

PD-ABP-540

**FINAL REPORT ON THE BUSINESS PLAN TRAINING COMPONENT OF THE  
“ORGANIZATIONAL STRENGTHENING OF THE ALL RUSSIA SOCIETY OF THE  
DISABLED THROUGH SUSTAINABLE DEVELOPMENT PROJECT”**

**Prepared by**

**Robert L. Metts, Ph.D., Nansea Metts & Tracy Dodson Echeverria, M.S.**

**January 18, 1997**

**TABLE OF CONTENTS**

**I. EXECUTIVE SUMMARY ..... 1**

**II. PROJECT DESIGN ..... 11**

**III. PARTICIPANT EVALUATION OF THE TRAININGS ..... 19**

**IV. CONCLUSIONS ..... 28**

**V. RECOMMENDATIONS ..... 33**

*APPENDIX I, SUMMARY DATA ..... 36*

*APPENDIX II, PARTICIPANT PROFILE ..... 37*

*APPENDIX III, ENTERPRISE PROFILE .. . . . . 41*

## I. EXECUTIVE SUMMARY

### Project Description

The All Russia Society of the Disabled (the ARSD) is affiliated with over 1,350 Russian enterprises which employ approximately 19,000 people with disabilities and provide approximately 50% of the operating budget of its national network. Within Russia's previous economic system the ARSD enterprises were able to successfully pursue two objectives at once, generating revenue for the ARSD, and providing employment for people with disabilities. However, as a result of the recent and ongoing transformation of the Russian economy, the ARSD enterprises are no longer protected.

The project under review was born out of the recognition that the financial and employment contributions of the ARSD enterprises to the mother organization will now depend on their ability to adapt and compete successfully in the emerging market system. To help the ARSD begin this vital process of change and adaptation, WID received USAID funding administered by World Learning to collaborate with the ARSD in the design and implementation of a strategy to strengthen the ARSD network of contributing enterprises. Additional funds were obtained by Deloitte and Touche specifically to cover training costs.

The goals of the project were

- 1 to build the organizational capacity of regional affiliates of the ARSD by developing a model training program for business management teams and advisors who will provide ongoing technical assistance to their businesses,
- 2 to develop a model communication network for the business advisors situated in the regional affiliates, and in the offices of the Central Board of the ARSD, and,
- 3 to strengthen cooperative efforts between the businesses of the regional affiliates of the ARSD, and to encourage cooperation between the businesses of the local ARSD affiliates within a region.

This report pertains to the first component of the project, the model training program for business management teams and advisors. This component of the project was viewed by WID and the ARSD as a pilot project with the following general objective, to strengthen a small proportion of the ARSD enterprises by providing basic business training to their directors, while at the same time developing and refining a workable training strategy to be used to train the remainder of the ARSD enterprise directors.

To bring the new training to bear on the operations of the enterprises as soon as possible, the project design team sought to not only teach enterprise directors about business plans, but to also establish a network of trained and computer literate enterprise directors and in house consultants linked together by e-mail so that they could assist one another after the trainings were completed. Therefore, in addition to receiving training about business plans, all of the participants received instruction in e-mail and in the use of computers in business. Also, in addition to enterprise directors, the participants included Chief Engineers and other representatives of the ARSD who received additional training as consultants.

After considering a number of alternative strategies within the context of the existing time and resource constraints, the ARSD and WID decided upon two training cycles, each comprised of two training seminars. Within this framework they adopted an evolutionary design strategy in which the training seminars were adapted and refined as the project went along in order to take advantage of lessons learned. Summary data related to the business plan training component of the project are presented in the table on page three of this executive summary.

## **Conclusions**

The business plan training component of the project pursued the following three objectives, 1) to strengthen a small proportion of the ARSD enterprises by providing their directors with basic business training, 2) to establish a mutual assistance network of trained and computer literate enterprise directors and in-house consultants linked together by e-mail, and 3) to develop and refine the project's training and support strategy for future expansion to include the remainder of the ARSD enterprise directors. We will address each of these objectives in turn.

### **Objective 1**

#### **Strengthen a small proportion of the ARSD enterprises by providing basic business training to their directors**

Though the participant numbers that we are using are estimates based on conflicting reports from various members of the project team, it is clear that the project has met this objective. Two full training cycles were completed, each consisting of two seminars. To the best of our knowledge, 57 enterprise directors participated in Seminars 1.1 and 2.1, of which 31 completed a full two seminar training cycle. It also appears that 19 different ARSD representatives completed full two seminar training cycles as consultants, and that seven ARSD Central Board members were also trained as consultants. If these estimates are accurate, the

project completed a total of 37 days of training, representing a total of 725 people training days. A total of 19.5 training days, or 482 people training days, were devoted to training the enterprise directors, and 17.5 training days, or 243 people training days, were devoted to consultant training.

## SUMMARY DATA

### BUSINESS PLAN TRAINING PROGRAM

#### First Training Cycle

**Seminar 1.1:** 12 Training Days 248 person training days

Dates May 14 to May 29, 1995

Location Perm

5 day training for 14 Consultants

5 days training for 30 Directors

2 day Training Team and Consultants wrap up and planning meeting

**Seminar 1.2:** 8 Training Days 161 person training days

Dates September 21 - September 30, 1995

Location Sochi

2 day training for 12 Consultants

5 day training for 25 Directors

1 day Training Team and Consultants follow-up meeting

#### Second Training Cycle

**Seminar 2.1:** 9 training days 195 person training days

Dates March 21 - March 30, 1996

Location Nizhny Novgorod

3 Day training for 15 Consultants from 12 regions including 6 consultants from the previous training cycle and 7 new consultants

5 day Business Plan Training for 27 Directors from 9 regions trained

1 day Training Team and Consultants follow-up workshop

**Seminar 2.2:** 8 training days 121 person training days

Dates August 23 - 30, 1996

Location Rostov

3 day training for 11 Consultants from 11 regions plus 3 ARSD staff 4 of the 11 were new because the consultants who had attended the first workshop were no longer with their enterprises

4.5 day training for 16 Directors

Half day follow-up workshop for the Training Team and the Consultants follow-up

The tasks associated with Objective 1 were to, 1) design the overall strategy, 2) identify and select the training team, 3) develop the curriculum, 4) prepare the training materials,

5) choose the participants, 6) secure the training facilities, 7) conduct the trainings and, 8) collect baseline data on the participating enterprises. The evaluations of the project, which allow us to evaluate the projects effectiveness in terms of tasks one, two, three, four and seven, indicate that they were done very well.

The participants rated the training as a whole at 3.45 on a four point scale, which is in the good range, and they rated the instructors' knowledge and presentation in the excellent range at 3.70 and 3.54 respectively. The training length was rated at 2.96, which is in the high end of the fair range, slightly lower than their rating of any other aspect of the training. The primary criticism of Seminar 1.1 in this regard was that the seminar was too short for the amount of material covered.

For a number of logistical reasons, the length of the trainings could not be increased. Fortunately, however, the project staff was able to improve the material they covered and improve their presentation techniques as the project went along, and, thereby, improve the fit between the training length and the amount of material covered. One example of such an improvement was the very good choice that was made to conduct the trainings in Russian using Russian training materials instead of conducting parts in English and translating them into Russian. In addition to increasing the comfort level of the participants, this change greatly increased the amount of material that could be covered by eliminating time consuming translations.

The data suggest that the seminars proved to be successful in presenting information to the enterprise directors and consultants, who rated the material presented in the good range at 3.20. The trend of the participant comments also strongly suggest that the project staff succeeded in building an accomplished training team able to respond to the needs of the participants. The data are not so kind, however, regarding the selection of participants, with only 54% of the participating directors completing a full two seminar training cycle. The fact that 26 of the 57 directors failed to complete an entire training cycle appears to indicate a need for an improved system for selecting and retaining participants. The choice of training sites also appears to have been somewhat inconsistent, but at least one of the sites, *Vozmozhnost Dlya Vsekh*, appears to have been excellent.

Baseline data was collected on 44 of the participating enterprises. This data can now be used to measure changes in the participating enterprises over time, and to evaluate the impact of this project and other ARSD efforts to improve the businesses.

#### Objective 2

#### Develop and refine the project's training and support strategy for future expansion to include the remainder of the ARSD enterprise directors

All of the available evidence indicates that the project has also met this objective, and that the evolutionary design strategy has succeeded in producing a training strategy and training team excellently suited to the task of training the remainder of the ARSD enterprise directors.

Seminar 1.1 focused on developing a curriculum to teach the enterprise directors the basic elements of a business plan. The seminar was evaluated, and the following recommendations were made: 1) increase the length of the training, 2) arrange for more individual time on computers, 3) include information on various topics, and 4) provide practical examples and experiences to substantiate theory. The trainers and project staff then reviewed and evaluated Seminar 1.1 to see how best to implement these recommendations, and based on their analysis, for seminar 2.1, they decided on three areas of change, adding new experts to the training team, adding new topics, and adding new presentation techniques. Three new experts were added to the training team, one in marketing, one in organizational development and one in management. Training in computer literacy was increased, and management issues such as organizational development, problem solving, team building, staff hiring, and cycles of development were added to the curriculum. Participants were also provided with increased access to computers, and small group sessions were introduced for problem solving, sharing experiences and addressing topics like e-mail.

As a result of these changes, the participants' average rating rose to 3.45 for Seminar 2.1 from 3.37 for Seminar 1.1. Similarly, their rating of the instructors' knowledge increased from 3.67 to 3.76, and their rating of instructors' presentations jumped from 3.37 to 3.79. Participants' also experienced a greater increase in their understanding of the material as a result of Seminar 2.1 than they experienced as a result of Seminar 1.1.

A similar evaluation process after Seminar 1.2 resulted in an additional round of design changes for Seminar 2.2. The following recommendations were made: 1) introduce group discussions in which participants critique their business plans, 2) group participants according to

their level of understanding, 3) provide handouts ahead of time, 4) demonstrate practical uses for computers, and 5) organize efficient means for the consultants and directors to work together. In response to these recommendations, and in an attempt to further respond to the recommendations made after Seminar 1.1, the following changes were made. One new trainer was added for her expertise in Marketing. Consultants received training in two new computer topics, spread sheets and home pages on the Internet. Negotiating skills, decision making, and presentation skills were added and taught by a specialist in organizational development. A disability awareness session was introduced. Small group sessions were introduced for providing detailed section by section critiques of each director's business plan. Written critiques of the business plans were provided to the directors, and video taping was used for the first time to give the directors immediate feedback on their presentation skills.

This was a much more interactive and experiential approach to presenting material than was used in Seminar 1.2, and the participants appear to have benefited from the change. Their overall rating of Seminar 2.2 jumped to 3.42 from 3.15 for Seminar 1.2. Their rating of the instructors' knowledge also increased from 3.59 to 3.79, and their rating of the instructors' presentation increased from 3.26 to 3.75. In an even more pronounced repeat of the pattern that emerged from the evaluations of the first trainings of the cycles, Seminar 2.2 resulted in an even greater increase in the participants' understanding of the material than did Seminar 1.2.

In addition to the changes already described, certain other general improvements were made to the training strategy. Daily staff meetings were initiated to review the days' sessions. These meetings allowed the trainers to constantly increase their understanding of the needs of the participants, and to use this understanding to improve the training strategy as the project went along. There were also review sessions after the end of each of the trainings, which gave the project staff another very good opportunity to analyze information and improve the seminars. As a result, the role of the consultants was more clearly defined as the project went along, and additional experts were identified and added to provide more expertise in the areas of management, computer usage, and business plan critiquing. A well equipped training site at Vozmozhnost Dlya Vsekh was also located.

All involved in the design and implementation of the training strategy are to be commended for the system that they have jointly developed. From nothing, they have built a high

power custom made training strategy that is in our opinion suited to the task of training the remaining ARSD enterprise directors

### Objective 3

Establish a network of trained and computer literate enterprise directors and in house consultants linked together by e-mail so that they may assist one another after the trainings are completed

The greatest evolutionary changes in the project strategy have been made in the area of the training and preparation of consultants. As was mentioned earlier, nineteen different ARSD representatives completed full two seminar training cycles as consultants, and seven ARSD Central Board members were also trained as consultants. At the beginning of the project, the role of the consultant was not clearly defined, and many of them were not able to meet the expectations that were placed upon them. In the opinion of the trainers who completed the evaluation questionnaire, the consultants were helpful in the seminars as assistants but provided little assistance to the directors after the seminar. In response, in the second training cycle the role of the consultants was expanded, and the training of consultants was intensified.

Four or five promising consultants have risen to the top as a result of this increased effort, but a question still remains as to whether the project has been able to produce enough high quality consultants to carry the training strategy to the remainder of the enterprise directors. Some consultants appear to possess the talent to become effective trainers, but they would need more experience and instruction.

On other related topics, commitments have been made by the ARSD Central Board to create and maintain the ARSD network of enterprises. For example, select Central Board staff members have received business plan training, and the Central Board has adopted a policy of requiring all enterprises seeking their financial assistance to submit a business plan. The Central Board has also committed significant funds (\$100,000 this year and \$200,000 next year) to a competition among enterprises to produce the best business plans. Interestingly, though this year's competition was open to all ARSD enterprises, the top five business plans were submitted by alumni of the Business Plan Training Program.

In addition, the Central Board is establishing a revolving loan fund, and has offered to provide new consultants who do not have computer equipment with computers and modems so that they may actively participate in network activities. With the assistance of WID, the ARSD has written a successful proposal to the Eurasia Foundation for computers. A commitment has

also been made to develop a telecommunications system for the ARSD regional offices. To that end, WID has hired a staff person to maintain the network (i.e. collect and disseminate information, create a data base of business related information, maintain constant communication [by e-mail] with the consultants, maintain the ARSD bulletin board, and write a quarterly business newsletter)

### **Recommendations**

The business plan training component of the project has established a successful training team, designed a successful curriculum, and developed effective training materials. Based on these results, we make the following recommendations:

- ⇒ **The existing strategy should now be expanded to reach the remaining enterprise directors.**
- ⇒ **WID and the ARSD should continue to collaborate on this activity, with both organizations pursuing the necessary outside funding.**
- ⇒ **the ARSD should begin to internalize the costs of the strategy through cost sharing arrangements with the outside funders.**

Through its evolutionary design strategy, the project has demonstrated that there is a learning curve involved in setting up this type of system. Because of the learning curve involved, it would be disastrously inefficient for WID and the ARSD to be forced to interrupt their support for the expansion of the strategy, particularly if so doing would mean the dissolution of the present training team.

- ⇒ **Therefore, immediate fundraising is imperative.**

Assuming that funds become available,

- ⇒ **we recommend that the existing excellent training team be retained, and that they continue to employ their evolutionary design strategy.**

We recommend continuing the evolutionary strategy for two reasons. First, it has proven itself to be extremely responsive and successful, strengthening the strategy immensely so far, and second, because of its flexibility, it is well suited to the dynamic nature of the volatile economy in which the ARSD enterprises must now survive. In a volatile economy like Russia's, situation specific information is every bit as important as theory and technique, and flexibility is vital for survival.

As part of the recommended evolutionary strategy, the project staff should design the next series of trainings using all of the lessons learned in this project. In that spirit, we respectfully make the following specific recommendations for the training sessions themselves:

- ⇒ **Develop a selection criteria for participants that maximizes the probability that they will be fully committed participants who complete all aspects of the training.**
- ⇒ **Have as many computers as possible at the training.**
- ⇒ **Take steps to ensure that the participants in future trainings have as much computer experience as possible before the trainings. Continue the crash course on computers at the trainings.**
- ⇒ **Make disability awareness a permanent part of the training program.**
- ⇒ **Send training materials to the participants prior to trainings so that they may become adequately prepared for the seminars.**
- ⇒ **Ensure that the training sites are adequate.**

The consultants' place in the current strategy is still not entirely clear. Therefore, we recommend that the design team,

- ⇒ **establish and apply consistent selection criteria for consultants,**
- ⇒ **clearly define the role of consultants in the current strategy,**
- ⇒ **intensify the training of consultants,**
- ⇒ **continue to define the consultants' relationships and responsibilities with the participating directors,**
- ⇒ **insure that consultants are given sufficient reduction in their other ARSD responsibilities to allow them to fulfill their responsibilities as consultants, and**
- ⇒ **establish a monitoring procedure to facilitate an ongoing analysis of the success of this effort.**

If ARSD intends to provide these trainings using their own staff in the future, we believe that the training model needs to be modified to introduce an elite new group of participants who are chosen to receive intensive training to become trainers. As we mentioned in the body of the report, only a handful of the current consultants have demonstrated potential to become quality trainers. ARSD employees who are presently members of the training team have also demonstrated the necessary talent.

However, believing that more trainers will be needed to staff a fully fledged training strategy,

⇒ **we recommend that an organized, high profile effort be made to establish a consistent process for identifying, selecting, training and rewarding those within the ARSD who possess the talents, skills, and commitment to become effective trainers.**

We recommend that the ARSD continue its effort to collect consistent baseline data on each of its enterprises. Therefore,

⇒ **we recommend that the ARSD establish a stable system for collecting, reviewing, evaluating and storing the enterprise data that it collects.**

It is important for the system to be consistent and stable because the purpose of the system is to measure the activities, successes and failures of the ARSD network of enterprises over time. Consistent collection and analysis of evaluations and participant profile information will be vital for evaluation, planning, and other efforts to improve the strategy. Therefore,

⇒ **we recommend that the training team refine and implement a consistent evaluation procedure, and that they increase their effort to ensure that all participants complete evaluation forms.**

Lastly, the success of the ARSD appears to depend in large part on the financial success of the businesses with which it is associated. To effectively manage the ARSD enterprise network, the ARSD Central Board needs to have the capacity to evaluate the performance of the individual ARSD businesses. Good information and good analysis are at the heart of wise business decisions. Therefore, the ARSD Board must ultimately possess an institutional capability to review and comprehend financial information relevant to the functioning of the ARSD network. Therefore,

⇒ **we recommend that the ARSD immediately develop a strategy to begin to acquire the capacity to make sound business decisions regarding the financial viability of the individual enterprises within its domain.**

Since bankers are the professionals who possess the ability to evaluate the financial soundness and potential of businesses, perhaps the ARSD could acquire the skills they require through the banking system, either by hiring banking professionals to become part of the ARSD, or by contracting with banks to train existing ARSD employees.

## II. PROJECT DESIGN

The ARSD is affiliated with over 1,350 Russian enterprises which employ approximately 19,000 people with disabilities and provide approximately 50% of the operating budget of its national network. Within Russia's previous economic system these enterprises tended to prosper under a system of guaranteed government contracts. Within this protected environment, the ARSD enterprises were able to successfully pursue two objectives at once, generating revenue for the ARSD, and providing employment for people with disabilities.

However, as a result of the recent and ongoing transformation of the Russian economy, the ARSD enterprises are no longer protected. Now, for the first time they can actually fail and, thus, become financial liabilities to the ARSD. The project under review was born out of the recognition that the financial and employment contributions of the ARSD enterprises to the mother organization will now depend on their ability to adapt and compete successfully in the emerging market system.

To help the ARSD begin this vital process of change and adaptation, WID received USAID funding administered by World Learning to collaborate with the ARSD in the design and implementation of a strategy to strengthen the ARSD network of contributing enterprises. Additional funds were obtained by Deloitte and Touche specifically to cover training costs.

The goals of the project were:

- 1 to build the organizational capacity of regional affiliates of the ARSD by developing a model training program for business management teams and advisors who will provide ongoing technical assistance to their businesses,
- 2 to develop a model communication network for the business advisors situated in the regional affiliates, and in the offices of the Central Board of the ARSD, and,
- 3 to strengthen cooperative efforts between the businesses of the regional affiliates of the ARSD, and to encourage cooperation between the businesses of the local ARSD affiliates within a region.

This report pertains to the first component of the project, the model training program for business management teams and advisors. As this activity is an integrated component of the larger project, mention will be made of other components where appropriate.

After intensive collaboration between World Learning, WID, and the ARSD, it was concluded that an effective long term strategy to strengthen the ARSD enterprises must begin

with a serious effort to teach the enterprise directors the basic skills they will need to successfully compete in a market based economy. Business plan training was chosen as the initial vehicle for transmitting this information because business plans are essential in market based economies, and because the process of developing a business plan involves learning about all aspects of a business. After considering a number of alternative strategies within the context of the existing time and resource constraints, the ARSD and WID decided upon two training cycles, each comprised of two training seminars. Within this framework they adopted an evolutionary design strategy in which the training seminars were adapted and refined as the project went along in order to take advantage of lessons learned.

This component of the project was viewed by WID and the ARSD as a pilot project with the following general objective, to strengthen a small proportion of the ARSD enterprises by providing basic business training to their directors, while at the same time developing and refining a workable training strategy to be used to train the remainder of the ARSD enterprise directors. To bring the new training to bear on the operations of the enterprises as soon as possible, the project design team sought to not only teach enterprise directors about business plans, but to also establish a network of trained and computer literate enterprise directors and in house consultants linked together by e-mail so that they could assist one another after the trainings were completed. Therefore, in addition to receiving training about business plans, all of the participants received instruction in e-mail and in the use of computers in business. Also, in addition to enterprise directors, the participants included Chief Engineers and other representatives of the ARSD who received additional training as consultants.

#### ***The First Training of the First Cycle (Seminar 1.1)***

Three Russian companies were considered to assist the ARSD and WID with the design and implementation of the first training (Seminar 1.1) which was held in Perm from May 14 to May 29, 1995. After extensive interviews and considerable discussion between representatives of WID and the ARSD, Management Training International (MTI) was chosen. Valery Khroustsky, the lead lecturer from MTI, then worked with the ARSD, WID, Robert and Nansea Metts (project design consultants), and Dale Flowers (a training consultant), to design Seminar 1.1, to form the training team, and to choose the participants.

The primary objective of Seminar 1 1 was to teach the participants the basic elements of business plan preparation. Additional objectives were

- a) to teach the participants the basic concepts of practical marketing,
- b) to provide the participants with the basic computer skills necessary to use business plan software,
- c) to teach the participants western accounting principles, financial planning and analysis
- d) to improve the participants' consulting skills,
- e) to advance the skills of the participants so that they can make optimum decisions in the new market environment,
- f) to present general information on market economy operations to improve the quality of the participants' decisions related to business plan development

The original plan was to train 37 participants, 25 enterprise directors, and 12 ARSD representatives who were to be trained as consultants. They were to include five enterprise directors or representatives and one ARSD representative from each of the following five regions, Perm, Kirov, Krasnodar, Krasnoyarsk, and Belgorad. In addition, there were to be two representatives from the ARSD Central Board and one ARSD representative from each of the following five regions: Bachkorkostan, Rostov, Nizhni Novgorod, Tumen, and St. Petersburg. However, according to the report submitted by Dr. Khroutsky following Seminar 1 1, 44 people were trained, 30 enterprise directors and 14 ARSD representatives which included 2 members of the ARSD Central Board staff.

All 14 of the ARSD representatives were trained as consultants. The five ARSD representatives from the regions from which the enterprise directors were chosen had two responsibilities. First, they were to assist the enterprise directors during the training. Then, after the completion of Seminar 1 1, they were to assist the enterprise directors in their regions to develop or complete business plans, both those who attended the training and those who did not. The two ARSD representatives from the Central Board and the five ARSD representatives from the five regions that did not send enterprise directors to Seminar 1 1 were to provide assistance during the training and prepare the enterprise directors in their regions to participate in future trainings.

Seminar 1.1 lasted two weeks. The first week of the training was for consultants only. In that week they were presented with the same information the enterprise directors would receive the following week, and they each developed a hypothetical business plan.

The second week of the training included the enterprise directors. Each day of this week of Seminar 1.1 was broken into three segments. In the morning, a lecture was presented on the day's topic. In the afternoon the participants broke into small groups to learn computer skills, to learn to use the "Success" business plan computer program, and to practice using the information they had learned in the lecture. They also learned about e-mail, and concluded each day by practicing interpersonal skills. The consultants participated in the directors' training to review the information they had learned during the previous week, and to provide assistance to the directors. Between the first and second training of the cycle, each director was expected to return to his or her enterprise and complete a business plan for the enterprise, which would then be critiqued and used as a teaching tool in the second training of the cycle.

#### ***The Second Training of the First Cycle (Seminar 1.2)***

Seminar 1.2 was held in Sochi from September 21 through September 30, 1995. The 12 consultants met on the first two days to,

- 1) preview the material to be presented to the enterprise directors,
- 2) discuss their roles in the second directors' training of the cycle,
- 3) discuss their expectations,
- 4) identify potential problems and obstacles, and
- 5) practice group problem solving.

They then assisted the directors during the remaining five days of the training in which the 25 directors received further training in investment, marketing, financial analysis, advertising, and computer skills (including e-mail). The participants also engaged in extensive critiquing of their business plans, and in training in computer simulation.

#### ***The First Training of the Second Cycle (Seminar 2.1)***

Seminar 2.1 was held in Nizhny Novgorod from March 21 through March 30, 1996. The format was similar to that employed in Seminar 1.1. However, as this was the second training cycle of the project, the format was modified slightly to take into account the strengths and weaknesses of the first training cycle. Seminar 2.1 consisted of three sessions, a consultants'

workshop, a business directors' workshop, and a one-day follow-up session for the consultants

The five main objectives of the training were to

- 1 prepare the ARSD Consultants to assist their enterprise directors in developing business plans,
- 2 provide the enterprise directors with the knowledge and skills needed to write a business plan,
- 3 provide the enterprise directors with the skills and knowledge they need to better manage their businesses (i.e. strategic planning, problem solving, hiring and managing staff, and team building)
- 4 further test and perfect the training model for use in future ARSD business plan trainings,
- 5 build teams of regional consultants and directors,
- 6 further strengthen the training team

The Business Consultants Workshop (3 days) Fifteen consultants from 12 regions participated, including 6 consultants from the previous training cycle. The objectives of the workshop were to, 1) provide the new consultants with the skills and knowledge they would need to develop their business plans, 2) provide the returning consultants with additional consultant skills, 3) provide the new consultants with the skills and knowledge they would need to work effectively with the enterprise directors during and after the directors' workshop, and 4) teach e-mail skills to the new consultants and reinforce the e-mail skills of the returning consultants

Business Directors Workshop (5 days) Twenty seven directors from nine regions participated. The purpose of the workshop was to provide the enterprise directors with the skills and knowledge necessary to develop a business plan. All components of the business plan were examined in a lecture, discussion and computer format. After each lecture and discussion session, the participants reinforced their understanding of the new concepts with the aid of the computer program "Success". Twenty computers were available for marketing, business planning and e-mail computer training. Sessions in the following areas were also provided: organizational development, problem solving, team building, hiring staff, and cycles of development. These sessions, as evaluated by the participants, proved to be both interesting and extremely useful. The participants also found the small group sessions effective for discussing and sharing experiences.

In order to comfortably accommodate all 42 participants, it was necessary to divide the group in two. However, in so doing, consultants and enterprise directors from each region were

kept together for team building purposes. Those returning consultants who were not partnered with specific enterprise directors were assigned to groups and encouraged to assist at least two directors. The returning consultants did not participate in the business plan lectures and discussions. Instead, they formed a separate group for training in e-mail and marketing.

Training design adaptations were made during the second week of the training in order to best address the needs of the participants. For example, sessions on financial planning and computer literacy were added. The training team also kept abreast of the participants' needs by holding daily staff meetings with the consultants. After these meetings, the trainers and organizers met to discuss modifications to the training agenda and overall design. Based on the evaluations of the participants, this appears to have been a very useful practice that allowed the trainers and organizers to refine their assessments of the needs of the participants and modify the seminar accordingly.

Consultants follow-up workshop This one-day session was held immediately after the directors' workshop. It provided the consultants with the opportunity to discuss and evaluate the seminar activities, make recommendations, and plan future project-related activities. It yielded the following outcomes: a project timeline, a preliminary design for the follow-up seminar, and a description of the role of the consultant.

General Observations about Seminar 2.1 The "Vozmozhnost Dlya Vsekh" training site was found by the participants to be an ideal training environment with access to 20 computers for simultaneous training in e-mail, computerized business planning and marketing. Each of the participants had his or her own personal computer. The training facilities were staffed by a very professional team that created an environment conducive to learning. In their evaluations the project team attributed some of the overall success of the seminar to the training facilities and to the "Vozmozhnost Dlya Vsekh" staff.

The training sessions incorporated the experiences of the participants. Each session in consulting skills and organizational development yielded outcomes that were the direct result of shared experiences. The participants were encouraged to review their own experiences in problem solving, hiring staff, managing a team, and, together with the trainers, discuss new approaches to these activities. The participants found this sharing of experiences and collective problem solving to be very useful.

All training in Seminar 2 1 was carried out by Russian trainers using Russian materials or materials adapted to the Russian situation. The training team consisted of experienced Russian trainers, familiar with both the NGO and the business community. Valery Khroutsky ably led the lecture, discussion, and computer sessions on "Business Planning," and his sessions were highly rated by the participants. Dr. Khroutsky skillfully used information that he had gathered in the first training cycle to address specific issues peculiar to ARSD businesses. For example, when he covered the topic of financial planning, he took into account the rather complex system of ARSD tax benefits.

Also, in order to increase the impact of the computerized business plan and marketing training, a new trainer, Elena Vlasova, was invited to assist Valery Khroutsky. Ms. Vlasova, who had previous experience teaching the "Success" and "Tor" Marketing computer programs, led the marketing training sessions independently and then co-taught the "Success" sessions with Dr. Khroutsky. Thanks, in large part, to Ms. Vlasova's expertise, the computerized training proceeded very smoothly and had the desired impact. With two trainers and 20 computers, it was possible to provide every participant with valuable hands-on experience.

Aleksei Kuzmin and Vladimir Balakerev, trainers and consultants in organizational development and management, were also added to the Russian training team for Seminar 2 1. Their sessions provided the participants with the opportunity to share experiences on topics such as problem solving, staff hiring and team building, areas crucial to successful businesses. Both Kuzmin and Balakerev were committed to the experiential training approach, and both demonstrated their mastery of this approach in the "Organizational Development" sessions with the enterprise directors and consultants. Their training sessions are reported to have contributed significantly to an overall positive and productive atmosphere at the training. E-mail trainers Kurgalimov and Poskachei, who had previously participated in many e-mail seminars for ARSD staff, are also reported to have been valuable for the success of the training.

### *The Second Training of the Second Cycle (Seminar 2 2)*

Seminar 2 2 was held in Rostov from August 23 through August 30, 1996. It was designed to strengthen the business planning skills and knowledge that the participants acquired at Seminar 2 1 in Nizhny Novgorod. The training was also designed to provide the enterprise directors with presentation, negotiation and communication skills, and to provide the consultants

with improved skills in critiquing and reviewing business plans. Each enterprise director was to leave the training with a fully critiqued business plan that had been reviewed thoroughly by a team consisting of regional consultants, directors and a business plan specialist.

The seven goals of this training program were to

- 1 Provide the consultants with the additional skills necessary to effectively assist their enterprise directors to develop, review and promote their business plans,
- 2 Strengthen the enterprise directors' business planning knowledge and skills,
- 3 Provide the enterprise directors with negotiating skills, communication skills, and presentation skills
- 4 Acquaint the enterprise directors and new consultants with e-mail,
- 5 Further refine the training model, (i.e. materials, training program, trainers) for use in future ARSD business plan training programs,
- 6 Introduce disability awareness to the enterprise directors,
- 7 Strengthen the regional consultant/director teams

Seminar 2.2 consisted of three sessions, a consultants' workshop, a joint workshop for enterprise directors and consultants, and a planning session for the consultants. The purpose of this training was to provide practical advice and assistance in business planning by forming small groups and critiquing each participant's business plan section by section. Each plan was examined in detail by one of three business planning trainers, together with a team of consultants and enterprise directors. The training was also designed to provide the consultants with new business plan critiquing skills, and to help them hone the rest of their consultant skills. Lastly, the seminar was designed to provide the consultants and enterprise directors with the skills necessary to present and promote their business plans and to access investments.

Consultants Workshop (3 days) Eleven consultants from 11 regions and three ARSD staff members participated in the consultants workshop. Four of the consultants were new to the project, replacing former participants who had left their positions as Engineers. The new consultants came from Perm, Tumen, Krasnodar, Tikhvin (Leningrad Oblast) and Bryansk. One of the criteria for participation in this seminar was that the consultant, whether old or new, had to assist at least one director to develop a business plan.

The consultants workshop was designed to prepare the consultants to take on much greater responsibilities than they had in any of the previous trainings. It consciously increased the

responsibilities of the consultants by directly involving them in the process of designing the upcoming training sessions for the enterprise directors, and by greatly increasing their responsibilities in the critiquing sessions

Prior to Seminar 2 2, all of the participating enterprise directors had submitted business plans, which were reviewed by their consultants prior to the workshop. Then, as a team, the trainers and consultants worked together to develop their roles in the upcoming directors training and devise a strategy for critiquing the directors' business plans. This workshop also provided a critical opportunity for necessary testing and modifying of the business plan reviewing process.

The Director/Consultant Joint Workshop This segment of the workshop consisted of business plan critiquing sessions, a training in communication skills, a session on disability awareness, and computer literacy training. Communication skills training was included to give the enterprise directors the skills necessary to successfully manage their businesses and promote their business plans. These sessions focused on presentation skills, and on skills related to conducting meetings, decision making, communication, and negotiation. The participants were videotaped during these sessions so that they could evaluate their own performance.

Since all but one of the enterprise directors employ disabled people, a session was added to increase disability awareness. This component included a discussion of the World Institute on Disability, a film called "People in Motion" about Ed Roberts, the founder and first President of WID, and a discussion of the information that had been presented.

During the computer training, the enterprise directors focused on learning an e-mail program to help them communicate with the consultants and other enterprise directors. The consultants were also introduced to the World Wide Web, the WID home page, and spreadsheets.

The Consultant Follow-Up Session This session focused on a discussion of the next steps for the business training program. The consultants discussed a number of ideas including strategies for the sharing of training sessions by various ARSD regions, and interregional market research strategies.

### **III. PARTICIPANT EVALUATION OF THE TRAININGS**

This section presents the results of the participants' evaluations of trainings. The first training of the first cycle, held in May 1995 in Perm, is referred to Seminar 1 1. The second training of the first cycle, held in September 1995 in Sochi, is referred to as Seminar 1 2. The first

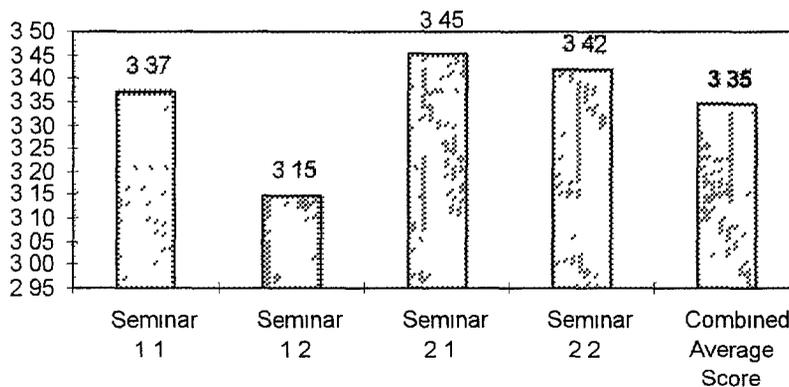
training of the second cycle, held in March 1996 in Nizhny, is referred to as Seminar 2 1 The second training of the second cycle, held in August 1996 in Rostov, is referred to as Seminar 2 2

Numeric composite averages were created to compare the results Excellent, Good, Fair, and Poor were assigned the following numeric values, excellent = 4, good = 3, fair = 2, poor = 1 When available, the evaluations of the consultants and enterprise directors were combined However, we did not receive consultant evaluations for Seminar 1 1, and we did not receive any information on various topics because the information had apparently been lost in the process of tallying and/or translation

Graph 2 1 shows the consultants and directors evaluations of the overall trainings As the graph indicates, the participants were quite satisfied with the trainings from the beginning, with most of them rating Seminars 1 1 and 1 2 as Excellent or Good, and all of them rating Seminars 2 1 and 2 2 as Excellent or Good, resulting in a Combined Average Score of 3 35 The data suggest that the evolutionary design strategy improved the trainings, as the ratings for Seminar 2 1 are significantly higher than those for Seminar 1 1 (3 45 versus 3 37), and the ratings for Seminar 2 2 are significantly higher than those for Seminar 1 2 (3 42 versus 3 15)

Graph 2 1

How Do You Rate The Training?

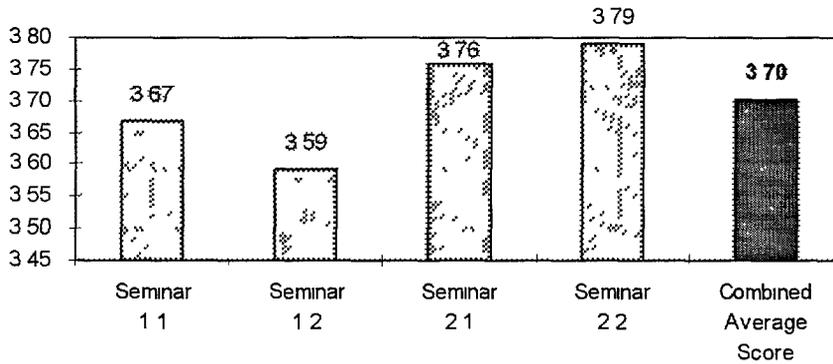


Graph 2 2 below compiles the ratings of the instructors' knowledge These are very positive, resulting in a combined average score of 3 70 The data again demonstrate the refinement and improvement of the trainings that resulted from the Project Staff strategy of learning by doing Seminar 2 1 and 2 2 are again both rated significantly higher than Seminars 1 1 and 1 2 (3 76 versus 3 67, and 3 79 versus 3 59) The participants' comments were

universally laudatory, with no negative comments made about instructor knowledge. All available information indicates that Dr. Khroutsky in particular did an excellent job of refining his technique and adapting his material based on his experiences with the participants.

Graph 2 2

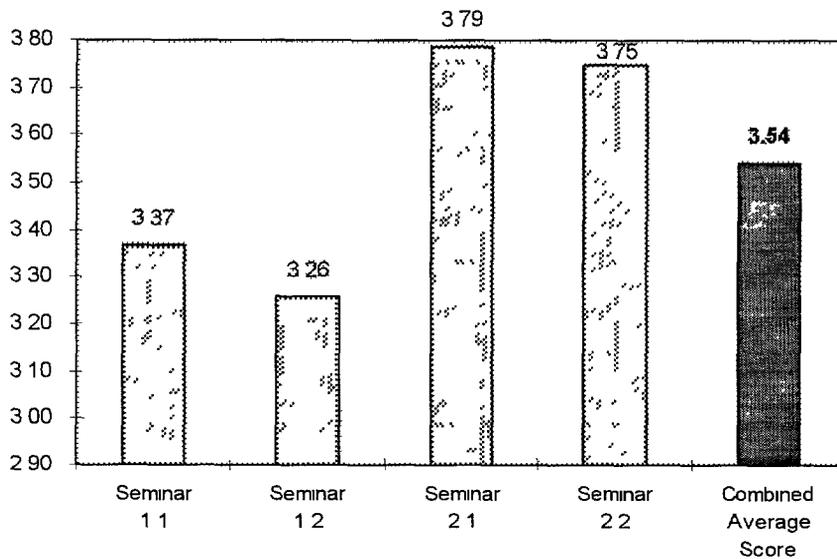
How Do You Rate Instructor Knowledge?



Graph 2 3 below provides information on the directors' and consultants' evaluations of the presentations made by the instructors.

Graph 2 3

How Do You Rate Instructor Presentation?

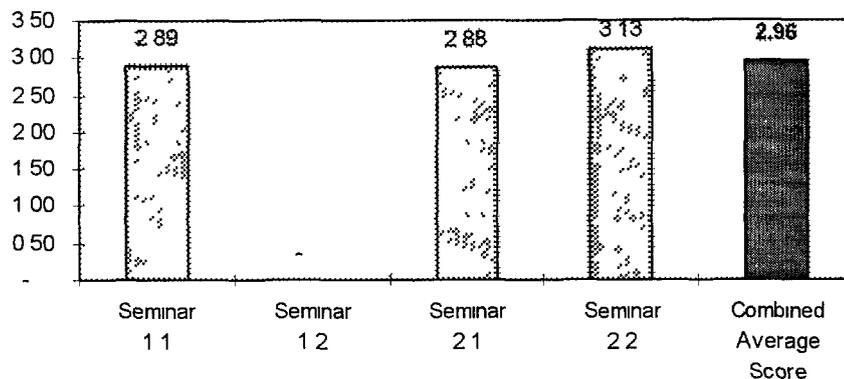


Again, the ratings were strikingly positive, with a combined average score of 3.54, and again, the ratings for the second training cycle were significantly higher than those for the first cycle. The average rating for Seminar 2 1 of 3.79 exceeds the rating of 3.37 for Seminar 1 1, and the average rating for Seminar 2 2 of 3.75 exceeds the 3.26 rating for Seminar 1 2.

The data necessary for a graphical representation of the rating of the length of Seminar 1 2 were not made available to the evaluation team. Graph 2 4 below presents the data for the other seminars which reveal that many of the participants found the trainings to be too short in duration to adequately cover all of the necessary material. This resulted in a combined average rating of only 2 96, which was the lowest combined average rating of any of the elements of the training strategy.

Graph 2 4

How Do You Rate Training Length?



Although the evaluations were low relative to the other elements of the strategy, they were generally positive, with most participants rating the training length as good. However, a number of the directors' and consultants' comments showed frustration. For example, consider the following two comments from Seminars 1 1 and 1 2.

The workshop's duration could hardly be shorter.

There was too little time for discussing all the questions. The program of the seminar was too vast for good explanation of all issues in such short a period.

Although the ratings did not change dramatically from Seminar 1 1 to Seminar 2 1 and Seminar 2 2, the comments seem to indicate a growing realization that the training length chosen was the best possible under the existing time and resource constraints. There follow some representative examples.

Fine, but could be longer. There wasn't enough time to learn more, but this would take a month or more which does not seem realistic.

For Directors, this is the best possible option (leaving their work for a short time).

It is a good chance to get necessary minimum or oration in such a short period of time.

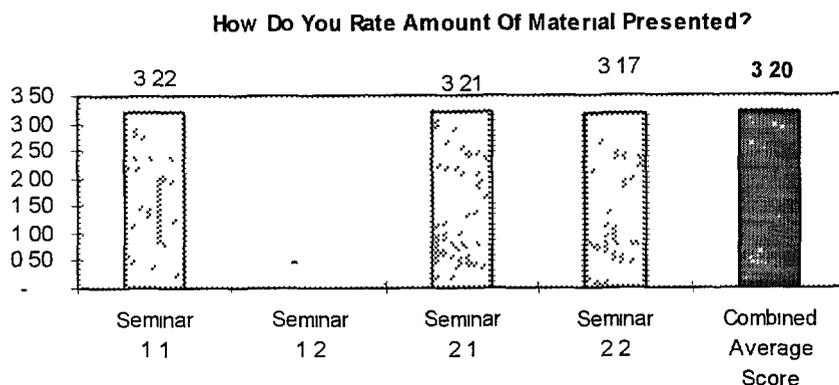
The participants in Seminar 2 2 appear to have accepted the training length. However, they seemed concerned with the organization of the training day. Examples of their concerns are presented below:

Normal length, cultural program was missing

Many hour working day complicates immediate comprehension

Training day is too long. One day or half of a day might be left for field trips

Graph 2 5



Graph 2 5 shows that the combined average rating of the amount of material presented was in the good range at 3 20. Most of the comments were positive and the participants seemed to feel that any difficulties they had in digesting the information presented at the seminars were the result of problems with the training length and other things like the wide variations in their own backgrounds. Although data from Seminar 1 2 were not available, comments from that session were provided. Comments regarding amount of material covered from Seminar 1 1 through 2 2, respectively, are presented below:

The amount of the material was large, but enough for understanding

Too much information because your own knowledge proves to be totally insufficient  
Need time to digest it. Not enough information to solve the problem of your own ignorance

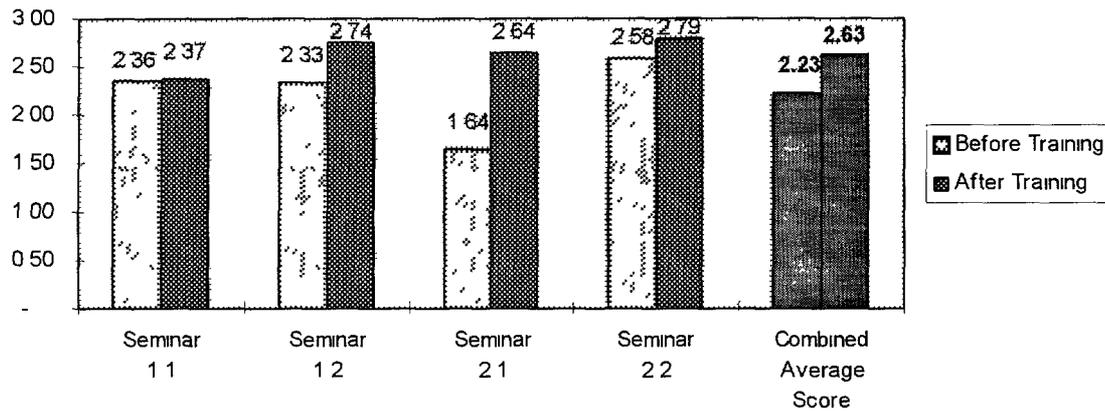
A large amount is hard to perceive while anything less would be useless

I'd rather have this amount in a longer period of time

Graphs 2 6 through 2 11 evaluate the understanding of six topics before the seminars and after the seminars. The same rating system with the same numeric composite averages was employed to compare the results.

Graph 2 6

Understanding of Business Before and After Training



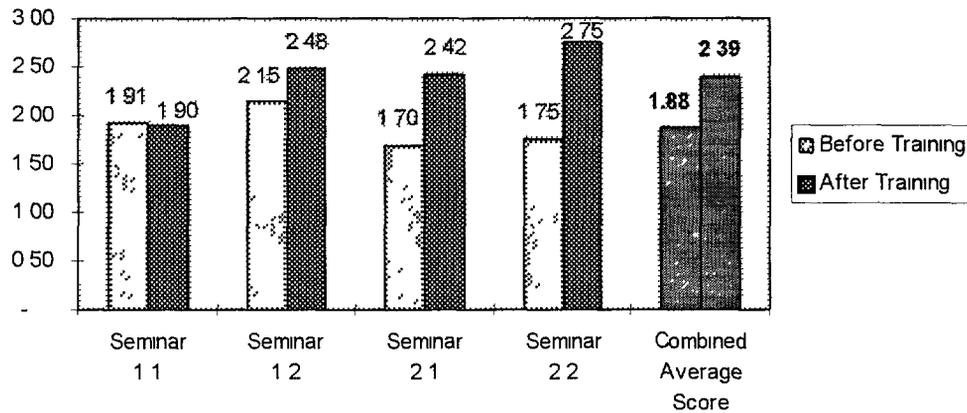
Graph 2 6 evaluates the participants' understanding of business before and after the trainings. The combined average rating of the participants' understanding of business improved from a combined average rating before the training of 2.23, which is in the low range of fair, to a combined average rating after the training of 2.63, which is in the high range of fair.

Importantly, when the participants' knowledge before each seminar is compared with their knowledge after each seminar we see that three of the four seminars made significantly positive contributions to the participants' knowledge. The contribution made by Seminar 1 1 was rated to be insignificant, however. Before Seminar 1 1 the participants rated their understanding of business in the low range of fair at 2.36. After Seminar 1 1 they rated their understanding of business as a barely better 2.37.

The positive contributions made by the other three seminars were much more significant. Before Seminar 1 2, the participants rated their understanding of business at 2.33. After the seminar, they rated their understanding of business at 2.74. Before Seminar 2 1, the participants rated their understanding of business at 1.64. After the seminar, they rated their understanding of business at 2.64. Before Seminar 2 2, the participants rated their understanding of business at 2.58. After the seminar they rated their understanding of business at 2.79.

Graph 2 7

Understanding of Markets Before and After Training



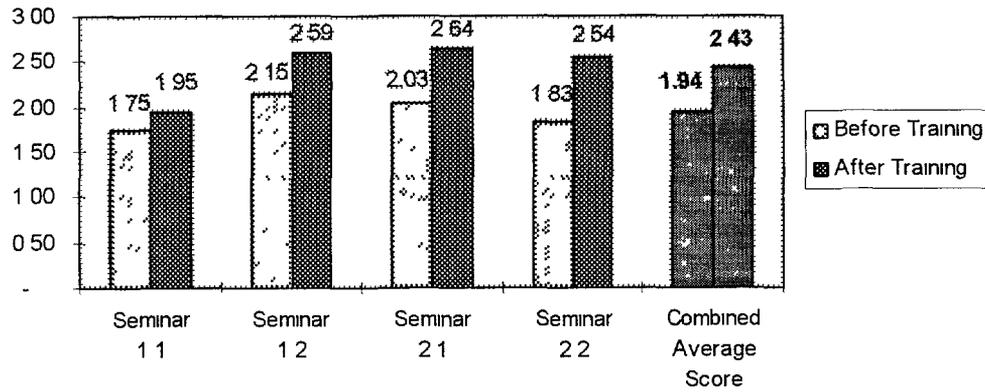
Graph 2 7 shows the participants' average evaluations of their understanding of markets before and after the trainings. Before the trainings, the participants gave their understanding of markets a combined average rating of 1.88. After the trainings, they rated their understanding of markets at a significantly better 2.39.

When the before and after results are compared for each of the seminars, we find that all but the first significantly increased the participants' understanding of markets. In a pattern similar to that related to their understanding of the previous topic, the participants in Seminar 1 1 rated their understanding of markets slightly lower after the training than before the training (1.90 versus 1.91). Then, for all of the other three seminars the participants rated their post-seminar understanding of markets significantly higher than their pre-seminar understanding. These results again suggest that the trainings were refined and improved as the project went along.

Graph 2 8 below shows the average ratings of the participants' understanding of marketing before and after the trainings. The combined average rating of the participants' understanding of marketing before the trainings was 1.94. After the trainings it was a much improved 2.43. When we compare each seminar's before and after results, we again see that each has significantly improved the participants' understanding of marketing.

Graph 2 8

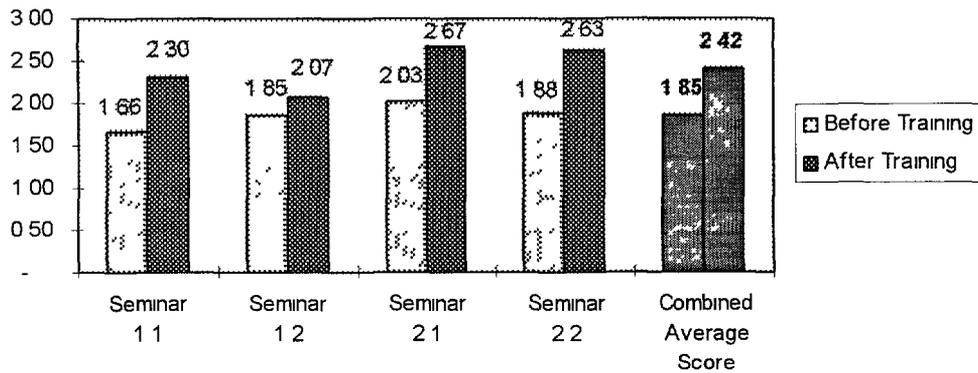
Understanding of Marketing Before and After Training



Graph 2 9 below shows the average ratings of the participants understanding of finance before and after the trainings. The combined average rating of the participants understanding of finance before the trainings was 1.85. After the trainings it was a much improved 2.42. When we compare each seminars before and after results, we again see that the each has significantly improved the participants' understanding of finance.

Graph 2 9

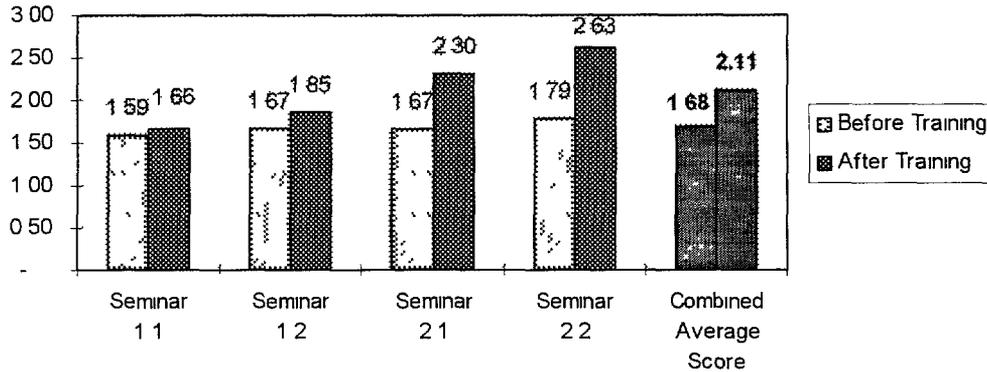
Understanding of Finance Before and After Training



Graph 2 10 below shows the average ratings of the participants understanding of management principles before and after the trainings. The combined average rating of the participants understanding before the trainings was 1.68. After the trainings it was a much improved 2.11. When we compare each seminars before and after results, we see that the each has significantly improved the participants' understanding of management principles.

Graph 2 10

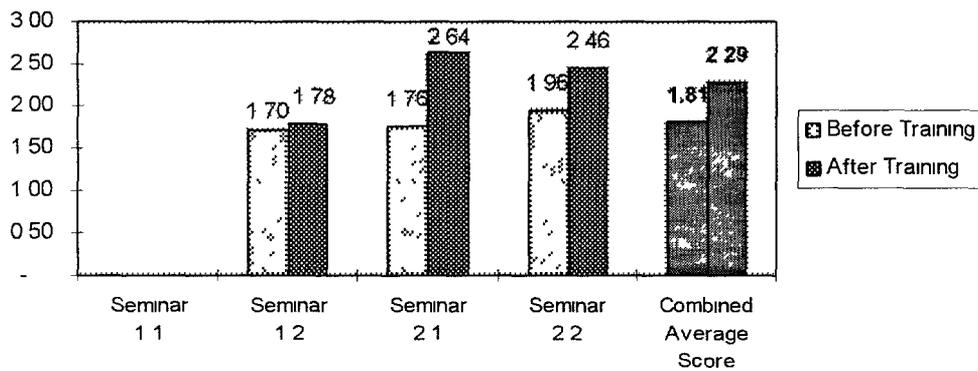
Understanding of Management Principles Before and After Training



Graph 2 11 below shows the average ratings of the participants computer ability before and after the trainings Unfortunately, information on this topic for Seminar 1 1 was not made available to the evaluation team Before the trainings, the participants' combined average rating of their computer ability was 1 81 After the trainings, the participants rated their Computer Ability at 2 29 This is an improvement When we compare each seminars before and after results, we see that the each has significantly improved the participants' understanding of and familiarity with computers

Graph 2 11

Computer Ability Before and After Training



#### IV. CONCLUSIONS

The business plan training component of the project pursued the following three objectives, 1) to strengthen a small proportion of the ARSD enterprises by providing their directors with basic business training, 2) to establish a mutual assistance network of trained and computer literate enterprise directors and in-house consultants linked together by e-mail, and 3) to develop and refine the project's training and support strategy for future expansion to include the remainder of the ARSD enterprise directors. We will address each of these objectives in turn.

##### Objective 1

##### Strengthen a small proportion of the ARSD enterprises by providing basic business training to their directors

Though the participant numbers that we are using are estimates based on conflicting reports from various members of the project team, it is clear that the project has met this objective. Two full training cycles were completed, each consisting of two seminars. To the best of our knowledge, 57 enterprise directors participated in Seminars 1.1 and 2.1, of which 31 completed a full two seminar training cycle. It also appears that 19 different ARSD representatives completed full two seminar training cycles as consultants, and that seven ARSD Central Board members were also trained as consultants.

If the above estimates are accurate, the project completed a total of 37 days of training, representing a total of 725 people training days. A total of 19.5 training days, or 482 people training days, were devoted to training the enterprise directors, and 17.5 training days, or 243 people training days, were devoted to consultant training.

The tasks associated with Objective 1 were to, 1) design the overall strategy, 2) identify and select the training team, 3) develop the curriculum, 4) prepare the training materials, 5) choose the participants, 6) secure the training facilities, 7) conduct the trainings and, 8) collect baseline data on the participating enterprises. The evaluations of the project, which allow us to evaluate the project's effectiveness in terms of tasks one, two, three, four and seven, indicate that they were done very well.

The participants rated the training as a whole at 3.45 on a four point scale, which is in the good range, and they rated the instructors' knowledge and presentation in the excellent range at 3.70 and 3.54 respectively. The training length was rated the lowest at 2.96, which is in the

high end of the fair range, slightly lower than their rating of any other aspect of the training. The primary criticism of Seminar 1.1 in this regard was that the seminar was too short for the amount of material covered. For a number of logistical reasons, the length of the trainings could not be increased. Fortunately, however, the project staff was able to improve the material they covered and improve their presentation techniques as the project went along, and, thereby, improve the fit between the training length and the amount of material covered. One example of such an improvement was the very good choice that was made to conduct the trainings in Russian using Russian training materials instead of conducting parts in English and translating them into Russian. In addition to increasing the comfort level of the participants, this change greatly increased the amount of material that could be covered by eliminating time consuming translations.

The data suggest that the seminars proved to be successful in presenting information to the enterprise directors and consultants, who rated the material presented in the good range at 3.20. The trend of the participant comments also strongly suggest that the project staff succeeded in building an accomplished training team able to respond to the needs of the participants. The data are not so kind, however, regarding the selection of participants, with only 54% of the participating directors completing a full two seminar training cycle. The fact that 26 of the 57 directors failed to complete an entire training cycle appears to indicate a need for an improved system for selecting and retaining participants. The choice of training sites also appears to have been somewhat inconsistent, but at least one of the sites, *Vozmozhnost Dlya Vsekh*, appears to have been excellent.

Baseline data was collected on 44 of the participating enterprises. This data can now be used to measure changes in the participating enterprises over time, and to evaluate the impact of this project and other ARSD efforts to improve the businesses.

#### Objective 2

Develop and refine the project's training and support strategy for future expansion to include the remainder of the ARSD enterprise directors

All of the available evidence indicates that the project has also met this objective, and that the evolutionary design strategy has succeeded in producing a training strategy and training team excellently suited to the task of training the remainder of the ARSD enterprise directors.

Seminar 1.1 focused on developing a curriculum to teach the enterprise directors the basic elements of a business plan. The seminar was evaluated, and the following recommendations were made: 1) increase the length of the training, 2) arrange for more individual time on computers, 3) include information on various topics, and 4) provide practical examples and experiences to substantiate theory. The trainers and project staff then reviewed and evaluated Seminar 1.1 to see how best to implement these recommendations, and based on their analysis, for seminar 2.1, they decided on three areas of change, adding new experts to the training team, adding new topics, and adding new presentation techniques. Three new experts were added to the training team, one in marketing, one in organizational development and one in management. Training in computer literacy was increased, and management issues such as organizational development, problem solving, team building, staff hiring, and cycles of development were added to the curriculum. Participants were also provided with increased access to computers, and small group sessions were introduced for problem solving, sharing experiences and addressing topics like e-mail.

As a result of these changes, the participants' average rating rose to 3.45 for Seminar 2.1 from 3.37 for Seminar 1.1. Similarly, their rating of the instructors' knowledge increased from 3.67 to 3.76, and their rating of instructors' presentations jumped from 3.37 to 3.79. Graphs 2.6 through 2.11 indicate that the participants' also experienced a greater increase in their understanding of the material as a result of Seminar 2.1 than they experienced as a result of Seminar 1.1.

A similar evaluation process after Seminar 1.2 resulted in an additional round of design changes for Seminar 2.2. The following recommendations were made: 1) introduce group discussions in which participants critique their business plans, 2) group participants according to their level of understanding, 3) provide handouts ahead of time, 4) demonstrate practical uses for computers, and 5) organize efficient means for the consultants and directors to work together. In response to these recommendations, and in an attempt to further respond to the recommendations made after Seminar 1.1, the following changes were made. One new trainer was added for her expertise in Marketing. Consultants received training in two new computer topics, spread sheets and home pages on the Internet. Negotiating skills, decision making, and presentation skills were added and taught by a specialist in organizational development. A disability awareness session

was introduced. Small group sessions were introduced for providing detailed section by section critiques of each director's business plan. Written critiques of the business plans were provided to the directors, and video taping was used for the first time to give the directors immediate feedback on their presentation skills.

This was a much more interactive and experiential approach to presenting material than was used in Seminar 1.2, and the participants appear to have benefited from the change. Their overall rating of Seminar 2.2 jumped to 3.42 from 3.15 for Seminar 1.2. Their rating of the instructors' knowledge also increased from 3.59 to 3.79, and their rating of the instructors' presentation increased from 3.26 to 3.75. As graphs 2.6 through 2.11 indicate, in an even more pronounced repeat of the pattern that emerged from the evaluations of the first trainings of the cycles, Seminar 2.2 resulted in an even greater increase in the participants' understanding of the material than did Seminar 1.2.

In addition to the changes already described, certain other general improvements were made to the training strategy. Daily staff meetings were initiated to review the days' sessions. These meetings allowed the trainers to constantly increase their understanding of the needs of the participants, and to use this understanding to improve the training strategy as the project went along. There were also review sessions after the end of each of the trainings, which gave the project staff another very good opportunity to analyze information and improve the seminars. As a result, the role of the consultants was more clearly defined as the project went along, and additional experts were identified and added to provide more expertise in the areas of management, computer usage, and business plan critiquing. A well equipped training site at Vozmozhnost Dlya Vsekh was also located.

All involved in the design and implementation of the training strategy are to be commended for the system that they have jointly developed. From nothing, they have built a high power custom made training strategy that is in our opinion suited to the task of training the remaining ARSD enterprise directors.

### Objective 3

Establish a network of trained and computer literate enterprise directors and in house consultants linked together by e-mail so that they may assist one another after the trainings are completed

The greatest evolutionary changes in the project strategy have been made in the area of the training and preparation of consultants. As was mentioned earlier, nineteen different ARSD representatives completed full two seminar training cycles as consultants, and seven ARSD Central Board members were also trained as consultants. At the beginning of the project, the role of the consultant was not clearly defined, and many of them were not able to meet the expectations that were placed upon them. In the opinion of the trainers who completed the evaluation questionnaire, the consultants were helpful in the seminars as assistants but provided little assistance to the directors after the seminar. In response, in the second training cycle the role of the consultants was expanded, and the training of consultants was intensified.

Four or five promising consultants have risen to the top as a result of this increased effort, but a question still remains as to whether the project has been able to produce enough high quality consultants to carry the training strategy to the remainder of the enterprise directors. Some consultants appear to possess the talent to become effective trainers, but they would need more experience and instruction.

On other related topics, commitments have been made by the ARSD Central Board to create and maintain the ARSD network of enterprises. For example, select Central Board staff members have received business plan training, and the Central Board has adopted a policy of requiring all enterprises seeking their financial assistance to submit a business plan. The Central Board has also committed significant funds (\$100,000 this year and \$200,000 next year) to a competition among enterprises to produce the best business plans. Interestingly, though this year's competition was open to all ARSD enterprises, the top five business plans were submitted by alumni of the Business Plan Training Program.

In addition, the Central Board is establishing a revolving loan fund, and has offered to provide new consultants who do not have computer equipment with computers and modems so that they may actively participate in network activities. With the assistance of WID, the ARSD has written a successful proposal to the Eurasia Foundation for computers. A commitment has also been made to develop a telecommunications system for the ARSD regional offices. To that

end, WID has hired a staff person to maintain the network (i.e. collect information, create a data base of business related information, maintain constant communication [by e-mail] with the consultants, maintain the ARSD bulletin board, and write a quarterly business newsletter)

## V. RECOMMENDATIONS

The business plan training component of the project has established a successful training team, designed a successful curriculum, and developed effective training materials. Based on these results, we make the following recommendations:

- ⇒ **The existing strategy should now be expanded to reach the remaining enterprise directors.**
- ⇒ **WID and the ARSD should continue to collaborate on this activity, with both organizations pursuing the necessary outside funding.**
- ⇒ **the ARSD should begin to internalize the costs of the strategy through cost sharing arrangements with the outside funders.**

Through its evolutionary design strategy, the project has demonstrated that there is a learning curve involved in setting up this type of system. Because of the learning curve involved, it would be disastrously inefficient for WID and the ARSD to be forced to interrupt their support for the expansion of the strategy, particularly if so doing would mean the dissolution of the present training team.

- ⇒ **Therefore, immediate fundraising is imperative.**

Assuming that funds become available,

- ⇒ **we recommend that the existing excellent training team be retained, and that they continue to employ their evolutionary design strategy.**

We recommend continuing the evolutionary strategy for two reasons. First, it has proven itself to be extremely responsive and successful, strengthening the strategy immensely so far, and second, because of its flexibility, it is well suited to the dynamic nature of the volatile economy in which the ARSD enterprises must now survive. In a volatile economy like Russia's, situation specific information is every bit as important as theory and technique, and flexibility is vital for survival.

As part of the recommended evolutionary strategy, the project staff should design the next series of trainings using all of the lessons learned in this project. In that spirit, we respectfully make the following specific recommendations for the training sessions themselves:

- ⇒ **Develop a selection criteria for participants that maximizes the probability that they will be fully committed participants who complete all aspects of the training.**
- ⇒ **Have as many computers as possible at the training.**
- ⇒ **Take steps to ensure that the participants in future trainings have as much computer experience as possible before the trainings. Continue the crash course on computers at the trainings.**
- ⇒ **Make disability awareness a permanent part of the training program.**
- ⇒ **Send training materials to the participants prior to trainings so that they may become adequately prepared for the seminars.**
- ⇒ **Ensure that the training sites are adequate.**

The consultants' place in the current strategy is still not entirely clear. Therefore, we recommend that the design team,

- ⇒ **establish and apply consistent selection criteria for consultants,**
- ⇒ **clearly define the role of consultants in the current strategy,**
- ⇒ **intensify the training of consultants,**
- ⇒ **continue to define the consultants' relationships and responsibilities with the participating directors,**
- ⇒ **insure that consultants are given sufficient reduction in their other ARSD responsibilities to allow them to fulfill their responsibilities as consultants, and**
- ⇒ **establish a monitoring procedure to facilitate an ongoing analysis of the success of this effort.**

If ARSD intends to provide these trainings using their own staff in the future, we believe that the training model needs to be modified to introduce an elite new group of participants who are chosen to receive intensive training to become trainers. As we mentioned in the body of the report, only a handful of the current consultants have demonstrated potential to become quality trainers. ARSD employees who are presently members of the training team have also

demonstrated the necessary talent. However, believing that more trainers will be needed to staff a fully fledged training strategy,

- ⇒ **we recommend that an organized, high profile effort be made to establish a consistent process for identifying, selecting, training and rewarding those within the ARSD who possess the talents, skills, and commitment to become effective trainers.**

We recommend that the ARSD continue its effort to collect consistent baseline data on each of its enterprises

- ⇒ **Therefore, we recommend that the ARSD establish a stable system for collecting, reviewing, evaluating and storing the enterprise data that it collects**

It is important for the system to be consistent and stable because the purpose of the system is to measure the activities, successes and failures of the ARSD network of enterprises over time. Consistent collection and analysis of evaluations and participant profile information will be vital for evaluation, planning, and other efforts to improve the strategy. Therefore,

- ⇒ **we recommend that the training team refine and implement a consistent evaluation procedure, and that they increase their effort to ensure that all participants complete evaluation forms.**

Lastly, the success of the ARSD appears to depend in large part on the financial success of the businesses with which it is associated. To effectively manage the ARSD enterprise network, the ARSD Central Board needs to have the capacity to evaluate the performance of the individual ARSD businesses. Good information and good analysis are at the heart of wise business decisions. Therefore, the ARSD Board must ultimately possess an institutional capability to review and comprehend financial information relevant to the functioning of the ARSD network. Therefore,

- ⇒ **we recommend that the ARSD immediately develop a strategy to begin to acquire the capacity to make sound business decisions regarding the financial viability of the individual enterprises within its domain.**

Since bankers are the professionals who possess the ability to evaluate the financial soundness and potential of businesses, perhaps the ARSD could acquire the skills they require through the banking system, either by hiring banking professionals to become part of the ARSD, or by contracting with banks to train existing ARSD employees

## APPENDIX I, SUMMARY DATA

### BUSINESS PLAN TRAINING PROGRAM

#### First Training Cycle

**Seminar 1.1:** 12 Training Days 248 person training days

Dates May 14 to May 29, 1995

Location Perm

5 day training for 14 Consultants

5 days training for 30 Directors

2 day Training Team and Consultants wrap up and planning meeting

**Seminar 1.2:** 8 Training Days 161 person training days

Dates September 21 - September 30, 1995

Location Sochi

2 day training for 12 Consultants

5 day training for 25 Directors

1 day Training Team and Consultants follow-up meeting

#### Second Training Cycle

**Seminar 2.1:** 9 training days 195 person training days

Dates March 21 - March 30, 1996

Location Nizhny Novgorod

3 Day training for 15 Consultants from 12 regions including 6 consultants from the previous training cycle and 7 new consultants

5 day Business Plan Training for 27 Directors from 9 regions trained

1 day Training Team and Consultants follow-up workshop

**Seminar 2.2:** 8 training days 121 person training days

Dates August 23 - 30, 1996

Location Rostov

3 day training for 11 Consultants from 11 regions plus 3 ARSD staff 4 of the 11 were new because the consultants who had attended the first workshop were no longer with their enterprises

4 5 day training for 16 Directors

Half day follow-up workshop for the Training Team and the Consultants follow-up

## APPENDIX II, PARTICIPANT PROFILE

### *The Enterprise Directors*

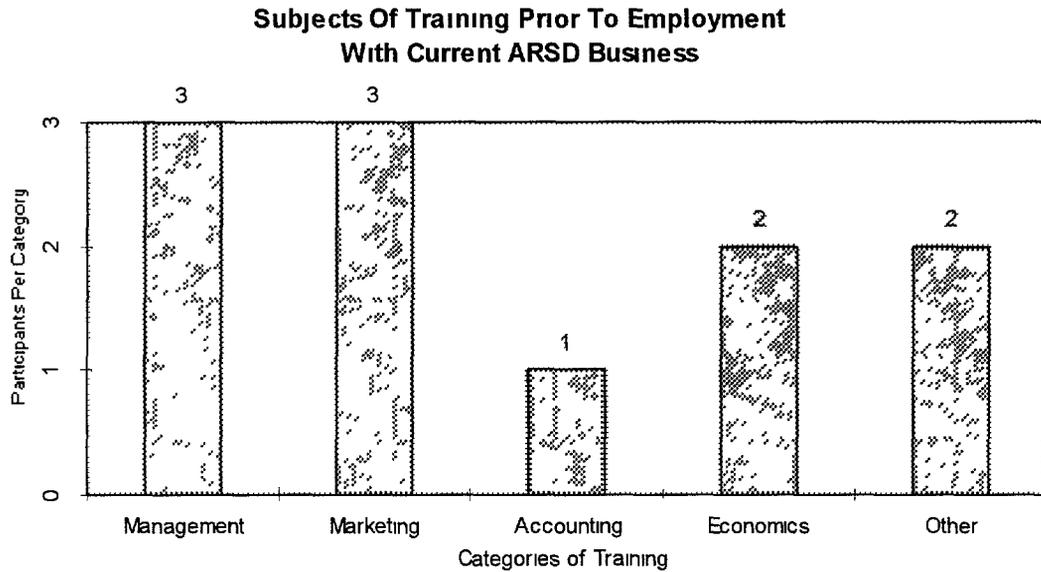
Questionnaires were distributed to all 57 enterprise directors who participated in the two training cycles. Thirty eight (67%) completed questionnaires were received and compiled. In the first training cycle only 15 (50%) of the thirty enterprise directors completed the profile questionnaires. There was an improvement in data collection for the second training cycle. Twenty three (85%) of the 27 enterprise directors who participated in the second training cycle completed questionnaires. Thirty of the 38 respondents were male (79%) and eight were female (21%). However, the number of women participants increased from two in the first cycle (8%) to six in the second cycle (22%). The average age of the participants was 43.43 years, with a minimum of 26 years and a maximum of 57 years.

Six participants reported having disabilities (16%). Three reported orthopedic disabilities, one reported a visual impairment and two gave no description of their disabilities. The number of participants with disabilities increased dramatically from only one in the first training cycle (4%) to five in the second training cycle (18.5%).

The average length of time that a participant had been employed with his or her enterprise was 6.03 years. The minimum length of employment for any participant was four months and the maximum was 31 years. The average annual salary was 77,000 rubles (\$1,540), with a minimum of 250,000 rubles (\$50) and a maximum of 24,000,000 rubles (\$4,800). Twenty eight of the participants (80%) reported that their jobs involved managing all aspects of their enterprises, while seven (20%) reported that their jobs involved managing only limited aspects of their enterprises.

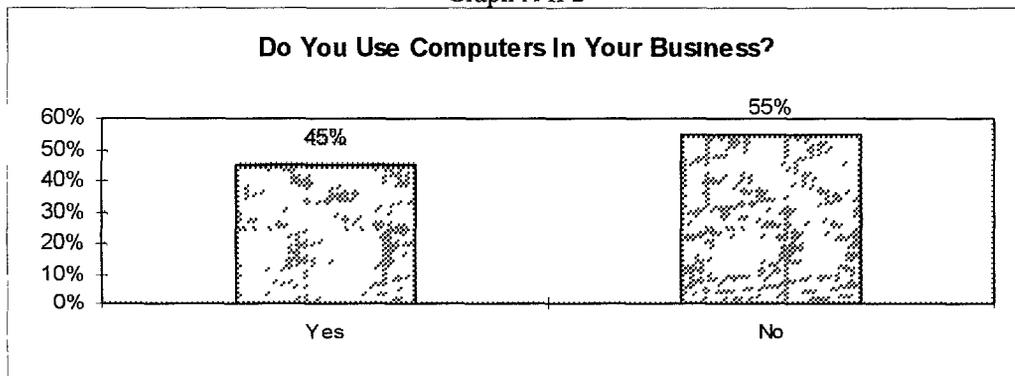
Only nine of the participants had received any business training prior to becoming employed with their current ARSD enterprises, while 29 had not. Graph A II 1 below indicates that, of the nine who had received prior business training, three had received training in management, three in marketing, one in accounting, two in economics, and two in "some other area." Out of 37 respondents (one did not answer this question), only two reported receiving business training after becoming employed with their current ARSD enterprises. One reported receiving training in accounting and auditing techniques and another reported being "self taught."

Graph A II 1



Six of the participants reported receiving computer training prior to becoming employed at their ARSD enterprises. Of these, two participants described themselves as being “self taught,” one reported receiving general information on computers, one reported receiving training in the army, one at a special training institute, and one through an advanced course. Only two participants reported having received computer training since becoming employed with their current ARSD enterprises.

Graph A II 2



Graph A II 2 indicates that 45% of the participating enterprises used computers while 55% did not. Those respondents from enterprises that currently use computers were asked to describe the tasks for which the computers are used. Table A II 1 indicates that the most

commonly reported uses for the computers were accounting/ bookkeeping, word-processing, database management, spreadsheets and communications with other businesses. None of the respondents reported using a computer for communication within their business. The respondent reporting "Other" indicated that the enterprise used its computer for inventory management.

Table A II 1

<b>Computer Use Purposes</b>	
<b>Computer Use</b>	<b>Number of Enterprises Indicating This Use</b>
Accounting/Bookkeeping	17
Word Processing	11
Database Management	7
Communications With Other Businesses/Organizations	5
Spreadsheets	7
Engineering/design	2
Project Management	1
Other	1
Communications Within Business	0

All of the respondents who reported that their enterprises do not presently use computers indicated that they have plans to use computers in the future. These respondents were asked to indicate the tasks they plan to perform with the help of their computers. Their responses are summarized in Table A II 2 which shows a variety of intended uses. Word processing is the most common followed closely by accounting/bookkeeping, communications with other businesses and organizations and engineering/design.

Table A II 2

<b>Planned Future Computer Use</b>	
<b>Computer Use</b>	<b>Number of Enterprises Indicating This Use</b>
Word Processing	14
Accounting/Bookkeeping	12
Communications With Other Businesses/Organizations	11
Engineering/Design	11
Other	9
Project Management	6
Database Management	3
Communications Within Business	1
Spreadsheets	0

### *The Consultants*

Nineteen different consultants participated in the trainings. Six consultants from the first training session also participated in the second session, and four previously untrained consultants only participated in Seminar 2.2 as replacements for four consultants that had left their enterprises after attending Seminar 2.1. All of the consultants who participated in the trainings were asked to provide information on their backgrounds. Twelve (63%) completed questionnaires.

Ten of the 12 respondents were male and two were female. The average age of the consultants was 48.42, with the lowest age being 23 and the oldest consultant being 70. Three of the consultants reported having a disability. One had an orthopedic impairment, one had heart disease and one had a hearing impairment.

The average length of time a consultant had been employed with the ARSD was 2.97 years, with the longest period of employment being 5 years and the shortest being 8.4 months. The average annual salary of a consultant was \$12,759, the maximum being \$21,600, and the minimum \$1,054. [The salary information was given in rubles and then converted to dollars using the rate of 5,000 rubles to \$1. However, the exchange rate from rubles to dollars fluctuates greatly and the information regarding salaries was collected over a period of two years.]

Only eleven consultants reported their position and title. Seven of those 11 reported that they were Chief Engineers, two reported that they were Deputy Officers of the ARSD Central Board, one reported being the Head Expert of the Finance and Accounting Directorate, and one reported being a Production Expert.

One consultant possessed a Ph.D., eight had completed work at an institute, and three had only completed secondary school. [In the Russian education system, training at an institute follows ten years of education. The Ph.D. is the only higher level of education.]

Only two consultants had any business training at all prior to their employment with the ARSD. Ten had no prior business training whatsoever. None of the consultants had received any business training since their employment with the ARSD. Two of the consultants had computer training prior to becoming employed with the ARSD while ten had none. Two consultants had computer training since becoming employed with the ARSD. [One person had computer training both before and since becoming employed with the ARSD which means that there were actually only three who had computer training prior to their participation in this workshop.]

### APPENDIX III, ENTERPRISE PROFILE

Directors from 57 enterprises participated in the training program. Thirty participated in the first training cycle, of which 21 (70%) completed questionnaires about their enterprises. Twenty seven participated in the second training cycle, of which 23 (85%) completed questionnaires.

Respondents were asked to indicate which categories in the table below best describe the types of business carried out by their enterprises. They were allowed to select as many categories as necessary to completely describe their businesses. Table A III 1 indicates that out of 91 business activities carried out by the respondents' enterprises, 59 (64.8%) were retail business activities. Of these, 40 (44% of the total) were product oriented, and 19 (20.9% of the total) were service oriented. Fourteen activities (15.4% of the total) were wholesale, 15 (16.5% of the total) involved providing services to businesses, and three (3.3% of the total) involved selling products to the government.

Table A III 1

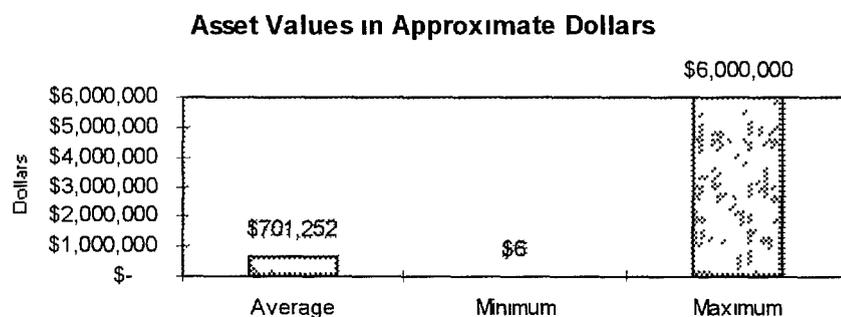
<b>Business Descriptions</b>	
<b>Description of Business</b>	<b>Number of Enterprises</b>
Sells goods that it makes or grows to the public	25
Buys and sells products made by others to the public	15
Sells goods that it makes or grows to other businesses for their resale	14
Provides a service to the public	19
Provides a service to other businesses	15
Sells goods that it makes or grows to the government	3

The respondents were also asked to give written descriptions of their businesses. This revealed that participating businesses included a watch repair business, a construction company, a furniture manufacturer, a bakery, a retailer of consumer appliances, and a number of enterprises involved in more than one type of business. The following combinations of activities were undertaken by five of the enterprises that reported being in more than one type of business:

- 1 Footwear and clothes repair works, making footwear and clothes, hairdressing services, photographer's studio, TV and consumer technical repair works, watch repairs, stocking of fuel, transport services, ritual services, and joinery services
- 2 Sewing of infant, toddler, and adult wear, loading of sand, wallpapering

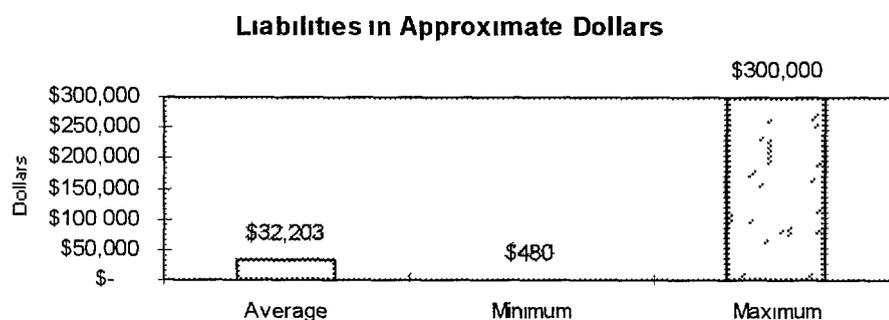
- 3 Customized construction and installation projects, garment manufacture (bed linen, gift sets, utility clothing, garments) and construction of hockey grounds and other sports installations
- 4 Production of 'gahza' plaster material, plaster work, production of triplex glass for vehicles and greenhouses, production of thermal insulation, scaffolding, construction and installation work
- 5 Footwear, knitwear, foodstuffs, trading in metals, personal services

Graph A III 1



Graph A III 1 summarizes the value of the assets of the enterprises. The average value of enterprise assets is \$701,252, with a minimum of \$6 and a maximum of \$6,000,000. The exchange rate of rubles to dollars used for the conversions is 5000:1.

Graph A III 2

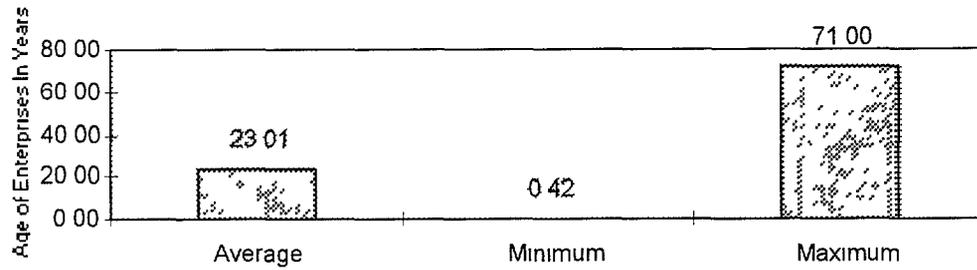


Graph A III 2 summarizes the value of the debt of the enterprises. The average value of enterprise debt is \$32,203, with a minimum of \$480, and a maximum of \$300,000.

Graph A III 3 below summarizes the ages of the participating enterprises. The average enterprise had been in operation for 23.01 years. The youngest had been in operation for 5 months, and the oldest for 71 years.

Graph A III 3

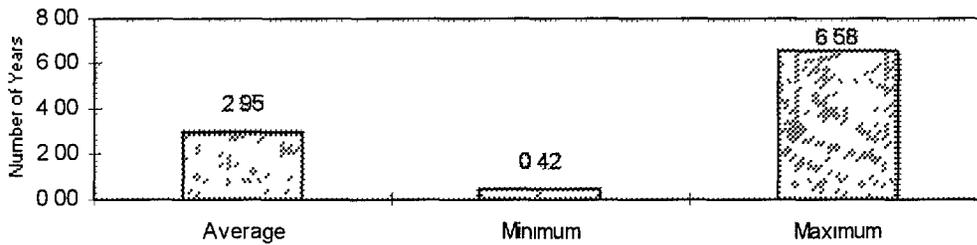
**Age of Enterprises in Years**



Graph A III 4 summarizes the lengths of the enterprises' associations with ARSD. The average was 2.95 years. The longest was 6.58 years and the shortest was 5 months.

Graph A III 4

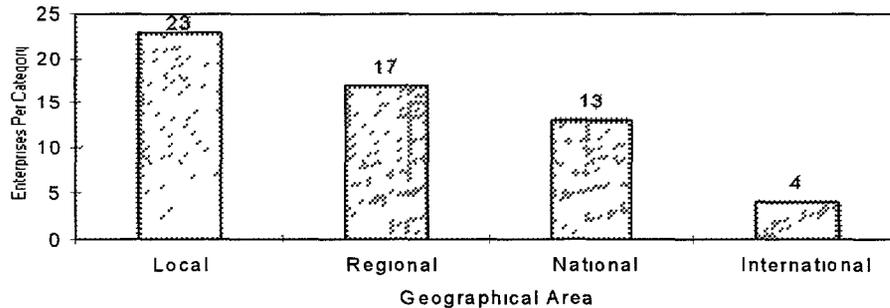
**Length of ARSD Association in Years**



Graph A III 5, which summarizes the geographic scopes of the markets in which the participating enterprises operate, indicates that twenty three enterprises focus on local markets, seventeen on regional markets, thirteen on national markets, and four on international markets.

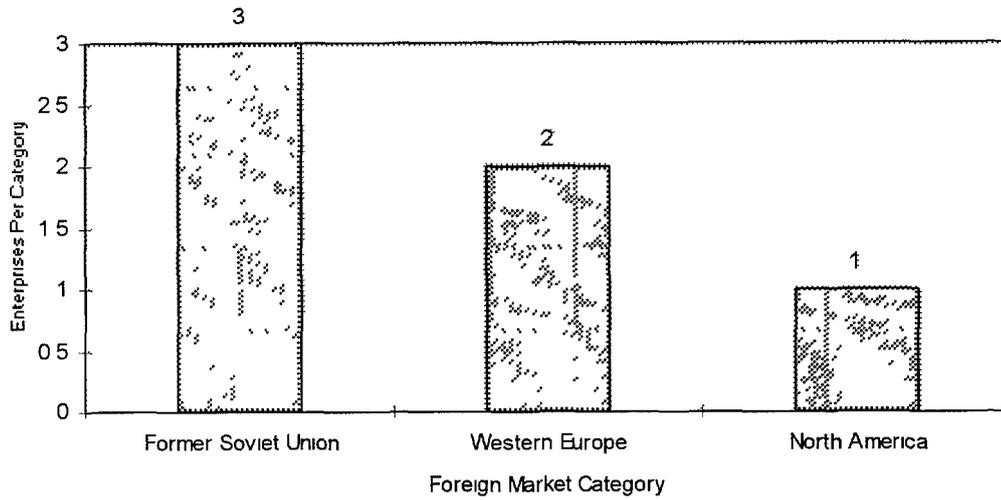
Graph A III 5

**Geographical Scope of Enterprises**



Graph A III 6

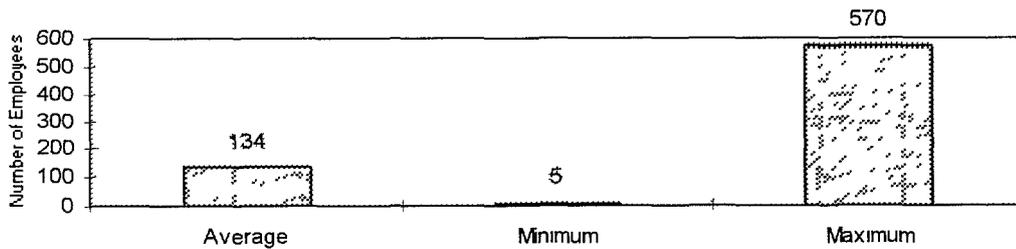
**Foreign Market Activity**



Graph A III 6 indicates that the majority of the international markets in which participating enterprises conducted business are in countries of the former Soviet Union and Western Europe. Only one enterprise conducted business in North America. Follow-up questions revealed that the primary markets in the former Soviet Union are Ukraine, Byelo Russia, Kazakhstan, Belarus Republic and Latvia. The primary European markets are England, Denmark and Germany, and the primary North American markets are in Canada and the United States. Information collected from the enterprises in the first training cycle also shows that, on average, only 2.25% of their business was conducted abroad. Unfortunately, this information was not made available for the enterprises in the second training cycle.

Graph A III 7

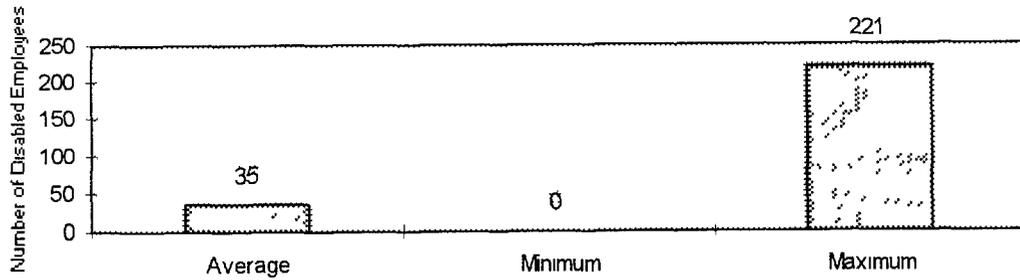
**Number of Employees**



Graph A III 7 indicates that the average number of people employed by the participating enterprises is 134, with a minimum of five and a maximum of 570.

Graph A III 8

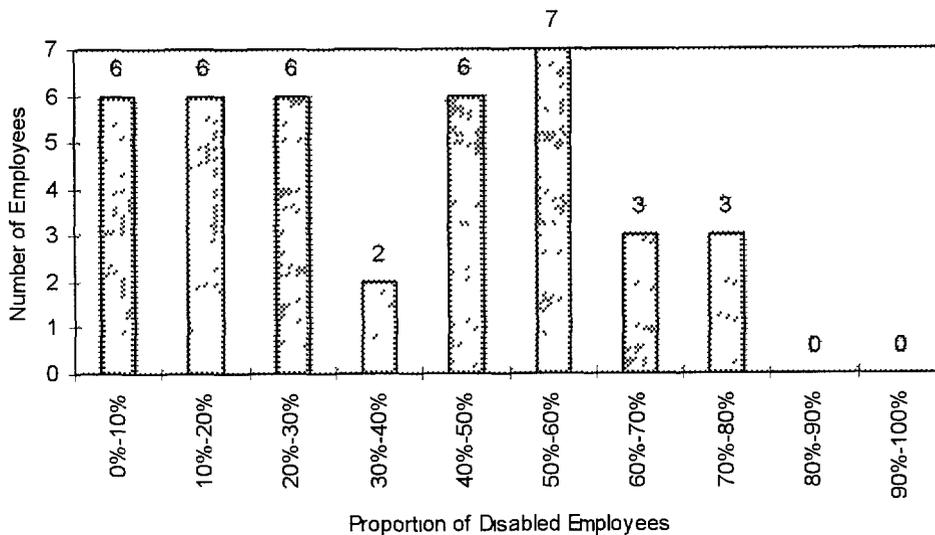
**Number of Disabled Employees**



Graph A III 8 indicates that, on average, the participating enterprises employed 35 people with disabilities. One enterprise employed no disabled people. The maximum disabled people employed by an enterprise was 221 or 74.17% of its employees.

Graph A III 9

**Percentage of Disabled Employees**



Graph A III 9 shows the percentage of people with disabilities to the total employees for each responding enterprise. Of the 39 responding enterprises, 13 (33%) had over 50% employees with disabilities, while only six (15.4%) had less than 10%. Only one enterprise had no disabled employees.