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POSTHARVEST INSTITUTE

Postharvest Institute for Perishables

**Business Management Training for
Russian Organizations**

Cooperative Agreement No: CCN-0006-A-00-3007-00

for

USDAID/NIS Task Force Office

Submitted by:

Jerman Rose

July 1994



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Executive Summary

Training on business and finance in a market economy, and training on consulting and proposal preparation and organizational options were conducted during the period from April 16 through April 30, 1994, for the Russian Potato Concern (RPC). These activities were conducted in Moscow, Russia at facilities provided by RPC. As a result of these activities, personnel of the RPC were introduced to basic fundamentals of Western accounting, financial analysis, and marketing. The RPC also received specific assistance in proposal preparation and in the creation of a network of information and service centers. Feedback from the Russian participants in the training and consulting activities was very favorable and confirmed the value of the activities.

Training

In January of 1994, John R. Willie performed an in depth assessment of all RPC and its needs. Willie's evaluation uncovered a need at RPC for development in the areas of domestic and export marketing, financial analysis and preparation of investment proposals, and the development of relationships with international funding agencies. Responding to this need, Willie recommended an intensive training program in finance and marketing for key personnel at RPC and the associated bank, Reinbank. Specifically, Willie suggested a curriculum which included financial accounting and analysis, preparation of investment proposals, including the development of financial projections of cash flows, and the fundamentals of export marketing.

Responding to these recommendations, a training workshop was prepared to provide an introduction to these critical areas. Upon arrival and following an on-site orientation to RPC, the outline of material which had been developed prior to arrival in Moscow was discussed in detail with staff of RPC and received their approval.

During the week of April 17, 1994, the four day workshop was held at the State University for Land Management in Moscow. The facilities for the workshop were excellent. Training was conducted in the major conference room of the University, which was arranged in seminar fashion. It was adequately lighted and ventilated and an overhead projector was available. Participants had adequate area to spread out comfortably and take notes.

Refreshments were provided for the participants during breaks in the program. The University is conveniently located near a Metro station and is thus readily accessible to participants.

The workshop was attended by fourteen persons representing RPC administrative staff and associated organizations, including Reinbank from Moscow, Kirov region, and staff of the University. A list of participants and affiliations is included in Appendix A. The participants presented a wide range of preparation and experience. All of the participants seemed enthusiastic, attentive and energetic in their participation in planned activities, exercises and discussion.

The workshop was conducted entirely in Russian (the presenter is fluent in Russian) utilizing a participative method which involved the participants in active learning activities aimed at rapid and effective learning. This method was unfamiliar to the participants, the majority of whom were used to a strict lecture method. The participants quickly became accustomed to the method and participated enthusiastically, offering comparisons to the Russian situation and other positive feedback. In addition to teacher participant dialogue, an effective intragroup dialogue contributed to the achievement of the learning objectives of the workshop.

The first day of the workshop was devoted to orientation of business in a market economy and to the development of a business plan. As part of the business plan discussion,

participants were introduced to the SWOT analysis method of evaluating the current situation of their organizations and were asked to complete such an analysis and discuss it with the other members of the group.

On the second day, financial aspects of a business plan were discussed and the fundamentals of accounting were introduced.

The third day continued the discussion of accounting principles with special emphasis on the analysis of financial statements, preparation of budgets and proforma statements and projecting cash flows.

On the final day participants were introduced to the key elements of a proposal for financing and the differences between a business plan for internal management use and a proposal to attract external funding. Finally, an overview of the basic principles of international business was offered with emphasis on identification of export markets. An outline of the specific schedule of subjects covered is included in Appendix B.

Throughout the workshop and at its conclusion, participants were asked for their evaluation and impression of the usefulness of the subjects being covered, the conditions in which the workshop was conducted, and the methods employed. The daily feedback from participants resulted in minor adjustments where necessary to ensure that participants received maximum

benefit. At the conclusion of the workshop participants expressed their satisfaction with the workshop organization, facilities, and delivery.

Consultation

The training session included specific sections related to the preparation of proposals for financing the staff of RPC. They then requested additional assistance in preparation of a proposal for the establishment of a system for the distribution of seed potatoes for private potato producers in central Russia. As a result of this request, the week of April 25-30 was devoted to this project. Beginning with a draft proposal which had been prepared by RPC, they were led through the process of editing and strengthening the proposal. Working each day in the office of RPC with the staff, particular emphasis was placed upon the proper order of topics and the logical development of a persuasive presentation. Every aspect of the proposal was reviewed and reworked and a complete English translation of the subsequent Russian version was completed. RPC staff expressed their intention of presenting the proposal to potential sponsors, in particular Western private bankers identified by the Ministry of Agriculture.

While the editing and translation of the financing proposal discussed above occupied the majority of time, additional topics were discussed with RPC staff. These topics included the establishment of a network of technical assistance centers to be located in key areas to provide basic business and technical information for potato producers. Several American

models for such networks were discussed, including the agricultural extension service model, the Small Business Development Center model, and the model used by private sector consulting agencies such as Anderson Consulting and others. The staff expressed interest in funding options for such networks and for selection and training of network staff. Another topic of interest was the process for the selection of participants in additional educational activities.

Additional materials related to the process of proposal and business plan writing were also given to RPC. A list of these materials is included in Appendix C.

Conclusion

The RPC staff were very receptive to new ideas and information provided in both the formal training session and in other discussions. They are sincerely interested in finding ways to improve their operations and in securing additional resources to enable them to accomplish their ambitious agenda. It was also clear that they have worked to improve their knowledge. Staff members expressed their appreciation of the role played by the Postharvest Institute for Perishables in providing them opportunities for technical consultation and business training.

The training program provided by this project was well received and effective. However, current and future staff of RPC and affiliated organizations will benefit from on-going

training and consulting activity. While this training covered a number of very important topics, current and new staff of RPC could benefit from a continuing program of specialized training in each of the areas covered. In addition, in order for the training to be effectively transmitted to outlying associated organizations, a program of training for trainers should be developed.

Appendix A

Participants in the Training Program

Yu. V. Moiseev	Russian Potato Concern
A. V. Kupchenko	State University of Land Management
Ye. S. Barinova	Russian Potato Concern
A. L. Merkulyev	Russian Potato Concern
O. G. Tretyakova	Russian Potato Concern
V. V. Sidorov	“Vetka-Sakhar” in Kirov
A. A. Lelikov	SKB Bank
N. I. Kresnikova	State University of Land Management
M. N. Silaeva	Reinbank
Yu. V. Kirillin	NIPI Biotin in Kirov
G. Ye. Selmova	Insurance Company in Volgograd
V. V. Usachev	Russian Potato Concern
N. G. Rodina	Russian Potato Concern
T. A. Kostenko	Russian Potato Concern

Appendix B

Training Program

Day One

Introduction to method and participants

What is a business plan?

Components of a business plan

How to assess the current situation of an organization using the SWOT analysis

Importance of the management and marketing portions of a business plan

Day Two

What is a financial plan?

Components of a financial plan

Fundamentals of western accounting practice

Elements of a balance sheet

Five important principles of accounting

Day Three

What is profit?

Elements of an Income Statement

How to analyze financial statements

Budgeting and cash flow statements

Day Four

A review of international business with special emphasis on export marketing

What are the differences between a business plan and a proposal for financing

How to improve proposals for financing

Using a marketing approach to identifying financing

Question and answer session

Appendix C

List of materials given to Russia Potato Concern Staff

Sample requests for proposals

National Council for Soviet and East European Research Annual Research Competition

USAID Request for Proposals for Ethiopian Economic Development

USDA Food and Agricultural Sciences Grant Program

USIA College and University Partnership Program for the Russian Federation

Other materials

“How to Prepare a Business Plan” publication of Washington State University/SBDC

“First Analysis of a New Venture” publication of Washington State University/SBDC

How to Write a Business Plan by David Bangs, Upstart Publishers