needs

Case examples and experiences

Working for change and improvements

Sources and resources

23

Financing Your Small Business

22 & 23 April, 1993

- Day 1 -

- 8:30 to 9:00 Registration
- 9:00 to 9:45 Introductions
 - Kezdi Arpad - Center for Private Enterprise Development Foundation
 - Hamori Balazs - Budapest University of Economic Sciences
 - Kocsis Laszlo - Business Assistance Enterprise Agency
 - Bognar Otto - North Transdanubian Chamber of Commerce and Industry
- 9:45 to 10:45 Why Small Business is important to the Hungarian economy
Budapest University of Economic Sciences
- 10:45 to 11:00 BREAK
- 11:00 to 12:00 Organizational Forms of Business in Hungary
Budapest University of Economic Sciences
- 12:00 to 12:30 What Hungarian Banks require from small business
Kerekes Rozalia - OTP Bank & Gyor Banke
- 12:30 to 1:00 OKFI Small Business Programs
- 1:00 to 2:00 LUNCH
- 2:00 to 3:00 Alternative Financing Possibilities
William K. Holstein - SUNY Albany
- 3:00 to 4:30 Competitive advantage
William K. Holstein - SUNY Albany
 - The Business System
 - How to compete
 - Key success factors
 - Creating competitive advantage
 - The issue of timing

- Day 2 -

Professor William K. Holstein from the State University of New York at Albany will conduct the lecture presentations for the day

9:00 to 1:00 How are U.S. bankers qualifying small business loan applicants (5 C's)

Important information to include in a business plan:

Market Analysis

Competitive Analysis

Financial Analysis

Cash-flow Analysis

Break-even Analysis

Income Statement

Balance Sheet

1:00 to 2:00 LUNCH

2:00 to 4:00 Participant Forum

Hungarian small business problems and opportunities

Case examples and experiences

Working for change and improvements

Sources and resources

Managing in the 21st Century

A One-Day Seminar for Young Managers

Presented by

Dr. William K. Holstein
Former Director, The Center for Private Enterprise Development
Budapest, Hungary

Distinguished Professor, School of Business
University at Albany, State University of New York
Albany, New York 12222 USA

Telephone: (518) 442-4929 Office
Fax: (518) 442-3944 Office
Telephone: [REDACTED]
Telephone: (36-1) 117-5185 Budapest Office

This seminar is based on the premise that young managers, still in the early stages of their careers, will be managing well into the 21st century. As they rise through their organization and assume positions of corporate leadership, they will be using concepts, tools and techniques that are unknown to us today. How, then, can we train managers to use what we do not yet understand?

The answer is to focus young managers on general ideas and themes that will likely shape future management practice. This seminar aims to instill these ideas, and to encourage continuous learning and improvement:

- 1) to produce quality products and services,
- 2) to be clearly focused on the needs of customers,
- 3) to use information creatively,
- 4) and to build adaptive organizations that can learn and change to meet future needs.

The seminar has a strategic, general management theme, and covers specific suggestions for the management of several parts of the business, including:

- 1) the management of Capacity
 - 2) the management of Technology
 - 3) the management of Information
 - 4) the management of People
 - 4) the management of Financial Resources
- 26

Arpad - June 2, 1993 - Page 3

Managing in the 21st Century

Topical Outline

1) Introduction and Orientation

Introduction of seminar faculty and participants
General introduction to the seminar and the teaching
approaches/techniques to be used
Summary of topics and issues to be discussed

2) Management Imperatives

Introduction to the Major Themes that will shape management
practice well into the 21st Century

Productivity Growth
Customer-Driven Enterprise
Total Quality Management
Micro-Marketing
Empowering of Employees
Re-Engineering and Re-Building the Business
Adding Value
Global Perspective

Examples of Good Practice

3) Changing Organizations

Flattening Organizations
Boundaryless Organizations
Information and Knowledge Workers
Networks of Organizations

The Decreasing Importance of Functional Areas
New Issues and New Skills that will be Required

4) Future Issues in Different Parts of the Business

4a) The Management of Capacity

The Planning and Control of Capacity
The Planning and Control of Priorities
How do you handle your Product?
Which Process should you use?
Inventory Considerations
Dispatching

Japanese Ideas: J.I.T., Kanban

Arpad - June 2, 1993 - Page 4

4b) The Management of Technology

A Technology Classification Scheme

Base Technology
Key Technology
Pacing Technology
Emerging Technology

Changing Design Parameters and Decisions
Changing Factory operations and Processes
Making Technology and Operations a Competitive Weapon

4c) The Management of Information

Information Systems Eras: Accounting, Operations,
Information Support

The Information Paradox: Lots of Data, but no Information to
manage the business.

The special problems of Market Information

*"The power of today's information technology is not being
used as it should in most enterprises." Why Not?*

4d) The Management of People

The Learning Organization
Teams, Groups
Motivation and Reward
Human Resources Management Issues

4e) The Management of Financial Resources

Margin Management
Controlling Costs
Working Capital Management
Preserving Assets
Investment Management

5) Participant Forum

Questions and Discussion

Arpad - June 2, 1993 - Page 5

Seminar for Small Business and Entrepreneurship Trainers

**A Two-Day Seminar for Trainers who will work with
Small Business Owners and Managers and Entrepreneurs**

Day One Presented by

Dr. William K. Holstein
Former Director, The Center for Private Enterprise Development
Budapest, Hungary

Distinguished Professor, School of Business
University at Albany, State University of New York
Albany, New York 12222 USA

Telephone: (518) 442-4929 Office
Fax:(518) 442-3944 Office
Telephone: ([REDACTED])
Telephone: (36-1) 117-5185 Budapest Office

Day Two Presented by

This seminar has two basic objectives:

- 1) to introduce trainers to the issues that will be important for entrepreneurs and small business owners and managers in Hungary, and
- 2) to provide specific, hands-on training in how to use the Business as Biznisz video training materials and accompanying workbook and instructor materials.

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Arpad - June 2, 1993 - Page 6

Seminar for Small Business and Entrepreneurship Trainers

Day One
Topical Outline

1) Introduction and Orientation

Introduction of seminar faculty and participants
General introduction to the seminar and the teaching
approaches/techniques to be used
Summary of topics and issues to be discussed

2) The Characteristics of Entrepreneurs

Why training is important
Why training is difficult

3) Perspective on Adult Learning

Learning means *change*.
Certain *methods* are more effective than others.
No change is likely unless the participant is *motivated*.
Learning is an *active* process.

4) The Problem-Solving Process

Concrete Experiences
Reflexive Observation
Abstract Conceptualization
Active Experimentation

The Special Problems of Entrepreneurs

Problem-Solving Exercises

5) Management Imperatives that will Shape Business in the Future

Productivity Growth
Customer-Driven Enterprise
Total Quality Management
Micro-Marketing
Empowering of Employees
Re-Engineering and Re-Building the Business
Adding Value
Global Perspective

Arpad - June 2, 1993 - Page 7

6) **Issues for Entrepreneurs and Small Business Managers**

Marketing

Accounting and Cost Control

Financial Management

Problems in Starting a Business

Hungarian problems in the Transition to a Market Economy

7) **How the Business as Biznisz Series can Assist in
Entrepreneur and Small Business Manager Training**

8) **Participant Forum**

Questions and Discussion

**Food Industry Conference
Szeged, Hungary**

19. May 1993.

Organized by the

**International Programs Offices of the State
University of New York,**

via

The Center for Private Enterprise Development Budapest

in association

with the College of Food Industry Szeged

with support

from the United States Agency for International Development

***Information to Food Industry Companies in the Szeged
Region***

on Opportunities and Requirements

for Participation and Cooperation in Western Markets

for Food and Food Products

PROGRAM

Convene 10:00 Academic Committee of Szeged

Host's Opening Remarks

*Dr. László Dinya, Professor, Dean of Food
Industry College*

SUNY's Quality Initiative in Hungary

*Dr. Raymond G. Hunt, Professor, School of
Management, State University of New York at*

Product Demand and Investment Prospects

*Mr. Bernard Seneau, Vice President for Operations,
and Liaison, International Business Development,
Rich Products Corporation*

Remarks

**Review of the Activity and Programs of USDA in
Hungary**

*Dr. Ferenc Nemes, Consultant, Representative of the
United States Department of Agriculture, Foreign
Agricultural Service*

Break 11:20 - 11:45

**Modern Quality Requirements for Products and
Services**

*Mr. Jack Hess, Corporate Manager of Total Quality
Systems, Mark IV Industries, Inc.*

**Experiences concerning the Implementation
of ISO 9000 in the Food Industry**

*Dr. Zoltán Erdős Quality expert of Hungarian
Meat Research Institute*

27

Lunch 13:00 - 14:00

Organising Technical and Managerial Assistance for Improving Industrial Effectiveness

*Mr. Donald Frase, Adjunct Associate Professor,
School of Management, State University of New York
at Buffalo*



Remarks

Information about the programs of USAID concerning the Agricultural and Food Industry of Hungary

Mr. Gábor Érdi, Consultant, Representative of the United States Agency for International Development

Role of the Food Quality Center Szeged in the Regional Food Industry Development

Dr. Emese Pallagi, Associate Professor College of Food Industry Questions and Discussion

Summary, evaluation

Dr. Raymond G. Hunt, Professor, School of Management State University of New York at Buffalo



Place of Conference:

Academic Committee of Szeged

INVITATION

BUFFALO VISIT BY DELEGATION FROM MISKOLC, HUNGARY

UB's International Programs Office, working via the SUNY Center for Private Enterprise Development in Budapest, with support from the U.S. Agency for International Development, has been planning and implementing a variety of educational and managerial initiatives in Hungary. One of these is a Quality Management Initiative.

The Quality Management Initiative is intended specifically

1. to enhance Hungarian understanding and use of the principles and practices of quality management, and
2. to encourage and facilitate participation by Hungarian industries in world markets.

The Initiative operates nationwide in Hungary along three main tracks to develop:

1. Quality Awareness among managers, enterprises, and specific industry groups;
2. Quality Management Curricula for training managers in Hungarian universities and colleges; and
- 3 Working Institutions that can provide direct quality management support and developmental assistance to businesses.

Institution building has so far concentrated on helping selected Hungarian universities and colleges develop concepts and systems for providing quality improvement and other services to industry.

The University of Miskolc is one of these institutions. It is located in the city of Miskolc which is a major manufacturing center in eastern Hungary. The University has ambitious plans for an Innovation Center that would afford a base for building partnerships between itself and regional businesses in order to facilitate their mutual development and to encourage international trade and investment.

From June 7 until June 14, a delegation from the University of Miskolc will be in Buffalo, for consultations on U.S. models for implementing their plans in Hungary.

The delegates are:

Prof. Dr. Jozsef Cselenyi
Head, Department of Materials Handling & Logistics
Prorector for Scientific and International Relations

Prof. Dr. Istvan Szintai
Head, Department of Management and Organization
Faculty of Economics

Prof. Dr. Aladar Nagy
Department of Economics

They are interested in the following topics:

1. Organizing, supporting, and operating industrial development facilities:
 - o industrial parks
 - o business incubators
2. Attracting foreign investments for trade and industrial development
3. Managing and facilitating technology transfer
4. Organizing, operating, and funding facilities for developing and supporting industrial effectiveness:
 - o crisis management and triage
 - o continuous improvement
 - o job preservation and creation
 - o general business consultation
5. University-based structures and programs in management and engineering for business and industrial development:
 - o university educational programs (graduate & undergraduate)
 - o internships
 - o short-course training
 - o business and industrial consultation
6. Structures and policies for developing and organizing university-business relations

MISKOLC DELEGATION**Schedule****SUNDAY, 6 JUNE**

Arrival -- no scheduled activities

MONDAY, 7 JUNE

- 9:30 AM Glen Brodowsky will meet visitors at the Heritage House
(Ms. Marta Cseh, Interpreter)
- 10:30 AM Briefing and Discussion, Ray Hunt and John Thomas
140 Jacobs Management Center
SUNY at Buffalo
(Ms. Marta Cseh, Interpreter)
- 11:30 PM Lunch - John Thomas and Ray Hunt
- 1:00 PM Jane Weintrop, Lockwood Library
Business and Government Documents
(Mrs. Kathy Bradley, Interpreter)
- 2:00 PM Meeting - John Shellum, Assistant Dean for External Affairs, School of
Management
140 Jacobs Management Center
SUNY at Buffalo
(Mrs. Kathy Bradley, Interpreter)
- 3:00 PM Meeting - Carol Newcomb, Executive Director, Center for Management
Development, School of Management
140 Jacobs Management Center
SUNY at Buffalo
(Mrs. Kathy Bradley, Interpreter)

MISKOLC DELEGATION**Schedule****TUESDAY, 8 JUNE**

- 9:00 AM Amherst Industrial Development Agency
James Allen, Director
130 John Muir Drive
West Amherst, New York 14228
688-9000
(Ms. Marta Cseh, Interpreter)
- 12:00 PM Lunch
- 1:30 PM Technology Development Center
Robert Martin, President (& others)
1576 Sweet Home Road
Amherst, New York
(Mrs. Kathy Bradley, Interpreter)
- 4:00 PM The Center for Industrial Effectiveness
Rebecca Landy, Executive Director
1576 Sweet Home Road
Amherst, New York
(Mrs. Kathy Bradley, Interpreter)

WEDNESDAY, 9 JUNE

- 10:00 AM Meeting - Geraldine Kogler, Director, Internship Program
School of Management
140 Jacobs Management Center
SUNY at Buffalo
North Campus
(Mrs. Kathy Bradley, Interpreter)
- 1:30 PM School of Engineering and Applied Sciences
Ken Kiser, Associate Dean
412 Bonner Hall
SUNY at Buffalo
North Campus
(Mrs. Kathy Bradley, Interpreter)

MISKOLC DELEGATION

Schedule

THURSDAY, 10 JUNE

- 10:00 AM Buffalo Enterprise Development Corp.
Charles Rosenow, President
300 Pearl Street (new section)
Buffalo, New York 14202
842-3020
(Ms. Marta Cseh, Interpreter)
- 1:30 PM Cornell University, Industrial & Labor Relations
Lu Jean Fleron, Director
110 Pearl Street - 9th Floor
Buffalo, New York 14202
842-6180
(Ms. Marta Cseh, Interpreter)

FRIDAY, 11 JUNE

Toronto Trip

SATURDAY, 12 JUNE

- 9:00 AM Niagara Falls/Toronto Trip
Glen Brodowsky will be your tour guide

SUNDAY, 13 JUNE

- 1:00 PM Picnic hosted by John and Susan Thomas
252 Linwood Avenue
Buffalo, New York

SCHEDULE FOR FERENC FARKAS

Date	Time/Place	Activity
Monday 6/14	06:15 PM Jacobs-274	attend Professor Meindl's OB class (6:30-9:40)
Tuesday 6/15	11:00 AM Jacobs-268	meeting with Professor Brian Becker, Chairman, Department of Organizaion and Human Resources
Wednesday 6/16	10:30 AM Jacobs-272	meeting with Joseph Salamone, Adjunct Associate Professor of Human Resources
	06:15 PM Jacobs-274	attend Professor Meindl's class
Thursday 6/17	10:00 AM Jacobs-271	meeting with Professor Frank Krzystofiak, Associate Professor of Human Resources
	06:30 PM Jacobs-110	attend Professor Becker's HRM class (6:30-9:40)
Friday 6/18	10:00 AM Jacobs-206	meeting with Arlene Bergwall, Assistant Dean, Academic Programs
Monday 6/21	09:30 AM Jacobs-266	meeting with Elizabeth Goodrick, Assistant Professor of Organization and Human Resources



State University of New York
State University Plaza
Albany, New York 12246

ATTACHMENT E

International Programs

(518) 443-5124
FAX: (518) 443-5126
TELEX: 6505334304 MCI UW
BITNET: INTERNAT @ SNYCENVM
MCI Mail: SUNYOIP

May 19, 1993

Mr. James H. Leonard
Grants Assistant
The Pew Charitable Trusts
One Commerce Square
2005 Market Street, Suite 1700
Philadelphia, PA 19103-7017

Reference Log No. 90-03086-000

Dear Mr. Leonard:

Enclosed is the narrative portion of our "final" report on Pew's grant to the Research Foundation of SUNY for training Hungarian Fellows for SUNY's Center for Private Enterprise Development in Budapest. According to the original agreement, the grant was to expire on April 30, and this report was due on June 15, 1993.

We have received your letter of May 13, which approved our request for a no-cost extension of the grant until July 1994 (or until funds are exhausted, whichever comes first) to permit the Fellows to get additional practice in Hungary for their work with the Center. Thank you very much. Since we had already prepared this "final" report, we are sending it to you now rather than holding it until the extension ends. As promised in our request, however, we will submit an addendum to report on grant activities during the extension period when it ends.

The "final" financial report through April 30 cannot be completed until we clear all grant expenses paid by our Center in Budapest. It will be sent to you as soon as it is ready, and we will prepare an additional report when the extension period ends.

I would like to thank you for your interest and cooperation in this grant. The Fellows project has made a major contribution to the sustainability of our Center and its work of empowering the Hungarian private sector. We deeply appreciate the support of The Pew Charitable Trusts in making it possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ronald P. Oppen".

Ronald P. Oppen
Director, Eastern Europe

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**FINAL REPORT
TO THE PEW CHARITABLE TRUSTS
DUE JUNE 15, 1993**

Reference log no.: 90-03086-000
Date of grant agreement: May 16, 1991
Beginning date of grant period: April 25, 1991
Ending date of grant period: April 30, 1993.
Amount of grant: \$245,000

Summary of Grant Objectives

This grant was intended to contribute to the growth and evolution of the **Center for Private Enterprise Development** in Budapest, Hungary, by funding short-term training in the United States for fifteen "Center Fellows." (In fact, eighteen Fellows were trained with grant funding.)

The State University of New York (SUNY) established the Center in early 1991 to contribute to Hungary's transition from a centrally-planned, command economy to a demand-driven, market economy. It provides a range of business education services including:

- training seminars and conferences for Hungarian entrepreneurs, government officials and non-profit organizations in business development and management;
- assistance in developing business education programs in Hungarian colleges and universities;
- video instruction courses in business and economic literacy;
- export brokering services; and
- a consulting network in Hungary for rapid response to *ad hoc* requests from the private sector.

From the beginning, the SUNY Center has emphasized sustainability so that Hungarians can carry on the Center's functions when foreign support diminishes and eventually disappears. It has conducted its activities in collaboration with Hungarian academic, government and other institutions. It has sought to develop partner and cooperative relationships in all sectors of the Hungarian economy.

The Center project has been deliberately structured to establish shared responsibility at every level of activity. Wherever possible, qualified Hungarian

counterparts work alongside visiting US instructors and consultants. They will eventually replace the visiting Americans and become the professional resource base for the Center.

To enhance this evolution, we recruited a core group of Hungarian professionals as "Center Fellows." Fellows candidates already have training and/or experience in an appropriate field. They are drawn from the faculties of participating Hungarian universities; from government agencies, cooperatives, and state-owned companies; and from the growing cadre of successful private entrepreneurs, small businessmen, and freelance professionals. They agree to make themselves available to the Center as necessary to serve as part-time instructors and consultants in their field, while continuing their professional careers. They learn their role at the Center primarily by working alongside Center-sponsored visiting American experts in Hungary.

The Pew Charitable Trusts agreed in 1991 to fund a vital part of the Center Fellows program -- short-term training and internships in the United States. Under the two-year grant, Center Fellows were brought to the US for individualized programs averaging 6-8 weeks to enhance their value and credibility as Center instructors or consultants by exposing them to American practice in the business aspects of their professional field. The grant agreement called for fifteen Fellows to be trained.

The grant covered the Fellows' international and domestic US travel, a living allowance, cost of necessary books and supplies, and tuition and fees. (It did not, however, provide a stipend or salary while in the US.) The grant also covered certain salary, fringe and indirect costs at SUNY and certain Fellows training costs in Hungary. The cost of American instructors or consultants in Hungary and other administrative expenses were met by SUNY or other funding agencies.

Achievement of Project Objectives

The selection process for Pew-funded Center Fellows evolved as the Center matured. Hungary's private sector has changed considerably since the fall of the Communist regime in the March 1990 elections and the subsequent push toward privatization, and the Center has adapted to the economy's changing needs.

In its second year of operation the Center received a \$1.3 million grant from the US Agency for International Development (AID). That grant permitted it to offer programs in five "strategic training areas," i.e.,

- Executive development,
- Entrepreneurship/small business development,
- Line manager and supervisory training,
- University faculty and curriculum development, and
- Public economic and business education.

It also began to move in some new directions. Most notably, the Center shifted some of its activities into Hungary's secondary cities, where important regional universities and businesses do not have ready access to the sophisticated services of Budapest.

AID's continuation grant of \$1.4 million for 1992-93 supported further evolution of the Center's range of services. Besides the most basic business training, it began to focus on the more advanced needs of specific economic sectors, such as

- Family farm business management,
- Handicraft and artisan business management,
- Private health care administration,
- Quality control management,
- Business community volunteerism and civic involvement, and
- Creation of locally self-supporting management development foundations.

These shifts in emphasis required a more diverse group of Fellows to meet the Center's growing responsibilities, which in turn complicated the selection of training opportunities. Moreover, while the grant agreement called for the training of fifteen Fellows, careful husbanding of grant funds and generous in-kind cost-sharing contributions by host campuses, community organizations, and corporations permitted us to increase the number of Fellows receiving training to eighteen, with no increase in Pew's contributions.

SUNY and the Center therefore arranged US training for Hungarian Fellows in the following career fields:

- small business consulting (3)
- industrial production consulting (3)
- educational video production and distribution (2)
- community marketing and promotion (2)
- food processing quality management (2)
- handicraft production and marketing (2)
- private medical practice management (1)
- engineering and architectural firm management (1)
- marketing and advertising (1)
- computerized agribusiness (1)

Specifics of Fellows Training

Following is a listing of the eighteen Fellows and the specifics of the training they received through the grant. For clarity, we have grouped them in three categories:

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- those who received individualized training,
- those who received special group training organized by the School of Management of the SUNY University at Buffalo, and
- those who received both the group training and a brief individual program.

INDIVIDUAL FELLOWS

Andras Suranyi, freelance video director in Budapest. Training period: March 1 - 23, and May 10 - June 6, 1992. First portion: internship with Mountainview Productions, Schenectady, NY, during filming of SUNY-sponsored instructional video on basic accounting for use in Hungary. (He then returned to Hungary to participate as a paid consultant in filming of the same series there; his roundtrip travel was funded by AID as part of the Center's production cost.) Second portion: individual tutorial training in interactive video techniques with a SUNY Albany professor.

Dezsö Szeifert, owner of Praktisoft, a computer software firm in Szekszard, also active in arranging exchange visits for the USIA-funded Citizens Network Initiative project and secretary of the "Szekszard 2000" organization formed as a result of CNI. Training period: June 4 - August 10, 1992. Four weeks of intensive business English training at a live-in International Executive Institute at SUNY Buffalo. Four weeks in Binghamton, NY, mentored by the SUNY Binghamton School of Management and Broome County Chamber of Commerce. One week at the US Chamber of Commerce's Institute for Chamber Executives on the University of Delaware campus, mentored by the Broome County Chamber of Commerce. Three days in Washington, D.C. After his return, he helped teach the Center-sponsored course in Regional Marketing in Szekszard in February 1993.

Laszlo Poros, owner of Poros Film-Video, Ltd., and partner of the Spectrum 21 studio in Budapest. Training period: May 30 - July 19, 1992. Five weeks internship at Mountainview Productions, Schenectady, NY, during final editing of the SUNY-sponsored basic accounting video series for the Center. He also received a tutorial course in advanced marketing from two SUNY Albany School of Management faculty members. One week at SUNY's Empire State College, Saratoga Springs, NY, to study the college's distance learning programs and techniques. One week at Empire State College's New York City campus observing its video production system and visiting commercial video studios.

Michael Makara, M.D., Dept. of Internal and Infectious Diseases, St. Laszlo Hospital, Budapest, and partner of Melania Publishing Ltd. Training period: August 15 - October 31, 1992. Five weeks in Buffalo, NY, observing business and management procedures at various types of private medical practices and medical insurance firms, mentored by a professor at the Dept. of Family Practice, SUNY Buffalo College of Medicine and School of Management. Two weeks observing an HMO industrial medicine practice in Naugatuck, CN. One week attending two national medical conventions in Florida: the

Hungarian Medical Association of America meeting in Sarasota, and the Medical Group Management Association meeting in Orlando.

Csaba Bodrogi, president of Ferrotrans Trading Co., Ltd., of Győr and secretary of the SUNY Center's partner organization New York State-Győr Foundation; active in arranging exchange visits for the USIA-funded CNI project involving Buffalo and Győr. Training period: October 31 - December 5, 1992. One week at The Center for Industrial Effectiveness (TCIE), a joint consulting service of SUNY Buffalo's Schools of Engineering and Management, including participation in a Buffalo Leadership Innovation Symposium on "Leading Change in Organizations." One week observing regional development activities, mentored by the Greater Buffalo Chamber of Commerce. One week on export promotion, mentored by the Western New York International Trade Council. One week mentored by the Small Business Development Center at SUNY's Buffalo State College. One week mentored by SUNY's Erie Community College's executive dean of community activities.

Laszlo Podmaniczky, asst. professor of farm economics and management, Agricultural University of Gödöllő, and director of Farmware Informatic Ltd., Budapest. Training period: October 17 - December 19, 1992. Three weeks at SUNY's Morrisville Agriculture and Technology College, including visits to Cornell University. Two weeks at SUNY's College of Technology at Alfred, NY, also including time at Cornell. Two weeks at SUNY's Cobleskill Ag & Tech College. Three days at Ohio State University's Dept. of Agricultural Economics, and three days at the University of Massachusetts at Amherst to look into geographic information systems (GIS).

Laszlo Miko, senior designer at Kozti Ltd. Architects-Engineers-Planners, Budapest, and visiting asst. professor of architecture, Technical University of Budapest. Training period: January 4 -February 18, 1993. He was mentored by a professor of the Business Management Dept. of SUNY's College of Technology at Farmingdale, Long Island. With SUNY faculty advice and assistance, he visited numerous architectural and engineering firms in the New York City area to observe their organization, competitive bidding and costing procedures, and business practices. In his final two weeks he moved to Long Island to attend courses and meet with faculty members at the SUNY College.

GROUP TRAINING AT SUNY BUFFALO

The remaining eleven Fellows all chose to come to the US for training in early January 1993. At OIP's request, SUNY Buffalo's School of Management developed a unique program for nine of the Fellows. It focused on two fields of primary interest to all of them -- Total Quality Management (TQM) and small business management -- and ran from January 11 to February 20. The School designed and taught special courses in these fields for the Fellows. It also arranged field trips to private firms and institutions in the Buffalo area so that the Fellows could see TQM concepts in action. Moreover, it

made special arrangements for individual Fellows to pursue appointments and networking in their particular career fields.

The following Fellows participated full-time in this special training program in Buffalo:

Zoltan Fenyosi, asst. professor in production management, industrial engineering and marketing, Dept. of Industrial Management & Economics, Technical University of Budapest.

Laszlo Csia, economic adviser for Dunaholding-Gyöngyös Economic Advisory Ltd., Gyöngyös, and a member of the Center partner organization Foundation for Advanced Management-Gyöngyös.

Eleonora Kovacs, asst. lecturer in marketing and communication, Faculty of Economics, University of Miskolc.

Laszlo Dinya, Dean of the University College of Food Industry, University of Horticulture and Food Industry, Szeged, and professor of economics, management, and marketing.

Emese Pallagi, assoc. professor in food chemistry and food analysis, University College of Food Industry, Szeged.

Laszlo Roka, training and marketing manager, PRIMOM Foundation for Enterprise Promotion, Nyiregyhaza, which is a Center partner organization.

Istvan Szent-Kiraly, manager of Felelos BT, a quality control consulting firm, Nyiregyhaza.

Istvan Kaptalan, graduate student, Faculty of Electrical Engineering, Technical University of Budapest.

Laszlo Konrad, manager of Simultan CNC Machine Tool Service, Ltd., a consulting firm for the machine tool industry, Budapest.

ARTISAN FELLOWS

Two additional Fellows participated in the first four weeks of the Buffalo program and then received specialized training. They have been active in the privatization and reorganization of Hungary's handicrafts industry. We expect them to become key links in providing business training through the Center for newly privatized handicraft firms and associations. They studied TQM and small business management as it relates to handicraft production, and the state of the art in the U.S. handicraft industry. They were:

Gabor Fulop, president of the North Hungary Regional Chamber of Commerce, Eger, who has been active in supporting private handicraft firms in his area. Four and one-half weeks with the Buffalo program. One week in Burlington and Bennington, VT, to see a variety of handicraft production and marketing facilities. Also visited the Lake Champlain Chamber of Commerce, which subsequently scheduled a visit to Hungary to explore trade and investment opportunities. One week in New York City, touring the design facilities of SUNY's Fashion Institute of Technology, meeting with a number of handicraft import and marketing firms, and attending the opening of the International Gift Exposition at the Javits Center.

Agnes Kovats, co-owner of Kovats Keramia BT, Budapest (accompanied by her husband, the other co-owner, at his own expense). Four weeks with the Buffalo program. Three days at SUNY's College of Ceramics at Alfred University to observe state-of-the-art industrial and artistic ceramics production. Then participated in the same program as Mr. Fulop.

The Grant's Context: SUNY's Hungary Project

The Pew Charitable Trusts made this Fellows training grant just before SUNY's Hungary Project received its first major grant from AID. The Center was in its infancy, and the source of basic operational funding was not yet known. The training of 18 Hungarian Fellows has helped assure the Center's long-term viability when major funding expires. To understand the value of the Fellows training grant to the Hungary Project, it is important to understand the evolution of the Center over the past two years.

The SUNY Center grew out of a series of four small private sector development lecture projects in Budapest, organized by SUNY's Office of International Programs (OIP) in the spring of 1990. These activities were funded by grants from the Andrew W. Mellon Foundation.

The lectures were well-received and prompted SUNY to initiate a permanent presence in Hungary. We received a start-up grant from Mellon to establish the Center in downtown Budapest, and a small Hungarian staff was hired. OIP management staff shuttled in and out until September 1991, when SUNY Albany business professor William K. Holstein became the resident Center director. In November 1992 he was succeeded as director by Dr. Arpad Kezdi, his former deputy. The staff now includes four Hungarian program and administrative personnel, an American small business development counselor, and one American graduate intern.

AID funding of Center activities began in July 1991 with a one-year grant. It was extended in July 1992 and is likely to be further extended in July 1993. AID's ongoing support has been crucial for the continuation and evolution of the Center's activities.

The existence of the Center is the single most important element in the success of SUNY's program in Hungary. Its full-time staff maintains daily contact with Hungary's business and academic communities. This enables the project's managers to react quickly to changes in course demand and to modify course formats, topics and locations.

The Center's permanence gives the project a degree of legitimacy not obtainable with only *ad hoc* visits by consultants and lecturers. It demonstrates to our Hungarian partner organizations that they are collaborators in a long-term, continuing activity. This fosters a willingness to invest time and resources to support and participate in the Center's activities. The Center has legal status as a non-profit Hungarian entity.

The Center and its SUNY managers have emphasized programs that will help build the kinds of institutions necessary to sustain private enterprise activities begun with this project. We have helped create two regional management development foundations to work with the Center. These organizations comprise local representatives from the business community, government, and academia. As members of the community they can assess local needs reliably and are thus quite helpful in the selection and sponsorship of Center courses.

The Center also works with university and college partners across Hungary. It encourages them to support their local business communities with business development and management expertise. The American notion of the university as a community resource is new to Hungary and will be one of the most valuable and lasting project outputs. Business curriculum design programs are frequently given simultaneously with executive development courses to help create dialogues between the business and academic communities.

CENTER ACTIVITIES HIGHLIGHTS - YEARS ONE AND TWO

Seminars

More than 1,000 Hungarians have attended in-country seminars in the basic business subjects of accounting, finance, retail and export marketing, strategic management, business planning, human resource development, small business startup, and small business and banking.

The Center has developed more specialized courses in response to demand in such areas as regional marketing, crisis management, total quality management, agribusiness, and MIS for agriculture.

In 18 months since the start of AID funding in July 1991, the Center has organized and conducted:

- 45 two-day business management seminars;

- five one-week finance/accounting courses for non-financial managers;
- three two-week executive development courses for senior managers;
- 12 curriculum development workshops for university and college business schools.

Video Training Series

SUNY and the Center produced a 15-part Hungarian-language video training course in basic business accounting. In recent months the U.S.-based Economic Literacy Project (ELP), with funding from the Hungarian-American Enterprise Fund, rented office space at the Center to manage the production of three additional business-oriented training video series. The Center and ELP are jointly marketing and distributing all four series, each with a set of workbooks, throughout Hungary. The agricultural college in Gyöngyös has already announced it will include the accounting series in its open university program; similar commitments are being obtained from other colleges, universities and entrepreneurs' associations.

Total Quality Management

The Center coordinated a needs assessment by SUNY Buffalo at three universities in July 1992. The study found a strong demand for training in teaching the concept of Total Quality Management (TQM). This resulted in a series of activities:

- TQM concepts were introduced in the three participating schools' management programs, with major input from Fellows from Szeged, Budapest and Gyöngyös.
- An introductory TQM conference was held in Budapest for some 100 quality management officials, researchers, academics and industrialists. The lieutenant governor of New York was the keynote speaker.
- A two-day TQM awareness workshop was held in Szeged, arranged by Fellows in Szeged.
- SUNY faculty worked with faculty at Miskolc and Szeged to discuss ways to introduce TQM into the business and engineering curricula, also involving Fellows.
- Preliminary discussions were held with Miskolc and Szeged faculty and administrators on creating SUNY-style Centers for Industrial Effectiveness at both campuses, again involving Fellows.
- The University of Miskolc asked SUNY Buffalo to participate in a TQM conference in March 1993. Miskolc staff arranged the event; its faculty presented papers and lectures along with their Buffalo counterparts. This is an example of a Hungarian partner organization contributing to project sustainability.

Management Foundation Development

The Center helped conceive and create two local management foundations which aid local business development by sponsoring Center programs. These are the

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Foundation for Advanced Management in Gyöngyös and the New York State-Győr Foundation.

The Center played a major role in making the PRIMOM Enterprise Center in Nyiregyhaza one of its partner organizations.

The Center also has continuing close working relationships with these sponsoring organizations:

- Budapest University of Economic Sciences
- Technical University of Budapest
- University of Miskolc
- University of Horticulture and Food Industry, Szeged
- Janus Pannonius University, Pecs
- Pannon Agricultural University, Kaposvar
- College of Foreign Trade, Budapest
- National Association of Entrepreneurs (VOSZ)
- National Association of Craftsmen Corporations (IPOSZ)

U.S. Training for Hungarians

The Center has helped arrange training in the U.S., mainly on SUNY campuses, for Hungarian academics and business people. In addition to the eighteen Fellows, one MBA student will receive her degree from SUNY Binghamton this spring, and eight Hungarian business and management faculty have participated in SUNY Buffalo's four-week international management summer program and worked on MBA curriculum development projects.

In the Citizens Network Initiative project, funded by a \$150,000 grant from the US Information Agency, the Center arranged exchange visits for teams of city officials, business leaders, and professors between Győr and Buffalo and between Szekszard and Binghamton. This project encouraged Győr and Szekszard to create community-based volunteer organizations to attract additional investment and trade to their cities.

Rectors Training Project

The Rectors Training Program, funded by a separate \$75,000 Mellon grant managed by SUNY Albany, provided discussion forums with senior SUNY administrators and other training for Hungarian college and university rectors and vice-rectors. The first set of workshops, held in Budapest and Szeged, dealt with the issues of decreasing funding and reorganization of the Hungarian system of higher education. This program will be expanded to the Czech Republic and Poland in 1993-94.

Small Business Development

Two counselors from SUNY's Small Business Development Center (SBDC) system are serving six months each at the SUNY Center this second program year. They focus on three main activities:

- Individual consultations with Hungarian clients on business plan preparation, market research, loan application procedures, and other small business concerns;
- International trade development assistance;
- Advising Hungarian partner organizations wishing to set up their own small business counseling service.

The SBDC counselors has contacted a sampling of participants in Center seminars as well as 334 banks that make small business loans. The former participants have begun requesting counseling, and banks have begun referring small business loan applicants to the Center and its SBDC counselors.

Developing Trade Opportunities

A key component in the development of Hungary's private sector will be a significant increase in its export capacity. The Centers's programs have led to a number of export-related contacts and activities:

- An official of a major Buffalo frozen foods firm visited Budapest and Győr to explore the possibility of placing a major frozen foods distribution facility for eastern Europe in Hungary. He also asked the Center to undertake a market survey, at his firm's expense.
- A Binghamton trading company has asked the Center to identify Hungarian firms interested in supplying large quantities of machined auto parts, frozen chickens, and fresh-cut flowers.
- SUNY Buffalo formed the non-profit International Enterprise Foundation which will use MBA students to do market and industry studies to support investment and trade between New York companies and firms in Győr and Gyöngyös.
- The Center drafted a food export manual for the Hungarian food industry which provides details on the requirements for exporting food to the U.S.
- A representative of New York's Southern Tier World Commerce Association called on several firms and associations in Szekszard in July 1992.
- In Győr the Greater Buffalo Chamber of Commerce and the city-owned Buffalo Enterprise Development Corporation jointly committed themselves to find American exporters to rent space in a proposed business incubator in Győr.
- The Hungarian small business federation in Győr and the Buffalo Chamber's Council on Small Business Enterprises arranged for eight small business managers from Győr to visit their Buffalo counterparts at their own expense this spring.

- Two Chicago-based hospital management and construction consultants accompanied the Buffalo team to Győr at their own expense to explore business opportunities in Hungary's soon-to-be privatized health care industry.

Most of these activities developed from contacts made during Center programs between SUNY faculty, New York business and government program participants, and Hungarians.

CENTER ACTIVITIES - YEAR THREE

We anticipate a large new grant to help develop a Center of Excellence in Total Quality Management at the Technical University of Budapest. One of the Hungarian Fellows is a faculty member of the Technical University of Budapest who will have a key role in the Center for Excellence project.

Assuming a third year of AID funding, the Center will continue to assist with the development of Hungary's private sector by conducting management training and economics education programs. However, because of the anticipated Center of Excellence grant, we expect a reduced AID grant for continued Center activities. The necessity to work with a significantly lower level of funding for its regular activities will provide the Center an opportunity to focus on fewer activity categories. There is a strong *institution-building* component in many of the categories. Drawing on our years of experience in Hungary, we expect to:

- work primarily with small business owners and managers and with lower-to-mid-level managers in mid-sized firms.
- continue working with the management development foundations we helped start in Győr and Gyöngyös, and with other partner organizations mentioned above.
- continue helping Miskolc and Szeged develop their Centers for Industrial Effectiveness.
- distribute and monitor the usage of the 15-part Hungarian language video series in basic business accounting in conjunction with three other small business training video series produced by the Economic Literacy Project.
- continue our management development programs in Hungary and at SUNY Buffalo.
- assist Hungarian local governments and local private sectors in organizing for civic development and increased economic competitiveness.
- concentrate on providing training in export, regional and retail marketing; international trade development; total quality management; small business development; and teaching management skills.
- coordinate and assist the Technical University of Budapest's development of a Center for Excellence in TQM in cooperation with the Hungarian government's National Committee for Technological Development and the 64-campus SUNY system.



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MEMORANDUM

DATE: August 17, 1993
TO: PPC/CDIE/DI
FROM: Ronald P. Oppen *RA*
SUBJECT: Fourth Quarterly Report and
Second Annual Report for FY 1992/93
AID Project No. EUR-0029-G-00-1061-00

Attached is the fourth **Quarterly Report**, with appendices and attachments, for the second year funding of AID's Management Training and Economics Education Project which SUNY's Office of International Programs is conducting in Hungary under the subject project number.

Included at the end is an **Annual Report** section which responds to the requirement in the Grant Agreement to provide a Final Report at the end of the project year.

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