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Slovak Business and Banking Advisory Center

Final Report:

Concepts, Results and Lessons for Enterprise Assistance Projects

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FOREWORD

The *Slovak Enterprise Restructuring Project* was conceived by the United States Agency for International Development (USAID) in 1994 and early 1995 At that time, the level of financial distress within the industrial sector of Central Europe was overwhelming However, little enterprise level restructuring was actually taking place In almost every country in Central and Eastern Europe (CEE), a wide range of social, political, and institutional factors converged to reinforce the rapidly deteriorating status quo

Consistent with USAID's mission to support economic transformation in the region, the Agency initiated efforts to promote enterprise restructuring in 1993 Initial restructuring projects, delivering assistance over extended periods of time to individual companies, proved to be inadequate to address the magnitude of the region's restructuring needs Consequently, USAID elected to establish enterprise restructuring centers in Slovakia, Macedonia, Hungary and Slovenia Restructuring centers were designed to deal with industrial distress systematically and on a wholesale basis, enabling large numbers of distressed companies to return to financial health and long-term viability

The USAID mission in Slovakia championed this strategy, and was the first to get a restructuring center up and running The Terms of Reference for the *Slovak Enterprise Restructuring Project* were issued by USAID in mid-March 1995 to nine "Activity A" contractors under the newly established Omnibus II contract structure (this project was one of the first, if not the first, Omnibus II Task Order) USAID selected The Recovery Group (TRG) as its contractor, and Phase I work on the project began in Bratislava on July 26, 1995 The Slovak Enterprise Restructuring Project became legally established in Bratislava as the *Slovak Enterprise Restructuring Center* (SERC) SERC was the largest and longest lasting enterprise restructuring center in the region

Shortly after its opening, the Center was expanded to house three additional USAID projects, all undertaking complementary work related to economic restructuring After one year of operation, SERC evolved into the very diverse *Slovak Business and Banking Advisory Center (SBBAC)* During the final eighteen months of its contact, TRG's activities within SBBAC included SBBAC Consulting, the Slovak Management Training Center, and a management journal - Business Performance At its peak, TRG's activities at SBBAC employed over 50 persons, including ten U S nationals

In accordance with USAID's schedule for concluding enterprise level work in Slovakia, SBBAC closed its doors on December 20, 1997 However, two follow-up activities are expected to continue through August 18, 1998 The project spawned three successor entities, all of which remain in operation Slovak Management Training Center (management training), TRG Slovakia (management consulting), and Slovenská Manazéská spolocnost (business publications)

Throughout the life of the project, the management of SBBAC, as well as The Recovery Group, worked very closely with Lawrence Camp, the project's COTR (Contacting Officer's Technical Representative) from USAID in Washington, and Roy Grohs, Chief of the Economic Restructuring Division, from USAID Slovakia Mr Camp and Dr Grohs were intimately involved with the conception, creation and evolution of the center

This report reviews the history accomplishments and lessons learned at SBBAC

ACKNOWLEDGEMENTS

The Recovery Group (TRG) wishes to express its appreciation to the United States Agency for International Development (USAID) for the privilege of serving as its contractor for this important and challenging project Our company has been honored to contribute to USAID's historical work in supporting the economic transformation of Central Europe

From the time we first reviewed the Task Order for the Project, we were inspired by USAID's commitment to tackle the difficult, complex and economically critical work of enterprise restructuring USAID's vision for the role of the Center within the Slovak industrial sector, and the Agency's very high performance expectations for the project remained both a challenge and a source of inspiration through the life of the project

We are grateful to have had the opportunity to work closely with Lawrence Camp on this project Over the two and one-half years, Mr Camp invested an enormous amount of hope, vision and energy into SBBAC Everyone involved in this path-breaking project will readily acknowledge the enormous intellectual contribution that Mr Camp made to SBBAC, and to the practice of enterprise restructuring in the CEE region The Recovery Group, as a company, has learned a great deal about our own discipline of industrial restructuring as a result of our close interaction with Mr Camp on this project

Roy Grohs also provided valuable guidance and insight to the management team at SBBAC His clear commitment to the success of USAID's mission in Slovakia and his depth of understanding about the Slovak economy served to steer the project's continuous efforts to improve effectiveness

The existence of the Slovak Enterprise Restructuring Project can be attributed to USAID's Mission Director in Slovakia, Ms Patricia Learner Ms Learner's early commitment enabled the Slovak Enterprise Restructuring Project to be established, and then replicated in three other CEE countries

The Recovery Group expresses its appreciation to Stanley Heishman from the Office of Procurement of USAID in Washington for his patience in working with our company as we learned how to administer a large government contract

The Recovery Group had a number of subcontractors for this project Most importantly, *Deloitte & Touche Slovakia* helped in bidding on the project and made an important professional and organizational contribution during Phase I and Phase II *Carana Corporation* brought Scott Bressler to the project Mr Bressler provided valuable leadership for the project and founded the *Slovak Management Training Center (*SMTC*)*

Leadership within SBBAC, that provided the Center with a source of stability and professional growth, was provided by Magdi Amin (Director, SBBAC Consulting) and Mr Bressler (Director, Slovak Management Training Center) Both stayed in Bratislava for almost the entire duration of the project at considerable sacrifice to their families Mr Amin created an energized, creative, and successful consulting culture within SBBAC Mr Bressler provided stable leadership at the Center in times of uncertainty, and worked tirelessly to create SMTC over a period of just eighteen months The Recovery Group gratefully acknowledges the loyalty, sense of responsibility, and valuable achievements offered by Messrs Amin and Bressler during their tenure at SBBAC

Brigette Buchet was responsible for the creation and publication of SBBAC s management journal, *Business Performance* Her accomplishments far exceeded what was expected of her by USAID or The Recovery Group Like many others at SBBAC, Ms Buchet's success was a result of her belief in the mission of SBBAC and her profound work ethic

USAID elected to conclude the mission of SBBAC by broadly disseminating its know-how to the management community in Slovakia through mass mailings, a series of published methodologies, a nationwide seminar schedule, and a web site This ambitious production and dissemination campaign was directed by Jeannette Miller Ms Miller remained enthusiastic while successfully managing this project of almost overwhelming complexity We would also like to acknowledge the contribution of Peter Richards to the dissemination and capacity building activities

The Recovery Group thanks Stewart Glickman for his outstanding work in successfully pioneering our "2-2-2" program to build local consulting capacity Dr Victor Bernat provided invaluable senior leadership to our talented staff of Slovak professionals Finally, James Parrish of International Executive Service Corp remained a committed believer in SBBAC and steadfastly provided our training, consulting, and publications programs with highly experienced volunteer executives

James B Edgerly
Director

Howard Exton-Smith
Project Manager

The Recovery Group
Boston, Massachusetts

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A Summary Results

Activity	Completed	Impact
Assistance to Enterprises *SBBAC Consulting*	‣ 71 companies participated in SBBAC restructuring and performance improvement projects	Project directly **impacted Sk 21 billion ($636 million)** of Slovak GDP, over **17,000 employees** The estimated economic impact on client companies was an increase in operating **cash-flow of Sk 978 million ($29 million)** per year
Building Local Consulting Capacity *2-2-2 Program*	‣ Eight consulting partners graduated from the capacity building program	The project built **sustainable local consulting capability** in Turnaround Management, Strategy, Marketing, Organizational Development and Financial Structuring Consulting projects are now being sold independently by firms trained by SBBAC, indicating the commercial sustainability of USAID's investment
Management Training *Slovak Management Training Center*	‣ 1,549 managers attended training programs	**1,549 Slovak managers were trained in accounting, marketing, production management, and general management** SMTC's training programs have been used by the EC Phare to train Slovak consultants for planned restructuring efforts
SMTC Certificate Program	‣ Six managers have completed the entire SMTC Certificate Program	
Publications *Business Performance*	‣ Eight issues	***Business Performance* has over 200 subscribers, plus a distribution through media outlets exceeding 500** Subjects ranging from telecommunications privatization to logistics have been covered in articles and case studies, expanding both the scope and breadth of project impact
Know How Dissemination *SBBAC Business Methodology Series*	‣ Documentation produced for four business methodologies ‣ Three versions of each methodology published ‣ Each version printed in two languages ‣ 26 total documents produced, containing nearly 800 pages	**Professional-quality methodologies** were distributed to consultants, trainers and managers through book sales, seminars and a Web site
Training in Business Methodologies	‣ 150 Managers Trained	The methodology manuals were the subject of a series of day-long training sessions held on each subject in Bratislava, Kosice and Banska-Bystrica
Project Legacies	‣ Three project legacies now in place	SBBAC's consulting, training and journal components remain active, either as commercial or non-profit entities

Table 1 Summary Results

B WHAT MADE SBBAC UNIQUE?

The Slovak Business and Banking Advisory Center (SBBAC) began as the Slovak Enterprise Restructuring Center (SERC) in late July 1995 The project, as conceived by USAID, was designed to work with large numbers of medium sized private Slovak enterprises that were facing severe financial and commercial difficulties

Chronic problems of illiquidity, inability to remain current on debt service, low work-force and capacity utilization, and excessive indebtedness were impacting large numbers of Slovak enterprises, and no systematic process for crisis resolution was available Through localization and application of The Recovery Group's turnaround management practices, and much rigorous work, a systematic process for company restructuring was put in place at SERC and delivered to Slovak companies

Over time, and through a cooperative effort in Boston, Washington and Bratislava, SERC was reshaped into a project with a much broader mission and renamed Slovak Business and Banking Advisory Center (SBBAC) SBBAC existed to help in the transformation of Slovak banks and enterprises directly through consulting and management training, and indirectly through the programmed development of local consulting capacity and the dissemination of published materials

The innovative mechanisms and understandings that emerged from this mission not only proved valuable in assisting Slovak companies become economically viable, but also stand as models for restructuring efforts throughout the region These project elements drew upon a strong base of contractor intellectual property in the form of the restructuring and training processes, highly motivated expatriate and Slovak staff, private volunteer resources, USAID management, and receptive Slovak enterprises The project's innovations resulted also from the synergies of having several projects housed within one restructuring Center At the project s end the unique approaches developed by SBBAC included

- leveraging of expatriate level of effort through the organization of five consulting practices" in a partnership model, with expatriates serving as practice leaders,
- launch of a training institution, the *Slovak Management Training Center* (SMTC), filling a unique, high-quality niche in the Slovak management training market by localizing international methodologies and offering practical, experiential education in furthering the transformation of Slovak businesses to a market economy,
- using enterprise restructuring activities as a vehicle for building commercial, self-sustaining restructuring capacity among a substantial number of Slovak consulting and accounting firms,
- dissemination of restructuring knowledge through a management journal, *Business Performance,* developed in-house by private voluntary and part-time staff from SBBAC Consulting,
- charging and collecting over $100,000 of cost-recovery fees from Slovak enterprises for SBBAC and training services, consulting services, which made the program for building local consulting capacity budget-neutral,
- development and utilization of local Slovak resources, not only in traditional translation and support roles but also in project and consulting practice leadership,
- undertaking large numbers of complex restructuring projects simultaneously, leading to the completion of over 70 engagements with enterprises representing over 13% of the nation's industrial production,
- highly positive economic impact on enterprises advised,
- documentation and nation-wide dissemination of the methodologies underlying the four practices through seminars and direct mail,
- successful programs for decision makers, including a CEO Summit program that featured leading local directors and the U S Ambassador as well as a well-received SMTC training on strategic planning for CEOs,
- professional development for our 40 Slovak nationals exposed to a rapid, results-oriented work environment and a wide range of business knowledge,

- launch of three institutions that will attempt to continue the work of the project on a commercial basis *The Recovery Group Slovakia*, a commercial consultancy, *Business Performance* journal, and the *Slovak Management Training Center*

In sum, what made SBBAC unique was the broad and innovative range of project elements applied to the Slovak enterprise environment The purpose of this report is to describe, both quantitatively and qualitatively, the development and impact of those project elements

C MACROECONOMIC SETTING

During the project's first year (July 1995 to July 1996), the Slovak economy was considered a paradox relative to Central Europe The macroeconomic situation was regarded as a success Slovakia enjoyed the best GDP growth rate (7 1%) and among the lowest inflation rates (8 6%) in the region Slovakia had a positive trade balance and a stable currency As the project progressed into its second year, the macroeconomic situation deteriorated significantly In response to a 21% increase in money supply, the National Bank of Slovakia tightened monetary policy by increasing reserve requirements and raising the Lombard rate to 15% Slovak companies, already lacking in liquidity due to inter-enterprise debts, found themselves further unable to finance growth Slovak exports declined from 40% to 34% of GNP, putting pressure on the Slovak crown

Several aspects of the Slovak economy particularly disturbed economists

1 **Insolvency and Bad Debt** Slovak enterprises suffered from severe cash-flow problems due to a combination of poor asset performance, low sales, and operational crisis Financially weak customers, both inside and outside Slovakia, caused massive inter-enterprise debts Over half the receivables on balance sheets of enterprises were uncollectable Just as Slovak companies lacked liquidity due to serious inter-enterprise debt the financial sector was in a state of near-crisis Despite the efforts of a "bad loan bank' to sweep uncollectable debts out of the system estimates of bad loans in the economy ranged from 30% to 40%, concentrated in the three large state-owned banks (VUB, IRB, and Savings Bank)

   The legal framework for addressing this debt overhang was inoperative, with a lack of financial incentives for reserving against bad loans, and a bankruptcy law that strongly favored debtors

2 **Low Foreign Investment** Slovakia had the least amount of direct foreign investment (DFI) of Visegrad countries Cumulative DFI totaled only $808 million through 1995 The rapid transfer of know-how and market knowledge that results from DFI has been absent from Slovakia The few high-profile successes, (Kraft Jacobs Suchard/Figaro, Whirlpool /Tatramat, Volkswagen), did not reach the industrial heart of Slovakia, the SME sector

   Despite Slovakia's attractive strategic location and cost structure, policies of the Meciar administration had been clearly deterring greater investment The sales of shares in valuable companies, such as Slovnaft and Nafta Gbely, to insiders close to the Administration at below-market prices were well publicized Slovakia has acted slowly to undertake reforms that would make its capital markets more transparent and friendly to minority shareholders Furthermore, the privatization process has been used by allies of the ruling HZDS coalition to gain control of a number of blue-chip enterprises on favorable terms This has helped to earned Slovakia a reputation in international finance for applying economic rules inconsistently to the advantage of political insiders

   Political risk continues to hamper this source of rapid transformation

3 **Trade instability** Slovakia's exports, while positive were highly geared toward commodity producers in the chemical, petroleum, and wood sectors A high percentage of its industrial capital base and export performance related to low-value added activities Furthermore, as demonstrated in Figure 1 Slovakia had the highest level of *import penetration* (the ratio of imports relative to GNP less net exports) among transition economies [1]

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[1] European Bank for Reconstruction and Development, *Transition Report 1997 Enterprise Performance and Growth* (London EBRD) p 71

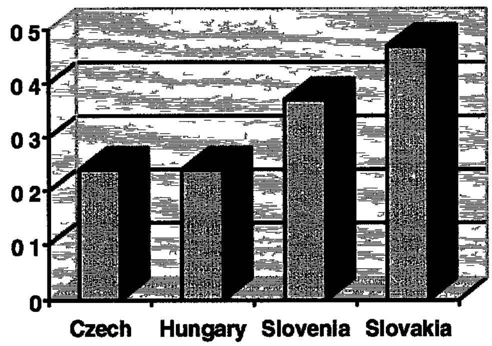


Figure 1 Import Penetration Ratio

4 **Declining Wage Competitiveness** Real wage growth, since the start of the transition, outpaced labor productivity In 1996, real wage growth was 6 2% and labor productivity growth was 5 6% 1997, the Labor Office expected real wage growth of 5 7-5 9 %, and productivity growth of 4 6-6 2%

D. DESIGN CONCEPT EVOLUTION

1 ORIGINAL FOCUS

The project's original design had three components,

1) Turnaround Supervision,
2) Performance Improvement, and
3) Management Training

The Turnaround Supervision Program, depicted in Figure 2, was the project's primary activity It was designed to systematically address the chronic insolvency in the Slovak industrial sector by restructuring a large number of individual enterprises whose loans constituted the bad assets in the Slovak banking system The operating premise of the program was that SERC would work closely with the major Slovak banks The banks would refer large numbers of problem borrowers to participate in SERC's Turnaround Supervision Program, offering the incentive of debt restructuring to companies that successfully implemented turnaround actions as a result of participating in the program

The methodology adapted from the approach to turnaround management practiced by TRG in the U S was to serve two purposes First, it was to serve as a roadmap by which the enterprise could address operational restructuring issues such as downsizing, product line rationalization, reorganization, current asset management, and marketing, thereby causing a shift to a positive cash-flow position Second, it was to result in a plan, indicating the enterprise's ability to pay its obligations, which could be understood and approved by the enterprise's stakeholders

SERC's role was that of "coach" or advisor, enhancing the plan's credibility In this way, the restructuring plan was to catalyze both operational and financial restructuring

As the enterprise implemented its turnaround, SERC assistance would shift to *performance improvement* activities, such as strategic planning and the improvement of the company's commercial functions, which would provide it with sustainable recovery and growth Hopefully, success with turnaround and performance improvement would enable the company to be recapitalized with new equity or new bank financing

The Phase I Feasibility Study took place from mid-July to the end of August 1995 The study revealed that banks were enthusiastic about the existence of the center, but it also revealed uncertainties concerning "the extent to which inflexibility in the legal and institutional environment would inhibit the success of the Center "[2] The Phase I team visited 22 enterprises, based upon referrals from major Slovak Banks (VUB, Industrial Development Bank, and Savings Bank) Twelve companies met project criteria, eight were accepted in the Turnaround Supervision program, and four were accepted as Performance Improvement candidates

[2] *Slovak Enterprise Restructuring Center Phase I Report* August 21 1995 The Recovery Group Page 1

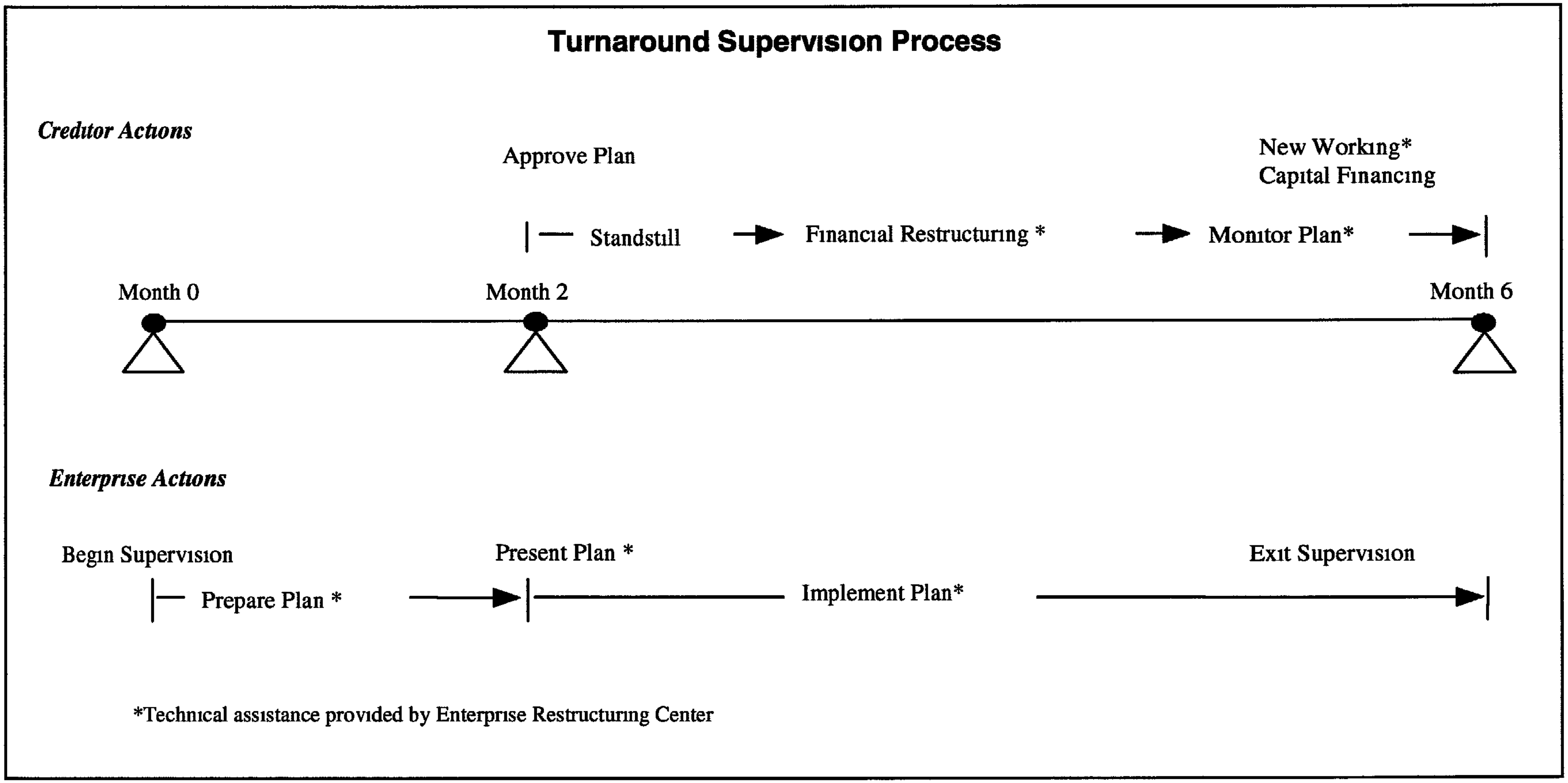


Figure 2 Turnaround Supervision Process

Phase II of the project took place from mid-September to mid-January During Phase II, nine projects were completed, with plans presented to stakeholders (boards of directors) In two well-publicized cases where SERC was asked to help present the plan, a wood processor avoided certain liquidation, and a food processor reached agreement with its principal bank and emerged from bankruptcy In both cases, the turnaround plan proved to be the decisive factor in a successful outcome Targets and results for Phase II are shown below in Table 2

	Phase II Target	Phase II Result
Entry	17	19
Turnaround Supervision Entry	13	17
Turnaround Supervision Plans Presented	10	8
Performance Improvement	4	1
Days of PVO Enterprise Assistance	50	16
Develop Slovak Professionals	5	4
Number of Training Programs	5	10
Cumulative Participation (Individuals)	100	206
Cumulative Participation (Firms)	40	121

Table 2 Phase II Target vs Result

The lessons from Phase II were clear The process was effective in Slovakia, and worked according to plan when there were highly committed stakeholders or a looming crisis However, even with higher than planned entry volume, completions were 20% lower than desired While banks did refer clients to the project, banks did not exert the necessary pressure on companies in order to force the plan through to completion and debt restructuring Furthermore banks and other creditors simply did not force change Changes to the legal environment that would give banks the incentive and the power to initiate restructuring (a replacement of the debtor-friendly 1993 Law on Bankruptcy, and a tax law that allowed deductibility of bank reserves against classified loans) were stuck in parliamentary haggling

Finally, Phase II provided clear indication that there was a receptive market in Slovakia for well-delivered management training seminars Most Phase II seminars were over subscribed, and participant feedback date was highly enthusiastic

Phase III was scheduled to take place between mid-January and September 1996 At the outset of Phase III, the menu of SERC programs was expanded to broaden the scope for impacting industrial activities in Slovakia (See Phase II report) The Phase III Plan included three "Tracks," as follows

- *Track A* Comprehensive Restructuring (Turnaround Supervision and Strategic Restructuring Programs)
- *Track B* Specialized Management Support (from analysts and industry/functional specialists)
- *Track C* Management Training

The plan envisioned an average of 11 companies entering Track A or B each month and three to five training programs each month Three restructuring teams were created to deliver comprehensive restructuring programs, heavy emphasis was placed on work with IESC to deliver volunteer executives for Track B, and Scott Bressler (Carana Corp) established a formal training department to meet Track C objectives Phase III performance objectives and cumulative Phase III results as of the end of July (see July monthly report) are shown in Table 3 on the following page

SERC PHASE III

Planned vs Actual Results as of August 31, 1996

	Target	Actual	Variance
Companies Entering Track A or B (1st Milestone)	62	57	-5
Primary Project Objectives			
Track A *Comprehensive Restructuring Assistance*			
Plan Preparation (2nd Milestone)	24	14	-10
Stakeholder Acceptance (3rd Milestone)	16	14	-2
Implementation Support (4th Milestone)	13	15	+2
Recapitalization (5th Milestone)	10	4	-6
Companies in Process	21	20	-1
Cumulative Companies Completing Track A	6	12	+6
Track B *Specialized Management Support*			
Analytical Support	5	3	-2
Functional/Industry Expertise	25	29	+4
Secondary Project Objectives			
Track C *Management Training*			
Number of Training Programs	15	16	+1
Number of Participating Individuals	125	418	+193
Number of Companies Receiving Assistance	28	29	+4
Number of Assistance Days	280	270	-10
Local Staff Hired & In Training	6	5	-1

Table 3 SERC Phase III Planned vs Actual Results

As shown in Table 3, the project fell only slightly behind in identifying companies to enter Track A & B programs (57 actual entries vs 62 planned entries) However, many companies entering the SERC programs through bank referrals only marginally met SERC program criteria The banks often appeared to be reluctant to refer anyone other than its most marginal borrowers In many cases, restructuring teams chose to discontinue work with smaller highly distressed companies

Additionally, the willingness of companies to cooperate with SERC, and the speed of working with companies were less than expected As a result, the project fell behind in achievement of the second milestone completion of comprehensive restructuring plans (14 actual completions vs 24 planned completions) Some companies also discontinued participation in Track A programs once management realized the intensity of the work required, and that real restructuring involved implementing very difficult decisions

It must be said that many companies were highly committed to the comprehensive programs they undertook with SERC On the other hand, perhaps half of the companies assigned to restructuring teams were not sufficiently committed to make a success of their involvement Restructuring teams occasionally felt frustrated by the pace of work with companies in their portfolio, and by the "lack of pipeline" of new and committed companies entering the program

As previously stated, this problem essentially reflected a weakness in the project's design The large state-owned banks from whom SERC received company referrals were not sufficiently committed to working with SERC towards the successful restructuring of their most important problem borrowers Banks applied no pressure to companies to cooperate with SERC, nor did they offer the possibility of debt restructuring to companies if they succeeded in implementing an acceptable restructuring plan

Essentially, the support for the project identified during the Phase I feasibility study never fully materialized Rather than relying on leverage from banks, the success of consulting projects came to depend almost exclusively on the commitment of client company managers to successful restructuring

Finally, as Table 3 indicates, management training activities at SERC performed well above plan Sixteen training programs were held in cities throughout Slovakia The programs were well attended, typically with 20 to 25 participants

With minimal resources, the training manager, Scott Bressler, established highly effective courses in Budgeting, Product Costing, Marketing Strategy, and Business Restructuring Course announcements regularly went to out large list of managers in regions where courses were scheduled to be delivered Much of the faculty was provided by IESC

Because of the above considerations, the Phase III deliverables targets for Track A were considered by both USAID and the Contractor to be unrealistic On the other hand, the success of SERC's management training program indicated that training should be moved from being a secondary to a primary project objective These realizations were the primary cause of the July 1996 "rethink" process

2 Rethink Process and Outcomes

In July 1996, project management and personnel, along with USAID, undertook a substantial review of its operating approaches, with the objective of creating a project with substantially greater economic impact The redesign process was stipulated by USAID as a condition for approval of further funding for the project The agreed-upon "Rethink Process" was a unique method for redesigning the project, as it drew heavily on local professional and contractor staff, and closely integrated USAID into operational issues and decisions

A steering committee was created out of personnel from USAID, The Recovery Group, and project consultants The steering committee consisted of Lawrence Camp, James B Edgerly, Roy Grohs, Richard Guga, Magdi Amin James Parrish and Woody Sears Six working groups were defined, each with a specific mission (see Appendix 2)

Important guidelines during the rethink process were that

- USAID required that SBBAC have broad and lasting economic impact on the Slovak economy
- The mission of SBBAC, as developed in a working group headed by Lawrence Camp, was "to facilitate the transformation of banks and private enterprises into viable market competitors through direct assistance and enhancement of Slovak management advisory abilities "

As a result of the "rethink" process, the growing commitment to management training, and the emphasis on publishing activities, a new design concept emerged (see Figure 3) The core concept of the new design was to broaden the project's scope from enterprise insolvency, to having a *broad impact* on the Slovak economy

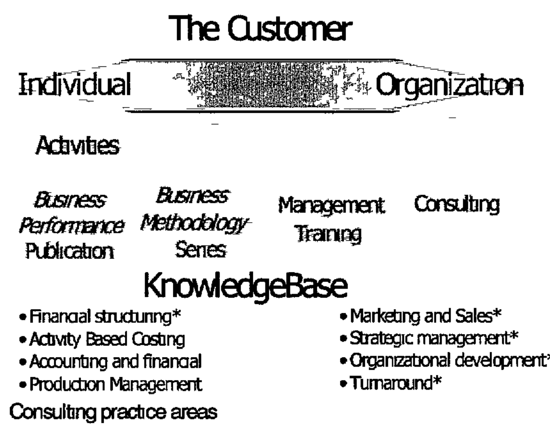


Figure 3 SBBAC Activity Areas for Year 2

This change in mandate from targeted support to broad impact was executed through four main programmatic thrusts

- technical expansion of the consulting practice from turnaround to five consulting "practices",
- expansion of the management training program from a seminar series to a formally structured management training program
- development of formal consulting capacity-building efforts with established local consulting firms,

- dissemination of business management know-how through publication of a management journal

Supporting recommendations included the establishment of an MIS department and better utilization of PVO resources

The new organization was renamed the Slovak Business and Banking Advisory Center (SBBAC) Eventually, SBBAC evolved into what was effectively two organizations SBBAC Consulting (Magdi Amin, Director), which undertook capacity building, direct consulting, publishing of case studies and documentation of consulting methodologies, and the Slovak Management Training Center or SMTC (Scott Bressler, Director), which designed and delivered a four-track training curriculum for senior managers SMTC's curriculum was delivered as open enrollment courses and customized in-company training A third department, *Business Peformance*, was established within SBBAC *Business Performance* (Brigette Buchet, Publisher and Editor-in-Chief) established as a bimonthly management journal, was operationally attached to SBBAC Consultants

{SBBAC also included the Banking Advisory Project (Arthur Anderson, Contractor), and the Cost Accounting Project (Coopers & Lybrand, Contractor), as well as several ancillary projects These additional activities were all co-located with the Slovak Enterprise Restructuring Project for which The Recovery Group was prime contractor, but are not reviewed in this report }

The final design concept offered advisory and training assistance to the entire spectrum of private economic managers individual managers, consulting firms, and enterprises

E. GLOBAL RESULTS OF THE PROJECT

Activities relating to publication of final issues of *Business Performance* and further dissemination of *SBBAC Business Methodology Series* continued into 1998 However, the essential activities of SBBAC were concluded on December 20 1997

By the time the SBBAC project came to a close The project advised over 100 enterprises prepared over 70 restructuring plans, attracted over 1,500 participants to training courses, distributed over 600 business methodology books, and sold over 5,000 copies of *Business Performance* magazine

The 70 enterprises that worked intensively with SBBAC had a total combined revenue of over Sk 20 billion (almost $US700 million), compared with industrial GDP of Sk 153 billion[3] SBBAC restructuring activities alone (excluding training, publications, seminars) impacted an important portion of Slovak industrial GDP in two years The impact of the entire project, including training, publishing and capacity building, is many times higher

While it is difficult to quantitatively measure the economic impact of management training and publishing, the SBBAC Consulting's operational impact was measured quarterly, as required by the R4 "Redesigning Government" initiative [4] The project fell under Strategic Objective 1 3, *Private Business Performance Strengthened*

Project estimates of the impact of SBBAC show that clients of SBBAC Consulting

- *increased operating cash-flow* (EBITDA) by 6 7% in 1996, and 2 7% in 1997
- *increased sales* 2 4% in 1996 and 6 8% in 1997 (after start of a marketing advisory practice) The resulting weighted average sales increase of 5% represents over $40 million per year
- *decreased labor costs* as a percent of sales 2 5% in 1996 and 3% in 1997 This indicator was affected by wage rates that increased 15% per year, faster than inflation and much faster than GDP As indicated above, labor productivity is declining in Slovak companies not served by SBBAC
- *decreased costs per unit of sales* 7% in 1996, but reflected no change in 1997 During 1996, Slovakia raised energy costs by 10%, which increased metal costs Combined with wage inflation, per-unit cost decreases resulting from restructuring neutralized the general cost environment
- *increased asset turnover* Outstanding receivables of 110 days were reduced to 94 days in 1996 Inventory turns increased from 3 1 times in 1996 to 3 5 times in 1997

[3] Economist Intelligence Unit Country Report Third Quarter 1997

[4] Each company served by SBBAC was asked to submit financial statements Typically 12 22 responded each quarter and the results were measured as a group

- *Increased debt coverage substantially* During the project's first year, debt coverage (operating income, or EBIT, divided by interest expense) increased 12% During the second year, despite dramatic increases in Slovak interest rates, debt coverage increased 21% As operating income was less than interest expense, companies serviced debt by deferring capital expenditures [5]

In addition to the impact on clients, the project affected large numbers of managers

- The Slovak Management Training Center *trained over 1,500 managers* over two years, simultaneously developing over 30 trainers and a developing a Certificate program
- *SBBAC Consulting* capacity-building program trained "Consulting Partners" *Istropolitana, MP/MA, SIMS, Maxman, Rasax SEVIS Gradient 5, Teutop, Transfer, ProConsult and FinServis* in performing restructuring processes By October 1997, six had obtained sufficient capabilities for undertaking enterprise restructuring independently
- *Business Performance* magazine published six issues in 1996 through 1997, each covering a unique content area, ranging from marketing to international best practices It achieved a market presence in a short period, drawing over $4,000 in advertising revenue and over 150 subscribers Four additional issues are being published in 1998 Cover pages for eight issues are attached in *Appendix 5*
- *SBBAC Business Methodology Series,* launched in the final two quarters of the project, recorded impressive impact figures The restructuring methodologies underlying four practices were documented in detail and published in the following documents

1 *Strategic Management,* James Edgerly, Viktor Bernat
2 *Preparing a Marketing Plan,* Stewart Glickman and Richard Satin
3 *Business Process Redesign* Peter Richards
4 *Turnaround Restructuring* Magdi Amin Jim Edgerly, Michael Cullinane

A complete book, the *Manager s Version* was marketed in Slovakia, resulting in over 600 sales to managers at a cost of $20 per copy

Training seminars in business methodologies were delivered in Bratislava, Banska-Bystrica and Kosice Over 150 managers attended these events

[5] Operating cashflow excluding depreciation expense was greater than interest costs Debt was served partially out of the non cash depreciation expense which theoretically is used to account for capital depletion

II. DETAILED DISCUSSION OF PROJECT RESULTS

A. BUSINESS RESTRUCTURING

Turnaround Restructuring was the first consulting discipline at the center SERC/SBBAC conducted over 30 restructurings of Slovak firms Research showed that the average increase in EBITDA for SERC's first 20 clients was 7%, despite a hostile cost environment [6] In several cases, turnaround plans were not implemented due to lack of creditor pressure or changes in management

Even with improved operational performance, some enterprises remained unsustainable The Financial Structuring practice was initiated at the end of the first year of the project It worked in conjunction with the turnaround management practice The Financial Structuring practice would utilize cash-flow projections and action plans generated in a turnaround assignment as a basis for restructuring the liabilities side of the balance sheet to a more sustainable position

Over the course of the project, the core restructuring issue in the Slovak medium-sized business sector shifted from deep post-privatization restructuring (labor shedding, cost reduction, product line rationalization) to development of customer-focused value-added In its first year, over 75% of the project's assignments were in turnaround management During its second year, over 75% of SBBAC's restructuring engagements were in organizational development, strategy, and marketing

Strategic Development practice helped companies determine, through competitor, market and internal analysis, where to invest within the enterprise's "business portfolio," so as to build a long-term competitive advantage

The Marketing and Sales practice, added in October 1996 helped focus companies more specifically on defining marketing mix strategies to reach a particular market segment The methodology was developed through cooperation with *Innovara*, a marketing subcontractor
The last practice to be added was Organizational Development, supported by the methodologies of *Organizational Dynamics, Inc* , an internationally recognized consulting firm focusing on quality, workflow, and internal communication Figure 4 illustrates the distribution of time spent on each of the five practices

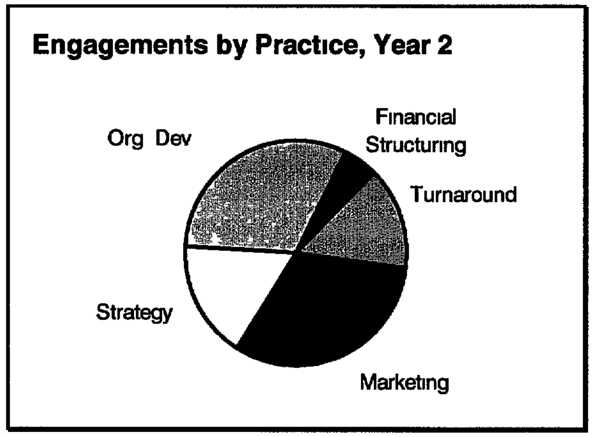


Figure 4 Engagement by Practice, Year 2

1 TURNAROUND

Practice Leaders Michael Cullinane, Bill Keller, Anton Forint

The SERC/SBBAC "Turnaround Supervision" program was initiated during Phase II of the project (from September 1995) based on the core consulting business practiced by The Recovery Group Turnaround management as practiced by TRG often takes intensive forms, such as assuming positions of CFO or CEO, or managing negotiations with creditors simultaneous to execution of operational improvements and asset sales In adapting the process to project conditions that valued breadth of coverage, an "advisor" or "coaching" role was assumed by SBBAC

TRG deployed internal staff (James Edgerly and Michael Cullinane) to develop the analytical process A standardized process was developed around The Recovery Group s data collection forms financial modeling techniques, action planning methods and stakeholder advocacy approach An organizational restructuring component was added by Wieland (Bill) Keller The core recommendations, similar to those in the

[6] During the project period, metal and energy costs increased by approximately 10% and wages increased by 15% in nominal terms

U S , often involved lowering break-even points through raising average contribution margin shedding overhead costs, and liquidating underutilized assets

This hybrid process, which is structured, transparent, and replicable, required intensive focus and time on the part of the enterprise's entire management team It also relied heavily on the willingness of management, owners and creditors to convert analytical results into implemented actions

Following application in Slovakia's construction, machinery, textiles and defense sectors, which suffered from the greatest declines in state demand or losses of former East-Bloc markets the process developed further over time

- The practice took on a more strategic analysis than previously considered, as the required operational changes needed to consider dramatic shifts in competitors and markets,
- The project switched towards using investment funds as sources of client referrals, as creditors reluctant to play an activist role in driving restructuring,
- Debt restructuring was de-emphasized, as the process of working with banks was found to be too slow and time consuming
- Top management skills were emphasized It appeared that owners began to tire of entrenched and ineffective management, and sought to find new, profit driven management.

Sample Projects

Industry	**Frozen Vegetable processing and distribution**
Consultants	**W Keller, M Amin (Turnaround), G Wood, R Antala (Debt Restructuring)**
Timeframe	**December 1995 - February 1996**

A bankrupt processor of frozen foods sought assistance from SBBAC in managing its turnaround and addressing its debt burden

The SBBAC analyzed contribution margins for all packaged food products and operations including production processes, capacity utilization, utilization of material inputs, marketing and distribution. A detailed financial model and turnaround plan was prepared including changes in the organizational structure, improved marketing and sales efforts, usage of waste for the production of by-products, sale of underutilized assets, consolidation of production processes and an increased effort regarding quality and internal communication The turnaround plan resulted in a dramatic increase in profitability, and a cash-flow improvement that was the basis of debt restructuring However, high bank debt was still jeopardizing the viability of the enterprise The most significant portion of the bank debt was an old long- term loan from one of the largest domestic banks In spite of the company's operational improvements, the bank was reluctant to refinance the loan due to complex internal regulations After intense negotiations, changes in the plan, and several threats from withdrawal from both parties, another bank refinanced the principal of $1 5 million, while the original bank forgave interest and penalties of $1 million

As a result of the financial and operational restructuring, the company emerged from bankruptcy in 1996 and became profitable in 1997

Industry	**Construction**
Consultants	**M Cullinane, M. Mitrovic**
Timeframe·	**January-March 1997**

A construction firm was facing several years of decline in sales largely due to a decrease in government spending in residential construction The new owner engaged SBBAC to help the new management stabilize the company

The SBBAC team analyzed historical sales and margins in its key customer segments, and determined that the company achieved its highest contribution margins in construction of gasoline stations The team recommended a number of measures to increase its sales and profitability in this segment, including improved cost control on construction sites, improved bidding and billing processes, basic finance training for site managers and subsequent increased authority and responsibility

Management accepted and implemented the plan As a result, the company was brought back to profitability, with Net Profit expected to increase from -3 0 million (-8 9% of sales) in 1996 to +4 4 million (+4 2% of sales) in 1997

Turnaround Management was undertaken with the following Slovak consulting partners and enterprises

Consulting Partners

1 Sevis Reengineering
2 Gradient5

Client Enterprises

1 Chirana Piešťany
2 Danubius Electric
3 EMERS
4 Estap
5 Galastroj
6 Kinex Bytca
7 KT Svornost
8 Levoèske strojarne
9 Masokombinat Novum
10 Multiautoservis
11 Nitrianske strojarne
12 Novohrádske Zlievaren
13 OSVO
14 Plastline
15 PT Zilina
16 Renos
17 Smreèina Banska Bystrica
18 Sodovkaren
19 Tatrastoj Poprad
20 Topolcianske strojarne
21 Villa Pro
22 Západoslovenske tehelne
23 ZVL Skalica
24 Malacky strojarne
25 Stavospol
26 Tlakove Nadoby
27 TLC
28 Coop Vyroba
29 Povazse strojarne

2 FINANCIAL STRUCTURING

Practice Leader Graham Wood

The financial structuring practice arose out of the original design concept for the project Companies would be operationally restructured and then presented to their original referral sources for debt restructuring As previously discussed, this project assumption was incorrect Slovak banks do not have financial, tax and regulatory incentives that encourage them to systematically pursue debt restructuring with problem borrowers However, the financial structuring practice had several notable successes

- It assisted in restructuring debt of two enterprises, taking one out of bankruptcy in the process,
- It raised capital for two additional enterprises
- It made many Slovak enterprises aware of funding alternatives to state banks, such as the Slovak Post-privatization Fund, the Slovak American Enterprise Fund and the International Finance Corporation

Perhaps the most important contribution of the practice was toward the revised bankruptcy law By attempting to obtain creditor agreements to enable enterprises to emerge from bankruptcy, the practice revealed and publicized many of the deep flaws in the existing bankruptcy law Among these were the cumbersome process of informing and obtaining consent of all creditors and the provision that all creditors, no matter how small, could block bankruptcy resolution In a key case, a potential deal that would have saved Novohradska Zlievaren from bankruptcy was in fact broken by a trade creditor who became tired of waiting

The recommendations of the practice were passed on to the Bankruptcy Institute and were used by the Institute to help shape Slovakia's new bankruptcy law

Notwithstanding the contribution of these efforts to an improved financing environment, it was decided by the COTR and The Recovery Group that the lack of institutional development in Slovakia's financial markets was too large an obstacle for this practice to overcome It was terminated in February 1997, prior to achieving its capacity-building objectives

Consulting Partners

ProConsult

Enterprises

1 Mraziarne sladkovicovo
2 Novohradska zlievaren
3 Smrecina
4 Credat

3 STRATEGY

Practice Leaders Viktor Bernat, James Edgerly

The strategic practice was developed early in year two of the project for two primary reasons The experience of the project was that many Slovak enterprises were not receptive to a deep restructuring engagement, as they were marginally profitable (though heavily indebted) While profitable however few seemed to understand their ability to sell in competitive terms Most attributed their sales performance to a combination of having low prices and a long tradition," i e , inertia Without a strategic perspective, Slovak companies could not target a particular market position, develop close customer relationships or invest in sustainable competitive advantages

In particular, the majority of Slovak enterprises are pursuing cost-based competitive strategies based on their low cost of labor The underlying cost advantage, however, is a short-term phenomenon Costs of labor, material and energy continue to increase in real terms, and relative to productivity growth Slovak companies have realized that they must offer a greater value proposition than a pure cost advantage Moving up the value curve means becoming closer to the customer, offering better service, and undertaking a greater portion of the more research & development-intensive portion of production Execution of this strategy is hampered by (1) weak customer knowledge due to dependence on third-party dealers and distributors, (2) poor communication between marketing, research and development, and production organizations, (3) poor product/market selection, (4) production focus, and (5) undercapitalization

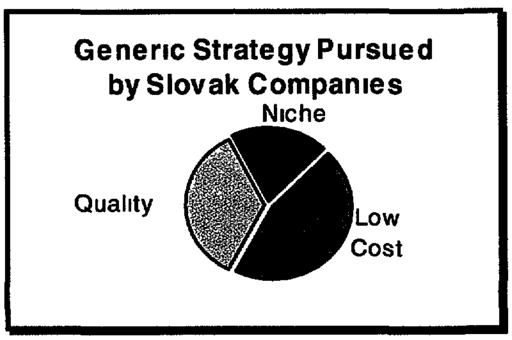


Figure 5 Generic Strategy Pursued by Slovak Companies

Strategic Development is designed to enable Slovak companies to determine competitive strategies at the business unit level It results in a quantified and action-oriented strategy for each segment (growth, defend harvest) It aims to resolve a key weakness found in Slovak management a lack of systems for understanding, synthesizing, and linking internal competitor and market data into a coherent business strategy

The practice's methodology came from James Edgerly formerly a member of the Strategic Planning practice at Arthur D Little, Inc Following a period of intensive training and seminars led by Mr Edgerly the strategic practice was entirely managed and executed by Slovak staff Dr Viktor Bernat, a former Director of a chemical engineering firm, was hired in 1995 In November 1996, he was promoted to Practice Leader for SBBAC's Strategy Practice Dr Bernat was the first Slovak to take direct leadership of a consulting practice

Sample Project
Industry: **Gear manufacturing**
Consultants **V Bernat, M Štofková**
Timeframe: **January-March 1997**

A manufacturer of a wide variety of machine tools and gear units in Northeastern Slovakia approached SBBAC with a number of serious distribution, organization and image problems Although marginally profitable its sales and profits were stagnant

After analyzing the company's core competencies and competitive and market environments, the consulting team determined which of the company's five product segments provided its most attractive opportunity for long-term growth Working with management, the team then developed an implementation plan for enhancing its competitive position in its target segment

The plan included four key thrusts organizational restructuring in order to better integrate technical, quality and production departments, strengthening the marketing effort, selective IT investments, and initiating strategic contacts with Western European potential clients

Consulting Partners

1 Teutop Trencin
2 Transfer Slovensko

Strategic assignments undertaken by SBBAC

1 MEZ Michalovce
2 SELZ Košice
3 VUNAR Nove Zámky
4 Pohranske Strojarne
5 Luna Nitra
6 SB Inmart
7 Pohranske strojarne 2
8 GUMON
9 Moldovske Strojarske Servis
10 Spectrum

4 ORGANIZATIONAL DEVELOPMENT

Practice Leader Peter Richards

Organizational Development (OD) is receiving increasingly greater attention from Slovak top managers If Organizational Development is roughly defined as a focus on internal operations, people, business processes and inter-departmental communication, than nearly all Slovak businesses need assistance with OD

Increasing competition, difficulties in maintaining quality at high production levels, and delegating tasks to workers are creating an environment where Slovak managers must pay more attention to their operations Experience of our organizational specialist in the region suggests that there is a natural evolution from focusing on the external environment before the internal The challenge for Slovak managers is to "take responsibility" for making organizational change, and this often means changing behavior and methods of work

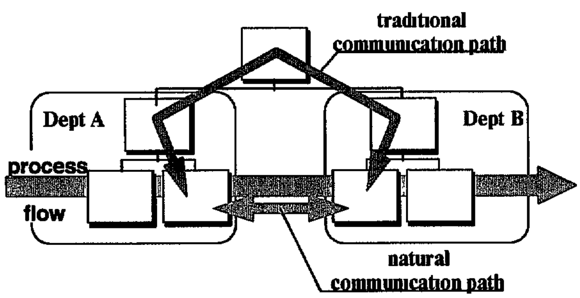


Figure 6 Paths of Communication

Figure 6, above depicts the traditional path of communication, as is typical in most Slovak companies, contrasted with the natural communications path of an organization

This challenge is most apparent in the area of quality Many Slovak companies (43% of our clients) are pursuing ISO certification, and many are investing in information technology (IT) They are doing so, however, without an understanding of quality that is defined jointly with customers They often invest in automation of information systems before determining what information is necessary from customers

Peter Richards, who had five years of regional experience and headed an organizational development consulting firm in Poland (Renaissance Technology Group) joined SBBAC in October 1996 During the reengineering of the product in the third quarter of 1996, SBBAC located and developed relationships with a training firm (Maxman) and an information technology firm (RASAX), both desiring to increase consulting capacity These firms became SBBAC's Consulting Partner's for the OD Practice

Additionally, the project purchased licensed consulting materials from Organizational Dynamics, Inc , an international firm offering well-developed methodologies for aligning company organization with customer requirements Our two Slovak consulting partners are now well on their way to becoming licensed Slovak affiliates of ODI

Practice	**Organizational Development**
Industry	**Fuel and Energy**
Consultants.	**Peter Richards, Richard Satin, Maxman**
Timeframe	**April - June 1997**

A national fuel products distribution company, one of the 50 largest Slovak enterprises in terms of sales, suffered continuous erosion of market share due to the entry of a number of foreign competitors

Our team worked with the client to identify the reasons for the loss of customers to foreign filling stations One of the principal reasons for customer defection was the frequency of fuel disruptions – a failure of the company's core distribution process Our team worked with the client's logistics division to reroute and reschedule supply trucks in order to minimize distribution time, while implementing a "100% fuel availability" policy

As a result of our involvement, fuel supply disruptions, and the resulting 3% loss of annual sales, are being eliminated Only in the case of the biggest gas station, this represents a revenue gain of $800,000 per year, with an estimated implementation cost of $200,000 (mainly leasing some additional tanker trucks) for the entire organization This measure will also improve customer satisfaction, since clients will find the gas stations fully operational during peak hours

OD Consulting Partners

1 Maxman Bratislava
2 Rasax Kosice

OD Engagements

1 Benzinol
2 Mobilier
3 GUMON
4 Menert
5 Engeo
6 ELAC
7 VUB
8 ZTS Namestovo "TQA"
9 ZTS Namestovo "Vision"
10 Slovpump
11 Pohranske
12 VUNAR

5 MARKETING

Practice Leaders Stewart Glickman, Brice Heath

Similar to all transition countries, Slovak companies lacked experience in marketing and sales Slovakia perhaps suffered more directly than most transition countries, since the breakup of Czechoslovakia resulted in the majority of experienced marketing and trade talent being left outside Slovakia's borders

More consumer-based industries such as textiles and packaged foods, remain highly dependent on Western joint ventures or have not recovered The underlying reason goes to the heart of the advisory work we provide under USAID subsidy Consumer industries require the highest level of customer understanding, production flexibility, marketing skills and strategic positioning Of the top 10 advertisers in Slovakia, only #6 and #10 are Slovak firms, and both are banks

Stewart Glickman, formerly of Procter and Gamble, and more recently heading a consultancy in Poland, joined SBBAC in September 1996 His energy and intensity were in large part the cause of the success of SBBAC in thoroughly developing consulting capacity in *Istropolitana* and *MP/MA*

The experience of this practice suggests that basic knowledge of marketing concepts is becoming widespread While marketing concepts are understood, the application of concepts is still limited Our practice focuses on the development of internally coherent marketing strategies based on customer research and analysis It was facilitated by the engagement of two Slovak companies (a research firm and an advertising agency) which are successfully developing a capability to guide Slovak companies through this process

Practice	**Marketing & Sales**
Industry·	**Košicke mliekaren, Dairy**
Consultants	**Stewart Glickman, Rasto Antala**
Date	**December 1996 - January 1997**

A large dairy products producer in Southern Slovakia with over $20 million in annual sales suffered serious sales and profitability decline as competing dairies entered into joint ventures with Austrian and German companies

A consulting team from the Slovak Business Advisory Center, managed by The Recovery Group, performed surveys of its retail and customer segments as part of a marketing plan engagement The analysis determined that the main problems were in poor appearance of packaging, lack of brand awareness, and inconsistent corporate identity across product lines

The consulting team worked with the dairy to develop a marketing strategy around a theme and launch two national brands The team also identified a number of packaging design changes, product line changes, and new retail distribution and pricing consistent with the marketing strategy Finally, the dairy implemented sales-force training under the consulting team's guidance

In June 1997, the company won an award for its design from Tetrapak. Sales stabilized within two quarters and started growing in the seventh month following the engagement.

Marketing Consulting Partners

1 Istropolitana
2 MP/MA
3 Simms

Marketing Projects Completed

1 Montaze
2 Union
3 PT Zilina Poland
4 PT Zilina Slovakia
5 PT Zilina Hungary
6 Chemosvit
7 Sandrik Oil Filters
8 Sandrik Kitchenware
9 Krtšska Mliekarne
10 Izomat
11 *Business Performance*
12 SB Inmart
13 Chemosvit MIS

B. Capacity Building

Other train-the-trainers approaches, particularly the Know-how Fund's training of 24 consultants who then trained 120 more, have not had a sustained impact due to the lack of integration between training and practical experience, and a lack of business development Many of the trainees have returned to industry, and only a few have established consultancies

SBBAC's approach was designed from the outset to lead to commercial sustainability To affect capacity-building transfer of skills to Slovak consulting firms, SBBAC designed a system of gradual transition of consulting responsibility to carefully selected Slovak consultancies (called "Consulting Partners") under the tutelage of Western practice leaders At the same time, SBBAC initiated a client contract and fee structure, which would in fact pay for the participation of the Consulting Partners

This system, called "2-2-2," shifts responsibility over six assignments, culminating in the independent delivery of SBBAC's consulting processes by the Consulting Partners During the first two assignments, Consulting Partners would observe and limit participation to areas of previous knowledge In the second two engagements, Consulting Partners were expected to share levels of effort and value-added equally In the last two engagements SBBAC would play the observer/quality control role while Consulting Partners lead the process

In September 1996, COTR Lawrence Camp approved the plan and SBBAC initiated the role of developing local consulting capacity A nation-wide survey of the consulting industry was conducted, leading to discussions with over 50 consulting firms (drawn from a range of advertising, accounting, information technology and training firms) Of these, 24 were invited to a conference in Bratislava (October 15, 1996) to discuss the goals and objectives of the program Within one month of the conference SBBAC engaged 12 consulting firms to the 2-2-2 process By signing legal contracts with SBBAC, these Consulting Partners demonstrated their commitment to a relationship lasting, at a minimum, through the remainder of the contract period (originally through June 20 later extended to December 20, 1997)

Each practice held seminars in the fourth quarter of 1996 to train Consulting Partners in SBBAC work processes Seminars were held in Organizational Development, Strategy, Marketing, and in the Consulting Partner program Most training was, however, on the job, working side-by-side with our trained internal staff Most engagements proceeded smoothly, with consulting partners taking immediate responsibility in such areas as accounting and organizational chart analysis The interface and contact with expatriate staff is a learning experience for the enterprise as well as the consulting firm At the end of October 1997, 41 SBBAC engagements had been completed with or by consulting partners

With these completions, particularly in Marketing and Organizational Development, the capacity-building process was successfully concluded Consulting Partners led all assignments in these two practices, and participated actively in Turnaround and Strategy engagements

> ***Indications of Success***
>
> By mid-1997, the success of capacity building became visible in a number of ways *Istropolitana* included cooperation with SBBAC as a key marketing point to its clients It prepared, independently, marketing plans for Chemosvit and PT Zilina *Maxman* Consultants sold an SBBAC-designed process to two Czech firms and to VUB (the largest Slovak bank) *SEVIS Reengineering*, trained in Turnaround, planned to purchase and restructure 10 Slovak companies in 1998 using SBBAC Methodology

C Management Training

1 Phase I – III Objectives

Management training was identified as a "secondary objective" of the project in the original Task Order Seminar topics were identified based on a training needs analysis Seminars were presented by ex-pats or by ex-pats teamed with Slovak counterparts The objective of these seminars was to expose managers to modern approaches that could be implemented through restructuring Another purpose of the seminars was to serve as a marketing tool for obtaining new restructuring clients In addition, one-day seminars were given specifically on turnaround restructuring The primary purpose of these seminars was to create a demand for restructuring and to develop contacts for potential clients for the Project The results of this training effort are described below This ad-hoc approach was continued through Phases I - III of the project

2 PHASE I – III RESULTS

Prior to establishing SMTC, 13 training programs were held in the subject areas of Product costing (3), Cash-flow and Working Capital Management (3), Marketing (4) and Production Planning (3) Three seminars were delivered in Turnaround Restructuring

These programs were held in western, central and eastern Slovakia and were very well-attended (average of more than 25 participants per session) Evaluations all averaged in the "good" to "very good" range All programs, except Turnaround, were two - three days in duration

3 REVISED YEAR II OBJECTIVES

Based on the very successful results of the training programs during Phases I - III, and due to the change in Project emphasis to capacity building and "broad impact," training objectives were changed commencing in September 1996 The new objectives were as follows

- To establish a comprehensive training program in subjects that are consistent and compatible with the technical assistance delivered by SBBAC's Consulting
- To deliver training programs that are specifically tailored to the current Slovak economic environment thereby providing for the transfer of knowledge and the implementation of that knowledge so as to achieve a discernible impact on the viability and competitiveness of Slovak companies,
- To promote public awareness of the quality and breadth of SBBAC's training programs
- To establish the training program as a commercially viable profit center of SBBAC,
- To provide training of SBBAC Slovak training staff in all aspects of the development, delivery and marketing of training programs

4 APPROACH AND METHODOLOGY

The Slovak Management Training Center (SMTC) had as its mission the providing practical, experiential education in furthering the transformation of Slovak businesses to a market economy It used these approaches

- Sequences of four to five courses were developed in the following areas Accounting /Financial Management, Marketing and Sales Management, Production Management, and Strategy and Organizational Development
- An Advisory Board was established of Industry, government and academic leaders who provided guidance on course offerings, course content course marketing, etc
- Local and international faculty were recruited who would assist in course development, design, material selection and preparation
- Training programs were promoted primarily by
  - a Development of a course catalogue that included all SMTC course offerings
  - b Development of brochures for each individual course offering
  - c Development of SMTC database
- Public awareness of SMTC was promoted through speaking engagements (e g , local chambers of commerce), media exposure (newspaper articles), etc
- A business plan was developed to determine financial viability

5 RESULTS

The SMTC offered pilot programs in the last quarter of 1996 and began its full program in January 1997 Sixteen courses were offered from January through May Based on evaluations and attendance, it was determined that the great majority of the courses were at the correct technical level and the quality of the courses (level and method of instruction, training materials, venue) was very good Demand was not as high as anticipated in some of the offerings

Based on these results in the summer of 1997, a change in emphasis was implemented to a combination of "open enrollment" courses and in-company training In addition, an agreement was made with the Agency for Industrial Development and Revitalization to provide a certification program for consultants in four professional areas Project (Strategic) Management, Business Excellence, Technology and Quality Management and Financial and Crisis Management In November, SMTC teamed with the USAID Activity-Based Costing Project to present two seminars on Activity-Based Costing and Activity-Based Management During December, SMTC presented five seminars as part of the Project's dissemination plan for "Business Methodologies" developed by the SBBAC's consulting staff

As shown in the accompanying table, in the 14 months of SMTC's existence during the USAID project, 59 training programs were held and were attended by 1,169 participants Of the 57 trainers used, 46 were Slovaks

In December 1997, the SMTC registered as a Slovak Not for Profit organization, which would continue after the close of the USAID project on December 20 The management team of Richard Guga, Andrea Hagovska and Don Warner will remain in place The intention is to continue to provide open-enrollment courses, in-company training and certified consultant training The Business Methodologies developed by SBBAC are expected to be a major training tool to be utilized and disseminated in many of the training programs Twenty-six courses are scheduled for 1998

6 CERTIFICATE PROGRAM

The following managers were awarded Certificates for completion of a complete series of courses

Ing Luboslava Novotná
Strategic Marketing Specialist in Chemosvit, a s , Svit
Attended six courses

- Effective Marketing Research
- Developing a Winning Marketing Strategy
- The Role of Marketing in Building a Successful Company
- Strategic Planning
- Strategic Decision Making A Case Approach
- Training of Trainers

Ing Ján Garaj
General Director of Sandrik Dolne Hámre a s
Attended five courses

- Strategic Planning
- Business Transformation
- Financial Analysis 1
- Financial Analysis 2
- Strategic Planning & Decision Making

Ing Marián Novosad
Financial Planning Manager in Slov-Avia, a s
Attended five courses

- Managerial Accounting 1
- Managerial Accounting 2
- Corporate Finance 1
- Corporate Finance 2
- Financial Analysis 1

Ing Peter Orgonik CSc
Financial Director in ZTS Elektronika, a s
Attended four courses

- Managerial Accounting 1
- Managerial Accounting 2
- Corporate Finance 1
- Corporate Finance 2

Ing Bronislava Hanuliaková
Financial Manager
Attended six courses

- Managerial Accounting 1
- Managerial Accounting 2
- Corporate Finance 1
- Corporate Finance 2
- Financial Analysis 1
- Financial Analysis 2

D. *BUSINESS PERFORMANCE* MAGAZINE

During the first year of the project, no Slovak publication addressed the operational concerns of enterprise managers There were national business newspapers, a good publication in the public relations/ advertising area (similar to *Advertising Age*), a good legal journal, and some regional publications with a news/current events focus However, there was no magazine or journal in the category of *Harvard Business Review*

As described before, in July through September 1996, SBBAC underwent a thorough transformation away from consulting directly to client companies, and towards building local consulting capacity and know-how dissemination through executive training and publications The concept of a management journal was primarily originated by the project s COTR, Lawrence Camp The journal entitled *Business Performance*, would serve as a vehicle for publicizing the case studies that arose out of work with Slovak enterprises

The project was fortunate to receive the services of a volunteer from the MBA Enterprise Corp, Brigette Buchet With prior writing experience and a business degree, she was ideally prepared to undertake the development of a business journal as her project She was assigned a team drawn from the consulting staff, and produced the first journal on schedule

The first issue of the journal focused on marketing, including articles by the marketing practice leader, Stewart Glickman, and studies of actual client situations faced by SBBAC in which marketing was a central problem (industrial air conditioning and frozen foods) The first issue also included a discussion of the value of consulting to Slovakia's transition to a market economy by the Consulting Director, and on the value of training by the Training Director and Howard Exton-Smith, The Recovery Group's project manager This first issue had a cover price of around $8 (far above any magazine in Slovakia) and had no external advertisers However, it set a strong benchmark for content The General Director of a leading software development firm, attending a presentation by Ms Buchet, picked up all available copies and distributed them to staff He then ordered 10 subscriptions

To date, eight issues of *Business Performance* have been published, and the ninth issue is in production Issues have featured marketing, organizational development, restructuring, strategy, finance and logistics/operations/production

The journal launch was not without its difficulties It was designed to be an information dissemination vehicle for the project, yet at the same time was expected to become commercially sustainable These two objectives were often in conflict Current news or political stories, which would likely sell well, could not be included Second, the journal was launched without market research A market research survey in September 1997 revealed that Slovak managers were hungry for digestible pieces of management information, but also recommended design changes that would support commercialization By the fifth issue *Business Performance* had eight strong advertisers including both Slovak and international firms which nearly covered the production costs Subscription revenue grew rapidly, as indicated in Figure 7

Covers of the first eight issues of *Business Performance* are included as Appendix 4

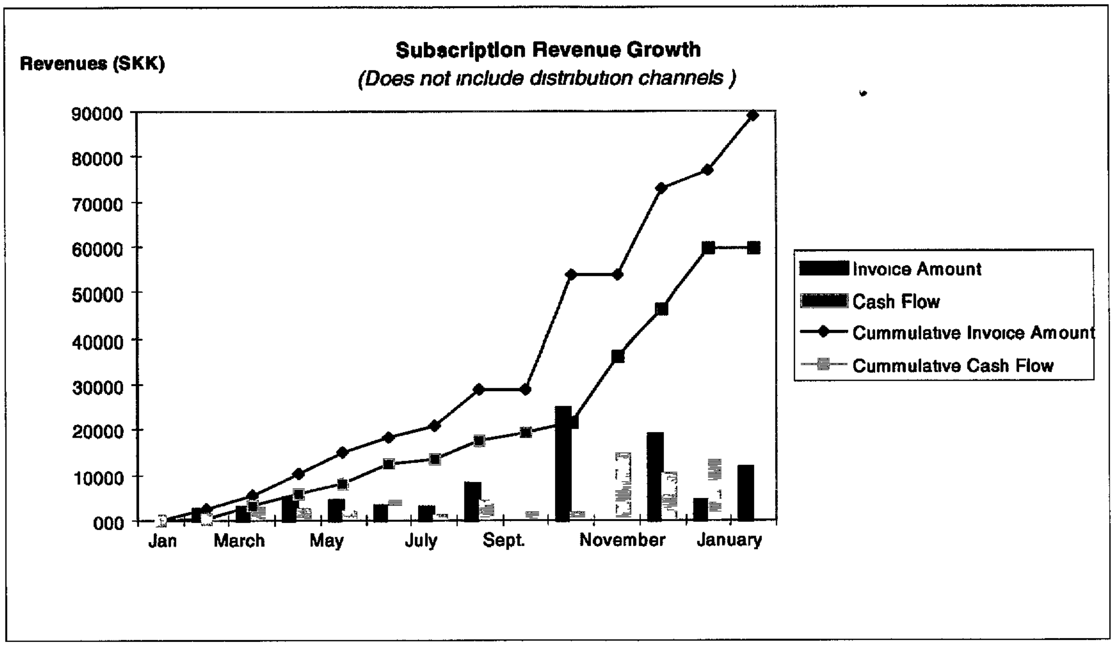


Figure 7 Subscription Revenue Growth for Business Performance

E. BUSINESS METHODOLOGY SERIES

During the second and the partial third year of the project, a substantial effort was made to document the processes used by SBBAC Consulting in restructuring and improving the performance of Slovak enterprises The intention of this effort was to disseminate SBBAC know-how as broadly as possible throughout the business community of Slovakia

Each practice started with a flow-chart of a typical client engagement, and then detailed the purpose and result of each step in the consulting process Two technical writers, Ed Guerrero and Judy Campbell, further elaborated and simplified the language of the consulting manuals Magdi Amin wrote *Executive Editions*, which were summaries of the analytical tools, along with descriptions of their application

As Table 4 indicates, 26 different documents were developed Final production and printing of 26 documents, an extremely complex undertaking, was managed by Jeanette Miller The manager's version of the five methodologies was bound into two volumes (one in Slovak, the other in English) titled SBBAC Business Methodology Series Attached to the inside back cover of each volume was an electronic disc containing software tools that can be deployed with each of the five methodologies The Slovak edition sold for $20 00 per copy

BUSINESS METHODOLOGY SERIES	Executive Edition	Profession al Edition	Manager s Edition	Disk	Web
Turnaround Restructuring	S[1] E	S,E	S[2] E[3]	E	SE
Developing a Strategic Plan	S,E	S,E	S[2] E[3]	E	SE
Preparing a Marketing Plan	S[1],E	S,E	S[2] E[3]	E	SE
Redesigning Business Process	S,E	S,E	S[2],E[3]	E	SE
Activity Based Cost	*	*	S[2],E[3]	E	

S = Slovak Language Version E = English Language Version
* Product of Coopers & Lybrand project
1 – Printed for conference and mass mailing
2 – Bound into Slovak version of Business Methodology Series
3 – Bound into English version of Business Methodology Series

Table 4 Business Methodology Series

Jeanette Miller developed and executed a program by which the business methodologies would reach the Slovak market in a demand-driven manner *Executive Editions*, went out to a mailing list of 2 000 Slovak professionals The mailing included an invitation to join a seminar or order the complete manual Ms Miller also managed the marketing of the *SBBAC Business Methodology Series*, and coordinated a series of seminars coinciding with the rollout The Business Methodology Series was rolled out in Bratislava at the closing conference of SBBAC Consulting (Hotel Forum, November 12, 1997) The conference was well received

We have recently learned that consulting firms not directly trained by SBBAC are offering SBBAC methodologies as a result of their purchase and study of the SBBAC Business Methodology Series Timan, an organization offering Time Management training, has begun to offer strategic consulting Finservis, an accounting firm, has begun to offer Turnaround Management

754 copies of the SBBAC Business Methodology Series were distributed in Slovakia Of these,

- 263 were distributed to Slovak managers who responded to a mailing informing the public of the opportunity to purchase the Series,
- 153 were delivered through SBBAC training seminars in Bratislava, Banska Bystrica, and Kosice, supporting the release of the methodologies,
- 20 were distributed to educational institutions,
- 140 were distributed through SMTC, and 75 more will be distributed in 1998,
- 82 were distributed to organizations with enterprise clients, such as the MBA Enterprise Corp and the Peace Corps ,
- 24 books were distributed to trainers and USAID
- A Web site was developed (www sbbac com) that contains downloadable Executive Editions of the SBBAC Business Methodology Series

Throughout 1997, USAID made clear the high value it placed on having its projects leave behind viable, indigenous "legacy" organizations On one hand, the local staff was always enthusiastic about the prospects for creating SBBAC "spin-offs " On the other hand, the contractor had to proceed gingerly on this matter in light of concerns that USAID funds be used solely for the benefit of the project itself

As of February 1998 three legacy organizations were operating in Slovakia, fully staffed and managed by local resources, trained under the SBBAC project

A Slovak registered, not-for-profit association, Slovenska Manazeska Spolocnost (SMS) was created to publish *Business Performance* journal The journal has enjoyed significant revenue growth since inception This has been achieved through a commercialization program that enhanced the look and feel of the journal and shifted the distribution to a "Controlled Circulation" basis This has increased circulation (of a free journal), enabling SMS to sell considerably more advertising due to the perceived high quality of the readership Demand continues to be evident, but turning this into a sustainable business has been difficult

SMS pursued a vigorous partnership search covering commercial and grant-funding entities Over 60 organizations, including publishing and media companies, investment funds and grantors were contacted Detailed proposals were presented to approximately 10 potential partners SMS was eventually successful in identifying an experienced and qualified publishing partner, Buller Investments, and a transition plan has been agreed upon in principle SMS is committed to publishing three further issues under USAID funding and will then continue publication as a self-financing entity

The Slovak Management Training Center (SMTC) has similarly registered as a Slovak, not-for-profit association offering both "open enrollment" and "in-company training " There is no doubt that SMTC is well-placed to offer high-quality management training in the Slovak market, and it could command premium pricing in a buoyant market

Unfortunately, some of the assumptions on which the independent entity was founded have failed to materialize During the final phase of SBBAC operations SMTC was contracted to undertake training of management consultants for the Agency for Industrial Restructuring under an EU-funded contract This offered the possibility of a substantial "baseline" contract that would underpin the nascent commercial business Regrettably, due to procedural and political problems, the agency has to date been unable to pay SMTC's accounts However, there are now indications that these impediments may be cleared away In addition, SMTC has been asked to join various national consortia in bids for new EU contracts

Fortunately after a long delay, USAID was able to approve a subcontract to SMTC for further management training in Business Methodologies that will provide a source of timely and much need working capital to support continued commercial operations SMTC management is presently optimistic about the future

Finally, staff from SBBAC Consulting established TRG Slovakia, a for-profit consulting subsidiary of The Recovery Group After several difficult start-up months, TRG Slovakia has won several important assignments that should help to ensure its continued growth and success The consultants have also been exposed to assignments in other countries in the region Marko Mitrovic investigated a business opportunity in Russia, Martina Stofkova and Richard Satin have conducted a cash-flow analysis of a company in Germany, and Richard Satin has been deployed as a third country national to another USAID project, to help deliver a methodology used at SBBAC TRG Slovakia's objective is to achieve break-even by the end of this year

III LESSONS FOR DONOR-FUNDED RESTRUCTURING

A SBBAC AS AN ORGANIZATION

1 STRATEGIC BENEFITS / DRAWBACKS

SBBAC's organization was based on the premise that a central location for restructuring contractors would provide both economies of scale and operational synergies It included, under one roof, four USAID enterprise-related contracts The Recovery Group's Enterprise Restructuring Center, Arthur Andersen's Bank Advisory Project, Crimson Capital's Corporate Finance Team, and Coopers & Lybrand's Cost Accounting project

The key benefits of the "Center" were cost reduction, shared institutional learning, joint client meetings, and, to an extent, cross-fertilization of ideas The extent of cross-project intellectual and client synergies at SBBAC was entirely a function of the commitment of the various Chiefs of Party to work together

The only significant drawbacks of having the projects co-located were 1) the extra management time devoted to continuously finding formulas for cost allocation that were both acceptable to all parties and consistent with the individual USAID contracts, and 2) that the considerable burden of administering SBBAC fell entirely to a single contractor

2 SYNERGIES BETWEEN PROJECTS

The economies of scale were obvious, and according to plan Firstly, the Center was able to operate within one leased space (although the Center did move once in January 1996) and share costs according to space utilization This reduced the combined overhead costs of USAID's enterprise-related projects by allowing such operational necessities as conference rooms, receptionists, security, photocopy and fax leasing, and network support to be shared by all contractors Second project contractors met with USAID simultaneously The weekly meeting on Monday morning allowed USAID to centralize oversight and allocate its resources appropriately Clearly, the combined overhead costs to USAID of these projects were far less than would have been the case if each project was independently located

At the operational level, the synergies were substantial, but qualitatively different than what was expected The Center was designed to yield "vertical" synergies a bank would restructure its portfolio through Andersen assistance, and would refer the restructuring of the underlying bank loans to The Recovery Group Finally, a restructured company would be referred to the Corporate Finance Team for recapitalization These vertical synergies were not realized for two reasons First (and as previously mentioned), a lack of a credible legal and tax infrastructure prevented real efforts by banks to restructuring firms within their non-performing portfolio, aside from classification and limited reserving Second, the corporate finance team was largely unable to structure privatization transactions due to a number of factors including slow capital market development, poor transparency, and perceived political risk on behalf of investors

In fact the greatest operational synergies were "horizontal" ones, in which different project components would work collaboratively to offer enterprises a wider product range Strong synergies were thereby attained in outreach and marketing A number of enterprises originally approached by one contractor were actually served by another For example, Komarnske Tlaciaren, a commercial printer, sought strategic advice As its strategy was primarily to be a low-cost producer, it was referred from the Enterprise Restructuring to the Financial Management (Cost Accounting) project

As the project was redesigned away from its original role as a counterpart to bank restructuring, the intended synergies between the Arthur Andersen Bank Advisory Project and SBBAC Consulting never fully materialized However there was a great deal of informal collaboration including a joint seminar on the topic of advanced cash-management techniques, which was attended by finance directors of SBBAC Consulting client companies, and discussions of strategies for companies within certain banks The key was the attitude of the Chief of Party for each project Where COPs are supportive, putting projects together for synergies is an excellent idea

B LESSONS FROM ENTERPRISE RESTRUCTURING EXPERIENCE

The restructuring experience of SBBAC yielded several important lessons

1 GENERAL CONCLUSIONS

The success of restructuring effort rests not on complex financial engineering, but on the existence of competent, restructuring-oriented management focused on improving operational economics, asset performance and cash-flow dynamics Specifically

- restructuring requires committed involvement of three key company stakeholder groups 1) the senior management team, 2) the board of directors, and 3) major equity holders and creditors,
- restructuring requires change-oriented leadership, generally from a highly motivated and hard-working General Director,
- the proper economic environment for restructuring is one that provides both "carrots" (financial restructuring or new financing) and "sticks" (credible threat of management dismissal, bankruptcy and liquidation),
- restructuring requires direct accountability for performance, driven by action-oriented milestones and reporting structures,
- restructuring requires reliable financial and operational information,
- approaches to restructuring can be standardized around solving key operational problems that appear frequently in particular industries,
- restructuring is a multi-stage effort that typically takes more than one year, and in fact is a continuous process

2 THE RECOVERY GROUP'S STUDY OF SBBAC IMPORTANCE OF LEADERSHIP

For a restructuring conference held by USAID in Kiev (October 1996), The Recovery Group analyzed factors that differentiated success from lack of success in restructuring projects with 34 SBBAC client enterprises The most important factor associated with accomplishing change was the presence in the company of competent leadership publicly committed to the restructuring

Leadership was a far more important determinant of success than other factors such as condition of the buyer industry, diversity of business units, or even the financial condition of the company at the outset of the consulting engagement

There were a number of cases where the restructuring strategy was clear, but the General Director of the client company was unwilling to execute the strategy, particularly if it included programs related to headcount reductions or dropping historically important product lines There were also instances of difficult and complex restructuring plans that were implemented successfully because of the commitment of the General Director

The second most important critical success factor was the active support of the restructuring by the company's Board of Directors We had the most success with spin-offs of larger companies, where managers were in fact owners We had consistent success with companies that had concentrated ownership In all cases, directors who did not invest in the time required to understand the operational issues, or who focused on short-term results, boards that changed composition frequently, or companies that were caught in frequently changing ownership structures, had poor restructuring results

Supervisors or Board of Directors, play five critical roles in restructuring

- locating, incentivizing, and supporting General Directors who are capable of restructuring,
- supporting restructuring plans developed by pro-active management, even where they may involve job cuts,
- using their independence of judgment, experience and knowledge of business strategy to improve their company's strategic focus,
- holding management accountable to performance targets in marketing, production and finance, which result from a strategic focus,
- leading, through their credibility and commitment to performance improvement, dialogue with key stakeholders, including creditors, unions, and trade partners
- Demonstrating willingness to replace the General Director

Restructuring situations require a particularly intensive focus on shareholder value, driven by well-informed Boards Good corporate governance often requires concentrated ownership There is a clear link between effective governance and shareholder value The World Bank study of the

Czech market found that the ratio of market value to book value (Tobin's Q) was approximately 30% higher for companies with concentrated ownership than for companies with diluted ownership [7] The market obviously believes that the greater degree of control implied by concentrated ownership will result in higher profits A recent survey by McKinsey & Company suggested that U S investors who buy shares of under-valued companies for their long-term value appreciation, will pay up to 16% more for companies with good corporate governance[8] These research results appear to confirm the finding at SBBAC, that good corporate governance is central to company performance and value The CEO needs strong and clear Board support when implementing difficult decisions such as spending constraints, headcount reductions, asset liquidations, and product line rationalizations

SBBAC worked with several ownership groups in Slovakia that appeared to apply effective governance principals The SEVIS Group, IS Dividend, and J&T Securities have all demonstrated success in particular restructuring situations from an ownership position These owners participated in developing restructuring plans and competitive strategy, brought in new General Directors, who in turn brought in new finance or marketing directors, and used active monitoring of companies against clear performance targets The scope of support included advisors, financial systems, and business contacts All were rewarded by substantial increases in shareholder value

3 Strategic Focus

Another important factor impacting company performance was the degree to which the company had defined and promoted a core business Many companies, emerging from the status of being a regional monopoly supplier, have wide product lines that required no marketing support under the previous economic system Those companies that had found a logical way to focus their product lines either based on their core competence strength of competition, or market opportunities tended to perform better in our restructuring process

Companies that had not rigorously defined and then focused on their core business, required a much more comprehensive restructuring effort Such longer, more comprehensive engagements began by segmenting the company into product lines or business units, followed by detailed economic and competitive analysis of each unit, and then development of a competitive and marketing focus for the key business units

While such comprehensive projects were doable, USAID's purpose was better served when SBBAC could assist simpler, more highly focused clients

4 Internal Systems and Organization

Restructuring requires an intensive, often difficult investment of time on the part of management The process is much more difficult if effective internal systems and organization are absent at the company If internal systems are weak or underdeveloped, clients have difficulty responding to our requests for information such as per-unit costs, prices, market share, or worker productivity data If organization is poor, it is difficult to assign responsibility and ascertain accountability for execution of specific tasks within the turnaround process When either internal systems or organizations are undeveloped, we have learned that the turnaround process will be unproductive unless reorganization is a first step This often means simplifying organizational charts to promote greater accountability, and helping the organization define what type of information should flow within it, to whom, and its frequency

5 Banking System

Related to the previous point about corporate governance, we learned in SBBAC that banks are not the drivers of restructuring in Central Europe There were several instances when even foreign banks registered in Slovakia referred a client to SBBAC for restructuring, but were unable to persuade management to meet with us In another instance we were referred to a group of classified enterprises only to find that 75% of them were effectively shut down and not worth restructuring

In the latter case, banks had no leverage until it was too late The lesson, for restructuring projects or practitioners, is to seek the sources of real leverage in the economy – owners and General Directors

[7] G Pohl R Anderson S Claessens S Djankov *Privatization and Restructuring in Central Europe* World Bank Technical Paper No 368, Washington, D C 1977
[8] R Felton et al Putting a Value on Corporate Governance *McKinsey Quarterly* 1996 #4

6 Need for a Continuous Referral Source

As originally designed, the project was projected to receive a stream of client referrals from "referral sources" The project's referral sources were expected primarily to be large banks that would value outside help in improving the commercial and financial performance of their delinquent and non-performing borrowers In fact, there was a fairly consistent shortage of appropriate clients from such referral sources In many cases, client referrals that were provided were too small or too weak to merit investment of SBBAC resources At times, this shortage of appropriate clients hindered or delayed the project's success in achieving its capacity building and restructuring objectives

To compensate for the largely ineffective referral system, much greater SBBAC management time was spent on new business development than originally anticipated During the project's second year, we began to receive referrals from previous clients, but the increase in referral volume was offset by a decrease due to the substantial fee structure introduced

Future enterprise restructuring efforts could address this problem by taking a number of measures

- investment early in public relations and advertising, which would pay off in terms of reduced selling effort,
- work with private lending institutions that are genuinely concerned about loan repayment,
- establish formal referral investment management companies systems with local

C Lessons from Capacity Building

1 Develop Standardized, Replicable Processes

The consulting partner capacity-building program relies heavily on on-the-job training as the primary transfer vehicle Application of consulting tools to live client problems is the only valid way to develop management consultants The speed of learning can be facilitated through use of consulting manuals

2 Simplify Processes if Possible

Turnaround and strategy, which entail fairly complex multi-stage analytical processes, were transferred less effectively in the capacity- building program than functional consulting products such as marketing and OD This difference was largely due to the complexity of the process being taught and transferred, and the fact that more comprehensive products could not be implemented partially Consulting know-how appears to be most readily transferable when it is packaged as a fairly simple, discrete product

3 Use Seminars Early in Process to Establish Baseline Understanding

All of the SBBAC consulting practices held seminars describing their process, teaching terminology, and use of case studies Each practice area brought in external resources for this purpose The Marketing & Sales Practice used *Innovara*, the Organizational Development Practice used *Organizational Dynamics, Inc* , and the Strategy Practice used methodology from *Arthur D Little, Inc* , taught by James Edgerly In each case, these training seminars were highly effective in "kicking off" the capacity-building program with Consulting Partners and establishing baseline conceptual understanding

The Turnaround Practice held its seminar towards the conclusion of the capacity- building program, using *Recovery Group* methodology Participants were from both Consulting Partners and referral sources (investment funds)

4 Be Selective in Choosing Consulting Partners

SBBAC management considered many dozens of consulting firms before selecting its Consulting Partners The selection process was made complex by the need for a wide range of selection criteria However, a factor that appeared to be most critical in determining if a Consulting Partner would get full benefit from the program was whether the Partner would continuously commit to the program professionals of sufficient level and number Companies that shuffled personnel in and out of the program, or that committed too few or too junior professionals, did not receive the full benefit from SBBAC

Future capacity-building programs should include formal staffing requirements from Consulting

Partners As was done with several SBBAC practices, more Partners should enter the program than are expected to graduate, so as to allow for attrition of partners that invest less than the expected commitment

5 CONSIDER A FULL-TIME APPRENTICESHIP APPROACH

Involvement of Consulting Partners with SBBAC staff was primarily at seminars and at the client location However, much of the thinking and problem solving during a consulting project takes place in the office, at lunch, or in the car on route to client locations Consideration was given to temporarily locating Consulting Partner staff within SBBAC, however, office space at SBBAC was severely limited

A possible improvement of the SBBAC Capacity Building program would be to require Consulting Partner staff to co-locate with Consulting Practices for a specific period of time This would require much larger office space, but would greatly intensify the pace of know-how transfer

D. LESSONS FROM TRAINING

Experience in delivering training courses and restructuring Slovak companies, led to the following generalizations and conclusions

1 DEMAND EXISTS

The consistently high levels of attendance at SBBAC training programs indicated that company management was aware of its needs in functional business disciplines University programs were primarily geared to the granting of degrees and were, at best, a long-term solution to providing the theoretical base necessary for long-term improvement in the Slovak business community

2 THERE WAS A NEED FOR PRACTICAL TRAINING

Managers required and responded to training that was not constrained by university and government bureaucracy and regulation that was delivered by business professionals and that could provide substantive performance improvement in the short-run

3 SHORT COURSES

Practical training, tailored to the Slovak economy, business environment and managerial know-how, could be designed and delivered through a sequential series of short courses that could result in performance improvement and improved business performance Two- to three-day seminars were sufficient for "exposing" companies to the state of the art in various business disciplines but were insufficient to provide the know-how necessary to implement "best practices"

4 USE OF CASE STUDIES

Effective training required the use of case studies relevant to Slovak companies and delivered through active training methods including hands-on computer training, simulations, and role-playing

5 ORGANIZATION

The training center required an organizational structure that included functions for admissions, course development, faculty procurement and development, logistics, marketing, accounting/finance, and course facilitation

6 USE OF SPECIALISTS

Achieving significant impact required the identification of course sequences that would achieve the objective of enhanced learning leading to implementation Such programs required design by specialists with academic and industry experience in each track. Specialists could be obtained through external resources, direct hires for short-term assignments, in-country academics and practitioners

7 AREAS OF DEMAND

By far the greatest demand for short courses was in finance and accounting Demand for marketing courses was second greatest There appeared to be limited demand for courses related to production management

8 LOCAL FACULTY

Obtaining qualified local faculty was much more difficult than initially expected The pool of dynamic interactive instructors in subjects covered by the SMTC curriculum was very thin Heavy investment had to be made in developing SMTC's local faculty

E LESSONS FROM COST SHARING

The project proved that local recipient companies were willing to pay substantial fees for consulting and training The fees billed by SBBAC and SMTC were designed to facilitate capacity-building by simulating a commercial environment, and by demonstrating to the Consulting Partner that the activity can in fact be revenue-generating For SMTC, billing systems, training structures and course content all had to meet market tests of commercial viability Billing rates were established, and fee structures and fixed price contracts were established for all customers of the organization

The experience of SBBAC proved that it was possible, and advisable, to provide USAID-supported restructuring assistance as a fee-based service, and clients in Slovakia have demonstrated the ability and willingness to pay substantial fees for USAID-supported consulting The increased commitment level of the client base justified the increased staffing required for marketing, contracting and billing

Indicative SBBAC Billing Rates

($1 = Sk 32)

Consulting Daily rates		Stated in $US
Practice Leader	Sk 8,000	$250
Project Manager	Sk 4,000	$125
Consultant	Sk 2,000	$62
Typical consulting project		
	Sk 150,000	$4,700
Largest Contract		
	Sk 290,000	$9,062
Training		
Course Fee	Sk 1,500 or $47/ participant day	
Business Performance		
Issue Price	Sk 300	$ 9 30
Subscription (4)	Sk 800	$25 00
Business Methodologies		
Volume price	Sk 670	$21 00

Approximate Fees Generated by SBBAC

SMTC (Training)	$70,000
SBBAC Consulting	57,000
Other*	10,000
Total	$137,000

* Other includes *Business Performance* invoices, revenues from *Business Methodology*, and fees from the *CEO Summit*

Fees earned by SMTC were used to cover the cost of local faculty Fees earned *by* SBBAC Consulting were paid to Consulting Partners as compensation for their time spent working on SBBAC Consulting Projects under the 2-2-2 Program Fees generated though *Business Performance,* the SBBAC *Business Methodology Series* and the *CEO Summit* were used to defray the costs of those activities

F LOCAL PROFESSIONAL STAFF

1 RECRUITING SLOVAK PROFESSIONALS

The success of the SBBAC project was highly dependent on the Center's ability to recruit a staff of high-caliber local professionals This proved to be one of the most difficult tasks of the project Simply stated, Slovakia is a growing economy that holds much opportunity for talented young professionals Professionals with the language and professional background sought by SBBAC were generally not willing to commit to a project of limited duration The delineation of the project into two month, six month and even one-year phases made this problem all the more difficult

SBBAC Consulting was fortunate to hire a core team of eight senior professionals who were very competent and very trainable Six of these professionals stayed through the completion of the project SMTC was able to attract just two local professionals at a senior level, although this was enough to establish an effective training Center Expanding beyond these levels without sacrificing quality proved to be virtually impossible

2 UTILIZATION OF LOCAL PROFESSIONALS

The expatriate level of effort expended per client engagement dramatically decreased over the course of the project (see Figure 8 on page 32) Some of this was natural, with the delegation of increasing responsibility to trained local staff A more dramatic shift occurred in the third quarter of 1996 when the staffing model was changed from a fixed team approach to a practice leader approach

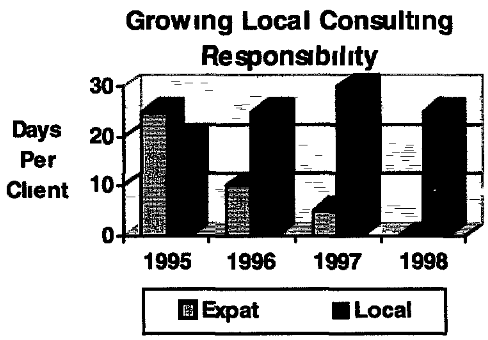


Figure 8 Growing Local Consulting Responsibility

In the former, each of four teams included two expatriates consultants who delivered most of the consulting effort In the latter, each expatriate played a specialist role, leading a team of locally hired and trained consultants in turnaround, marketing, strategy and organizational development Expatriate consultants acted as "partners," responsible for developing the intellectual content of the practice, selling consulting projects, and supervising the delivery of consulting services The consulting labor was delivered primarily by local staff

By working intensively with the Practice Leader, Slovak professionals took on growing levels of responsibility An indication of the effectiveness of this Practice-Leader approach is that two Slovaks (Dr Victor Bernat in Strategy, and Anton Forint in Turnaround) graduated to become practice leaders, replacing the expatriate practice leader

G OUTREACH AND PUBLIC RELATIONS

The required investment in public outreach and client development for SBBAC was enormous and probably underestimated throughout the project period Client development efforts were required to address 1) the bias of Slovak companies against consulting, 2) the frequent hesitancy in dealing with foreign consultants, 3) normal "consciousness raising" regarding the benefits of specific consulting services High-level staff were dedicated to marketing and outreach throughout the project period

1 ADVISORY BOARDS

Advisory Boards were established and convened in an effort to strengthen the project's effectiveness in operating within the Slovak business community A SERC Advisory Board was established during Phase I and then reconfigured during Phase III Comprised of a number of important bank and Ministry personnel, the Board was envisaged as a way to give the project a higher profile and credibility within the business community The *Slovak Management Training Center* developed its own Advisory Board, more related to the educational community This Board included the Dean of Comenius University, the head of a consulting firm IMI Zilina, and the head of the Slovak Electric Company A list of Advisory Board members for SERC and SMTC are provided in *Appendix 3*

In fact, there is little room for a meaningful role for an Advisory Board in a project like SBBAC The project received ongoing strategic direction either from USAID Washington, USAID Bratislava, or from TRG Boston The Boards did add some stature to SBBAC and SMTC However, their meetings, which took considerable effort to arrange, had minimal impact on the project

2 PUBLIC EVENTS

One of the most effective vehicles for publicizing the project and the restructuring process itself was through major conferences organized by SBBAC and by local firms

SBBAC's first major conference was the CEO Summit on customer-focused business improvement At this event, we invited 60 directors of enterprises to a one-day conference/workshop designed to give General Directors a vision for business improvement, and successful examples provided by directors of successful Slovak and multinational enterprises We had five speakers including

- His Excellency Ralph Johnson, U S Ambassador to Slovakia
- Pavel Olechniwicz, VP of Power Generation, CEE (Asea Brown Bovari)
- Peter Valent, General Director of Chemolak, a highly successful Slovak company,

- Peter Richards and Rod Whitley directed workshops, Scott Bressler introduced the center, Magdi M Amin moderated the event, and Howard Exton-Smith was its organizer

Our second major conference was at the close of the project, entitled "Capacity Building and Legacy" The speakers were the major recipients of assistance, in particular the consulting firms that "graduated' from the capacity building program This event included the ceremonial distribution of certificates and plaques, speeches, and roundtable discussions on the value of capacity building, and the future of donor assistance to Slovakia Many Slovak managers and officials took the opportunity to thank USAID for its contribution Appendix 3 list the attendees of the above mentioned conferences

In addition to SBBAC-sponsored events, SBBAC consultants appeared regularly in major business conferences sponsored by *Trend* and *Hospodarske Novine*, Slovakia's leading business publications Stewart Glickman and Brice Heath, leaders of the Marketing Practice, spoke before the *Trend* annual Marketing conference in consecutive years Scott Bressler spoke at *Trend's* Finance conference, and Peter Richards spoke at Trend's Top Managers conference Magdi Amin spoke at a recent Corporate Governance conference, reflecting on SBBAC's experience Jeanette Miller, through her extensive contact list, spoke regularly at discussions sponsored by the American Chamber of Commerce, or the Department of Commerce's Business Center SBBAC and SMTC were present in the annual finance industry exhibition, Finex SBBAC consultants, in particular Stewart Glickman, were regular contributors to magazines such as *Strategie* and *The Slovak Spectator*

3 HIGH LEVEL CONTACTS

The SBBAC Consulting project also sought less formal contact with important Slovak business leaders, who provided both a source of enterprise clients and performance feedback For example such contacts included the Chairman of the Dividend Group of enterprises, the American Chamber of Commerce the marketing director of TetraPak, the General Director of the software house Softip, the Director of Quality for Volkswagen, and the heads of the consulting partners working under the 2-2-2 program Several board members, such as Peter Kijovsky of the Investment and Development Bank, Josef Petras of the Ministry of Industry, Judge Vladimir Kitta, a leading bankruptcy judge, remained in close contact with the project

IV CONCLUSIONS

USAID, through SBBAC, offered the Slovak economy a large menu of restructuring, training, and management information choices These services were delivered through several channels, ranging from intensive consulting on deep restructuring problems, to seminars, to journals and methodology text Well over half of the target market (estimated to be 900-1,200 mid-sized enterprises), has received some type of assistance from USAID's Advisory Center

These services achieved high impact, often greater than what was expected The intensive restructuring efforts at client companies were effective as indicated both by the share of GDP impacted, and the fact that SBBAC clients outperformed the Slovak economy dramatically Of equal importance, the restructuring activity provided all other project elements with intellectual content, in the form of methodologies, case studies, training tools, and knowledge about economic problems faced by enterprises in transition to a market economy While other project elements affected a larger number of economic factors, it is doubtful that they could have done so meaningfully had the project not started on its foundation of direct enterprise assistance

Training and publishing impacted a large number of managers, and found a very receptive audience Courses in marketing and finance sold extremely well, while production and organization did less so The experience of the Slovak Management Training Center, *Business Performance* journal and the <u>*SBBAC Business Methodology Series*</u> attested to the fact that managers in transition economies perceive that information provided by Western managers is relevant and helpful toward improving their own job performance and the performance of their respective companies
Capacity building was effective but was found to take longer than expected It worked best in the more function-driven, shorter processes (marketing organization) than in the more complex processes (turnaround strategic planning) Its success was greatly affected by the quality of the local partner

Virtually all project elements have suffered from the highly politicized environment surrounding Slovak economic restructuring and the policy environment in general

The project would have had an even greater impact if the institutional environment supported greater restructuring As banks are not forcing repayment, the most obvious source of restructuring demand is absent Indirectly, this affected demand for training and information products Since unemployment has been kept artificially low, demand for retraining to increase attractiveness in the labor market is also artificially low In Poland, where restructuring of private enterprises has been supported with appropriate policies, unemployment reached the 20% range before declining There is a booming market in Poland for both consulting and training

Commercialization efforts presented somewhat of a dilemma Long-term legacy is a win-win for USAID and Slovakia However, the three legacy organizations would have benefited considerably from more time planning This was not possible, since this was a distraction from project activities and deliverables Perhaps a better structure would have been to program a commercialization period, separate from project deliverables

Recommendations for other restructuring efforts

- **Market Research** There can be no doubt that, in a project as complex as SBBAC, the process of continuous improvement through trial and error is unavoidable However, a more sophisticated market research stage at the project outset may have accelerated the project's ability to focus efforts on those aspects of business management that are in most demand Focusing would reduce the time shifting between approaches, and allow greater time to develop the longer-term forms of impact, such as capacity building and commercialization
- **Evaluation** Evaluation should focus on documenting process and content as well as quantitative deliverables and outcomes Over time information about the restructuring process and specific enterprise problems became valuable as lessons for project improvement, for informing USAID and for dissemination to targets of capacity building

- **Policy** Closer interaction with the policy environment, either through a policy component or an advisor, would have enhanced impact Interactions with policy makers indicated that they were often appreciative of our outlook
- **Restructuring first** Initiating the project at the enterprise restructuring level provided a strong platform for other forms of enterprise assistance

Report prepared by

Magdi Amin and James B Edgerly
May 29, 1998

APPENDIX 1
PROJECT CHRONOLOGY

Phase I **Feasibility Assessment**
Date **July - August, 1995**
Location **Botel Gracia**
Project Manager **James B Edgerly**
Size of Staff **5**

22 companies were visited, of which 12 qualified for program entry Referral relationships were established at leading Slovak banks and investment companies An Advisory Panel was created and convened, and the project's viability affirmed

Phase II	**Pilot Project Slovak Enterprise Restructuring Center**
Dates	**September 19 1995 - January 20, 1996**
Location	**Blumentalská 3, Bratislava**
Manager	**S Woodrow Sponaugle James B Edgerly**
Size of staff	**12**

Eight restructuring plans were completed, including two that either saved a company from bankruptcy or liquidation Management training was delivered in subjects of business restructuring, cost accounting & pricing, and marketing

Phase III	**Slovak Business and Banking Advisory Center**
Dates	**January 21, 1996 – July 31, 1996**
Location	**Kollarovo nam 15, Bratislava**
Manager	**Marvin Truebenbach**
Size of staff	**45**

Enterprise restructuring activities expanded to three full-time teams Debt restructuring was initiated, and training began to be formalized with courses in finance and marketing

	Project Review and Redesign
Dates	**July 1996 - August, 1996**

For one month, six teams worked to redesign the project for improved project performance and broader impact

Phase IV	**SBBAC Consulting, SMTC, *Business Performance***
Dates	**September 1996 – September 1997**
Location	**Kollarovo nam 15, Bratislava**
Manager	**Magdi M Amin, Consulting Scott Bressler, Training**
Size of staff	**45**

The business consulting component was transformed into a program to build consulting capacity within local consulting firms In addition to the Turnaround Practice, Marketing, Organizational Development, and Strategy practices were initiated to broaden the scope of the "capacity building" program A business journal was published to educate and build awareness of management issues Training activities were institutionalized as the Slovak Management Training Center (SMTC) SMTC developed and delivered curriculum in four management disciplines, first through a schedule of open-enrollment seminars, eventually adding in-company training

Phase V	**SBBAC Legacy and Business Methodologies**
Dates	**Oct, 1997-February 1998**
Location	**Kollarovo nam 15, Bratislava**
Managers	**Scott Bressler Jeanette Miller Brigette Buchet**
Size of staff	**30**

SBBAC Consulting completed its capacity building mission and hosted a graduation conference for Consulting Partners Some of its local staff departed to establish a local consulting firm, TRG Slovakia Four business restructuring processes utilized by SBBAC Consulting were documented, published and disseminated by mail and through seminars While continuing normal activities, *Business Performance* and SMTC worked towards establishing themselves as self-sustaining commercial organizations Each became independently registered and commenced commercial operation in 1998 The assets of SBBAC were distributed to both of these project legacies, and to a number of external USAID-funded organizations

APPENDIX 2: RETHINK PROCESS GROUPS

Group 1 SBBAC Products and Services

This group served to redesign the "menu" of services offered to Slovak enterprises, including both comprehensive restructuring programs such as Turnaround Management, and more discrete elements, or "bite-sized pieces" of the core processes, such as product line rationalization This committee also recommended the Slovak Management Training Center

Group 2 SBBAC Methodologies and Processes

This committee made recommendations for the client entry process

Group 3 Organization & Integration

This committee recommended key changes in the Turnaround Team structure, and for integrating IESC

Group 4 Morale

This committee developed ideas on how to motivate people to contribute their best effort by improving the working atmosphere at SBBAC

Group 5 Research & Evaluation

This committee recommended enhanced research capacity, which evolved into an MIS department

Group 6 Transition Strategy

This committee will determine whether our mission is better served by giving these assets to other firms or creating a self-financing institution, and will define the necessary steps and timetable for this transition

APPENDIX 3
ATTENDANCE AT MAJOR CONFERENCES

I CEO SUMMIT. CUSTOMER FOCUSED BUSINESS IMPROVEMENT, FEBRUARY 20, 1997

1 His Excellency Ralph Johnson United States Ambassador
2 Ms Patricia J Lerner Director USAID
3 Mr Roy Grohs Chief Economic Restructuring Division, USAID
4 Ms Viera Gaziková USAID
5 Mr Eugene Young Economic and Commercial Officer, US Embassy
6 Mr Pawel Olechnowicz Vice President Asea Brown Boveri (ABB)
7 Mr Remko Hellenburg Managing Director Asea Brown Boveri s r o
8 Mr Vojtech Valent, General Director, Chemolak
9 Scott Bressler Director Slovak Management Training Center
10 Howard Exton-Smith, Recovery Group
11 Peter Richards, SBBAC Consulting Organizational Development
12 Rod Whitley, SBBAC Consulting Marketing & Sales
13 Ing Milan Kurnocik, President, emi Zilina
14 Ing Jozef Petráš Director, Financial Policy Ministry of the Economy
15 James Parrish Country Director IESC
16 Tony Gioffre, Director Slovak Cost Accounting Project
17 Renate Krol Director, Slovak Banking Advisory Center
18 Daniel Lipšic Bankruptcy Project
19 Tom Grubisch ProMedia Project
20 Dennis Brown President, Slovak American Enterprise Fund
21 Michael M Micko European Bank for Reconstruction & Development
22 Igor Than Director, Citibank (Slovakia) a s
23 Neils Lundsdorff Bank Austria
24 Dušan Krisko Tatra Bank
25 Václav Bárta ProConsult
26 Ing Benkovic Maxman Consultants
27 Jozef Hlavac Director Istropolitana
28 Matt Erickson American Business Center
29 Patrick Uram American Chamber of Commerce
30 Professor Neufelt, IQ Service
31 Renate Kiselcová, Business Consultant, S& K Consulting
32 Dr Ivan Perlaki Ivan Perlaki Consulting
33 Professor Milan Mitrovic
34 Marvin Truenbenbach Former Director SBBAC

II CAPACITY BUILDING CONFERENCE, NOVEMBER 15, 1997

United States Agency for International Development

1 Paula Goddard Country Director
2 Lawrence Camp COTR USAID Washington
3 Roy Grohs, Economics Division Chief
4 Viera Gaziková, Economics Division

SBBAC Consulting Project

5 Igor Kravárik, Istropolitana
6 Milan Lechnicky Istropolitana
7 Igor Tinka, SIMS
8 Ph Dr Marián Kubeš Director Maxman
9 Laco Lead Consultant, Maxman Consultants
10 PhDr Juraj Dubrava, Csc Transfer
11 Dr Podolsky Transfer
12 Ing Dušan Gajdušek Teutop
13 Ing Ludovit Micuda, Teutop
14 Luboš Valach, SEVIS
15 Maja Vargoova, SEVIS
16 Ladislav Faith MP/MA
17 Barbara, MP-MA
18 Martin Adamec Rasax
19 Hruška Rasax
20 Milan Veščicik, Gradient 5
21 Peter Uhrik, Gradient 5
22 Magdi M Amin SBBAC Consulting
23 Viktor Bernat SBBAC Consulting Strategy
24 Anton Forint, SBBAC Consulting Turnaround
25 Stewart Glickman SBBAC Consulting Marketing
26 Brice Heath, SBBAC Consulting Marketing
27 Peter Richards SBBAC Consulting Organizational Development Inc
28 Marko Mitrovic, SBBAC Consulting Project Manager
29 Richard Satin SBBAC Consulting Project Manager
30 Katarina Uriková, SBBAC Consulting Project Manager
31 Rastislav Antala SBBAC Consulting
32 Marta Rošteková, SBBAC Consulting
33 Iveta Šimuneková SBBAC Consulting
34 Martina Stofková, SBBAC Consulting
35 Martina Janechová SBBAC Consulting
36 Renate Krol Banking Advisory Project
37 Scott Bressler SMTC
38 Don Warner SMTC
39 Jim Catoline SMTC
40 Richard Guga, SMTC
41 Jeanette Miller SBBAC
42 Brigette Buchet, *Business Performance*
43 Martin Klasta, Translator

Coopers & Lybrand Project

44 Juraj Matuška, RenAudit
45 Stano RenAudit
46 Renata Kisolicová, FinProfit
47 Peter Fuska FinProfit
48 Jana Telapková, IQ Servis
49 Peter IQ Servis
50 TBD FinServis
51 TBD FinServis
52 Steve McCool, Coopers & Lybrand
53 Ted Vatrinaut, International Executive Service Corp
54 Milan Vešcicik Gradient 5 (Already in SBBAC list)
55 Peter Uhrik Gradient 5 (Already in SBBAC list)

Advisory Board and Guests

56 Ján Fultin Ministry of the Economy
57 Josef Petraš Ministry of Industry
58 Ivan Mikle, VUB
59 Dr Vladimir Kitta, Judge
60 Vladimir Čop Agency for Industrial Development and Revitalization
61 Derek Chambers, Agency for Industrial Development and Revitalization
62 Bohuslav SynakZTS Namestovo / Dividend Group
63 Stefan Marsina, Povazske strojarne
64 Anna Pilková, Polnabanka
65 Eugen Jurcesza Center for Economic Development (CHR)
66 Reporter Hospodarske noviny
67 Reporter TBD, *Trend*

APPENDIX 4:
ADVISORY PANEL MEMBERS

SERC PHASE I ADVISORY PANEL

1 Roy Grohs USAID
2 Ing Jozef Petráš Director Financial Policy
Ministry of the Economy
3 Ladislav Balko Vseobecna Uverova Banka
4 Igor Chrvala, Vseobecna Uverova Banka
5 Jozef Vlcak, Investment Development Bank
6 Jan Bokros, VUB Invest Holdings
7 Ivan Kytka, Kinex a s
8 James Edgerly, The Recovery Group
9 Robert Wood, Deloitte & Touche Bratislava
10 Jaro Caban, Deloitte & Touche Bratislava

SBBAC PHASE III ADVISORY PANEL

1 His Honor Dr Vladimir Kitta
2 Ing Jozef Petráš Director Financial Policy,
Ministry of the Economy
3 Ivan Mikle Vseobecna Uverova Banka
4 Jozef Vlcak, Investment Development Bank

SMTC ADVISORY BOARD

1 Dr Jan Rudy Dean Commenius University Faculty
of Management
2 Dr Ivan Perlaki President, Perlaki Management
Consultants
3 Dr Vladimir Cop Executive Director Agency for
Industrial Development
4 Ing Milan Kurnocik, President Slovak Association
of Management Consultants
5 Ing Jozef Zemancik, Director of Human Resources
Povazske Strojarne
6 James Parrish Country Director IESC

APPENDIX 5.
BUSINESS PERFORMANCE COVER PAGES

BUSINESS PERFORMANCE
SBBAC
PSSPB
PODNIKY A PODNIKANIE

Volume 1, Issue 1

Obsah

Zamerané na marketing

Črty

BUSINESS PERFORMANCE

SBBAC

PSSPB

PODNIKY A PODNIKANIE

Volume 1, Issue 2

Ročník 1, Číslo 2

Obsah

Nasledujúce vydanie sa bude zaoberať problematikou organizačného rozvoja

Business Performance

S B B A C

P S S P B

Podniky a Podnikanie

Volume 1, Issue 3

Ročník 1, Číslo 3

Obsah

Nasledujúce vydanie sa bude zaoberať problematikou stratégie

ISSN 1335-2369

BUSINESS PERFORMANCE

SBAC

PSSP

PODNIKY A PODNIKANIE

Volume 1, Issue 4

Ročník 1, Číslo 4

Obsah

ISSN 1335-2369

Business Performance

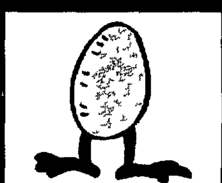
S B A C — P S S P

Podniky a Podnikanie

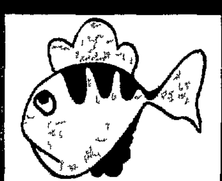
Volume 2, Number 1

Ročník 2, Číslo 1

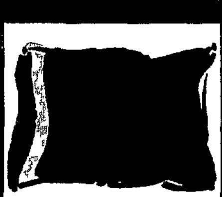
Obsah



Zamerané na stratégiu



Črty



Nezáleží na tom, či ich máte od oslíka, sliepky, alebo ryby, či sú to prachy alebo fuky. Nezáleží na tom, ako ich získate alebo nazvete. Podstatné je, ako ich použijete. V pančuche, prasiatku ani pod vankúšom sa nerozmnožia.

ZAMERANÉ NA FINANCIE

49

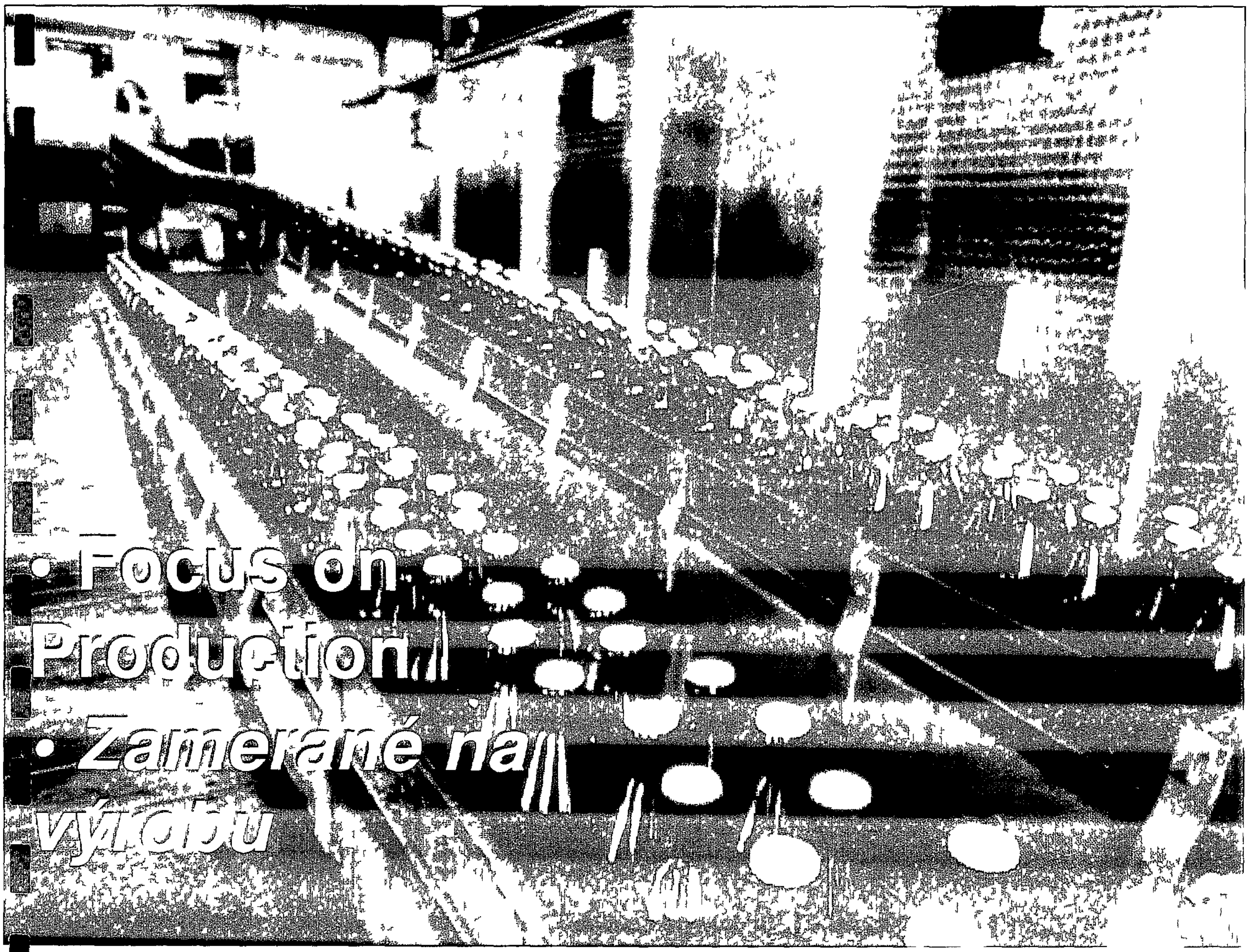
PODNIKY A PODNIKANIE

ROČNÍK 2, ČÍSLO 2
VOLUME 2, NUMBER 2

BUSINESS PERFORMANCE

ISSN 1335-2369 150 Sk

The Slovak business journal *** Časopis o podnikaní na Slovensku



PODNIKY A PODNIKANIE ROČNÍK 2, ČÍSLO 3
VOLUME 2, NUMBER 3

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