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The Sustainability of Business Advisory/Consulting Services: The Perspective of the MATCH Project in Hungary

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The Management Training Cooperation in Hungary (MATCH) Program has structured its activities into three business units. Furthermore, the project has evolved from an initial focus on large enterprises at the core of the Hungarian economy with relatively strong prospects for continuation, sustained growth, and multi-country operations to a focus on small and medium sized enterprises. These latter firms are often entrepreneurial start up firms, with great potential but also with a significant probability of failure and bankruptcy.

Unlike other MTEEP projects, our emphasis has not been on direct business consulting or advisory services. Instead, we have focused on non-degree training programs and short courses tailored to meet the specific needs of the participants and their companies. In addition, we have attempted to provide support facilities, especially in the information area, to lower the costs of operations for these firms. We have found that by using the Budapest University of Economic Sciences (BUES) as the base, in conjunction with its management training center, the Management Development Center (MDC), we have forged an effective and sustainable link between the university community and the business sector by building upon the educational training skills of faculty at the university.

As background, let us first provide a brief description of the three "business units" that currently comprise the MATCH project. Then we will describe a specific case of consulting/advisory services within the MATCH project and the "lessons learned" that may be useful for other projects.

The Career Development Office (CDO) in MATCH is modeled after the highly successful Business Placement Office at Indiana University. The primary goal of this office is to facilitate the job placement market for students and businesses in Hungary. This has been done through career counseling, job fairs, scheduled interviews, company contacts, and the centralization of student resumes into book, CD, and computer disk formats. We believe the CDO was the first formal business placement operation in Hungary. The information that is provided is, in a broad sense, business consulting/advisory services, for the CDO provides critical information to potential employers about job candidates and vice versa. Of special note is the fact that the CDO greatly broadens the potential employee pool for small and medium sized enterprises that do not have the human resource department, experience, network, or recruitment budget of large multinational firms.

Our second business unit is the Center for Business Education (CBE). This office is physically located on the ground floor of the main university library, a site conducive to student use. However, it also provides electronic services to many of its clients offsite through electronic connections, including the Internet. Of particular note to businesses are the cases, data bases, and contact lists that it has on file. One of the first cases it sponsored, VIDEOTON, is in the appendix. It describes the transformation of a high-technology firm confronted by competition and new market forces. A shorter case, outlining a serious issue of product quality and the management of the problem, is also included in the appendix.

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In addition, the CBE provides valuable resources for students who are doing research on companies within and outside of Hungary. The Center has also provided strategic market analyses for both students and client firms.

Through the Management Development Center, the MATCH project has organized and then spun off a large number of projects that, in effect, provide business and consulting services to individuals and client firms. Of special note is the partnership program. This program links approximately a dozen Hungarian firms and the Center in a cooperative partnership. For the last two years programs have been developed to meet the needs of these companies based on their specific requests. The companies are expected not only to provide attendees but also to suggest topics, arrange facilities, share data, and participate in program evaluation and improvement. In addition, the MDC has worked very closely with specific firms to tailor training programs to meet their needs, so called "customized programs." One of the most notable examples of this is MATCH's work with Aeoroplex, a cooperative venture between the Hungarian airline Malev and Lockheed Martin in the United States. Over time, this relationship has been productive for all sides and has greatly improved the communication and cooperation within the company. Listed below are a number of keys points for discussion, based on our "lessons learned from our Aeoroplex experience," that we believe can be extended to other projects and geographic areas:

- Before conducting any program it is desirable to conduct a "needs assessment." Ideally, this should be conducted by the program instructors/trainers in order to help them become familiar with the client companies.

- In designing a program it is often important to realize that the goals of the company (possibly expressed through comments by the CEO) for the training and the objectives of those individuals being trained often differ. One of the challenges of a trainer in such a situation is trying to fulfill the needs of both groups: the "customer" and the "contractor."

- To help with the training, it is often desirable to prepare case studies, even if only an "incident" in the company. By being based on actual facts and figures, these cases apply realism to the advising/consulting process.

- Consider using homework assignments before the session. In the Aeoroplex program we found it useful to ask participants to describe their <u>inside</u> suppliers and customers and to then develop a job description for themselves.

- Don't lecture but strive to generate discussions within the group. Lecturing is less effective in a relatively homogeneous group like middle managers from one firm than it is for the typically heterogeneous student group we meet in a classroom.

- If the timing and circumstances permit, discussion teams and groups should be formed by the instructor to avoid cliques and to promote group dynamics. It is often ideal to have

cross-company groups with members from several functional areas to promote inter-group learning and broader discussions.

- The key aspect of the relationship is trust. Any business consulting/advisory service or, more broadly, any educational effort with companies must be based on a professional relationship that includes sharing information, honest reporting of results, and clear statements of goals.

- Relationships with companies need to be based on a "win-win" situation for all participants in order to be successful and sustainable. Since all our MTEEP projects are working with educational institutions, faculty must see something in the relationship that is useful for them and their institutions. This might include a financial stipend, but more importantly, it should also include something that broadens their knowledge base, gives them contacts and examples that they can use in the classroom, and promotes their research agendas.

- Institutional support is also critical for the success of these programs. In our particular case, we spend much time making sure that any MATCH effort in these areas is compatible with the overall mission of the Budapest University of Economic Sciences. If this is not true, it is unlikely that the effort will be continued after USAID funding terminates.

- In our experience, short courses that are focused on a specific topic are the most successful. Firms and individuals that we need to target are constrained in both time and money. Solutions and recommendations must be targeted to their specific problems and often are delivered on site to avoid the opportunity costs of participants.

- Partnership and other methods of cooperation among program participants generate great dividends. It is very useful for business people to meet with faculty members. However, they often get lots of useful information from other business people. We found our most successful programs are the partnership program that is described above and programs that are designed for a relatively homogeneous group such as women entrepreneurs, Roma women, or managerial assistants.

APPENDIX

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Videoton Holding Company:
The Restructuring and Turnaround of a Hungarian Manufacturing Giant

by Wade Danis

Introduction

As he surveyed the brand new blue and white building, that was due to be completed by year's end, Videoton Holding Company CEO Gábor Széles couldn't help but feel pleased at the progress his company had made over the prior three years. The building would house a hard disk manufacturing facility which would soon be producing 4 million computer disks annually for International Business Machines (IBM), and provide jobs for 1,000 employees. The facility, requiring an investment of $160 million, would be the largest of its kind in Europe. Such a high profile project with a well known global company like IBM would add to Videoton's growing reputation as a dependable Hungarian partner for western and international manufacturers, and position the company for further growth.

Videoton had emerged from bankruptcy only three years earlier. When Széles purchased the company in January 1992 the challenges seemed almost insurmountable. Videoton's traditional markets, the former Soviet Union and COMECON block countries, had collapsed almost overnight and the company was operating at 25-30% of capacity. The company's management, while strong technically, was not accustomed to operating in a market environment and lacked skills in areas such as marketing, finance, and business development. Videoton's organizational structure, typical of many communist-era manufacturers, was highly centralized and its culture was bureaucratic and ill-suited for a rapidly changing environment. Its technology, which had been relatively advanced by Eastern European standards, was falling behind that of the West and prospects for new investments were dim due to the company's poor financial condition.

After purchasing the company, Széles and his new senior management team re-organized Videoton into a holding company structure and began to re-orient the company to western markets through a strategy of subcontracted manufacturing with large western firms like Philips Electronics, IBM, Emerson Electric and Alcoa Fujikura. Management's most critical challenges at that time were achieving financial stability, utilizing excess manufacturing capacity and space, and avoiding further layoffs (employment had decreased from almost 20,000 to about 5,000 at the time of Videoton's privatization). Videoton's rather eclectic choice of new businesses and partners reflected these immediate challenges and its overriding goal of short term survival.

By 1995, Videoton had met all of the major challenges it had faced three years earlier. The company was profitable, most of its capacity and manufacturing space was being fully utilized, and employment had increased to over 6,000. Having survived the turbulent period following its privatization, Videoton was now poised for growth. The

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key question was what strategy Videoton would pursue, and how it would be implemented.

Background

As with all companies, the strategic choices that Széles and his top management would make would be influenced by Videoton's history, its organizational structure, its culture, as well as by external environmental factors. A review of some of these influences is provided below.

1945-1989: Videoton's Development Under Communism

Videoton was founded in 1938 as a manufacturer of hunting firearms. With the advent of World War II, Videoton began to manufacture its products for military use. In 1945, the company was nationalized, and began operation as a state-owned enterprise, under the centrally-planned economic system imposed by the communist government after the war. Over the next four decades, Videoton was managed as a typical communist-era, state-owned company, a fact that would have significant ramifications for its ability to adapt to the dramatic changes which would eventually engulf the company. For example, under central planning, managers developed a "production mentality," since meeting production targets was the primary consideration, not profits. Profits were simply transferred to the state, which then decided how to reallocate funds to companies for new investment. Similarly, pricing decisions were arbitrary in the sense that they did not necessarily reflect production costs or demand characteristics. This created a situation where companies could produce shoddy products inefficiently, without any real economic consequences. Since Videoton was viewed as a key asset, producing "strategically important" products and supplying the state with hard currency from its exports, the state was likely to continue to "subsidize" its operations, whether it was producing efficiently or not.

A related ramification of central planning was a "misdeveloped" industrial organization. Since industrial development was motivated by production volume, rather than efficiency or profits, central planners often created huge companies, employing thousands. These enterprises were frequently involved in a wide range of diverse activities, and usually controlled the entire production and distribution chain. Videoton's development was fairly typical. From roughly 1945-1985, Videoton expanded into a wide variety of product and service areas, including consumer electronics, computer hardware and software, military electronics equipment, plastics, heavy machinery, and international trade and distribution. Typically, Videoton controlled both product development and manufacturing, and also controlled distribution and sales via its international trade division, which had offices in several communist-bloc countries . As of the mid-1980s, its main products were television sets, radios, loudspeakers, military communications equipment, computer hardware, and specialized software systems. Approximately 60% of Videoton's products were exported to COMECON markets, with about 30% being sold on the domestic market, and the remaining 10% going to western markets. By 1989,

Videoton had become an industry leader commanding 25% of Hungary's industrial electronics production and employing almost 20,000 workers.

1990-1992: Market Collapse, Bankruptcy, and Privatization

Sensing the impending political and economic changes in the late 1980s, Videoton's management attempted to re-position the company by seeking western trading partners and attempting to restructure some of the company's larger divisions into economically-viable independent companies. Ultimately, the collapse of the Soviet and COMECON markets in the late 1980's, and with it the loss of up about two thirds of Videoton's traditional markets, proved to be too much. After heavy losses in 1990 and a failed privatization attempt in 1991, Videoton was placed in the hands of state liquidators in July 1991, with debts of HUF 10 billion ($134 million)[1].

In January 1992, a consortium consisting of three individuals (Gábor Széles, Péter Lakatos, and Ottó Sinkó), the state-owned Hungarian Credit Bank (HCB), and investment company Euroinvest, were the successful bidders in a public tender which determined ownership of the Videoton name and the remaining assets of the former Videoton Company. All of the liabilities of the former Videoton Company were forgiven by the state. The consortium won the tender with a bid of HUF 4 billion ($51 million), the details of which were not disclosed to the public. However, the Hungarian press later reported that Széles, the leader of the consortium, had only been required to put up a fraction of the purchase price.[2] Széles became the CEO of the newly established Videoton Holding Company while Lakatos and Sinkó became Co-Vice Presidents.[3] The resulting equity shares of Videoton are shown in Table 1.

Széles, Lakatos, and Sinkó gained de facto control over Videoton when they assumed the senior management positions in January 1992. They restructured Videoton into a holding company, with a number of independent subsidiaries, and began to implement western-

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[1] When converting HUF values to US dollars, the average annual exchange rate of the HUF for the year to which the data refer has been used. These rates were obtained from the National Bank of Hungary.

[2] Széles' initial equity share in Videoton was 10 percent ($5.1 million), although he only put up about $1.3 million dollars of this amount, consisting mostly of stocks from his private company, Műszertechnika. The remainder of the equity was essentially given to Széles in exchange for the "intellectual resources" ("szellemi tőke," in Hungarian) he brought to Videoton, by virtue of his successful track record in business and the talents of his top management team. As Videoton's capital stock increased over the next few years, the ownership was restructured and Széles' equity share grew to 25 percent by 1995, financed by bank loans. The details of HCB's share purchase were not divulged. Although, since HCB was a state-owned bank purchasing a state-owned company, this would have simply amounted to a transfer of assets on the state's balance sheet (Népsabadság, March 9, 1996).

[3] All these individuals were Hungarians from the senior management ranks of Műszertechnika Company, a private manufacturer and distributor of personal computers, founded by Széles in 1982. At the time of Videoton's privatization, Széles was well known in Hungary as the CEO of one of Hungary's most successful private companies. As the leader of the consortium to purchase Videoton, Széles asked Lakatos and Sinkó to join him in the bid, and later appointed them to Videoton's senior management. While Lakatos and Sinkó gave up most of their responsibilities at Műszertechnika, Széles divided his time between the two companies.

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style financial and managerial controls. From 1989 to 1993, employment decreased from approximately 20,000 to 5,000, as noted earlier. However, most of this reduction had occurred prior to and during Videoton's 1991 bankruptcy. Revenues also decreased from HUF 21 billion ($355 million) in 1989 to less than HUF 6 billion ($80 million) in 1991.

Products, Services, and Organization

With the exception of televisions and loudspeakers, which still represented a substantial portion of revenues and gross profits, Videoton shifted emphasis away from its own finished products and toward subcontracted manufacturing of electric and mechanical components and subassemblies. By 1994, a fifth of Videoton's revenues and a third of its gross profits were derived from its contracted manufacturing activities (Table 2).

As of July 1995, management classified Videoton's activities into three major categories: 1) Videoton brand products, 2) contracted manufacturing with a single or dominant customer, and 3) contracted manufacturing with many customers (Table 3). Organizationally, these activities were divided among 23 subsidiary companies. As the legal owner of Videoton's buildings, land, and infrastructure, the holding company charged the subsidiaries, and outside tenants, for use of these assets, as well as for management services in some cases. The holding company also provided financing to its subsidiaries, either through redistribution of profits or loans.

Future Challenges

By mid-1995, Videoton had achieved modest profits (Table 4), most of its capacity and manufacturing space was being fully utilized, and employment had increased to over 6,000. Management had done this without substantial outside investment (only 4 of Videoton's 23 subsidiaries were joint ventures), a notable accomplishment. Having survived the turbulent period following its privatization, Videoton was now poised for further development. While Videoton's opportunistic contracted manufacturing strategy had allowed it to survive in the short term, a number of factors indicated that another approach would be needed in the long term:

- Many of Videoton's western business partners were pressing Videoton for more active participation in manufacturing projects, including project financing. If Videoton did not oblige, there was a risk that some partners would decide to pursue new activities independently, or even sever relations. For example, Philips Electronics had already established an independent greenfield manufacturing facility in Székesfehérvár, Hungary, where Videoton was also located.
- Much of Videoton's equipment and technology was becoming outdated and some of its facilities were unutilized and falling into disrepair.
- Competition from lower-wage countries in the region, and from the Far East, was threatening Videoton's ability to provide cheap but highly skilled labor to its foreign partners. Wage inflation, brought on in part by locally operated western firms, exacerbated this problem since qualified employees were leaving Videoton to work for western companies.

- There was continuing domestic political pressure for Videoton to increase employment.

Despite the challenges, management had guided Videoton through one of its most turbulent periods and was now in a position to formulate a long term strategy to ensure its future growth.

Long Term Strategy

Early in 1995, Ottó Sinkó sensed the need to articulate a comprehensive corporate strategy to Videoton's subsidiaries so that they might better coordinate their activities. The main elements of the strategy, which he presented in the Spring of 1995, were (Figure 1 provides further details):

1. Develop subcontracted manufacturing relationships with western firms to:
   - utilize existing capabilities and excess capacities
   - accumulate financial and technological capital
   - gain access to new markets
   - expand horizontally into new activities.
2. Using subcontracted production/assembly/buyback agreements as a base, gradually develop additional value added capabilities through forward integration to:
   - exploit synergies among businesses
   - create a product/service portfolio in several key industries
   - improve overall manufacturing capabilities
   - develop and upgrade infrastructure and technology.
3. Support Videoton's proprietary products:
   - maintain and develop Videoton-brand products on the domestic market
   - re-build Videoton's product development and R&D capabilities
   - identify and enter new product markets with high growth potential.

While Sinkó's strategy outlined the general directions in which Videoton would move, senior management realized that there were critical implementation issues. Investment financing was the major one. Selling a controlling interest in the holding company to a strategic investor was considered to be one possible way to overcome this problem. Sinkó recognized that this would be a particularly important issue with respect to Videoton's proprietary products:

> "For Videoton's own products, especially for televisions, Videoton must decide whether to continue to operate the businesses independently or to take steps to involve one or more strategic partners. If we proceed with a strategic partner, it must be decided whether to go with a West-European partner, or with a partner from the Far East. This is going to be a strategic choice in the near future."

During mid-1995 senior management was discussing with majority owner HCB the bank's willingness to sell all or part of its 65% share, and had commissioned a western

accounting firm to value Videoton. It was anticipated that such a move might provide Videoton with additional financing to fund continued growth. For example, the terms of the sale of shares could specify additional investments, to be made by the new investor in Videoton. However, management was extremely concerned about losing control. Because of this, the owners were also considering the feasibility of management itself purchasing HCB's share, and were exploring possible sources of financing.

The key questions at this critical juncture in the life of Videoton are:

1. Is the strategy outlined by Sinkó appropriate? Are there other options? For example, should Videoton focus exclusively on becoming an attractive subcontractor, at the expense of its own products. If Sinkó's strategy is a workable option, how should it be implemented? Is subcontracted manufacturing a viable strategic option for the long term?
2. Is it possible for management to find a partner without giving up control of the company? Is it feasible for management to buy HCB's shares independently (i.e., without a partner)? What are the likely implications of each option for Videoton's future development?

Tables

Table 1: Videoton's Ownership Structure

	January 1992	July 1995
Hungarian Credit Bank	74%	65%
Gábor Széles	10%	25%
Péter Lakatos	2%	2%
Ottó Sinkó	2%	2%
Euroinvest	12%	6%

Source: Népsabadság, March 9, 1996 and company documents

Table 2: Videoton's Business Structure (1994)

	Revenues	Gross Profits	Employees
Holding Company	27%	26%	9%
Videoton Brand Products	47%	34%	30%
Contracted Manufacturing	20%	33%	55%
Sales and Services	6%	7%	6%
Total	100%	100%	100%

Source: Company documents.

Table 3: Videoton's Major Categories of Activities (July 1995)

Videoton Products/Services	Group I Contracted Manufacturing (consigned technology and/or turnkey projects - single or dominant customer)	Group II Contracted Manufacturing (Videoton technology/many customers)
– color televisions – loudspeakers and boxes – specialized software applications – real estate – management services – international trade	– computer disk drives (IBM) – electromechanical subassemblies for the auto industry (Alcoa-Fujikura) – electromechanical subassemblies for consumer electronics products (Philips)	– printed circuit boards – compact disks – machined parts and tools – plastic injection molding and metal plating

Source: Company documents.

Table 4: Videoton's Revenues and Gross Profits, 1993-1995

(in millions of HUF and US dollars)

	1993		1994		1995	
	HUF	US dollars	HUF	US dollars	HUF	US dollars*
Revenue	9,463	102.8	13,330	127.3	14,953	126.5
Gross Profit	(151)	(1.6)	(87)	(.8)	677	5.7

* Based on average 1995 exchange rate through June 1995.
Source: Company Documents.

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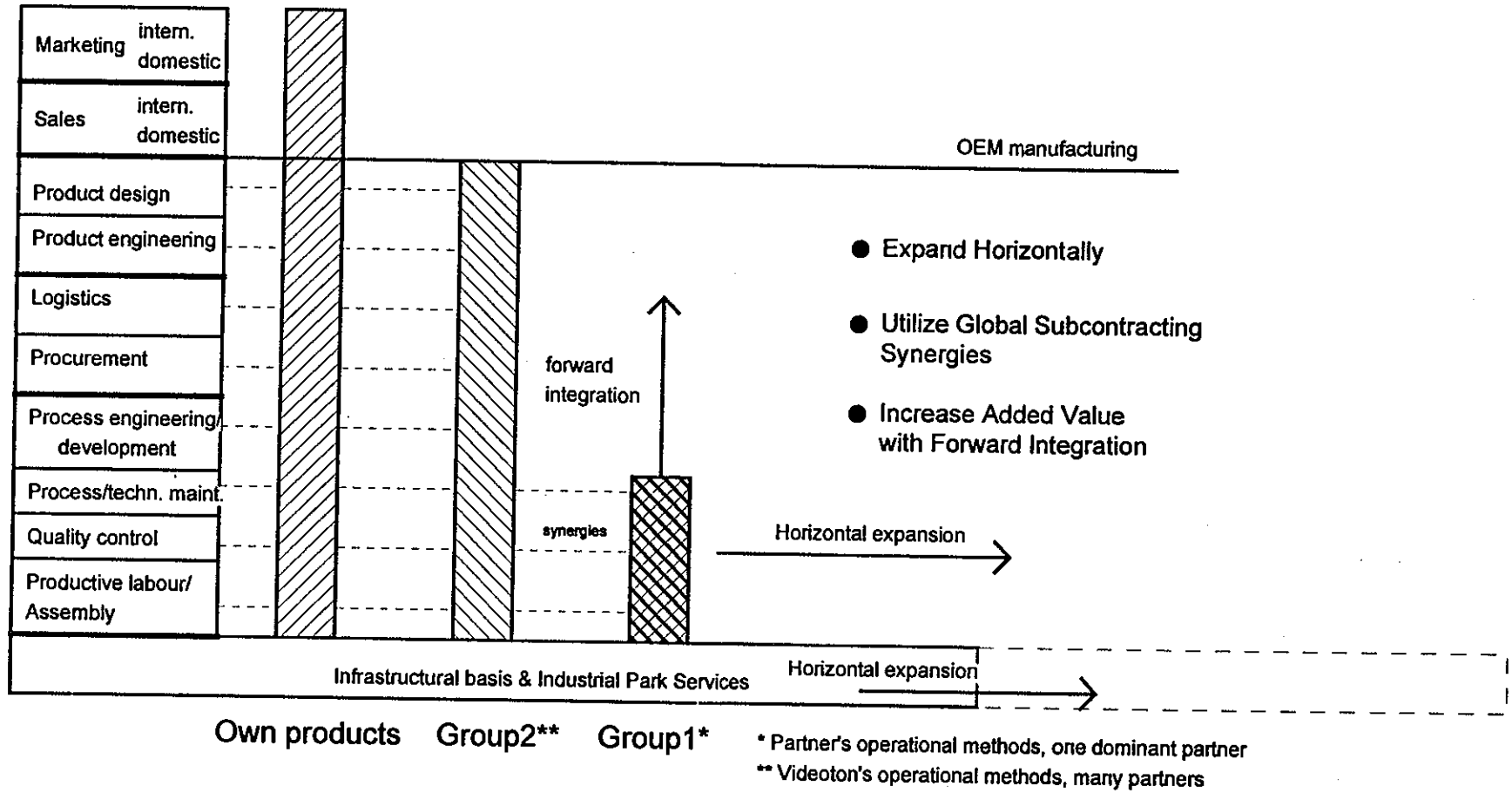
Figure 1: Videoton's Corporate Strategy (1995)



Source: Presentation to Videoton management by Ottó Sinkó, 1995.

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Teaching Notes
for
"Videoton Holding Company:
The Restructuring and Turnaround of a Hungarian Manufacturing Giant"
by Wade Danis

Two issues are suggested for discussion: 1) the appropriateness a subcontracted manufacturing strategy as a viable long term option for cash-strapped Hungarian manufacturers, and 2) the role of western partners in the turnaround and future development of Hungarian firms. (the discussion may be generalized to local firms in other transition economies as well) The suggested questions listed below, which overlap somewhat, address both of these above issues albeit from different perspectives.

Possible questions for discussion:

1. With the advent of the political and economic transformation in Central and Eastern Europe (CEE), and the precarious economic positions of many state-run or recently-privatized local companies, much attention has been focused on the need for infusions of western technology, management expertise, and capital. The conventional wisdom seems to be that, without western help, many of these local companies will be ill-equipped to survive (beyond the short term) in the competitive new market environments which are emerging in this region. Joint ventures with western firms have been one popular means by which local firms have gained access to western resources and expertise, but this often requires that management give up substantial control in return. Is it possible for local firms to survive independently in the long term without "selling the farm" to foreign investors? When might such an option be desirable to either company managers or policy makers? Does Videoton provide an example of how this might be done, or is it too early to tell?

2. The strategic option of attracting a western investor assumes that there are investors who will be interested in purchasing Videoton. Does Videoton represent an attractive investment opportunity for potential strategic investors? Why or why not? Are some of Videoton's businesses more attractive than others? If so, what are the implications for attracting investment partners and for Videoton's future strategy?

3. When might a subcontracted manufacturing strategy be appropriate for Hungarian firms? Under what circumstances might it be less appropriate?

WAITING FOR WONDER [1994][1]

Maggie had already become accustomed to hearing loud cursing filtering through her boss' room from time to time, but now, this was combined with a crash of glass. Jenő Benő, owner-director of the Benő Works had just flung his coffee cup at the fax machine in indignation. Since the wage-work contract, the small-scale 25-member engineering shop set up recently with a renowned German automobile producer, had been in danger. They received brake-shoe specifications every week by fax but time was always tight for production, in order to provide good service for a partner, who required just-in-time delivery. The 8-10 pages of closely typed text had never yet come through faultlessly. The link had often been broken with lines becoming blurred and the partner had had to be asked several times to retransmit his message. Incomplete transmission had already occurred twice due to the fax machine and the instance on this day was already *the third...*

Telecommunications in the subzone of **Telephone City** had been criticised by many in recent years. For this reason, Mr. Benő was glad to hear the news that QUALICOM had plans for a reconstruction to be carried out in the city this year. He had paid an initial sum as venture capital in exchange for which he had received the message that, *"the quantitative and qualitative jump in needs appeared everywhere simultaneously"* and "*... therefore, the investment money per subzone is not sufficient to fully satisfy the necessary quantitative and qualitative requirements...*" This was said by Mr. Tisza, the new Director at QUALICOM, when he recently threatened to issue a claim for compensation and a lawsuit against the telecommunications giant. He did not consider QUALICOM's concerns, and was not even interested in the company; he was worried about losing business.

The QUALICOM **principle on resource utilization** was that (for the lack of telecommunications infrastructure and so as not to endanger in the least the economic boom of this region) the obsolete, out-dated automatic terminal exchange in the subzone along with subzonal manual exchanges be replaced with appropriate exchanges. Upon drawing up the development plan, "known applicants" and "estimated reserves" were taken into consideration.

The telecommunications service provider's staff was not large enough for reconstructing the area at issue, so the work was put out to tender. The winner of this **tender for telephone exchange installation** was a high-profile multinational firm. In the meantime, a contract was made with a local entrepreneur as the lowest tenderer to erect a minimum network just enough to satisfy the current quantitative needs.

In the stage of construction, **partial plan modifications** were effected several times. Meanwhile, old subscriber's line faults strongly proliferated.
At the stage of **additional network fault clearing**, specialists from the contractor and service provider worked together on the network. This work was hindered by the inaccuracy of documents, primarilay due to the fact that subscriber data had not been kept up-to-date thus preventing the more rapid rectification of faults.
Service provider's specialists putting stations in circuit in **Telephone Village** connected to the terminal exchange were astonished to see that the local network was still almost "empty", yet there was no further capacity in the exchange. Consequently, no more subscribers could be added to the circuit.

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[1] This case was written by Zoltán Éles (MATÁV) and Zoltán Szegedi (BKE, Faculty of Management and Business Administration).
Budapest, October 7, 1996.

In New Telephone Village, the other location within the city range, experiences were the opposite. .Although there was free capacity in the exchange, there was no access line to the local network. Only a temporary solution was available for the elimination of the latter fault.. Only low quality subscriber's PCM equipment (without alarm and monitor system) was available immediately. Their installation was not free of problems - many of the service provider's specialists were still not familiar with this equipment.

Regardless of the prevailing problems, the date of acceptance drew near.The investor and contractor were interested (also financially) in putting the network into operation as soon as possible. The ceremonial handing over and acceptance procedure was completed in the absence of line fault servicemen, who were working to eliminate construction faults. The new customer reception hall was also handed over at that time. The local management had a feeling that it would be difficult to coax subscribers not accustomed to this into the new building, but they were proved wrong.

In the customer reception hall, long queues formed, The receptionists' experiences were as follows:

* Demands from new subscribers increased day by day.
* People did not understand why they could not receive a telephone line immediately but rather only a prospective number, despite the fact that the city had been dug up and cables laid down.
* One of the customers demanded: *"Tell me why there is not a proper variety of telephone sets? Do I have to go to Pest like our doctor to buy a telephone answering machine with sound amplification?"*
* Many complainants formed a queue for a new concern. They were quite forthright, since in Telephone City, famous for its tourist trade as well, the season had begun and housewives who supplement family income by letting rooms, bade farewell to their guests saying that, should they come next year, they would not be at a god-forsaken place anymore, since the TELEPHONE was to be installed by that time!

Iván Tisza, TC's local Executive was aware of the problems. He knew that the international access potential did not comply with the additional demand raised by tourism. It was already apparent that a pay phone suitable to meet international call demand, inherently large-scale due to the low number of telephones and the seasonal tourism, would not be able to satisfy the temporary additional call demand. Beyond having some basic figures (see Appendix 1), he had precious little information. Having no real support at all, he did not know what to do. However, lying awake at night, he realised that by, diverting some of the overall demand to the Mezőváros Terminal Exchange and connecting it to the exchange of the adjacent TC (with the assistance of his friend the executive of the TC) part of the system requirement could be met.

However, the solution to these deficiencies have still not been found, repairs subject to guarantee are in progress, the next reconstruction is under preparation...

Questions:

1 Could quality work have been performed/caused to be performed and under what prerequisites?
2 Collect and cluster non-conformances.
3 In what way do they generate extras? (additional charges, loss of profit, etc.)
4 How would it be possible and to what extent is it reasonable, to identify, measure and qualify the costs of faults (resulting from poor quality) for future investments?

Annex 1

Major data on Telephone City

Number of population on December 31, 1996:	78,000
Number of subscribers:	3,595
Current capacity:	2,600 manual 1,000 automatic
Number of applicants:	10,200

QUALICOM data:

Final exchange capacity as scheduled:	20,500 digital
Exchange configuration:	19 remote stages 1 host centre
Number of links scheduled initially:	13,795
Total investment costs:	HUF 2,2 billion

(Recovery time of comparable investments from overall corporate data: 7 years)

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THE BRATISLAVA CASE CHALLENGE '98

General Background

The case challenge is not a recent phenomenon. Since business schools began using cases, business professors have used the case method of teaching, and have allowed students to contest, individually and in teams, by providing written and oral solutions to business case problems. Over time, cases have been incorporated into virtually every type of business course, even though they probably originated as very focused problems in a few courses. Now they are used in business schools, schools of education, engineering schools, and certainly medical schools. And they are likely to incorporate more than one problem, each of which may have numerous facets.

More recently, the business strategy broadening of cases has been used in more public competitions. Teams of students, deliberately organized around the particular skills of the team members, conduct analyses, make displays, and make public presentations before groups of judges who function as "boards of directors" as they judge the analyses, presentations, and conclusions. This latter use of the case method of teaching is the basis for the Bratislava Case Challenge.

The University of Pittsburgh Case Challenge

In 1996, Deloitte and Touche approached the Katz Graduate School of Business with the notion of staging a public case competition. Deloitte and Touche had sponsored several such competitions at business schools around the country and given its strong ties with KGSB proposed to do the same in Pittsburgh. The KGSB graduate students were intrigued with the proposal and the decision was made to support the student desire to stage such a competition scheduled for early 1997. Dr.Robert Nachtmann, Director of MBA Programs assumed the major role in managing the project.

Deloitte and Touche provided the case from one of their actual engagements. They also underwrote the expenses, and provided a cadre of individuals (who had worked on the assignment) to function as part of a jury, the remainder of which was comprised of KGSB faculty. The students were organized into five person teams, and were given the case with all accompanying data and supporting documents. They were given 24 hours to prepare their analyses, solutions, arguments, and displays. The teams made an initial presentation to a jury in a preliminary round. This jury was composed of faculty, and a panel of ten corporate leaders judged the final presentations. After a brief intermission of a few hours, during which the top teams were permitted to make adjustments to their presentations, a new jury was empaneled, and the modified presentations were made. The jury selected the winner and the runners up.

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Other U.S. Case Competitions

The Pitt case competition was obviously much more geographically localized than many events sponsored by other business schools. Nevertheless, it was most similar to the event held at the University of Rochester in which event all participants are placed on teams after their arrival at the school. The objective is to add one more faced to the case presentations, namely that of simulating a group of executives who might be brought together at the last minute to analyse a business problem for the purpose of providing of solution that might be applicable for use by the company. The executive team might never see each other again, having completed their assigned task. In this respect, the KGSB event is similar even though the team make-up appears to be of members of a homogenous group. Given that the case challenge teams are formed from evening MBA students, full-time MBA students, and executive MBA students. The team members are unknown to one another, much like those team members who participate in the Rochester Case Challenge.

This format is unlike the formats of other competition, such as Duke and Michigan, where the teams are formed prior to their arrival at, and participation in, the event.

The Bratislava Case Challenge '97

Late in 1996, a part of the International Business Research course, Drs. Robert Nachtmann and Dr. Lawrence Feick, professors of finance and marketing, respectively, were in the process of finalizing plans to take their MBA students on a plant visit tour of France and the Czech Republic. The tour was scheduled for April 1997. In January, 1997, Dr. Nachtmann and Dr. Ben Tuchi, In-Country Project Director of the University of Pittsburgh-Comenius University Weekend Executive Master of Business Administration Program in Bratislava, met to discuss ways in which the plant visit might be used to assist in the development of the Bratislava WEMBA program. Dr. Nachtmann suggested the possibility of taking the Pitt MBA students to Bratislava rather than to Paris, and subsequent discussions honed in on the possibility of staging a Case Challenge for WEMBA executive students, and Pitt MBA students. Dr. Feick participated in the discussions and it was concluded that a Bratislava Case Challenge would be held in April, 1997, the specific date to coincide with the end of the Spring term for the WEMBA I students, who were in the second year of their program of studies. The date would also coincide with the end of the Business Strategy course, in which the WEMBA I students were enrolled. This coincidence, while serendipitous, was deemed critical to the effective staging of the event. It would later be determined that this hypothesis was not as compelling as originally assumed.

While cost of the project would overwhelmingly be lodged in the travel outlays for the faculty and students from Pittsburgh, local costs were expected to exceed $3,000. Much of this amount would be allocated to the prizes ($900) and the opening dinner ($800). Dr. Tuchi approached Mr. Jerry Stanley, managing partner of Deloitte and Touche, s r.o. who agreed to support the project by contributing $1,000.

Each of the participants was evalutaed (using brief resumes) by Drs. Nachtmann and Feick for the purpose of placing them on teams. Each of the nine teams was composed of 2-3 Pitt MBA students, 1-2 executives, and 1 Faculty of Management graduate student.

On the evening of the arrival of the Pitt MBA students, a welcoming dinner was staged, at which each of the teams was seated together. This was their first exposure to one another. At noon of the following day, the teams were given the case (A Polish clothing manufacturer), a separate room, a computer, and 12 hours to complete their analyses. They were also told that they could organize their group and the prospective presentation any way they wished. And, that the initial presentation would be before a group of faculty judges, with a strict 40-minute time allowance. At midnight, the teams were required to submit their presentation materials; no changes were permitted after that time.

On the next day, the faculty judges (five from KGSB and four from the Faculty of Management) were grouped into teams of three, each judging team having the responsibility for receiving three presentations, from which a winner would be chosen. No team was permitted to observe the presentations made by any other teams. The three winners were then given 2 hours to make any modifications in their presentations before they were required to make their final presentations.

The final presentations were made to a group of 10 corporate judges, none of whom had any connection with the Faculty of Management or the University of Pittsburgh. Again, the presentations were limited to 40 minutes, including questions and responses. After the case presentations, a winner was chosen and the other two automatically became runners up. At an awards ceremony, the prizes were presented by the Rector of Comenius University and the U.S. Ambassador to the Slovak Republic.

The Bratislava Case Challenge '98

The event occurred from Friday, April 17, to Sunday, April 19, 1998. Each team (now twelve) was composed of a maximum of 5 people, roughly along the lines of the 1997 event team composition. It should be noted that the case competition is poised to be an annual event. Therefore, Pavel Komornik, a junior faculty member of the Faculty of Management, was assigned the responsibility for choosing the FM graduate student case challenge members, and for coordinating the competition within the Faculty of Management. He had a role in last years'selection of FM graduate student participants and that role was broadened for the 1998 competition. It is expected that he will be assigned overall responsibility for the entire event in 1999.

The format was essentially the same as in 1997. This year, the case was oriented forward corporate finance, and took place in 1995 in Russia. The teams were mixed as to program of study and country of origin. The final presentations were held at the Forum Hotel, as was the awards presentation. Each participant received a certificate that was professionally produced and quite suitable for framing and display.

PROPOSAL:

The Faculty of Management experience with case competitions is sufficiently broad to propose a next step, an Invitational Case Challenge for teams from MBA programs in Hungary, Poland, Slovakia, Czech Republic, Latvia, Lithuania, NIS, and Albania.

1. The event would be hosted by the Faculty of Management at Comenius University in April 1999;
2. Schools could send up to three teams, and the teams would be responsible for their own travel to, and living expenses in Bratislava;
3. The Faculty of Management would be responsible for organizing, staging, and publicizing the event. Specific responsibilities would include obtaining local sponsorship, arranging all facilities sites, and securing the business and industry judges, arranging the publicity, and obtaining suitable awards presenters.
4. The format would be similar to that in the 1997 and 1998 Bratislava Case Challenge, except that the team compositions would have to be agreed upon by the various faculties who sponsor the respective teams.

UNIVERSITY OF LODZ
POLISH – AMERICAN MANAGEMENT CENTER
(PAM Center)

ANGELIKA CHYŁA

SUSTAINABILITY OF NON-DEGREE EXECUTIVE AND MANAGEMENT DEVELOPMENT PROGRAMS

I. INTRODUCTION

The Polish-American Management Center (PAM Center) in Lodz was established in 1995 through a cooperative partnership between the College of Business and Management at the University of Maryland College Park (UMCP) and the Faculty of Management of the University of Lodz. The two Universities have been working under the MTEEP Project. This partnership was made possible with financial assistance from the United States Agency for International Development (USAID). Serving as the innovative leadership unit of the Management Faculty at the University of Lodz, the PAM Center has the status of an independent unit within this faculty.

The activities of the PAM Center are available to enhance the traditional program of studies in the business area. The Center creates modern didactic initiatives serving to educate managers and businessmen. The newly renovated PAM Center consists of a suite of administrative offices, modern classroom, computer laboratory and the library. Up to now most of the major equipment acquisitions have been completed.

The University of Lodz was founded in 1945. Presently, The University of Lodz is one of the largest Polish universities and consists of 10 faculties: the Faculty of Biology and Earth Sciences, the Faculty of Economics and Sociology, the Faculty of Philology, the Faculty of

Philosophy and History, the Faculty of Physics and Chemistry, the Faculty of Mathematics, the Faculty of Educational Sciences, the Faculty of Law and Administration, the Faculty of Management and the Institute of International Studies, functioning as faculty. By December 1996 the University of Lodz had entered into 109 academic cooperation agreements with higher educational institutions in 32 countries. The University of Lodz staff is involved in numerous projects developed under such international programs such as TEMPUS, COPERNICUS, TESSA, ACE, Jean Monnet, TEMPRA, and CEEPUS. The University of Lodz is a member of the Conference of Rectors of European Universities (CRE) and the Association of European Schools of Planning (AESOP) and co-signatory of the charter of the Alliance of Universities for Democracy; it has also joined the Grupo Compostela de Universidades.

The Faculty of Management at the University of Lodz runs regular and cooperative programs with foreign universities and research centers. Thanks to these collaborations and modern programs, this Faculty has an internationally acclaimed reputation. Its research activities keep the Faculty up-to-date in current economic policy.

The University of Maryland partnering in fulfilling and presenting the programs, is one of the leading American higher schools involved in the training of management staff. Among the organizations in this area that take advantage of its services, can be found: Marriott International, Lockheed Martin (a corporation in the aircraft and space industry for which the University of Maryland trains the top management personnel), Black and Decker, Oracle and many more other large organizations.

Maryland Business School is a unit of the University of Maryland at College Park, the state's flagship public university and one of the United States' 10 top-rated research institutions.

Programs currently offered by the PAM Center are:

- Executive MBA Program
- Executive and Development Management Programs
- Distance Education Program.

The Executive MBA Program

The EMBA Program is a two-year, Polish-American program of managerial studies. Based on widely recognized American teaching models, the graduates, upon completion, are awarded an M.Sc. of Management from the University of Lodz and a certificate from the University of Maryland. The program aims at preparing participants to become effective managers and to enhance personal career development. Classes are conducted by lecturers from both Polish and American universities as well as practitioners from leading international and domestic firms using state-of-the-art teaching methodology. An important part of the program is the practical experience received during participation in a Group Field Project for a selected company.

Executive and Management Development Programs

In order to meet the ever changing market needs, the PAM Center offers two types of training programs: customized company specific training programs and open enrollment programs for individual participants.

Distance Education Program

This program allows potential students or company employees who do not have the ability or means to attend the University, access to firsthand, high quality education without travel or lodging costs. Students learning by this method take advantage of specially prepared multimedia packages. The main purpose of this program is to provide the participants with knowledge about the distance learning infrastructure with the possibility of using telecommunications in the educational process such as BBS, e-mail, voice-mail and compressed video technology.

II. NON-DEGREE EXECUTIVE AND MANAGEMENT DEVELOPMENT PROGRAMS

1. Context

The economic transformation and competitive market in Poland is a big challenge for modern enterprises. It created a need for professional personnel with top qualifications. Firms that occupy significant positions in the market know that the key factors deciding their rank is the motivation and skills of their personnel. Investing in the development of personnel is the basis of success for a firm and on-going personnel training is an intricate part of the day-to-day strategy. Managers who invest in their knowledge and skills have an advantage in the labor

market. Today's managers need new skills and tools to help them operate effectively in the rapidly changing business and economic environments in Central and Eastern Europe.

2. Program Objectives

The PAM Center's objective is to become a self-sustaining Center of Excellence in Management Education in Poland by delivering innovative management programs introducing modern and active teaching techniques. When the PAM Center initiated its activities, there already existed a competition in the market of development programs for managers in the Lodz area. But most companies offering these types of programs did not retain a university background. So far the strongest advantage of the PAM Center has been the Polish-American context and the ability to take advantage of the connections with both universities. The institutional support has become the main factor of the PAM Center's sustainability at the organizational and programmatic level. The PAM Center's long-term policy is to:

- Expand the knowledge of theory and practice in the field of management.
- Show the new factors that emerged as a result of the transformation of the Polish economic system.
- Present practical applications of modern management theories that were not available in Poland before 1990.
- Teach modern theories of management and show how to apply them in an organization.
- Raise an organization's performance level.
- Improve a company's staff managerial skills and professional qualifications.
- Improve peoples efficiency and effectiveness on the job.
- Enhance peoples career outlook.
- Support career development.

3. Our programs strengths

a. Institutional level

The relationship between the University of Maryland and the University of Lodz gives the program the important advantage of providing the participants with **certificates**, endorsed by the University of Lodz and signed by the Dean of Faculty of Management. Also, another great advantage is the **lecturers** working with the programs. A great percentage of them are lecturers from the Executive Master of Business and Administration Program offered jointly by the PAM Center, Maryland Business School and the University of Lodz. Polish professors involved with

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this program have undergone special training, which has improved their teaching methodology and is resulting in a more practical approach towards students. Occasionally, there are US Professors participating in the EMBA classes and also taking this time as an opportunity to work with other groups. As well, the are other Faculty of the University of Lodz involved with the Center's activities. The university background also gives **technical support**. Currently, the PAM Center has provided hi-tech equipment enabling the introduction of modern teaching techniques into the program. The technical system at the PAM Center includes: ten telephone lines, voice mail, e-mail, Internet and a multimedia system. The compressed video is essential to the sustainability of the program. The institutional belonging to the University of Lodz and the support of the University of Maryland gives the PAM Center a great deal of **prestige** and trust.

b. Programmatic level

The PAM Center aims to deliver non-degree innovative programs for working professionals, which are adapted to the rapidly changing economical environment. For many managers such programs are the efficient way to improve their competitiveness in a short period of time and to prepare themselves for increased responsibilities. The sources of sustainability of our programs at this level are modern management theories and their practical applications presented by the highly qualified lecturers, trainers and practitioners. The PAM Center offers access to rich educational materials for each course as well as course-related textbooks. Also, modern teaching techniques and technical support increase the attractiveness of the program.

c. Organizational level

The PAM Center's objective is to always be customer oriented. Our experiences with various clients show that what they value most is a great deal of personal attention and our attentiveness to their individual needs. Thus the PAM Center aims to provide a high level of quality customer service by delivering quality trainings in new and innovative manners. From the very first contact with the potential client it is important to gain his trust and confidence in what we do and the way we do it. We realize that only relationships cultivated in a proper environment bring fruitful long-term relationships.

4. Tailoring programs to individual needs

Customized company specific training programs are developed after an in-depth analysis of the training needs and in close cooperation with the given company requesting the training. For each company, the program is individually tailored. After investigating the company's characteristics and needs, a lot of time is devoted on individual meetings and the interviews within the specific company. Questionnaire surveys are one of the analytical tools used to examine a company's needs. On the basis of this needs assessment a draft of the program is prepared and discussed with the client. The program development process includes several discussions with the client and trainers. The program proposal is presented based on the status analysis. After completing the final proposal the training is conducted and evaluated. Sometimes, if necessary, a pre-evaluation of the training is done. It is routine that every program is evaluated immediately upon completion. With long-term clients a 6 or 9-month evaluation of results is also provided.

5. Most popular training areas – examples

Although the PAM Center offers programs in every field of management, the following are a few of our most popular topics:

- Managerial Communication (communication issues, assertiveness, customer care)
- Conflict Management (negotiations, interest based negotiations)
- Personnel Teams Management (leadership, employee assessment, team building)
- Self Management (planning and time management, stress, personal marketing, decision making, training in creative thinking, training in self-leadership)
- Training in Creativity (visual arts workshop, drama workshop).

6. Customized Programs

The PAM Center delivers programs for a variety of firms, including:

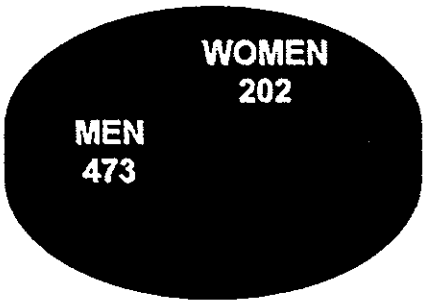
- Coats Polska
- Delphi Automotive Systems Poland
- East West Spinning
- First National Investment Fund
- Makro Cash & Carry (several departments throughout Poland)
- LG Petro Bank S.A.
- Polish Post Office

- Polish Railway Company
- VF Polska.

The majority of the projects were delivered for Makro Cash and Carry Poland, a chain of cash and carry stores, with the Dutch capital (recently the company was purchased by a German company Metro). Currently, Makro Cash and Carry is our major client and has been provided with programs for their top management personnel as well as middle management.

In the period from January 1997 - March 1998, the PAM Center delivered 35 customized training (an average of 2.5 trainings per month). These programs ranged from a standard two-day training session (16-20 hours) to a five-day training session (40-60 hours). Cumulatively, in the customized programs there were 675 participants, including 202 women.

675 PEOPLE TRAINED



35 PROGRAMS DELIVERED

Participant and Client Opinions on Our Trainings

The training courses we took were conducted in a highly professional manner. The interactive methods of delivering the courses were very involving for the participants. Training effects can be seen in the day-to-day activities of the team. We are going to continue this type of training.

Janusz Wroblewski
Director, East West Spinning

It is not enough to know - the basics can be learned quite quickly, but the skills of how to apply this knowledge in direct operations can only be acquired by means of professionally designed and delivered training. Cooperation with the PAM Center also provided me with the possibility of meeting outstanding training individualities, and simply interacting with such persons develops personality. A true "training feast".

Magdalena Stepniewska
Head of Human Resource Dept. Makro Cash & Carry.

7. Open Enrollment Programs

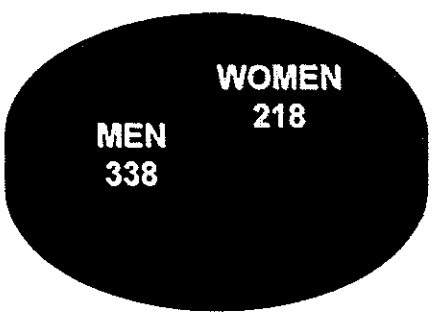
Open enrollment programs include:

- Mini MBA Program
- HRM Program
- Financial Management Program (for specialists),
- Financial Program for Managers
- MIS Seminar
- Pension Seminar
- Breakfast at the PAM Center.

The most popular PAM Center Open Enrollment Program so far has been the Mini MBA Program. This program was designed by the PAM Center in conjunction with the Faculty, specifically for managers who need to learn about key management areas in a short period of time and who, for various reasons, would or could not enroll in full-time studies. This program, in a slightly modified version has been completed by the Makro Cash and Carry Lodz Department and is currently running for the Makro Cash and Carry Lublin Department.

In the period from January 1997 - March 1998, the PAM Center delivered 10 open enrollment programs. The programs ranged from a standard two-day training session (16-20 hours) to a 14-day training session spread over time (110 hours). Cumulatively, in the open enrollment programs there were 554 participants, including 218 women. These programs also include Breakfasts at the PAM Center – a monthly business gathering for the local business community

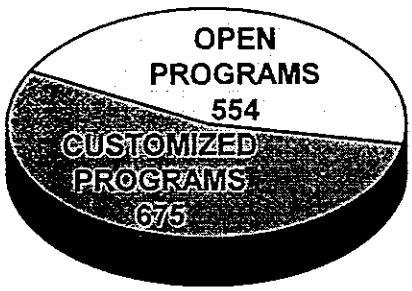
554 PEOPLE TRAINED

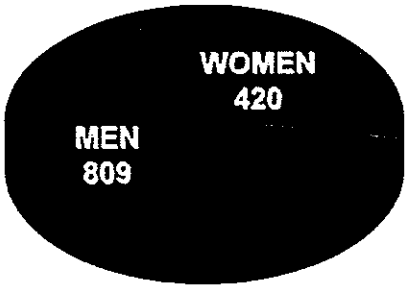


10 PROGRAMS DELIVERED

serving as a "catalyst" for business activities. Each meeting hosted a new guest speaker. Cumulatively, i all customized and open enrollment programs there were 1229 participants, including 420 women.

1229 PEOPLE TRAINED





8. Benefits

It is worth mentioning that the PAM Center staff receives regular feedback from the participants of these various programs. Very often they are willing to express their appreciation of the courses, presented topics, lecturers professionalism and interactive teaching methods. Our clients would underline the immediate benefits at the professional level as well as at the personal level. Here are some of the benefits that are most often mentioned.

a. Companies (institutional level)

The company's management feels that the programs help them in achieving higher operational effectiveness and efficiency through:

- Improved employee qualifications and managerial staff satisfaction
- Integration of company personnel and enhanced knowledge of self and others
- Improved communication and interpersonal relations
- Reduction in number of conflicts
- Better team performance
- Increased potential of solving human resource management problems
- Higher competitiveness and improved company image.

b. Trainees (individual level)

The individual participants see the following benefits in completing the program:

- Gaining state-of-the-art management knowledge in a short period of time

- Higher operational effectiveness and improved managerial skills
- Increased personal development of self and others
- Stimulation of professional career and exchange of experience
- Satisfaction from closer interpersonal relations in the workplace
- Certificate.

9. Policies towards sustainability:

a. Strategic level

The PAM Center continues to develop long-term relationships with clients and promote its activities and programs in the market. The most critical item is developing a client base for the customized and open programs. Another item we consider important is our acting within the defined market niche and providing a fast response to market needs. At every stage of the operation the clients should be involved into the entire process as well as share the benefits. A strong position in the market is also granted by the quality of provided customer service.

b. Programmatic level

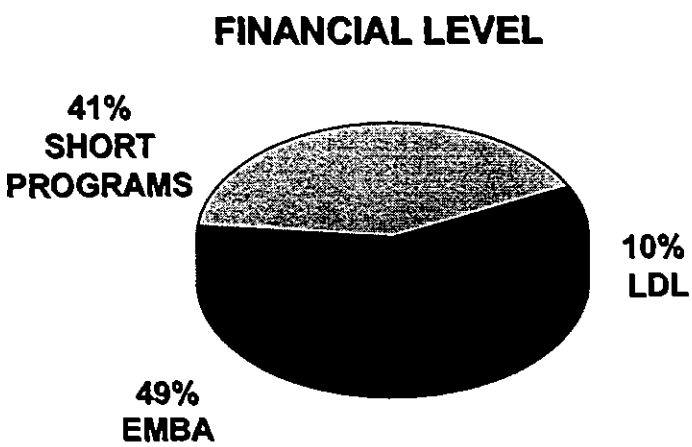
On the road towards sustainability at this level, we seek a continuous development of programs and we constantly work to improving the quality of teaching through a cooperation with:

- Trainers holding international and Polish certificates, with astute experience in conducting training for various enterprises, banks, higher education, governmental and non-governmental organizations, etc.
- Practitioners experienced in contacts with firms operating in a variety of business areas
- Lecturers from the Executive MBA Program (Master of Business Administration) conducted by the PAM Center, Maryland Business School and the Faculty of Management, UL.

Another important issue that plays a big role in the long-term partnership with clients is the continual process of evaluation, which enables us to regularly improve the quality of programs, offer desired topic areas and enrich the methods of teaching. Nowadays, a great deal of attention is given to modern and active teaching techniques and active class participation in: simulation exercises, decision making games, team work, role playing, discussions and case studies. The most popular are the courses built on the synergy phenomenon, i.e. producing increased quality by interaction and inspiration, using video (video camera recordings, replay exercises, and training video clips) and other visual aids.

c. Financial level

On the basis of the yearly income chart for the short programs department within the PAM Center we observe that the Executive and Management Development Programs are on an excellent path towards financial sustainability. In the future this will depend on the role of the Faculty of Management within the University of Lodz and the policies between the University and the PAM Center. The main determinate of financial stability for the PAM Center's non-degree programs is the choice of market strategy and the country's changing economic environment. At present, we have managed to succeed with both kinds of training: customized and open, and to cooperate with medium-sized and large enterprises which have the resources to pay for these services. All the courses are delivered on a fee for services basis, which is a source of funds apart from the USAID funds. The programs financial sustainability will increase as the number of clients (for customized programs) and individual participants (for open enrollment programs) increase. Another issue is that of becoming more and more cost effective. As the chart shows, the short courses generate 41 % of the profit within the PAM Center and therefore they support the entire institution to some extent.



d. Values

From the very beginning of the Center's activities, the Executive and Management Development Program has made significant progress. It is on the pathway to achieve institutional, programmatic, organizational and financial sustainability. To achieve these goals the PAM Center aims to cultivate a few crucial values, which we believe, are essential in our business. The most important of which are excellence, customer orientation, respect for individuals, responsibility and proactivity.

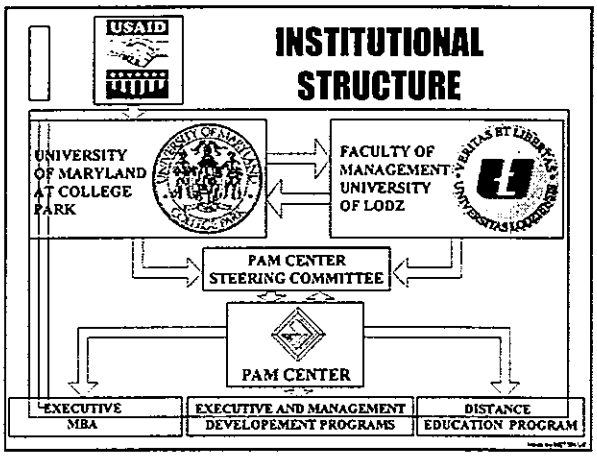
POLISH AMERICAN MANAGEMENT CENTER
(PAM Center)

SUSTAINABILITY OF NON-DEGREE EXECUTIVE AND MANAGEMENT DEVELOPMENT PROGRAMS

Angelika CHYŁA

April 1998

INSTITUTIONAL STRUCTURE

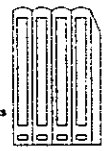


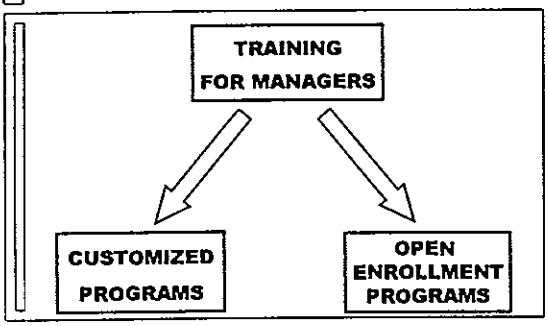
OBJECTIVES

- Become a Center of Excellence in Management Education
- Provide innovative programs for working professionals
- Offer programs adapted to the changing economical environment
- Prepare managers for increased responsibilities and help them in their career development

OUR PROGRAMS STRENGTHS

- INSTITUTIONAL LEVEL
  - Relationship with the University of Lodz and the University of Maryland
  - Certificates
  - Lecturers
  - Technological support
  - Prestige
- PROGRAMMATIC LEVEL
  - Respond to the needs of managers
  - Show modern theories of management
  - Merge theoretical and practical knowledge
  - Use modern technical equipment
  - Use enriching education materials and course-related books
- ORGANIZATIONAL LEVEL
  - Customer oriented policy
  - Respond to individual needs
  - Good customer service
  - Time to learn and time to celebrate





TAILORING PROGRAMS

- Investigating company's characteristics and needs
- Meetings and interviews
- Questionnaire surveys
- Needs assessment
- Program development
- Discussion with client
- Final proposal
- Training
- Evaluation

MOST POPULAR TOPICS

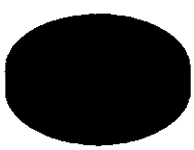
- Communication
- Conflict Management
- Leadership
- Team Building
- Assertiveness
- Self Management
- Customer Care
- Creativity Training
- Miscellaneous: Leadership Institute

CUSTOMIZED PROGRAMS

JANUARY 1997 - MARCH 1998

- Delphi Automotive Systems
- East West Spinning
- LG PETRO BANK
- Makro Cash and Carry (3 departments)
- VF Polska
- PKP Polish Railways
- COATS Polska

675 PEOPLE TRAINED



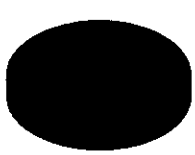
makro cash and carry

35 PROGRAMS DELIVERED

OPEN PROGRAMS

- Mini MBA
- HRM Program
- Financial Management Program
- Health Care Management
- MIS
- Breakfast at the PAM CENTER

554 PEOPLE TRAINED



10 PROGRAMS DELIVERED

CUSTOMIZED AND OPEN PROGRAMS

1229 PEOPLE TRAINED

BENEFITS

COMPANIES (institutional level)	TRAINEES (individual level)
■ Higher operational effectiveness and efficiency through • improved qualification • staff satisfaction • better performance • higher competitiveness • improved image	■ Improved managerial skills ■ personal development ■ stimulation of career ■ exchange of experience ■ self satisfaction ■ certificate

OUR CLIENTS OPINION

■ Participant and Client Opinions on Our Trainings

- *The training courses we took were conducted in a highly professional manner. The interactive methods of delivering the courses were very involving for the participants. Training effects can be seen in the day-to-day activities of the team. We are going to continue this type of training*

  Janusz Wróblewski
  Director, East West Spinning

- *It is not enough to know - the basics can be learned quite quickly, but the skills of how to apply this knowledge in direct operations can only be acquired by means of professionally designed and delivered training. Cooperation with the PAM Center also provided me with the possibility of meeting outstanding training individualities, and simply interacting with such persons develops personality. A true "training feast".*

  Magdalena Stępniewska
  Head of Human Resource Dept. Makro Cash & Carry

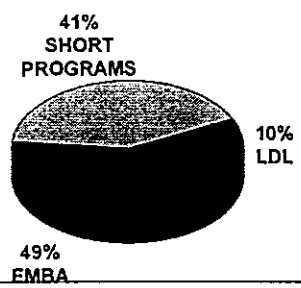
POLICIES

- STRATEGIC LEVEL
  - Long-term relationships
  - Promoting
  - Networking
  - Reacting to market
  - Data base development
  - Sharing benefits with clients improving customer service

PROGRAMMATIC LEVEL

- Developing new programs
- Improving teaching quality:
  - working with faculty
  - developing best trainers
  - introducing practitioners
- Evaluating programs
- Active learning methods
- Hi-Tech equipment
- Teaching materials

FINANCIAL LEVEL



VALUES

- Excellence
- Customer orientation
- Respect for individual
- Responsibility
- Continuous improvement
- Proactivity

SUSTAINABILITY OF THE MBA PROGRAM AT THE UNIVERSITY OF TIRANA, ALBANIA

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Project Director

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Sustainability of the MBA Program at the University of Tirana, Albania

Background

Albania has made tremendous progress in developing a market economy since the fall of communism in 1991. While foreign aid, increasing trade business, and the remittances of overseas Albanians were important sources of capital infusion for economic development, foreign investment was lagging primarily due to lack of managerial talent in Albania. Consequently, development of an MBA program was one of the most important goals of the USAID mission in Albania. With a great deal of difficulty, persistence, and patience, we were able to persuade the Albanian government and the University of Tirana administrators to establish the first-ever MBA program at the University of Tirana. A formal government license was obtained in 1995, issued by the Council of Ministers in the Prime Minister's Office.

Progress

The first cohort of 30 students (21 females, 9 males) were selected from a pool of over 70 exceptional applicants based on the following criteria:

- Proficiency in English, mathematics, and informatics
- Undergraduate grade point average
- Recommendations
- Essay on professional goals
- Personal interviews with the MBA committee

The first cohort of students started the MBA courses in the spring semester, 1996.

Classes were suspended for seven months when the University was closed due to civil violence in 1997. All courses were taught by American faculty supported by Albanian faculty associates. The students have taken the following courses:

- Managerial Economics
- Marketing Management
- Accounting
- Financial Management
- Operations Management
- Management Information Systems
- Strategic Management
- International Business
- Organizational Behavior
- International Economics
- Management Practice
- Business Research

The first cohort of 23 students will graduate on April 24, 1998. A formal commencement ceremony is planned at the Cultural Center with full regalia (first-ever cap and gown graduation in Albania) and domestic/foreign dignitaries in attendance.

Sustainability

Many management development and economic education programs in Albania were developed and soon disappeared. Our strategy in developing the first-ever MBA program in Albania was to work with the best public university, the University of Tirana. The permanence, prestige, and cooperative spirit between the faculty of UNL and UT served as the foundation for

the MBA program sustainability. In addition, the following steps were taken to improve MBA program sustainability:

- Obtain the Albanian government license
- Form the MBA Committee with all key administrators, faculty, and our Director in Residence.
- Develop a Memorandum of Understanding between UNL and UT that the MBA program is an essential part of its business post-graduate program.
- Widely promote the MBA program as an international standard program.
- Establish the reputation of the program through attracting exceptional quality students in the first cohort.
- Teach all courses for the first cohort by American faculty, supported by Albanian faculty for training purposes.
- Select ten Albanian faculty for MBA program training for one semester each at the University of Nebraska.
- Translate at least 12-15 subject areas into Albanian for MBA courses.
- Start the second MBA cohort in March, 1998.
- Obtain an AACSB international membership for the UT MBA program.
- A huge publicity and celebration for the commencement ceremony of the first cohort.
- Offer a $30,000 scholarship for the Ph.D. program at UNL for the best graduate of the first cohort.
- Establish a solid library, teaching materials, and computer equipment for the MBA program.
- Develop placement services for MBA students.