

CLOSE OUT ASSESSMENT REPORT: MANAGEMENT TRAINING IN LITHUANIA

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LIST OF ACRONYMS

BACRA	Baltic Association of Case Research and Application (Lithuania)
CBEN	Centers for Business Excellence Network (Romania)
CEE	Central and Eastern Europe
COTR	Cognizant Officer's Technical Representative
DGSR	Democracy, Governance and Social Reform
EEST	Energy, Environment and Social Transition
ELI	English Language Institute (Latvia)
EMED	Executive Management Enterprise Development
ENI	Europe and Newly Independent States
ETP	Entrepreneurial Training Program (Lithuania)
IBIFI	Lithuanian Banking, Insurance and Finance Institute
IBN	International Business Network
ICBPM	International Center for Business and Public Management (Poland)
IESC	International Executive Service Corps
KBC	Kaunas Business Center
KTU/P	Kaunas Technological University/Panevezys
LAAE	Lithuanian Association for Adult Education
LABI	Lithuanian American Business Initiative
LFMI	Lithuanian Free Market Institute
MDC	Management Development Center (Hungary)
MTC	Center for Management Technology and Business Training (Lithuania)
MTEEP	Management Training and Economics Education Project
MTP	Master Trainer Program (Romania)
NGO	Non-Governmental Organization
OUAT	Olsztyn University of Agriculture and Technology
PACD	Project Assistance Completion Date
RBS	Riga Business School (Latvia)
SME	Small and Medium Enterprise
TAMIU	Texas A&M International University
WCR	World Case Research Association

EXECUTIVE SUMMARY

MANAGEMENT TRAINING CENTER KAUNAS TECHNOLOGICAL UNIVERSITY/PANEVEZYS

Country:	Lithuania
Program Start:	September 1, 1997 (overall program began in 1995)
PACD:	June 2000 (no-cost extension starting September 1999)
U.S. Grantee:	None
Local Grantee:	Kaunas Technological University/Panevezys (KTU/P) and Center for Management Technology and Business Training (MTC)
Total CA Amount:	\$200,000.00

1.0 INTRODUCTION

This report is a follow-up to the third Annual Summative Evaluation Report on Management Training and Economics Education Project (MTEEP) for Central and Eastern Europe (CEE) submitted by DATEX, Inc. in July 1998. The purpose of the MTEEP grants and cooperative agreements, as stated in the Request for Applications of April 1994, was "to develop counterpart institutions in creating, running or expanding programs in the areas of management training, market economics education, and support programs."

2.0 PURPOSE OF THE SITE VISIT

ENI/EEST requires a close out performance report on the follow-on award to the Center for Management Technology and Business Training (MTC), Kaunas Technological University-Panevezys (KTU/P). The report is an integral element in the series of evaluations performed over the life of the project for the Management Training and Economics Education (MTEEP) portfolio (project 180-0029). The *Close Out Assessment Report: Management Training in Lithuania* provides recommendations and information on (a) impact and program reach, and (b) discussion of progress toward programmatic and institutional sustainability as outlined in the revised project proposal. This report constitutes an official, Washington-initiated close out report and complements the Mission's program documents as USAID/Vilnius undergoes final stages leading to graduation. The report will (a) be used for the direct support of a field-based decision to extend the award period by 11 months in

further support of program sustainability; and (b) will serve as the basis for technical backstop support from USAID/Washington for the continuation period. It represents the combined efforts of the evaluator, the CEE grantee institution, USAID/Washington Project Officer and USAID/Vilnius, and is the fifth visit by this evaluator to this project (December 1995, April 1996, October 1996, and in May 1998).

3.0 METHODOLOGY

During the site visit the evaluator interviewed the following people: USAID/Vilnius departing and current Project Officer, MTC Deputy Director, KTU/P Director and Dean, Mayor of Panevezys, MTC instructor and past participant of several training programs, three former program participants, and a potential client.

The following documents were reviewed in preparing this report: Annual Monitoring and Evaluation Summative Report (July 1997-June 1998) by DATEX, Inc.; MTC quarterly reports (Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999); MTC Business Plan; Legacy and Sustainable Partnership Projects: A Review of USAID/Lithuania's Initiatives; Small and Medium Enterprise Lessons Learned in Transition.

4.0 UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

The United States Agency for International Development is in the final stages of implementing development assistance in Lithuania. The Mission is scheduled to close in September 2000. The number of active projects decreased from 44 at the start of the assistance period to 21 at the start of FY 1999.

Four Strategic Objectives (SO) guide Lithuania's current development strategy:

- ? Strengthening fiscal management (SO 1.2)
- ? Forging a more stable financial environment (SO 1.4)
- ? Improving safety and policy of the energy sector (SO 1.5)
- ? Increasing participation of civil society and NGOs in political and economic decision making (SO 2.1)

In addition to the four Strategic Objectives there are eight Special Initiatives which include programs in areas of training, regional environmental monitoring, and improved enterprise capacity. MTC falls under the designation of a Special Initiative.

Despite the various obstacles connected with implementation of the original award, USAID/Vilnius

continued to maintain strong support for MTC, as evidenced by the follow-on award and subsequent program extensions. It provided consistent and competent oversight, facilitated involvement of IESC volunteers and encouraged other program linkages.

5.0 PROJECT BACKGROUND

This cooperative agreement supports MTC's efforts to become a self-sustaining center of excellence providing management training to the business community in Panevezys and the region.

The initial cooperative agreement was executed between KTU/P and Texas A&M International University (TAMIU) in July 1995 in the amount of \$2.2 million. That activity was programmed for three years and included a MBA program. As a result of budgetary cuts, in 1996, USAID funding was reduced to \$1.3 million (a 41% decrease) and TAMIU was asked to prepare a revised proposal reflecting these cuts. The revised proposal, submitted to USAID/Washington in July 1996, eliminated the MBA program and concentrated on more practical training programs that could be applied to creation of business plans, marketing, entrepreneurship and quality adult education. In July 1996, TAMIU had communicated to USAID their intent to conclude their involvement as of June 1997, one year earlier than originally planned. USAID/Vilnius and USAID/Washington concurred with the proposition.

Rather than terminating the activity, USAID/Vilnius decided to issue a follow-on award directly to the local institution, KTU/P and MTC, to enable it achieving the results targeted in the previous activity. The COTR authority for the project was transferred from the USAID/ENI/DGSR to USAID/Vilnius.

The follow-on award was in the amount of \$175,000.00 and was to terminate on October 30, 1998. This deadline was extended until June 30, 1999 with an additional allocation of \$25,000. MTC requested another no-cost extension until June 30, 2000. This extension has been recently approved by the USAID Regional Office in Hungary.

6.0 PROJECT DESCRIPTION

The follow-on award states the following goals for the MTC:

- ? To strengthen business and management skills of managers from businesses, non-governmental organizations (NGO), educational institutions, and local and regional governments.
- ? To serve as an agent of change through training programs and service activities.
- ? To improve skills of KTU/P faculty, administrators and support staff.

In order to achieve these goals, MTC has engaged in training activities which fall under the following categories: computer technology training, business English, and management training, considered to be the core of the programmatic offering.

7.0 PRINCIPAL FINDINGS

7.1 STATUS VERSUS PREVIOUS RECOMMENDATIONS

The Annual Monitoring and Evaluation Summative Report (July 1997-June 1998) prepared by the DATEX, Inc. offered several recommendations pertaining to various aspects of MTC's activities. MTC followed through on all recommendation with one exception, developing strategic alliances with other institutions.

7.2 PROJECT MANAGEMENT

The Center is managed semi-independently from KTU/P but all regular Center personnel are also KTU/P employees and receive appropriate benefits.

Currently, administrative positions at MTC include: Executive Director, Deputy Director, Director of Research (part-time), Marketing Manager, Computer Engineer, Accountant, three Program Managers (Management, Computers, Languages), Administrative Assistant (part-time), housekeeper, and two guards. As of May 1999, the MTC Executive Director reports to the KTU/P Dean for Faculty and Administration and not, as previously, to the KTU/P Director.

7.3 PROGRAM IMPACT

MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other educational institutions in the country, and the business community. KTU/P is the only institution of higher education in the region. The various regional players consider the Center an important component of the ongoing transformation. The Center is perceived as a catalyst for further economic development and integration of the region with the rest of the country.

During the last academic year, over 1642 participants took part in MTC training activities. The number of courses offered in management, English and computers increased from 17 in Quarter 3, 1998 to 41 in Quarter 2, 1999, a 58% increase. The average for female participation for Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999 is 47%, 60%, 55%, and 56%, respectively. This project has one of the highest rates for female participation in the MTEEP portfolio.

7.4 PROGRAM SUSTAINABILITY

7.4.1 PROGRAMMATIC SUSTAINABILITY

MTC has developed a business plan and identified a group of 32 trainers who are interested in an ongoing, part-time teaching positions. Fourteen of the instructors have completed the 300-hour Entrepreneurial Training Program (ETP) offered by the Center during its first year of operation. It is also encouraging that five instructors are KTU/P faculty. Their participation in the activities of the Center will both enhance the image and strengthen the capabilities of the university.

7.4.1.A Program Development

In May 1999, with a help of an IESC volunteer, MTC has completed a business plan through the year 2000 that includes a schedule of course offerings in the three programmatic areas - management, English, and computer training - and projected revenues. The business plan makes several suggestions for future program development.

New program development testifies to the increasing capabilities of MTC. Although MTC offers a variety of management related courses there does not appear to be a structured progression of courses from beginning to more advanced. The management curricula consists mostly of one to two day seminars. In examining the performance of the Center's training programs it is evident that management training, which is supposed to be the centerpiece of course offerings, lags behind in terms of income generation and enrollments. Several factors could have contributed to this development: (1) level and type of courses offered to satisfy market demand; (2) marketing methods used by the Center staff; and (3) availability of qualified instructors. MTC staff needs to give these issues serious consideration.

One of the challenges facing MTC is how to reconcile the financial outlays needed for program development with the inability of the SME sector to pay the required market rate for program delivery. To counteract this trend, the Center could consider developing modules that could be later customized and rather than offering them to individual clients, create common interest groups among companies that do not compete with each other. A very successful model for this kind of training has been developed by the Management Development Center in Budapest.

MTC needs to develop a programmatic vision and a niche in order to maintain its competitive edge. Currently, management training at MTC targets primarily small and medium entrepreneurs, that is groups that often cannot afford to pay for the badly needed training at its true market cost. As the Lithuanian market becomes increasingly sophisticated and the current entrepreneurs become more solidly established, their training requirements will also evolve to include more advanced and more specialized courses. While MTC is providing a valuable service to the business community at the

present stage of economic development, it cannot afford to remain static in its program offerings.

7.4.1.B Training of Trainers (TOT)

The Center has a list of 32 prospective trainers, exceeding the number of trainers previously reported, for the courses planned through the end of the year 2000. Fourteen of the prospective trainers (13F/1M) have completed the 300-hour Entrepreneurship Training Program offered under the initial award. It is encouraging that five are also KTU/P faculty. However, of the five, only one has completed that training.

7.4.1.D Collaborative relations with other educational institutions and business community

Since MTC is committed to respond to the evolving needs of the business community, its training is expected to be practical and directly applicable/transferable to the work environment. In order to achieve this, those delivering training also need to have real business experience. However, of the 32 potential MTC instructors only three represent the business community (banking, agricultural company, and stock company).

Programmatic sustainability could be significantly enhanced by developing collaborative relations with other educational institutions and engaging business executives in training delivery. Perhaps the biggest obstacle to overcome in this respect is to begin thinking about such relationships in terms of advantages of collaboration as opposed to dangers of competition.

7.4.2 FINANCIAL SUSTAINABILITY

As part of the close-out evaluation, this report attempts to review MTC's performance for the past four quarters for which the information is available (Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999) and arrive at some kind of a relationship between the different performance indicators. The information on number of courses, participants, revenues and expenses comes from the four quarterly reports. This information has been collected in separate tables, first on month per month basis (see Annexes) and later aggregated to reflect quarterly activity by type of courses.

During the past four quarters, MTC has made, in some cases, significant gains in program development and revenue generation. This is encouraging. However, it is doubtful that MTC will be able to achieve financial sustainability by the end of the USAID grant period. This conclusion is based on the continuous discrepancy between the projected and actual revenues. Having said that, the Center will most likely still do quite well, even with a financial shortfall. It may have to cut on some of the expenditures but at the same time it will settle at reasonable (if not comfortable) level of operation until it can develop and introduce new services and programs.

8.0 CONCLUSION

As the only management training center in the Panevezys region, MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other educational institutions in the country and the regional business community. The Center is well regarded by both KTU/P administration and the municipal authorities and is perceived as a change agent for further academic strengthening of the university and economic development of the city.

Although MTC has been successful in increasing the number of training activities and broadening its regional reach since the beginning of the new award, achieving programmatic sustainability will remain an important challenge for the immediate future. In its quest for sustainability, MTC needs to articulate a strategic vision/plan which will serve as a road map for developing the Center's core programs. MTC's sustainability will be greatly strengthened if it can develop a programmatic niche and maintain a competitive edge. Securing a well qualified pool of instructors will remain the crucial component of this process.

MTC has made significant progress toward more systematically securing a core of qualified trainers. The Center also needs to ensure that it has sufficiently qualified trainers across the course offerings to deliver as well as develop new programs.

During the past four quarters, MTC has made, in some cases, significant gains in program development and revenue generation. This is encouraging. However, the Center's performance is still characterized by large quarterly fluctuations in revenue levels.

MTC has hoped to achieve financial sustainability by the end of the USAID grant period. Considering the continuous discrepancy between the projected and actual revenues and financial shortfall in covering operational expenses, it is doubtful that the Center will achieve this goal. However, the Center will most likely still do quite well. It may have to cut on some of the expenditures but at the same time it will settle at a reasonable (if not comfortable) level of operation until it can develop and introduce new services and programs.

8.0 RECOMMENDATIONS

The following recommendations are submitted for consideration to the MTC staff:

- ? MTC should decide what kind of data is to be included in quarterly reports and develop a consistent report format.
- ? MTC should continue to develop its strategy to identify and retain well qualified instructors. In

an effort to strengthen the practical business component in program delivery, the Center might consider approaching some of its participants and asking them to become guest lecturers.

- ? MTC should consider developing collaborative relationships with other educational institutions in the country as well as in other CEE countries as part of the effort to strengthen its programmatic base.
- ? In its quest for sustainability, MTC should clearly articulate a strategic vision/plan that will serve as a road map for developing the Center's core programs.
- ? MTC should consider broadening its programmatic offerings to include more advanced, modular/certificate courses that later could be customized. These packages could be offered to groups of clients/companies (as opposed to individuals) that do not compete with each other.
- ? MTC's leadership should consider employing services of a business management professional to oversee the development of competitive business training program.
- ? MTC staff should scrutinize marketing methods in order to assure the highest levels of enrollments.
- ? MTC should seriously consider using the slower summer months for active marketing, training of instructors, course development and other administrative issues in order to minimize the loss of potential clients, trainers and revenues. Staggering vacation leave of MTC staff would facilitate this operational approach.
- ? MTC should provide their trainers with a standardized guideline for preparation and presentation of material. The consistency in presentation of materials enhances credibility and professional image of the Center.
- ? MTC should convene regular meetings of their trainers as a group and as sub-groups according to subject area, to facilitate networking among trainers, to discuss standard operating guidelines of the Center, and to solicit feedback and ideas about current and future offerings and presentations, and needed adjustments to logistical support.
- ? MTC should analyze and try to overcome the continuing disparity between the actual and projected revenues.
- ? To the extent that time permits, USAID should continue to facilitate MTC's interaction with other educational and business institutions in Lithuania and in the region.

? Since most of the MTC staff is newly hired, they could profit from additional training in all phases of business management and administration. This training could take place on both formal and informal bases through participating in training programs offered by USIS and other donors, and by sitting on MTC seminars, respectively.

MANAGEMENT TRAINING CENTER KAUNAS TECHNOLOGICAL UNIVERSITY/PANEVEZYS

Country:	Lithuania
Program Start:	September 1, 1997 (overall program began in 1995)
PACD:	June 2000 (no-cost extension starting September 1999)
U.S. Grantee:	None
Local Grantee:	Kaunas Technological University/Panevezys (KTU/P) and Center for Management Technology and Business Training (MTC)
Total CA Amount:	\$200,000.00

1.0 INTRODUCTION

This report is a follow-up to the third Annual Summative Evaluation Report on Management Training and Economics Education Project (MTEEP) for Central and Eastern Europe (CEE) submitted by DATEX, Inc. in July 1998. This evaluation represents the combined efforts of the evaluator, the CEE grantee institution, USAID/Washington Project Officer and USAID/Vilnius.

The purpose of the MTEEP grants and cooperative agreements, as stated in the Request for Applications of April 1994, was “to develop counterpart institutions in creating, running or expanding programs in the areas of management training, market economics education, and support programs.”

MTEEP programs have embraced a wide variety of activities that address the management and economics education needs of each of the original projects in Albania, Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. MTEEP activities are continuing in Albania, Lithuania, Poland (three projects), and Slovakia. Programs developed under MTEEP auspices include academic (Ph.D. and MBA degrees) and certificate programs as well as non-academic programs (short-term seminars and workshops, English language training, and business counseling and support services).

This evaluator visited this project in December 1995, April 1996, October 1996, and in May 1998. A visit in April 1997 was conducted by a different team.

The objectives of the project are presented under Program Description and the progress made toward these objectives is discussed under Principal Findings.

2.0 PURPOSE OF THE SITE VISIT

ENI/EEST requires a close out performance report on the follow-on award to the Center for Management Technology and Business Training (MTC), Kaunas Technological University-Panevezys (KTU/P). The report is an integral element in the series of evaluations performed over the life of the project for the Management Training and Economics Education (MTEEP) portfolio (project 180-0029). The *Close Out Assessment Report: Management Training in Lithuania* provides recommendations and information on (a) impact and program reach, and (b) discussion of progress toward programmatic and institutional sustainability as outlined in the revised project proposal. This report constitutes an official, Washington-initiated close out report and complements the Mission's program documents as USAID/Vilnius undergoes final stages leading to graduation. The report will (a) be used for the direct support of a field-based decision to extend the award period by 11 months in further support of program sustainability; and (b) will serve as the basis for technical backstop support from USAID/Washington for the continuation period.

3.0 METHODOLOGY

Initially, the site visit was scheduled for May. However, due to various administrative constraints at USAID/Washington, it was not possible to visit the project at that time. Instead, the site visit took place in August, at the height of the vacation season. Clearly this was not an optimal time to conduct a site visit but the window of opportunity was very narrow because of the scheduled departure of the Project Officer at USAID/Vilnius and the pending decision regarding the no-cost extension. As a result of these constraints, the only MTC staff member available for interviews was the Deputy Director.

During the site visit the evaluator interviewed the following people: USAID/Vilnius departing and current Project Officer, MTC Deputy Director, KTU/P Director and Dean, Mayor of Panevezys, MTC instructor and past participant of several training programs, three former program participants, and a potential client.

The following documents were reviewed in preparing this report: Annual Monitoring and Evaluation Summative Report (July 1997-June 1998) by DATEX, Inc.; MTC quarterly reports (Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999); MTC Business Plan; Legacy and Sustainable Partnership Projects: A Review of USAID/Lithuania's Initiatives; Small and Medium Enterprise Lessons Learned in Transition.

The report includes several tables dealing with revenues, numbers of participants, and expenditures. The disaggregated monthly data used for compiling the tables is contained in the quarterly report tables "MTC courses and seminars." During the process of data aggregation, there were several instances where the numbers did not correspond with those presented in the MTC reports. In some cases it was

a simple mistake in computation but in others the discrepancy could not be easily accounted for. In several instances information presented did not include numbers of participants. As a result, the figures for final program reach as well as calculations of revenue generated per course and/or per participant do not accurately reflect the actual performance. Throughout the report, these inconsistencies are designated by an asterisk.

4.0 UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

The United States Agency for International Development is in the final stages of implementing development assistance in Lithuania. The Mission is scheduled to close in September 2000. The United States began formally assisting in Lithuania's transformation to a market economy and a democratic society in 1992 through various efforts coordinated by USAID. During the first few years, the assistance program was broad-based and designed to reach as many segments of the transforming society as possible. The elaboration of a new strategy began in 1996 after USAID consulted with the Lithuanian Government, Parliament, representatives of the business sector, and non-profit leaders. As a result of these consultations, USAID developed a strategy that shifted from a sectoral and regional approach to emphasis on effecting policy at the national level, stressing program integration and identification of structural linkages among various activities. The number of active projects decreased from 44 at the start of the assistance period to 21 at the start of FY 1999.

Four Strategic Objectives (SO) guide Lithuania's current development strategy:

- ? Strengthening fiscal management (SO 1.2)
- ? Forging a more stable financial environment (SO 1.4)
- ? Improving safety and policy of the energy sector (SO 1.5)
- ? Increasing participation of civil society and NGOs in political and economic decision making (SO 2.1)

In addition to the four Strategic Objectives there are eight Special Initiatives which include programs in areas of training, regional environmental monitoring, and improved enterprise capacity. MTC falls under the designation of a Special Initiative.

Despite the various obstacles connected with implementation of the original award, USAID/Vilnius continued to maintain strong support for MTC, as evidenced by the follow-on award and subsequent program extensions. During the period of the original award, USAID/Vilnius maintained a more distanced oversight of the project, in line with the requirements of a cooperative agreement. However, soon after the follow-on award, it became clear that the local institution required much more guidance and assistance in programmatic, management, and administrative areas than was initially assumed. USAID/Vilnius provided consistent and competent oversight, facilitated involvement of IESC volunteers and encouraged other program linkages. The experience of overseeing an award issued

directly to a local institution provides important lessons for future similar program implementation. Perhaps the most important lesson is an awareness that a direct award to a local institution requires a much more intensive agency oversight and involvement and, consequently, a cooperative agreement may not be the most appropriate financial instrument for this kind of activity.

5.0 PROJECT BACKGROUND

The purpose of this cooperative agreement is to develop the MTC into a self-sustaining center of excellence providing management training to the business community in Panevezys and the region.

The initial cooperative agreement was executed between KTU/P and Texas A&M International University (TAMIU) in July 1995 in the amount of \$2.2 million. That activity was programmed for three years and included a MBA program. As a result of budgetary cuts, in 1996, USAID funding was reduced to \$1.3 million (a 41% decrease) and TAMIU was asked to prepare a revised proposal reflecting these cuts. The revised proposal, submitted to USAID/Washington in July 1996, eliminated the MBA program and concentrated on more practical training programs that could be applied to creation of business plans, marketing, entrepreneurship and quality adult education. Additionally, most references to collaboration, cooperation, joint endeavors and the tone of partnership were eliminated from the revised agreement. There appeared to be a serious difference of opinion between TAMIU and USAID/Vilnius regarding the feasibility and time line of proposed revisions in addressing the issue of programmatic and institutional sustainability. In July 1996, TAMIU had communicated to USAID their intent to conclude their involvement with MTEEP as of June 1997, one year earlier than originally planned. USAID/Vilnius and USAID/Washington concurred with the proposition.

Although significant progress was made in establishing MTC, the early termination left insufficient time to transfer knowledge and practices that would assure establishing a self-sustainable facility. Rather than terminating the activity, USAID/Vilnius decided to issue a follow-on award directly to the local institution, KTU/P and MTC, to enable it to achieve the results targeted in the previous activity. The COTR authority for the project has been transferred from the USAID/ENI/DGSR to USAID/Vilnius.

The follow-on award was in the amount of \$175,000.00, with a designated completion date of October 30, 1998. This date was extended until June 30, 1999 with an additional allocation of \$25,000. MTC has requested another no-cost extension until June 30, 2000. This extension recently was approved by the USAID Regional Office in Hungary.

6.0 PROJECT DESCRIPTION

The follow-on award states the following goals for the MTC:

? To strengthen business and management skills of managers from businesses, non-governmental

organizations (NGO), educational institutions, and local and regional governments.

- ? To serve as an agent of change through training programs and service activities.
- ? To improve skills of KTU/P faculty, administrators and support staff.

In order to achieve these goals, MTC has engaged in training activities that fall under the following categories:

- ? Computer technology training, which focuses primarily on teaching computer skills and applications of Microsoft products at beginning, intermediate and advanced levels. Other possible courses may include Internet skills, customized training courses for companies, desktop publishing and graphics presentations.
- ? Business English, which concentrates on business usage context offered at four levels. These courses are designed as three-month-long, 50-hour courses.
- ? Management training, considered to be the core of the programmatic offering, falls broadly into three groups:
 - (1) Entrepreneurship training which primarily targets the needs of small and medium size enterprises (SME) but does not exclude managers of larger firms, NGOs or local government.
 - (2) Training modules designed for a specific company. This training can be conducted either at the company's site or at the Center.
 - (3) Executive seminars and short courses.

In addition to these main activities, MTC may engage in other activities such as renting physical facilities, supporting conferences, translation and interpretation services, and consulting.

7.0 PRINCIPAL FINDINGS

7.1 STATUS VERSUS PREVIOUS RECOMMENDATIONS

The Annual Monitoring and Evaluation Summative Report (July 1997-June 1998) prepared by the DATEX, Inc. offered the following recommendations:

- ? **MTC should make it its immediate priority to develop a strategy for programmatic**

activities. As part of this process, MTC needs to conduct market research to identify areas of need and prospective clients and to become more knowledgeable about its competitors.

In May 1999, an IESC consultant in collaboration with MTC staff developed a business plan for 1999 through December 2000 that addresses issues of market need and competition. The business plan provides information on companies offering services in the areas of computer training, management training, and English language training and discusses their strengths and weaknesses. None of the described companies have the facilities to provide the broad range of services and training that MTC can offer. The ongoing challenge for MTC will be to keep abreast of evolving market needs and to concentrate on providing quality programs and services to the more sophisticated segment of the market.

? MTC should develop a strategy for identifying and retaining well qualified instructors. As part of this process, the Center might consider approaching some of its clients and asking them to become guest lecturers.

MTC has identified 32 trainers who are interested in an on-going, part-time teaching assignments. Fourteen of the instructors have completed the 300-hour Entrepreneurial Training Program (ETP) offered by the Center during its first year of operation. It is also encouraging that five instructors are KTU/P faculty. Their participation in the activities of the Center will both enhance the image and strengthen the capabilities of the university.

? In an effort to strengthen its programmatic position, MTC might want to consider developing collaborative relationships with other educational institutions in the country as well as in other CEE countries.

MTC has initiated discussions regarding potential collaboration with Kaunas Business Center (KBC) that is part of Kaunas Technological University. To date, this initiative has not led to an agreement on collaboration.

? MTC needs to better define its internal policies and procedures in order to achieve more effective implementation of programs.

The last four quarters have seen an almost 100% staff turnover at the Center. Although the timing of the site visit, which fell during a vacation season, did not allow for interaction with the new staff, comments by other interlocutors indicated an improvement in the general morale and performance level.

? MTC and KTU/P should finalize their institutional arrangements by developing Center

by-laws.

The Center by-laws were signed in May 1999.

? MTC should develop promotional brochures, logo, stationary, and business cards for its staff.

This has been accomplished.

? MTC should develop program costing procedures.

Discussions with the Deputy Director and the USAID/Vilnius outgoing Project Officer indicate that costing procedures have been developed.

7.2 PROJECT MANAGEMENT

The proposal for the follow-on award elaborated the MTC management structure with accompanying description of duties. The Center is managed semi-independently from KTU/P but all regular Center personnel are also KTU/P employees and receive appropriate benefits. At the time of the follow-on award, the position of the in-country Project Director was eliminated and the Deputy Director (a Lithuanian national) became the Director of the MTC.

The transition from a collaboration with an U.S. institution to local administration of the project presented several challenges and numerous administrative and management issues had to be worked through to put the project back on track. These discussions culminated in an almost 100% turnover in staff by fall 1998.

Currently, administrative positions at MTC include: Executive Director, Deputy Director, Director of Research (part-time), Marketing Manager, Computer Engineer, Accountant, three Program Managers (Management, Computers, Languages), Administrative Assistant (part-time), housekeeper, and two guards. As of May 1999, the MTC Executive Director reports to the KTU/P Dean for Faculty and Administration and not, as previously, to the KTU/P Director.

Most of the MTC administrative salaries are paid with MTC funds and USAID funds are used to pay a portion of the following salaries: Executive Director, Accountant, Program Manager-Management, and Program Manager-English. In addition, a KTU/P accountant provides assistance to the MTC accountant and is paid a small salary from the MTC funds.

7.3 PROGRAM IMPACT

MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other educational institutions in the country, and the business community. KTU/P is the only institution of higher education in the region. Although, presently it is not a free standing university (it is a satellite campus), an understanding has been reached between Kaunas and Panevezys municipal and university authorities to upgrade the Panevezys campus to a full university status. The Center is seen by all of these institutions as an important part of this transformation. Additionally, the Center is perceived as a stimulus for further economic development and integration of the region with the rest of the country. It has already contributed to the development of entrepreneurial activity in the region (based on numerous interviews during previous site visits).

Table 1 presents data for the last four quarters - from Quarter 3, 1998 to Quarter 2, 1999. The data documents a steady increase in the number of courses offered by the Center and the number of participants taking part in the training. An asterisk next to a number indicates that the calculation in question has been based on incomplete information concerning the number of participants and, therefore, the number in the table is lower than in actuality.

The number of courses offered in management, English and computers increased from 17 in Quarter 3, 1998 to 41 in Quarter 2, 1999, a 58% increase. During the last academic year, over 1642 participants took part in MTC training activities. The average for female participation for Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999 is 47%, 60%, 55%, and 56%, respectively. This project has one of the highest rates for female participation in the MTEEP portfolio.

Table 1
Project Participation Data for Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999

Quarter 3, 1998	# of Courses	# of Participants	# of Female Participants	% of Female Participants
Management	5	94	58	62
English	1	9	4	44
Computers	11	218	88*	40*
Total/Average	17	321	150*	47

Quarter 4, 1998	# of Courses	# of Participants	# of Female Participants	% of Female Participants
Management	10	134	80	60
English	5	40	25	62

Computers	12	218	131	60
Total/Average	27	392	236	60

Quarter 1, 1999	# of Courses	# of Participants	# of Female Participants	% of Female Participants
Management	13	186	112	60
English	7	63	36	57
Computers	15	339	178	53
Total/Average	35	588	326	55

Quarter 2, 1999	# of Courses	# of Participants	# of Female Participants	% of Female Participants
Management	18	154*	94*	61*
English	8	29*	17*	59*
Computers	15	158*	79*	50*
Total/Average	41	341*	190*	56*

7.3.1 SUCCESS STORIES

Over the life of the project, extensive interviews were conducted with current and past participants in order to document the results of training at MTC on their personal and professional lives. There can be no doubt that MTC has made an important contribution to the educational and economic development of the city. Below are just a few examples of the Center's impact.

- ? MTC has contributed to raising the level of understanding about the principles of market economy among the general population. A local journalist, who attended many of the ETP seminars and became an honorary graduate of the program, has regularly written articles for the local newspaper on the various issues covered during the course. According to the information received by the Center, circulation of the newspaper has been increased since such articles became a regular feature. As an example, during the time period from March to June, 1996, 25 articles, four radio broadcasts, and five television interviews about MTC appeared in local and national media.
- ? MTC workshops provided an impetus for participation in a professional organization. As a direct outcome of a case research workshop in 1996, 38 out of 54 participants decided to

become members of the newly created Baltic Association of Case Research and Application (BACRA). BACRA, in turn, became officially affiliated with the World Case Research Association (WCRA).

- ? The director of an agricultural company was a participant in the Entrepreneurial Training Program (ETP) and others in 1995. Since her training with the Center, she and her staff have written three successful business plans for grants from the Government ranging from \$125,000 to \$250,000 for the introduction of new technologies in the area of growing berries and apple trees. As a result of training received from MTC and successful loan applications, the company created over 100 new full-time and part-time jobs. This year the company has 50 full-time and 30 part-time employees and over 200 seasonal employees. Financial turnover of the company increased from \$100,000 to \$375,000 in 1998 and continues to hold despite the difficult economic situation in 1999. New technologies allowed the company to increase the yield per hectare of apple trees and berries. The company exports its products to Germany, Estonia, Latvia and Finland, as well as sells on the domestic market. At the end of this year, the company will complete the second stage of privatization, a goal they have been preparing for during the past 5 years. The Director attributes her courage to try new innovations and understanding of the requirements of the market economy to the training she received at MTC.
- ? An owner of a knitting shop created 5 new jobs in 1997 and continues to expand her operations. She found export markets in Sweden and Germany as well as in NIS. She also distributes her products domestically.
- ? A senior executive of a locally-based joint venture brewery and two marketing managers who have attended several MTC programs, attribute a substantial increase in sales to the knowledge, skills and attitudes gained through training.
- ? ETP participants have created new programs and courses at their respective educational institutions. Twenty-five participants from various educational institutions took part in ETP (1995-96). As a result of their participation all of these institutions have embarked on restructuring their managerial curricula.
- ? A junior college, with an existing small business program, has introduced three new specialties. Another junior college, that did not have such a program, started preparations to establish one.
- ? Of the five vocational schools, those with existing small business programs decided to establish new specialties and upgrade existing programs. Those schools that did not have such a program decided to create it.
- ? A simulation program for high school seniors on the principles of firm management has become

a permanent component of the school's curriculum and can be introduced in other schools in the region.

- ? One ETP graduate has developed a special management and economics education program for farm women and another started to introduce the system of Montessori schools in the region.
- ? Several of the trainers who have taught at the Center transfer their knowledge to their work with high school and junior college students. One woman has written a textbook for students at an agricultural college which includes business concepts. Another past participant developed a seminar on teaching methodology based on the Center's TOT program. The seminar will be conducted in several schools throughout the year.
- ? The municipal government created a new position and designated a new strategy for economic development. Three ETP participants were municipal government managers who, after completing the training, elaborated a new strategy for economic development.
- ? The importance of small business development for economic growth of the region was underscored by creation of a new position of Small Business Development Officer within the municipality. The person hired for this position was an ETP graduate.

7.4 PROGRAM SUSTAINABILITY

7.4.1 PROGRAMMATIC SUSTAINABILITY

Although MTC has been successful in increasing the number of training activities since the beginning of the new award, achieving programmatic sustainability will remain an important challenge for the immediate future. In its quest for sustainability, MTC needs to articulate a strategic vision/plan which will serve as a road map for developing the Center's core programs. MTC's sustainability will be greatly strengthened if it can develop a programmatic niche and maintain a competitive edge.

At the same time, identifying, training and retaining well qualified instructors will continue to pose a challenge and remain at the heart of achieving programmatic sustainability. Unless MTC makes a concerted effort to develop a stable core of well-qualified instructors, the goal of achieving a leadership position as a management training institution will elude it. In developing a pool of instructors, MTC faces a challenge of how to retain the most qualified of them. Since the Center does not employ full-time instructors (and it is not argued that it should), it needs to develop a strategy that would make employment at the Center both professionally attractive and financially rewarding. One component of such a strategy is connected to development of core curricula and a stable schedule of training.

In response to these challenges, MTC has developed a business plan and identified a group of 32

trainers who are interested in teaching at the Center on part-time basis. Fourteen of the instructors have completed the 300-hour Entrepreneurial Training Program (ETP) offered by the Center during its first year of operation. It is also encouraging that five instructors are KTU/P faculty. Their participation in the activities of the Center will both enhance the image and strengthen the capabilities of the university.

7.4.1.A Program Development

In May 1999, with a help of an IESC volunteer, MTC has completed a business plan through the year 2000 that includes a schedule of course offerings in the three programmatic areas - management, English, and computer training - and projected revenues. The business plan makes several suggestions for future program development, such as:

- ? Computer and English summer camps for children.
- ? Translating and interpreting services.
- ? Four-month-long marketing program.
- ? Four-month-long management program.
- ? Special training programs for women.
- ? Service learning possibilities for young people in Panevezys.
- ? Soldier retraining for entrepreneurship.
- ? Consulting services to enterprises.

“Panevezys Youth Leadership 2000” is a direct outgrowth of the recommendations from the business plan. The goal of the project is to develop city youths’ citizenship, leadership and character through a service learning method. During the life of the project, a group of people will be trained who will then become the corps of citizenship training and, in turn, will train Panevezys teachers to effectively use a service learning method as a tool of community service. The trainer corps was selected in June. The project is financed by the Panevezys municipality and U.S. Information Service.

MTC also has developed two new programs for social workers - “Ethics and skills of social communication,” and “Special course for working with handicapped children and their families.” 120 social workers will receive training under these programs.

During Quarter 2, 1999, MTC has embarked on development of two additional projects - “Training of soldiers of active service - their reintegration into the society,” and “Training of professional soldiers.” In the first program, the participants will learn small business management (several modules), marketing, finance and accounting, computer skills and English. This program has strong support from the Mayor and his economic advisor, both of whom hope that this kind of training will provide an effective transition from military to civilian life and contribute to alleviation of the acute unemployment in the city (11%). The second program will teach English, computer skills and basics of leadership. The possible

sources for financing these undertakings are the Lithuanian Regional Development Agency, Ministry of Security, and Open Society Fund- Lithuania.

MTC did not receive financing for five programs it proposed - "Summer in the world of sports and computers," (Regional Manager Administration) and two 320-hour programs in computer training and accounting (Labor Market Training Service). According to the Deputy Director, MTC was underbid by its competitors.

While the new program development described above testifies to the increasing capabilities of MTC, what stands out is that until September 2000, with the exception of Beginning and Intermediate Accounting and Applied Economics programs, the management curriculum consists only of one to two day seminars. It is only in September 2000 (that is, after USAID funding ends) that the Center plans to offer a Diploma Management Program, a longer-term, modular training activity. Because of the university affiliation, this kind of training provides a natural niche for MTC and distinguishes it from competition. The modular approach provides both an opportunity for participants to continue upgrading their qualifications as well as allows for greater flexibility - participants can take courses at times convenient for them rather than in a single progression. From the perspective of achieving programmatic sustainability, it would have been more desirable if the Diploma Management Program could be introduced during the first quarter of 2000. Hopefully, some of the program development work for the Diploma Management Program will coincide with the efforts of developing programs for the training of active servicemen and, in this way, will find an earlier application.

As has been noted above, MTC needs to develop a programmatic vision and a niche in order to maintain its competitive edge. Currently, management training at MTC targets primarily small and medium entrepreneurs, groups that often cannot afford to pay for the badly needed training at its true market cost. At the same time, as the Lithuanian market becomes increasingly sophisticated and the current entrepreneurs become more solidly established, their training requirements will also evolve to include more advanced and more specialized courses. As a result, and based on the experience of other MTEEP programs, the demand for open-enrollment programs will decrease while competition among program providers will continue to grow. Although there always will be a demand for introductory courses in business management and marketing, that demand will inevitably come from the sector least able to pay for quality training and, therefore, more likely to turn to the less expensive training available on the market. While MTC is providing a valuable service to the business community at the present stage of economic development, it cannot afford to remain static in its program offerings.

One of the challenges facing MTC is how to reconcile the financial outlays needed for program development with the inability of the SME sector to pay the required market rate for program delivery. Departing from the assumption that MTC has to broaden its programmatic offerings to include more advanced, modular/certificate courses, the Center could consider developing modules that could be later customized. Rather than offering them to individual clients, it is possible to create common interest

groups among companies that do not compete with each other. In addition to cutting costs of delivery, such an arrangement would facilitate exchange of ideas among the members of the business community. A very successful model for this kind of training has been developed by the Management Development Center in Budapest.

Although MTC offers a variety of management-related courses there does not appear to be a structured progression of courses from beginning to more advanced. Developing a solid business management curriculum requires both an understanding of the subject matter and evolving needs of the market as well as availability of qualified instructors to deliver the program. Neither the Executive Director nor the Associate Director have backgrounds in business and management. Perhaps, MTC's leadership should consider employing the services of a business management professional to oversee the development of competitive business training program. The actual conditions of employment of such an individual would have to be determined by the MTC leadership.

In examining the performance of the Center's training programs it is evident that management training, which is supposed to be the centerpiece of course offerings, lags behind in terms of income generation and enrollments. By far the most popular courses are in computer training and they also lead in terms of income generation and enrollments. Considering the stated mission of the Center, most of the efforts during the site visit were directed toward examining the state of the management training curricula. **Table 2** presents the progression of program performance for the past academic year, starting with Quarter 3, 1998.

The information in **Table 2** has been calculated based on the data provided in the quarterly reports under "MTC courses and seminars." The asterisk designates where the information required for computation was not complete; for example, where revenue was provided but there was no information on the number of participants. Because of this discrepancy calculations provided do not accurately reflect real participation levels.

Table 2

Program Performance for Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999 by Revenue, Courses and Participants

Quarter 3, 1998	# of Courses	# of Participants	# of Female Participants	Revenue in \$	% by Revenue	% by Participants
Management	5	94	58	6610	38	29
English	1	9	4	853	5	3
Computers	11	218	88*	9970	57	68

Total	17	321	150*	17433	100	100
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Quarter 4, 1998	# of Courses	# of Participants	# of Female Participants	Revenue in \$	% by Revenue	% by Participants
Management	10	134	80	6209	25	34
English	5	40	25	4138	17	10
Computers	12	218	131	14299	58	56
Total	27	392	236	24646	100	100

Quarter 1, 1999	# of Courses	# of Participants	# of Female Participants	Revenue in \$	% by Revenue	% by Participants
Management	13	186	112	15573	41	32
English	7	63	36	5980	16	10
Computers	15	339	178	16114	43	58
Total	35	588	326	37667	100	100

Quarter 2, 1999	# of Courses	# of Participants	# of Female Participants	Revenue in \$	% by Revenue	% by Participants
Management	18	154*	94*	7051	35	45*
English	8	29*	17*	5003	24	9*
Computers	15	158*	79*	8468	41	46*
Total	41	341*	190*	20522	100	100

There may be numerous contributing factors to explain the less than desirable development of the management program component. Among them are:

- ? Level and type of courses offered to satisfy market demand. While the basic management courses address the initial needs of a market segment, because the Center relies to a great extent on repeat clientele, it may unknowingly discourage higher enrollment rates by repeat clients due to a poor product mix, i.e., greater diversity or specialization of management topics

combined with a broader range of offerings (basic, advanced, highly tailored, for example). Some past participants indicated that they have not signed up for additional MTC courses because their current needs require courses that are more specialized and/or advanced. As a result, they are forced to look elsewhere for training. Some former participants also indicated that they would like to see consulting services offered at MTC or at least have access to referral services.

- ? Marketing methods by the Center staff may need to be scrutinized. It appears that timing of marketing campaigns, combined with a plan for course offerings and the securing of trainers for course delivery apparently influences the way campaigns are carried out. For example, where it appears that the trainer might not be available, the marketing pitch to prospective clients may convey the fact that the course may not be offered. Such an approach conveys uncertainty and is not an effective marketing technique.

- ? Using a consistent (continuous) marketing approach could result in a significant increase in enrollments. Some of MTC's competitors indicated that they use the slow summer months to intensively market their services as well as to attend to administrative and logistical details, such as coordination of courses for the forthcoming quarter and instructor training. MTC should give serious consideration to using this approach so as to minimize the loss of potential clients, trainers and revenues. For example, a teaching methodology course for prospective MTC instructors, currently scheduled for October, could have been offered during the summer months when people are less busy with other job-related responsibilities. Additionally, instructors would have enough time to incorporate newly learned methodology into their course presentations scheduled for the fall. Likewise, staggering vacation leave of MTC staff would facilitate this operational approach.

7.4.1.B Training of Trainers (TOT)

The Center has a list of 32 prospective trainers for the courses planned through the end of the year 2000. This exceeds the number of trainers previously reported. It is encouraging that five trainers are also KTU/P faculty. Fourteen of the prospective trainers (13F/1M) have completed the 300-hour Entrepreneurship Training Program offered under the initial award. However, of the five KTU/P faculty only one has completed that training.

In an attempt to secure a reliable core of trainers, MTC has asked these people as well as their employers to sign a letter of commitment for the next 2 years (50 hours of instruction per year). At the time of the visit, six refused to sign while others still had not responded. This, of course, does not mean that those who refused to sign are unwilling to teach at the Center. However, either they or their

employers are unwilling (for whatever reason) to make an official long-term commitment. The Center's approach is a positive step toward more systematically solidifying a core of trainers. Because TOT is central to overall success of the Center, the Center needs to further strengthen its ability to recruit, train, and retain trainers. Further, the Center needs to ensure that it has sufficiently qualified trainers across the course offerings to deliver as well as develop new programs.

7.4.1.C Preparation of Trainers

MTC has joined the Lithuanian Association for Adult Education (LAAE) and will regularly receive information about courses offered in Lithuania and opportunities for training abroad. Utilizing this new connection, the Center proposes to provide a training course to its prospective trainers that includes methods of teaching the adult learner/student. The course is scheduled for October 1999. This is an important step in upgrading instructors' qualifications because teaching methodology must be an integral component of preparation of all trainers, regardless of previous experience. Additionally, a hands-on approach to classroom delivery is a necessary component of the methodology training. Participants should be required (have the opportunity) to present a training event in their respective field. This presentation should be taped and constructive suggestions offered to the presenter. This approach has proven to be very successful in another MTEEP project, the English Language Institute at the Riga Business School.

The Center should provide their trainers with a standardized guideline for preparation and presentation of material. The consistency in presentation of materials enhances credibility and professional image of the Center and its trainers.

The Center should also convene regular meetings of their trainers as a group and as sub-groups according to subject area, to facilitate introductions among trainers, to discuss standard operating guidelines of the Center, and to solicit feedback and ideas about current and future offerings and presentations, and needed adjustments to logistical support.

7.4.1.D Collaborative relations with other educational institutions and business community

Programmatic sustainability could be significantly enhanced by developing collaborative relations with other educational institutions and engaging business executives in training delivery. Since MTC is committed to respond to the evolving needs of the business community, its training is expected to be practical and directly applicable/transferable to the work environment. In order to achieve this, those delivering training also need to have real business experience. By involving practitioners in course delivery as guest lecturers or seminar presenters, the Center could enrich its programmatic venue and

facilitate an exchange of ideas among the members of the business community. Of the 32 potential MTC instructors there are only three representatives from the business community (banking, agricultural company, and stock company). In order to attract more business representatives as guest lecturers, MTC might consider offering them logistical assistance in course/material development and preparation.

In developing its programmatic base, MTC might strengthen its position vis-a-vis current or potential competitors by entering into collaborative relationships with other institutions in the region, other parts of the country, or even in other CEE countries. Perhaps the biggest obstacle to overcome in this respect is to begin thinking about such relationships in terms of advantages of collaboration as opposed to dangers of competition. In other words, although a given institution might be a competitor in one area, collaborating on a particular training project could strengthen the competitive position of both entities.

Below are some examples of local and regional resources that MTC could consider for new program development.

International Business Network (IBN)	The successor to the International Executive Service Corps, this organization provides a broad range of consulting services. MTC, as a former beneficiary of such services, already has an established relationship and familiarity with the capabilities. This organization should be considered for business advisory services, consulting, a source of trainers and of other technical assistance available in Europe.
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Lithuanian Banking, Insurance and Finance Institute (IBIFI)	The Institute provides bank training programs and distance learning programs. MTC should consider collaboration to attract IBIFI training to Panevezys. MTC facilities could be used for a fee. Also, some trainers may be available independently to deliver courses through MTC.
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**Lithuanian Free Market Institute
(LFMI)**

This is a policy-focused organization that engages in advocacy and public education. MTC could negotiate some tailored courses to be delivered through the Center, to reach government/ municipal officials interested in policy formulation.

**Lithuanian American Business
Initiative (LABI)**

Originally founded as an alumni association of returned participants of the World Learning administered Entrepreneurial Management and Executive Development (EMED) program, this organization now boasts 47 members. The organization provides a focus for networking, training and exchanging funding resource information among LABI members. MTC should engage this group to hold some of its events, organized every two months, at the Center. This could both broaden the networking base for entrepreneurs and encourage LABI members to consider training at MTC as participants and/ or trainers.

**Center for Public Administration in
Kaunas (USAID sponsored)**

This institution has developed a successful public administration program in the Kaunas region. MTC should consider collaboration in developing public administration training program for Panevezys city and region.

**Latvia: Riga Business School (RBS)
and English Language Institute (ELI)**

Modris Ozolins, Director

Tel: 371-728-8813 or 721-7921

Fax: 371-782-0178

E-mail: Mozolins@krabis.rbi.rtu.lv

MTC is already familiar with the English Language Institute. RBS is a natural resource for consultations on program development, guest speakers and TOT issues.

**Poland: Warmian and Mazurian
University at Olsztyn (OUAT)
International Center for Business and
Public Management (ICBPM)**

Dr. Szczepan Figiel

Phone/fax: 48-895-234928

E-mail: figiel@pacamam.art.olsztyn.pl

MTC could profit from collaboration in developing curricula (jointly with KTU/P) for Executive Master ' s in Rural Industries Management, post-diploma certificate programs in management and marketing, and public administration training.

**Romania: Centers for Business
Excellence Network (CBEN)
Polytechnic University of Bucharest**

Dr. Cezar Scarlat

Fax: 40-1-312-9581

Tel: 40-1-659-4956

E-mail: cezar@cbe.pub.ro

CBEN provides business management consulting and training to SME owners, business research and human resource management. MTC could familiarize itself with CBEN's Master Trainer Program (MTP) as a possible course offering for the Center.

**Hungary: Budapest University for
Economic Sciences, Management
Development Center (MDC)**

Dr. Gyorgy Bogel, MDC Director

E-mail: H10315BOG@ella.hu

MDC provides training and assistance to SME enterprises through customized courses and consultancies, open-enrollment courses, and partnership programs. Consultancy programs emphasize enterprise's human resource departments and target entrepreneurs, business people from small but growing organizations, and managers of medium-sized enterprises. Open-enrollment courses offer topics of both current and general nature. MTC could consider collaboration related to SME planning, and business strategies for women entrepreneurs

U.S.: The Echo Group, Inc.

Dr. Robert Tolar, President

Tel: 503-245-5943

Fax: (503) 245-4176

E-mail: echogrp@pacifier.com

The Echo Group designs, implements, and evaluates cost-effective economic development projects in emerging democracies. The Group can assist with the following components of a development program: conducting needs assessment and feasibility studies; establishing goals and objectives; designing and preparing formal proposals; forging strategic partnerships; establishing/monitoring budgets. MTC could consider a short term training in how to write a business plan and/or program development services

7.4.2 FINANCIAL SUSTAINABILITY

As part of the close-out evaluation, this report attempts to review MTC's performance for the past four quarters for which the information is available (Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999) and arrive at some kind of a relationship between the different performance indicators. The information on number of courses, participants, revenues and expenses comes from the four quarterly reports. This information has been collected in separate tables, first on month per month basis (see Annexes) and later aggregated to reflect quarterly activity by type of courses. In addition, calculations have been made to reflect the relationship between each program component in terms of revenue generation, numbers of participants, numbers of female participants, revenue per course, revenue per participant, changes from previous quarter in terms of courses offered and revenue generated, and finally, the comparison of actual and projected revenues, and revenues and expenditures.

A few general comments regarding the presentation of material in the quarterly reports are in order. MTC has to be given credit for trying to present an increasing variety of data and information in its reports. This certainly is a great improvement from the time the Center received the follow-on award. Perhaps the greatest weakness of the current reports is inconsistency in presentation of information between the quarters. For example, some reports contain information disaggregated by month, and others only by quarter. MTC should decide what kind of information a quarterly report should contain and consistently present it each quarter. New categories of information could be added, as needed, but not at the expense of consistency with earlier reporting.

Table 3 presents data on number of courses, participants, and revenue generated by each programmatic component for the past four quarters. An asterisk next to a number indicates that available information in the quarterly report was not complete and, as a result, ensuing calculations do not accurately reflect the actual situation. Additional calculations of revenue per course and revenue per participant have been made in an effort to gain a better understanding of the relationship between course development and ability to generate revenues. However, as the numbers indicate, it is difficult to see a consistent relationship between the number of courses, the number of participants and revenue generation. It would be a logical assumption that an increase in revenue would be positively correlated with either an increase in the number of courses offered or an increase in the number of participants. However, the data does not support this assumption. On the contrary, there are instances where there is an increase in either the number of courses or the number of participants (and sometimes both) but a drop in generated revenue. The only logical explanation for such an occurrence is a drastic change downward in the prices of the courses. If this indeed were the case, this information should be flagged in the quarterly report.

Table 3

Quarterly Performance for Program Components in Terms of Revenue, Number of Participants, Revenue per Course, and Revenue per Participant.

Management	# of Courses	# of Participants	Revenue in \$	Revenue per course	Revenue per participant
Q 3, 1998	5	94	6610	1322	70
Q 4, 1998	10	134	6209	621	46
Q 1, 1999	13	186	15573	1198	84
Q 2, 1999	18	154*	7051	392	46*
Total/Average	46	568*	35443	771	62*

Computers	# of Courses	# of Participants	Revenue in \$	Revenue per course	Revenue per participant
Q 3, 1998	11	218	9970	906	46
Q 4, 1998	12	218	14299	1191	66

Q 1, 1999	15	339	16114	1074	48
Q 2, 1999	15	158*	8468	565	54*
Total/Average	53	933*	48851	922	52*

English	# of Courses	# of Participants	Revenue in \$	Revenue per course	Revenue per participant
Q 3, 1998	1	9	853	853	95
Q 4, 1998	5	40	4138	828	103
Q 1, 1999	7	63	5980	854	95
Q 2, 1999	8	29*	5003	625	173*
Total/Average	21	141*	15974	761	113*

Table 4 further highlights the puzzling relationship between the increase in the number of courses offered and an occasional decline in revenue. Quarter 2, 1999 has registered an increase in courses for management and English, whereas computer courses remained at the same level. However, all three program component show a significant drop in revenues. The quarterly report attributes this decline to two factors: an onset of summer and an increased work load for program managers connected with developing a business plan (finished in May). Information in the tables confirms that performance (either number of courses or revenues) in quarters 3 and 4 declines due to summer vacation and winter holidays. However, schools and universities do not finish their activities until late into June, so it would appear to be less likely that decrease in revenue generation in Quarter 2 is primarily due to the time of the year. The second explanation is more plausible. The Center staff was clearly over extended and, therefore, did not devote adequate time to marketing campaigns. However, this shortfall indicates a weak spot in the Center's work routines and management capabilities.

Table 4
Comparison of Quarterly Performance by Course Category in Terms of the Number of Courses Offered and Revenue Generated.

Management	# of Courses	Change from previous quarter (%)	Revenue in \$	Change from previous quarter (%)
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Q 3, 1998	5		6610	
Q 4, 1998	10	+50	6209	-6
Q 1, 1999	13	+23	15573	+60
Q 2, 1999	18	+28	7051	-55

Computers	# of Courses	Change from previous quarter (%)	Revenue in \$	Change from previous quarter (%)
Q 3, 1998	11		9970	
Q 4, 1998	12	+8	14299	+30
Q 1, 1999	15	+20	16114	+11
Q 2, 1999	15	0	8468	-47

English	# of Courses	Change from previous quarter (%)	Revenue in \$	Change from previous quarter (%)
Q 3, 1998	1		853	
Q 4, 1998	5	+80	4138	+79
Q 1, 1999	7	+29	5980	+31
Q 2, 1999	8	+12	5003	-16

MTC hopes to achieve financial sustainability at the end of USAID funding, in June 2000. The MTC business plan, which provides schedule of courses and projected/anticipated revenues, was designed to guide the Center along this path. Presumably, the figures for projected revenues have been arrived at by doing a break-even analysis. Information about projected revenues is available only for Quarters 1 and 2, 1999. **Table 5** presents the data.

Table 5
Actual and Projected Revenues by Course Category for Quarters 1 and 2, 1999

Q 1, 1999	Actual revenues	Projected revenues	% of target met
Management	15573	19251	81
English	5980	11001	54
Computers	16114*	24750	65
Total/Average	37667	55002	68

* The figure provided in the quarterly report is \$17580. The figure above is derived from the table "MTC courses and seminars."

Q 2, 1999	Actual revenues	Projected revenues	% of target met
Management	7051	19251	37
English	5003*	11001	45
Computer	8468**	24750	34
Total/Average	20522	55002	37

* The figure provided in the quarterly report is \$7055

** The figure provided in the quarterly report is \$7649. The above figures are derived from the table "MTC courses and seminars."

It is encouraging to note that the management component did very well during the first quarter, generating 81% of projected revenues. Computer courses also did well, achieving 65% of the targeted revenues. The second quarter, however, has seen a steep decline in the financial performance of the Center. It is imperative that MTC staff turn their attention to understanding the continuing disparity between the actual and projected revenues. If this trend continues, the usefulness of the business plan and its projections as an indicator for MTC activities comes into question.

Table 6 presents information on revenues and expenditures. This table shows a good progress toward achieving financial sustainability, with the exception of quarter 2, 1999.

Table 6
Revenues and Expenditures for Quarters 3 and 4, 1998 and Quarters 1 and 2, 1999

	Revenues	Expenditures	% of Expenditures covered by revenues
Q 3, 1998	17433	29992	58
Q 4, 1998	24646	38217	64
Q 1, 1999	37667	39306	96
Q 2, 1999	20522	48447	42

During the past four quarters, MTC has made, in some cases, significant gains in program development and revenue generation. This is encouraging. However, it is doubtful that MTC will be able to achieve financial sustainability by the end of the USAID grant period. This conclusion is based on the continuous discrepancy between the projected and actual revenues. Having said that, the Center will most likely still do quite well, even with a financial shortfall. It may have to cut on some of the expenditures but at the same time it will settle at reasonable (if not comfortable) level of operation until it can develop and introduce new services and programs.

It is encouraging that English courses have steadily gained in terms of income generation and in the Quarters 1 and 2, 1999, accounted for 16% and 24% of generated revenues, respectively. At the same time, English instruction is becoming more diversified by providing courses at the places of work. Such an arrangement is an attractive feature for many employers who are interested in upgrading qualifications of their workers.

7.4.3 INSTITUTIONAL SUSTAINABILITY

7.4.3.A Relationship with KTU/P.

One of the central stipulations of the follow-on award was that MTC and KTU/P develop center by-laws outlining the exact relationship between the two institutions, including their mutual responsibilities. It was also hoped that the by-laws would provide greater managerial and financial autonomy for the Center, particularly for financial accounting since the existing system at KTU/P is too cumbersome to accommodate the flexibility needed to support Center activities. The by-laws were signed in May 1999 and MTC, while a branch of the Faculty of Management, has become a semi-autonomous institution at KTU/P. It receives direct oversight by the Dean of the Faculty of Management and by a committee comprised of the KTU/P Director, the two Deans, and the KTU Deputy Rector for Personnel. Importantly, from the perspective of financial operations, MTC has a sub-account that makes the financial activities of the Center less cumbersome, although not as flexible as would be

desired for the operation of a business training center.

KTU/P sees the Center primarily as a support base for faculty development and student training, and out placement. As of March 1999, KTU/P has new administrative leadership. The new Director expressed strong support for MTC activities and considers it a great asset for the university. He indicated his (and university's) willingness to continue supporting the Center even if it could not cover its operating costs after the end of the USAID funding.

The KTU/P Director hopes that MTC will significantly increase both the visibility and strength of the University and the Management Faculty by providing a forum for KTU/P faculty and doctoral students to supplement their theoretical knowledge with practical application. He also expressed an interest in involving the Center in developing an internship component (practicum) to the existing management curriculum, since such a requirement already exists. However, the university has had difficulties finding enough opportunities for student internships.

Under the previous grant, KTU/P obtained financing in the amount of \$250,000 from the Government of Lithuania for renovation of the present Center facilities. In addition, KTU/P agreed to cover the costs of electricity, water, and trash removal as well as some of the repair and maintenance costs. This contribution has an estimated value of \$16,000 per year. MTC also does not have to pay rent. Because of the central location of the facilities, the imputed rent value (based on the rules created by the municipal government) is \$7.50 per square meter, bringing the total rent outlay to \$48,000 per year. Furthermore, all full-time Center staff are considered KTU/P employees and receive the standard benefit package.

7.4.3.B Relationship with the Office of the Mayor.

Although the Mayor also expressed strong support for MTC, he has a different vision for the emphasis of the Center's activities. In contrast to the KTU/P Director, the Mayor believes that MTC's role is more important to provision of community outreach through targeted training programs, such as youth leadership, training of municipal employees, public administration and municipal finance.

According to the Mayor, MTC has made (and continues to make) a very important contribution to the development of Panevezys. The participants of the 300-hour ETP course are still active and successfully integrated into the business community of the city. He also supports the close cooperation between the Center and the city. In terms of possibilities for future collaborative programs, the Mayor is interested in a special training course for municipal employees or prospective employees. The new

law on government employment requires that employees undergo training in public administration. There is certainly room for MTC to become a provider of such training on an ongoing basis. Further, the budget law of Lithuania designates that not less than 3% of salary has to be spent on training.

Because the Center attempts to be responsive to both KTU/P and to the needs of the community, as well as to comply with USAID expectations, the Center suffers from an identity problem, that is the management of the Center is unclear in either understanding or communicating its mission. It is not impossible for the Center to be responsive to this range of needs, however, it will require that the Center leadership, working more collaboratively with all parties involved make a clear and firm commitment to its mission and priorities.

8.0 CONCLUSION

As the only management training center in the Panevezys region, MTC is well positioned to serve as a catalyst for developing strategic alliances and collaboration between KTU/P, other educational institutions in the country and the regional business community. The Center is highly regarded by both KTU/P administration and the municipal authorities and is perceived as a driving force for further academic strengthening of the university and economic development of the city.

Although MTC has been successful in increasing the number of training activities and broadening its regional reach since the beginning of the new award, achieving programmatic sustainability will remain an important challenge for the immediate future. In its quest for sustainability, MTC needs to articulate a strategic vision/plan that will serve as a road map for developing the Center's core programs. MTC's sustainability will be greatly strengthened if it can develop a programmatic niche and maintain a competitive edge. Securing a well qualified pool of instructors will remain the crucial component of this process.

MTC could strengthen its programmatic and instructional base by developing collaborative training activities with other institutions in the country and/or in CEE. So far, however, the Center has not been able to establish strategic alliances with other institutions. Perhaps one of the reasons for this is that since the follow-on award MTC had to overcome numerous administrative and programmatic difficulties.

In May 1999, with help of an IESC volunteer, MTC has completed a business plan through the year 2000 that includes a schedule of courses in the three programmatic areas and projected revenues. While the Center has developed and introduced several new courses, the management curriculum through the year 2000 consists mostly of one to two day seminars. It is only in September 2000 (that

is, after USAID funding ends) that the Center plans to offer a Diploma Management Program, a four-month-long, modular training activity. Further, although MTC offers a variety of management related courses there does not appear to be a structured progression of courses from beginning to more advanced.

In examining the performance of the Center's training programs it is evident that management training, which is supposed to be the centerpiece of course offerings, lags behind in terms of income generation and enrollments. By far the most popular courses are in computer training and they also lead in terms of income generation and enrollments. Several factors could have contributed to this development: (1) level and type of courses offered to satisfy market demand; (2) marketing methods used by the Center staff; and (3) availability of qualified instructors. MTC staff need to give these issues serious consideration.

MTC has made significant progress toward more systematically securing a core of qualified trainers. Because TOT is central to overall success of the Center, the Center needs to further strengthen its ability to recruit, train, and retain trainers. Further, the Center needs to ensure that it has sufficiently qualified trainers across the course offerings to deliver as well as develop new programs.

During the past four quarters, MTC has made, in some cases, significant gains in program development and revenue generation. This is encouraging. However, the Center's performance is still characterized by large quarterly fluctuations in revenue levels. Further, during the last two quarters, the projected levels of revenue generation stipulated in the business plan have consistently not been met. It is imperative that MTC staff turn their attention to understanding the continuing disparity between the actual and projected revenues. If this trend continues, the usefulness of the business plan and its projections as an indicator for MTC performance comes into question.

MTC has hoped to achieve financial sustainability by the end of the USAID grant period. Considering the continuous discrepancy between the projected and actual revenues and financial shortfall in covering operational expenses, it is doubtful that the Center will achieve this goal. However, the Center will most likely still do quite well. It may have to cut on some of the expenditures but at the same time it will settle at a reasonable (if not comfortable) level of operation until it can develop and introduce new services and programs.

9.0 RECOMMENDATIONS

The following recommendations are submitted for consideration to the MTC staff:

- ? MTC should decide what kind of data is to be included in quarterly reports and develop a consistent report format.
- ? MTC should continue to develop its strategy to identify and retain well qualified instructors. In an effort to strengthen the practical business component in program delivery, the Center might consider approaching some of its participants and asking them to become guest lecturers.
- ? MTC should consider developing collaborative relationships with other educational institutions in the country as well as in other CEE countries as part of the effort to strengthen its programmatic base.
- ? In its quest for sustainability, MTC should clearly articulate a strategic vision/plan that will serve as a road map for developing the Center's core programs.
- ? MTC should consider broadening its programmatic offerings to include more advanced, modular/certificate courses that later could be customized. These packages could be offered to groups of clients/companies (as opposed to individuals) that do not compete with each other.
- ? MTC's leadership should consider employing services of a business management professional to oversee the development of a competitive business training program.
- ? MTC staff should scrutinize marketing methods in order to assure the highest levels of enrollments.
- ? MTC should seriously consider using the slower summer months for active marketing, training of instructors, course development and other administrative issues in order to minimize the loss of potential clients, trainers and revenues. Staggering vacation leave of MTC staff would facilitate this operational approach.
- ? MTC should provide their trainers with a standardized guideline for preparation and presentation of material. The consistency in presentation of materials enhances credibility and professional image of the Center.
- ? MTC should convene regular meetings of their trainers as a group and as sub-groups according to subject area, to facilitate networking among trainers, to discuss standard operating guidelines of the Center, and to solicit feedback and ideas about current and future offerings and

presentations, and needed adjustments to logistical support.

- ? MTC should analyze and try to overcome the continuing disparity between the actual and projected revenues.
- ? To the extent that time permits, USAID should continue to facilitate MTC's interaction with other educational and business institutions in Lithuania and in the region.
- ? Since most of the MTC staff is newly hired, they could profit from additional training in all phases of business management and administration. This training could take place on both formal and informal bases through participating in training programs offered by USIS and other donors, and by sitting on MTC seminars, respectively.

ANNEXES

ANNEX 1: Program Performance for Quarter 3, 1998

July 1998	# of Courses	# of Participants	# of Female Participants	Revenue in \$	% by Revenue	% by Participants
Management						
English						
Computers	1	25	10	625	100	100
Total	1	25	10	625	100	100
August 1998						
Management						
English						
Computers	4	79	34	2370	100	100
Total	4	79	34	2370	100	100
September 1998						
Management	5	94	58	6610	46	43
English	1	9	4	853	6	4
Computers	6	114	44*	6975	48	53*
Total	12	217	106*	14438	100	100

ANNEX 2: Program Performance for Quarter 4, 1998

October 1998	# of Courses	# of Participants	# of Female Participants	Revenue in \$	% by Revenue	% by Participants
Management	3	51	29	1740	17	26
English	3	26	18	2825	28	13
Computers	6	122	61	5564	55	61
Total	12	199	108	10128	100	100
November 1998						
Management	5	64	39	3414	30	42
English	1	9	5	875	8	6
Computers	4	79	58	7000	62	52
Total	10	152	102	1289	100	100
December 1998						
Management	2	19	12	1056	33	46*
English	1	5	2	438	13	12*
Computers	2	17*	12*	1736	54	42*
Total	5	41*	26*	3229	100	100

ANNEX 3: Program Performance for Quarter 1, 1999

January 1999	# of Courses	# of Participants	# of Female Participants	Revenue in \$	% by Revenue	% by Participants
Management	2	50	48	5408	44	31
English	2	13	9	1550	12	8
Computers	5	98	48	5493	44	61
Total	9	161	105	12451	100	100
February 1999						
Management	5	57	33	3943	34	28.5
English	2	12	7	1793	15	6
Computers	5	131	67	6002	51	65.5
Total	12	200	107	11737	100	100
March 1999						
Management	6	79	31	6223	46	35
English	3	38	20	2638	20	17
Computers	5	110	63	4619	34	48
Total	14	227	114	13480	100	100

ANNEX 4: Program Performance for Quarter 2, 1999

April 1999	# of Courses	# of Participants	# of Female Participants	Revenue in \$	% by Revenue	% by Participants
Management	8	83*	61*	3375	40	61
English	2	19*	12*	1138	14	14
Computers	5	33*	14*	3623	46	24
Total	15	135*	87*	8135	100	100
May 1999						
Management	5	27*	11*	2031	24	21
English	4	10*	5*	3305	40	8*
Computers	6	92	46	3015	36	71
Total	15	129*	62*	8351	100	100
June 1999						
Management	5	44*	22*	1645	41	57*
English	2			560	14	
Computers	4	33*	19*	1830	45	43*
Total	11	77*	41*	4035	100	100