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CENTRAL CONNECTICUT STATE UNIVERSITY
Management Training and Economic Education
in
Eastern and Central Europe
Grant No. EUR-0029-G-00-1039-00

Report for May, 1994

I. ADMINISTRATION

We have now concluded nearly all of our Program Continuation training activities. The administration of this Grant continues to run smoothly. TUWr and CCSU colleagues work well as teams. They are developing extra-USAID academic initiatives beyond the scope of their individual training programs.

The Center for Excellence project is on track and progressing well.

Professor Kremens spent the period May 17 to 28 in New Britain, meeting with all Activity and program coordinators, Ms. Cephias, Ms. Fellage, and me, as well as with a number of the business practitioners whom he has met in Wroclaw.

On May 25, Central Connecticut State University hosted a reception and dinner to thank all of those people who have provided training and/or consulting services under this Grant. Among the 60 attendees receiving special thanks were representatives of the Connecticut District-Polish American Congress and the General Jozef Haller Post of Polish and Polish-American war veterans. Professors Kremens, Maluszynski, and Stawska represented TUWr; Roman Rostek represented UWr.

II. PROGRAM CONTINUATION

A. Activity I: Management Training

Program I: Institute for Business Studies

Program completed.

Program II: Business Workshops/Short Courses-Lower Silesia

CCSU Coordinator: Professor Henry S. Enck

TUWr Coordinator: Professor Zofia Krokosz-Krynke

The fourth session of the fourth year I.B.S. program, Dynamics of Organizations, was presented in Wroclaw May 27-29; the Legnica session was held in early June. Lead Professor was first year I.B.S. graduate Leszek Duda, President of Normico, Ltd. of Warsaw. He was assisted by Dr. Andrzej Kaczkowski, TUWr administrator.

CENTER FOR CONTINUING EDUCATION STUDENT CONTACT HOURS

25 participants x 30 hours = 750 s.c.h.

Through the conscientious, good work of Professor Krokosz-Krynke, the Center, in conjunction with the Department of Information and Management of TUWr, offered two training sessions in Jelenia Gora.

Marketing for Managers was presented by TUWr Professors Leszek Jurdziak and Wojciech Sibilski May 20-21, 1994. Among the topics they addressed through lectures and case studies were: supply, demand, elasticity of demand, consumer behavior, market structures, decision support systems, market segmentation, market mixes, and marketing strategies in Poland.

CENTER FOR CONTINUING EDUCATION STUDENT CONTACT HOURS

26 participants x 20 hours = 520 s.c.h.

Finance for Managers was presented by TUWr Professors Gabriela Paszkowska and Zofia Krokosz-Krynke May 27-28, 1994. Among other topics, they focused, through lectures, case studies, and computer analyses, on balance sheets, income statements, cash budgets and cash flows, financial ratios, present and future value of money, net present value and internal rate of return, investment problems, and financial planning in Poland.

CENTER FOR CONTINUING EDUCATION STUDENT CONTACT HOURS

24 participants x 20 hours = 480 s.c.h.

Program III: Production for Markets

Program completed.

B. Activity II: Organizational and Managerial Communication

Program completed.

C. Activity III: Economic Education

Program I: Economics Education for High School Teachers

CCSU Coordinator: Professor Ronald Daigle

TUWr Coordinator: Professor Lech Stefan

Professor Daigle and the Teaching Assistants spent this month preparing for the add-on July session and working on the Introduction to Basic Market Economics. Professor Daigle estimates that the first volume will run about 225 pages.

Wroclaw Kurator: Grazyna Tomaszewska has assigned Wroclaw Teacher Training Center Director Wojciech Malecki the responsibility for coordinating the July session. He is now arranging for the training visits as participants of the teacher trainers from Gdansk, Krakow, and Poznan. From administrative savings, CCSU has agreed to pay the travel and living expenses in Wroclaw of the Gdansk and Slupsk wojewodeship teacher trainers since this expense could not have been budgeted by them for this year.

Program II: Economics Education for Solidarnosc Workers' Council Heads

Program completed.

Program III: Privatization Counselling

CCSU Coordinator: Professor Henry S. Enck

TUWr Coordinator: Professor Danuta Domagala

The second session of this three-session counselling program took place in Wroclaw May 23-27, 1994. It was led by Donald Gonsalves, retired CFO of Remington Products, who has spent considerable time this past year in St. Petersburg, Russia, providing privatization counselling to several high-tech firms there. He was assisted by Professor Gus Kalogeras, Dean of the School of Business Administration at St. Thomas University (Miami, Florida).

During the first two days, the CCSU trainers worked with a group composed largely of TUWr personnel. They discussed the typical management organization of a business and of a university and the various ways universities can save and generate money through outsourcing or privatization of such services as transportation, security, maintenance, printing, food, and computer and project engineering.

With the university people and also during the 2-day session with trade union management, the trainers spent a great deal of time on the Gerber case study (which was translated into Polish) as this classic case covered all areas of risk and of Polish concerns vis a vis privatization such as foreign ownership. The participants were divided into three groups representing the viewpoints of the Polish government, the Polish company being acquired (Alima), and the foreign purchaser (Gerber). Lively discussions ensued within each group.

Fortuitously, the day before the first Gerber presentation, Gerber itself was acquired by the Swiss firm Sandoz. This meant that the trainers could discuss not only what actually happened in the Gerber-Alima case, but also what had just happened to Gerber. Mr. Gonsalves emphasized, for example, that Americans are not overly concerned when a foreign company purchases an American firm, and that Poles should not necessarily feel threatened by foreign firms investing in Poland so long as the settlement is balanced and equitable.

In addition, Mr. Gonsalves and Professor Kalogeras discussed the importance of up-to-date accounting and data systems utilizing a closed loop system, income statements, balance sheets, financial statements, and the development of business plans. They also explored rates of return as they apply to privatization offers and the differences which exist between Western- and Eastern-style economies. They confronted the Polish people's unrealistic expectations of making quick, easy money in the Polish stock market. Mr. Gonsalves is particularly worried that the likely plunge in the stock market, similar to what happened in March, could leave a lot of innocent, naive investors hurt, and that this hurt could prejudice their views on privatization. Finally, they discussed the "lease of assets" approach to

privatization.

I have mentioned in previous monthly and quarterly reports that this program has been caught up in the emotions of contemporary Polish political and labor conflict. Certainly on this visit, the CCSU trainers sensed clearly the current popular Polish sentiments or feelings of shared misery and relative deprivation. Ordinary Polish people are not economically worse off than they were, say, in 1989, but they think they are. This, and their historically-rooted fears of foreign domination, help explain the hyper-emotionalization of privatization just now in Poland.

Further, on this visit the trainers got a clear sense of the travails of Solidarnosc. It lost badly in the Parliamentary elections. It threatens or conducts strikes regularly. It is fearful of another rout in the upcoming local elections. Social safety net-type security is a major worry for its members. Attendance in the second 2-day session, for example, was low because, according to Rektor Wiszniewski, many of the participants were out campaigning for local candidates running in the June, 1994 local elections.

Mr. Gonsalves reports that "the students learned a lot about business and the risks and concerns that various people have. It was very obvious that the average person did not have much faith or trust in the promises made by the people acting as the Polish Government." He also noted that "the number one issue or concern that people in Poland have is unemployment. People are afraid they are going to lose their jobs. This is the biggest objection to privatization."

Mr. Gonsalves has worked closely with Ted Patlovich, retired Vice President for Marketing of Loctite Corporation, and Daniel Ahlquist, a commercial banker from Shawmut Bank Corporation, on the training content for the June session. The topics he suggested included bank borrowing, interest rates versus inflation rates to determine real rates, short- versus long-term loans, and alternatives to bank financing.

He provided TUWr with copies of the following Harvard Business School cases:

Szczecin Shipyard	Semeco
Prochnik	Se Ce S-Pol
Citrus Wholesale	Profilm

STUDENT CONTACT HOURS

Day I:	13 participants x 5 hours =	65 s.c.h.
Day II:	16 participants x 5 hours =	80 s.c.h.
Day III:	9 participants x 5 hours =	45 s.c.h.
Day IV:	10 participants x 5 hours =	50 s.c.h.

TOTAL		<u>240 s.c.h.</u>
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III: CENTER FOR EXCELLENCE

A. Master's Degree Training:

The Organizational Communication graduate students continue to do well. The three MBA candidates continue with their pre-departure requirement responsibilities and preparations for Professor Parker's Accounting courses which will be offered in June and July.

B. Center for Continuing Education:

The list of equipment to be purchased for the Center is nearly ready for presentation to USAID Washington for approval. Dr. Czemplik continues to work on writing the curriculum for the Center and on the renovation/construction project. He and Dr. Wilimowska are completing arrangements for the Center short courses that will be offered by Professors Parrish-Sprowl and Parker in June and Professors Maluszynski and Stawska in August. The two I.B.S. programs offered in Wroclaw and Legnica are on track and doing well. Thus far, four of the nine sessions have been completed in Wroclaw. The fourth session takes place in Legnica early in June.

As mentioned previously, the opening ceremony for the Center facility is scheduled for the second week in November.

[End of Report]

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