

**MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT  
(EUR-0029-G-00-1061-00)**

**FIRST QUARTERLY REPORT (THIRD YEAR)**

**Period: July 18 - September 30, 1993**

This report covers the first quarter of the third year of USAID support for a private sector development program in Hungary. The project is managed by the State University of New York's Office of International Programs (SUNY/OIP) in Albany, NY, and is based at SUNY's Center for Private Enterprise Development in Budapest, Hungary.

This report covers less than a full three months. With the agreement of the USAID program officer and the USAID contract evaluator, the quarters covered by these reports are being made to coincide with standard fiscal quarters. The final quarterly report of this project year will extend to the end of the third-year grant, i.e., July 31, 1994.

**ORGANIZATION AND ADMINISTRATION**

This quarter was exceptional, if not unique, in that SUNY's Hungary project continued without a signed funding arrangement with AID. In expectation of an extension and revision of its existing contract, the Research Foundation of SUNY advanced funds to cover project salaries and priority expenditures. Before the end of the project's second year, SUNY had submitted proposals for (1) new third year funding of about \$1.6 million, including the creation of a Center of Excellence in Total Quality Management to be located at the Technical University of Budapest, and (2) no-cost extension of some \$438,000 in funds remaining from the project's first two years. Negotiations to fine-tune the proposals continued through the quarter. A signed extension of our contract was received from AID on October 4.

Ronald Hobson, assistant dean of the School of Business and Economics at the SUNY College in Plattsburgh, arrived in Budapest in September to begin work as the SUNY professor-in-residence at the Center of Excellence in Total Quality Management (TQM) -- to be known as the Center for Quality Management. He will remain at the Technical University of Budapest for one academic year. Mr. Hobson, a former businessman and engineer, is also the director of SUNY Plattsburgh's Center for Lifelong Learning, which includes TQM studies in its MA program in Liberal Studies.

In September, a senior team from SUNY/OIP and the SUNY University at Buffalo, which will manage the substantive aspects of the Center for Quality Management, visited Budapest to complete arrangements for the CQM at the Technical University. The team included Ronald Oppen, Hungary project director; John Thomas,

associate dean of the School of Management at SUNY Buffalo; and Raymond Hunt, director of SUNY Buffalo's Center for Industrial Effectiveness. They held extensive meetings with the rector, deans of business and engineering, and other senior faculty and staff of the Technical University (TUB).

Stephen Dunnett, vice provost for international education at SUNY Buffalo, will visit Budapest in early October to explore the possibilities of establishing an English language institute, specializing in business English, as part of the existing SUNY Center for Private Enterprise Development. He will also meet with senior TUB officials to suggest a wider relationship between SUNY Buffalo and TUB that would encompass engineering as well as management.

John Bloss, project associate at SUNY/OIP, visited Budapest in August to discuss project management issues with the Center staff. During his trip he was concerned with video series marketing, computer equipment upgrades, location of an apartment for Mr. Hobson, and short course scheduling for third year activities. He visited the Technical University. In addition, he and Center staff discussed participant training issues with PIET, briefed USIS officials on Center for Quality Management activities, and met with Peace Corps officials on training and placement of business development PCVs.

The Center staff and visiting OIP managers continued the search for new Center office space, occasioned by a sudden major rent increase for the current office. We hope to relocate on or near the TUB campus.

## **SELF EVALUATION**

The Center conducted a third follow-up survey of participants in Center activities. The first two such surveys, reported in our Quarterly Reports of July-October 1992 and April-July 1993, covered participants in activities during the project's first 18 months. This third survey covered participants from January 1 to June 30, 1993. Questionnaires were mailed to 150 randomly-selected participants, and 44 responses were received. Again, the results were decidedly positive. Survey highlights include:

- 76 percent said they refer to their course materials in their work;
- 81 percent rated their seminar as professionally useful;
- 93 percent gave their seminar an overall positive rating;
- 93 percent said the course provided them new information;
- 95 percent said the course materials were easy to use;

- 100 percent said they would like to attend other Center courses;
- 100 percent said they would recommend Center courses to colleagues.

A full tabulation of the survey results is included as Attachment A. This is one of several self-evaluation tools we use on a regular basis.

## **PROGRAMS**

**Training:** While no training was conducted during this quarter, SUNY/OIP and Center staff worked on preparations for the rest of the project year. At least 23 short courses are being planned. The first scheduled short course will be two presentations of Regional Marketing in Szolnok October 4-5 and in Nyiregyhaza October 7-8. The instructor will be Alan Lessler, director of the School of Business and Economics' Technical Assistance Center and Institute for Business Education, Research, and Training (IBERT) at SUNY Plattsburgh.

A two-week executive development program is scheduled at the Babolna management training center in northwest Hungary October 18-29.

Within the short course program, SUNY/OIP and the Center are developing two new activities for this year:

- A two-day seminar on the business aspects of private agriculture. The privatization of Hungarian agriculture is currently well ahead of most other industries.
- A certificate program for participants who take a series of Center courses. Plans are underway to present different courses at regular intervals in various Hungarian cities. This will ensure that participants could get a well-rounded business training program over time. Successful completion of the series will be recognized with an appropriate certificate.

**Center for Quality Management:** During this quarter, arrangements were completed for a group of six senior TUB professors to visit SUNY Buffalo October 11 - November 6 for an intensive four-week program of exposure to TQM in American industry and academics. They will tour business sites in Buffalo, Rochester, Binghamton, and Corning, NY, as well as visit the campuses of SUNY Buffalo, Rochester Institute of Technology, and SUNY Binghamton. TUB Dean Zoltan Boross will also visit Buffalo later in November. All these TUB faculty members will be directly involved in establishing and leading TUB's Center for Quality Management program.

TUB has designated a spacious suite in its main building for the CQM. The suite

has space for a modern library, a multi-media classroom-*cum*-conference room, and offices. Mr. Hobson has already located his office there.

**Video Training Series:** A total of 117 sets of SUNY's basic accounting video series have now been ordered. In addition, the director of Hungary's State Holding Co. has offered to broadcast the full series on Duna TV, a major television network. Each segment will include an introduction to the series and a studio discussion of the segment.

## **PARTNER ORGANIZATIONS**

The Foundation for Advanced Management of Gyöngyös, the SUNY Center's partner group in that city, held its annual meeting September 2. Two AID Budapest employees, Ferenc Melykuti and David Miller, as well as our Center director and a Hungarian-American physician from Buffalo, attended the meeting and spoke about their programs and plans. Foundation members also discussed their plans to open an English-language kindergarten, to seek scholarships to train local nurses at SUNY Buffalo, and to teach Japanese at the local high school (with Japanese government support). The meeting's agenda is at Attachment B.

## **TRADE DEVELOPMENT/SMALL BUSINESS ASSISTANCE**

Center staff worked with the Peace Corps office in Budapest regarding the assignment of a specially trained Peace Corps Volunteer to be the small business adviser at the Center, beginning in December. The PCV will both advise individual clients

## **OTHER CENTER PROGRAMS**

Two project grants from the Andrew W. Mellon Foundation expired in July. They had been extended in December 1992 to coincide with the expiration of last year's AID grant. The two Mellon grants were for **Support for the Establishment and Operation of the Center for Private Enterprise Development**, awarded in October 1990, and **Completion of the Development of a Video-Based Business/Economic Literacy Training System**, awarded in March 1991. Both were essential antecedents of major elements of the AID-funded MTEE project -- the SUNY Center in Budapest, and the successful 15-part Hungarian-language business accounting series now being successfully marketed across Hungary. SUNY's final report to the Mellon Foundation on these grants is at Attachment C.

The Center helped organize a regional meeting of Eastern Europe MTEE project directors and on-site managers in July. The meeting was called by Dr. Leslie Koltai, the AID program evaluator to discuss the third of activities for the eight ongoing projects in

eastern Europe; to discuss the implementation of the creation of the four Centers of Excellence; and to discuss a method for evaluating execution of the Centers of Excellence projects. SUNY/OIP's project staff in Albany and Budapest made the logistic arrangements for the American and eastern European participants, and the SUNY project director chaired several panels at the meeting.

## **FINANCIAL REPORT**

As stated earlier, the project operated without a signed contract for the entire quarter. After the initial budget review of the AID contract officer in Washington, OIP staff devoted a significant amount of time to revising the budget. A final revised project budget, conforming to the guidance of the contracts officer, was submitted to AID on September 22, and formal approval from AID was granted on September 30, as the quarter ended.

Only high-priority continuity expenditures such as salaries and essential travel were allowed during the quarter. (See Appendix 1) Equipment repair also fell into this category, since delays would have jeopardized communication between the Center in Budapest and OIP. Also, each month OIP staff had to implement monthly extensions for project staff and program activity to conform with SUNY Research Foundation guidelines.

Third year funding includes a carryover of unexpended funds from the second year of the project. Some of the carryover funds will be used to enhance the Center for Quality Management by procurement of publications and library materials.

Project cost sharing was discussed by the SUNY/OIP Project Director and the AID project officer during the quarter. At AID's suggestion, OIP has begun to institute new measures to more accurately capture cost sharing expenses provided by partner organizations in Hungary and other sources. As the project budget is developed and submitted these figures cannot be fully predetermined. The new approach will entail consultants and project staff using cost sharing worksheets on project travel to more accurately record donated services such as lodging, transportation and conference facilities. In subsequent quarterly reports, this information on actual cost sharing per quarter will be presented.

APPENDIX I

November 1, 1993

OIP FIRST QUARTER REPORT (Qtr 1 93/94)												
Project Expenditures	AID FUNDS		Cost Share		Other Sources Mellon		Other Sources Pew		November 1, 1993			
	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.	ACCRUED	AID FUNDS REMAINING	PROJ. NEXT QUARTER	
Instructor - US Salary (Buf. only - 1001-3)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0
Staff - US Salary (1001,1003)	\$19,166.15	\$70,910	\$4,048.00	\$4,048	\$0.00	\$0	\$0.00	\$0	\$238,048	\$49,405	\$59,805	
Fringe Benefits (1501,1502)	\$6,019.34	\$26,806	\$1,254.88	\$1,054	\$0.00	\$0	\$0.00	\$0	\$76,069	\$20,061	\$22,599	
Salaries Local (1001,2001)	\$7,186.50	\$8,663	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$22,934	
Consultants (2001)	\$3,193.50	\$112,799	\$1,843.25	\$50	\$0.00	\$0	\$0.00	\$0	\$153,056	\$95,938	\$21,742	
Travel (3501,3502)	\$2,327.98	\$22,282	\$0.00	\$0	\$773.00	\$0	\$252.23	\$500	\$139,862	\$19,954	\$21,875	
Equipment (2501)	\$0.00	\$6,208	\$1,354.53	\$0	\$1,858.07	\$0	\$0.00	\$0	\$7,715	\$6,208	\$5,000	
Supplies (3001,3006)	(\$3,310.93)	\$17,749	\$150.00	\$250	\$43.43	\$0	\$0.00	\$0	\$16,509	\$21,060	\$11,265	
Rent-Scholar in Resd. Rent-Budapest Office (4001)	\$0.00 \$0.00	\$0 \$12,059	\$0.00 \$0.00	\$0 \$0	\$0.00 \$0.00	\$0 \$0	\$0.00 \$0.00	\$0 \$0	\$0 \$24,039	\$0 \$0	\$3,000 \$18,088	
Indirect Cost (7501)	\$7,012.05	\$10,000	\$2,061.76	\$3,121	\$0.00	\$0	\$0.00	\$0	\$179,002	\$71,580	\$27,207	
Participant Costs (6503,7001,7003)	\$636.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$750	\$23,243	(\$8,310)	\$0	
Workshops, Conf. (6510)	\$567.61	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0	
Video/TV Production (6508)	\$0.00	\$0	\$0.00	\$0	\$5,226.00	\$2,774	\$0.00	\$0	\$277,500	\$0	\$0	
Translation (6506)	(\$9,161.04)	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$21,951	(\$9,951)	\$25,000	
Scholarships (6501,6502)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$548.05	\$0	\$8,185	\$788	\$0	
Curriculum Development (2001,1001)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0	
Other Direct (6507,6510)	\$906.37	\$40,620	\$300.00	\$0	\$0.00	\$0	\$0.00	\$0	\$31,045	\$9,456	\$7,058	
Other (6510)	\$73.95	\$0	\$0.00	\$0	\$108.33	\$0	\$0.00	\$0	\$165,176	\$47,732	\$1,800	
<b>Totals</b>	<b>\$34,617.48</b>	<b>\$328,105</b>	<b>\$11,012.42</b>	<b>\$8,523</b>	<b>\$8,008.83</b>	<b>\$2,774</b>	<b>\$800.28</b>	<b>\$1,250</b>	<b>\$1,361,400</b>	<b>\$323,922</b>	<b>\$247,373</b>	

BUFFALO QUARTERLY REPORT (Qtr 1 93/94)

November 1, 1993

Project Expenditures	AID FUNDS		Cost Share		Mellon Actual	Proj.	Pew		ACCRUED	AID FUNDS REMAINING	PROJ. NEXT QUARTER
	Actual	Proj.	Actual	Proj.			Actual	Proj.			
Instructor - US Salary (Buf. only - 1001-3)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Staff - US Salary (1001,1003)	\$9,587.90	\$9,870	\$4,067.00	\$3,525	\$0.00	\$0	\$0.00	\$0	\$105,836	(\$85,740)	\$14,897
Fringe Benefits (1501,1502)	\$2,804.64	\$3,060	\$1,082.00	\$1,040	\$0.00	\$0	\$0.00	\$0	\$29,264	(\$23,183)	\$4,081
Salaries Local (1001,2001)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Consultants (2001)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$14,571	\$85,355	\$26,250
Travel (3501,3502)	\$5,623.77	\$20,219	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$108,020	\$13,740	\$39,007
Equipment (2501)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Supplies (3001,3006)	\$141.69	\$3,578	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$2,099	\$3,449	\$600
Indirect Cost (7501)	\$2,770.76	\$1,286	\$1,415.98	\$0	\$0.00	\$0	\$0.00	\$0	\$73,165	\$0	\$21,728
Participant Costs (6503,7001,7003)	\$0.00	\$42,454	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$12,485	\$42,454	\$40,000
Workshops, Conf. (6510)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Video/TV Production (6508)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Translation (6506)	\$9,109.14	\$19,750	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$11,801	\$0	\$0
Scholarships (6501,6502)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$31,255	\$0	\$0
Curriculum Development (2001,1001)	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0	\$0
Other Direct (6507,6510)	\$2,356.39	\$3,000	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$12,074	\$0	\$1,876
Other (6510)	\$254.32	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$15,759	\$2,032	\$0
<b>Totals</b>	<b>\$32,648.61</b>	<b>\$103,217</b>	<b>\$6,564.98</b>	<b>\$4,565</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$416,328</b>	<b>\$38,108</b>	<b>\$148,439</b>

Fax Message For JOHN BLOSS  
(516)443-3126 -- 8 Page Total

From: Gábor

1 September 1993

Telephone: (36-1)117-5185

Fax: (36-1)118-4251

Dear John,

You will surely remember the two types of questionnaires that I showed you last time, which are regularly used when making evaluations of our different seminars. One of them - the "two-page" version - is the format that we use right upon finishing a course or a seminar. The other one - the "four-page" version - is sent out usually at the end of a half-year period and is intended to reveal the long-term impact of our programs. The last set of questionnaires - covering period January 1-June 30, 1993 - has been posted in the first half of July. As August 31, 1993 is over just now, we do not expect to receive more answers. So, we decided to make this evaluation without any delay.

Number of questionnaires sent out: 150  
Number of questionnaires received: 44

As you will see it happened several times that participants did not reply to each question, so you will notice that the number of answers - at times - differs from the actual number of questionnaires received. Answers in the order of questions are as follows:

1. What was your job when you attended the seminar:

Title

controller	1
manager of human resource dept.	1
production engineer	1
economic assistant	2
manager of personnel and social dept.	1
director of a higher education inst.	1
factory director	1
head of department	1
chief engineer	1
head of construction department	1
chief engineer on quality control	1
county director	1
instructor	1
educational secretary	1
managing director	3
assistant	1
chief assistant	1
chief consultant	1
regional office manager	2
inspector	1
teacher	1
manager of an entrepreneurial subcenter	1
college student	1
university student	1
program manager	1
economic and financial consultant	1
coordinator	1

chief county assistant  
system-organizer  
assistant lecturer  
pedagogical consultant

1  
1  
1  
1

domestic industry consultant	1
affiliate director	1
deputy technical director	1
director of retraining center	1
teacher and consultant	1
electro-technical controller	1
-----	
	42

Description

- controlling labor force
- production-control
- human resources
- management
- controlling and co-ordination of the technological dept.
- vehicle-development
- bus-construction
- factory quality control
- manager of a publicity bureau
- planning of education
- adult-training
- expertise in the logistics of social security/personal tax/VAT
- dealing with loans/credits
- informational data-processing, handling of foundations
- processing of synthetic materials/galvanization
- managing
- organizing information-flow among settlements
- co-ordination of work
- counselling/managing of an information-bank
- agricultural counselling
- helping local self-governments
- co-ordination of constructing work
- co-ordination of county-investments
- programming
- scientific research
- organizing post-graduate courses
- regional counselling
- organizing retraining courses
- teaching entrepreneurship
- directing sub-contractors

2. Was the seminar useful for this job?

Extremely useful	Useful					Not useful at all
1	2	3	4	5	6	7
-----						
4	7	6	18	6	2	0

Total: 43

10

3. Is your current position the same, or has it changed since attending the seminar?

<u>Yes</u>	<u>No</u>
2	38

Total: 40

4. Did the seminar give you added skills that helped you obtain your new position?

<u>Yes</u>	<u>No</u>
1	7

Total: 8

If Yes, please describe those skills:

- organizing special events

5. Have you started your own business since the seminar?

<u>No</u>	<u>Yes</u>
28	0

Total: 28

6. Did the seminar give you information which was new to you?

<u>Yes</u>	<u>No</u>
39	3

Total: 42

In the field of:

- assessing market needs
- practical examples
- marketing, finance
- communications skills, problem-solving, developing self-confidence
- western principles of managing human resources
- position descriptions
- organizing/controlling
- changing attitude, new approaches
- quality
- managerial marketing/strategy

- finance for non-financial managers
- widening entrepreneurial skills
- preparing business plans
- studying operations of foreign companies
- understanding different approaches and considering new aspects
- aspects of the US market
- market planning
- assessing conditions of successful businesses
- bank's behavior when making decisions on credit-claims
- international business skills
- actual problems of entrepreneurs
- going international
- marketing information
- American approach to economy
- finance/accounting
- better understanding of each other
- general aspects of entrepreneurial training

7. How did you find the translated material that was given to you at the seminar?

Easy to read	NOT easy to read
-----	-----
41	2
Total: 43	

8. Do you use the information received at the seminar as a reference material to assist you with questions and problems that arise during your work?

<u>Yes</u>	<u>No</u>
31	10
Total: 41	

9. Have you ever given a copy of the seminar materials to anyone else so that it may assist them?

<u>Yes</u>	<u>No</u>
20	21
Total: 41	

12

10. Would you attend seminars on other subjects?

Yes

44

No

0

Total: 44

If yes, on which subject(s)?

1. Marketing .....	25
2. Finance .....	20
3. Accounting .....	13
4. Agriculture .....	5
5. Human Resource Management .....	19
6. Retail Management .....	10
7. Environmental .....	4

8. Other:

- taxation
- production of commercial vehicles (buses)
- questions of quality control
- computer-technics
- managing foundations, making economical analyses
- public relations, consumers' rights, taking responsibility for the product
- controlling
- environmental administration
- work-organizing, management skills
- psychology of entrepreneurship

11. Briefly describe the most important things from the seminar that you are currently using for your job:

- concept of marketing
- American examples of human resource management
- observation of costs
- making people work
- observation of human reactions
- course of problem-solving
- evaluation system of employees/handling of negligences
- making employees interested/strategic management
- new approaches/skills of decision-making
- making proactive decisions/pulling down barriers
- getting acquainted with the presenters's way of thinking
- widening management skills
- managerial marketing/human resource management
- widening previous marketing experiences/establishing basis for system-organizing
- looking at the company through the eyes of a foreigner

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- examining the company on the basis of new aspects
- stipulating the right time for submission of credit-claims
- change in attitude
- how it is done elsewhere
- preparing business/export plans
- foreign market/export experiences
- conditions of successful business development/getting to the market
- practice-oriented education
- establishing new connections
- understanding problems of entrepreneurs
- going international/export readiness
- brushing up previous experiences
- organizing information-transfer
- how foreigners consider companies
- teaching entrepreneurship
- optimism
- presenter's personal attitude/behavior
- understanding the plan and life-cycles of a company
- analytical methods of starting a business

12. Can the Center for Private Enterprise Development assist you in any other ways?

Yes

26

No

11

Total: 37

If yes, please describe how:

- more seminars on entrepreneurship supported by written materials
- more information about available literature
- more information about the Center's programs
- summaries of other courses
- reporting on materials submitted for decision
- publishing experiences of other foreign presenters
- distributing written materials in English
- new seminars on new topics
- consulting possibilities

13. After our seminar, have you attended any seminars arranged

If yes, which organization(s):

- Széchenyi Managerial Academy
- Chesterton
- Phare Managerial Training
- Struktúra, REFA
- Regional Business Development Foundation (Szolnok)
- Omegaglen Kft.
- Durham University Business School
- Swiss-Hungarian Business Development Foundation

14. How did you first become aware of the existence of the Center for Private Enterprise Development?

- office
- in connection with the seminar
- upon making registration for the course
- boss
- local business development center
- Mr. Kézdi
- press
- personal invitation
- Szekszárd 2000
- previous seminars
- university
- mass communication
- letter

15. Do you know how to contact the Center for information or consultation in the future?

Yes

No

25

Total: 43

16. Would you recommend the Center's seminars to others?

Yes

No

44

0

Total: 44

16

17. Overall you felt the seminar was:

Excellent		Average				Poor	
1	2	3	4	5	6	7	
-----							
5	13	15	8	2	1	0	

Total: 44

18. Please use the rest of this last page and the back (if necessary) to make any additional comments you might have about the seminar(s) you attended:

- seminars may be useful for those who conduct a totally different kind of activity
- seminars should be based more on Hungary's realities
- would like to participate in other seminars organized by the Center
- seminar was useful and interesting but more emphasis should be placed on completing a separate question (not just raise an idea and then drop it in the middle)
- attracted by the informal way of presenting
- would like to hear more about the industrial and agricultural aspects
- it was a flattering experience to meet an American professor and Hungarian colleagues at the same place
- suggests more self-publicity for the Center
- personality of the presenter proved to be a great advantage
- would like to hear more specific information (not just general statements)
- seminar provided an excellent basis for further discussions among colleagues (who could not participate in the program)
- presentation was a bit didactic, the same text appeared in verbal/written/projected form (as overheads)
- requested intentionally at his boss to make it possible for him to participate

Best regards,

  
Gábor

## INVITATION

The Foundation for Advanced Management of Gyöngyös kindly invites you to a meeting on the following subject:

"How Gyöngyös is developing its American connections"

During the meeting the Foundation would like to introduce and discuss the forthcoming topics:

- Survey of the Foundation's activities (Mr. László Csia, Secretary)
- Shaping of connections with SUNY of USA, present state of the sister-city relationship with Rochester and Kanazawa (Japan), possibilities for gaining scholarships (Mr. Péter Forgách, Honorary Chairman)
- New possibilities of the Center for Private Enterprise Development in the field of training entrepreneurs, SUNY's Hungarian-American programs (Mr. Árpád Kézdi, Director)
- Plans of the Teachers' College in Jászberény on establishing contacts with SUNY (Dr. Károly Stanitz, Director)
- Possibilities of launching an English-speaking nursery in Gyöngyös
- Introducing the education of Japanese language in a high school called "János Berze Nagy" (Mrs. Andrásné Berecz, Director)
- Possibilities for the self-governments of Gyöngyös in supporting the programs (Mr. Gyula Szabó, Representative)
- Adoption of SUNY's programs or the adoption and teaching of other American curricula at the Gyöngyös College (Dr. András Radó, Deputy Director)
- Győr's experiences regarding the Buffalo-connection (Mr. Csaba Bodrogi, Manager)

Location of the meeting:

Gyöngyöspata  
Mrs. Magdolna Béres-Deák's wine-cellar  
September 2, 1993 at 03:00 p.m.

(Arriving from Gyöngyös the location is easily accessible by turning right to a street before crossing the bridge and searching for the second door)

László Csia

Csaba Csötönyi

Secretaries

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**FINAL REPORT  
TO THE ANDREW W. MELLON FOUNDATION**

**Summary of Grant Activities**

This Report focuses on the results achieved by two grants from the Andrew W. Mellon Foundation to the State University of New York for programs in Hungary:

- **Support for the Establishment and Operation of the Center for Private Enterprise Development**, awarded in October 1990, and
- **Completion of the Development of a Video-Based Business/Economic Literacy Training System**, awarded in March 1991.

The termination dates of both grants were extended in December 1992 until July 16, 1993.

These two grants grew out of a series of smaller Mellon grants to SUNY, starting in April 1990, which allowed SUNY to create its Center for Private Enterprise Development in Budapest and begin its multi-faceted program to support the development of private enterprise in Hungary. One of those earlier grants funded the feasibility study and the initial hiring of staff, renting of space, and purchase of furniture for the new Center. Three other small grants let the Center begin its core programs of entrepreneurship/small business training, export counseling, and privatization assistance.

Mellon's Center Support grant of October 1990 provided partial funding for the Center to assure its operation while additional funding was found and came on stream from other sources for a greatly expanded program. Looking back after nearly three years, creating the Center was the single most effective step we could have taken to begin what has proved to be a highly effective and visible private sector development program. Having a permanent Center in Budapest, staffed by respected Hungarian and American professionals, proved to be a critical element in the success of SUNY's Hungary program and gave SUNY a major advantage over other programs in Hungary with similar objectives.

Another Mellon grant in November 1990 funded the initial stages of developing concepts and scripts for five sample business training video modules. Mellon followed up with the larger Video-Based Training System grant in March 1991, which allowed professional production and market testing of five Hungarian-language pilot videos: *Markets and Market Segmentation*, *Product Planning*, *Fundamentals of Marketing*, *Introduction to Accounting*, and *Starting a Small Business*. The pilots were tested in ten different locations. The results were extremely helpful concerning both content and production style, and they were essential to the success of subsequent AID-funded Hungarian videos.

A one-year \$1.3 million grant to SUNY from AID in July 1991 was used in part to produce a 15-module Hungarian-language video series, with teacher's manuals and workbooks, on *Basic Business Accounting* -- the direct descendent of the Mellon-funded pilot video project. In its first six months on the market, 172 sets of this accounting series have been sold in Hungary, with workbooks for 20 students, a trainer's manual, and a trainer's video for each module. This series will reach thousands of students, based on early sales results. The accounting series has already been recognized with awards in three major festivals: the prestigious CINE Golden Eagle, the WorldFest Houston, and the U.S. Industrial Film and Video Festival. Income from the accounting series will help fund other Center activities as well, moving the Center along the road to self-sufficiency. None of this would have been possible without the initial pilot videos and market testing that were supported by the Mellon Foundation.

The programs that SUNY began with Mellon start-up support have taken deeper root and flowered with larger grants from USAID and other donors, as was intended from the outset.

### Evolution of SUNY's Hungary Project

Hungary's private sector has changed considerably since the fall of the Communist regime, the March 1990 elections, and the subsequent push toward privatization. The SUNY Center has adapted to the Hungarian economy's changing needs.

The start-up grant from Mellon in October 1990 allowed SUNY to open a small but permanent Center in downtown Budapest and to hire a small Hungarian staff. OIP management staff shuttled in and out until September 1991, when SUNY Albany business professor William K. Holstein became the resident Center director. In November 1992 he was succeeded as director by Dr. Arpad Kezdi, his former deputy. The staff now includes five full-time Hungarian program and administrative personnel.

With an eye toward fostering the Center's sustainability and eventual self-sufficiency, SUNY obtained a \$250,000 grant from The Pew Charitable Trusts in May 1991 to provide short-term U.S. training for 15 (ultimately 18) "Hungarian Fellows" -- established Hungarian professionals in a variety of fields who are available as part-time instructors and consultants for the Center. These Fellows will eventually be the core of a Center program that is largely American in context, but which is executed by Hungarians.

AID funding of Center activities began in July 1991 with a one-year grant. It was extended in July 1992 and further extended in September 1993, retroactive to July 1993. AID's ongoing support has been crucial for the continuation and evolution of the Center's activities, and grants from other supporting organizations have helped expand SUNY's private sector development activities in other directions as well.

The existence of the Center is the single most important element in the success of SUNY's program in Hungary. Its full-time staff maintains daily contact with Hungary's business and academic communities in more than 25 cities outside Budapest. This enables the project's managers to react quickly to changes in course demand and to modify course formats, topics and locations.

The Center's permanence gives the project a degree of legitimacy not obtainable with only *ad hoc* visits by consultants and lecturers. It demonstrates to our Hungarian partner organizations that they are collaborators in a long-term, continuing activity. This fosters a willingness to invest their time and resources to support and participate in the Center's activities. The Center has legal status as a non-profit Hungarian entity.

The Center and its SUNY managers have emphasized programs that will help build the kinds of institutions necessary to sustain private enterprise activities begun with this project. We have helped create two regional management development foundations to work with the Center. These organizations comprise local representatives from the business community, government, and academia. As members of the community they can assess local needs reliably and are thus helpful in the selection and sponsorship of Center courses.

In the Center's work with university and college partners across Hungary, it encourages them to support their local business communities with business development and management expertise. The American notion of the university as a community resource is new to Hungary and will be one of the most valuable and lasting project outputs. Business curriculum design programs are frequently given simultaneously with executive development courses to help create dialogues between the business and academic communities.

As a next step to solidify even further the position of the Center in Hungary, SUNY is currently negotiating with the Technical University of Budapest to locate the Center's offices on the TUB campus, rather than in its present home in a commercial office building. This visible identification of the Center with a prestigious Hungarian university will further enhance the Center's excellent reputation as a national private sector training resource.

The first-year AID grant permitted the Center to offer programs in five "strategic training areas," i.e.,

- Executive development,
- Entrepreneurship/small business development,
- Manager and supervisor training,
- University faculty and curriculum development, and
- Economic and business education (the video-based program).

It also began to move in some new directions. Most notably, the Center shifted some of its activities into Hungary's secondary cities, where important regional universities and businesses do not have ready access to the sophisticated services of Budapest.

AID's second-year continuation grant for 1992-93 supported further evolution of the Center's range of services. Besides the most basic business training, it began to focus on the more advanced needs of specific economic sectors, such as:

- Total Quality Management,
- Family farm business management,
- Handicraft and artisan business management,
- Private health care administration,
- Business community volunteerism and civic involvement, and
- Creation of locally self-supporting management development foundations.

### CENTER ACTIVITIES HIGHLIGHTS - YEARS ONE AND TWO

#### *Seminars*

Well over 2,000 Hungarians have attended in-country seminars presented by SUNY. These include basic business subjects of accounting, finance, retail and export marketing, strategic management, business planning, human resource development, small business start-up, and banking for small businesses.

The Center has also developed more specialized courses in response to demand in such areas as regional marketing, crisis management, total quality management, agribusiness, and MIS for agriculture.

In the two years since the start of AID funding in July 1991, the Center has organized and conducted:

- 62 two-day business management seminars;
- seven one-week finance/accounting courses for non-financial managers;
- five two-week executive development courses for senior managers;
- 25 curriculum development workshops and other activities for university and college business schools.

#### *Video Training Series*

SUNY and the Center produced a 15-part Hungarian-language video training course in basic business accounting. This highly professional series has won three international prizes. The Center is marketing and distributing the series, with a teacher's manual and a video, and 20 sets of workbooks, throughout Hungary. The agricultural

college in Gyöngyös has announced it will include the video series in its open university program; similar commitments are being obtained from other colleges, universities, businesses, and entrepreneurs' associations. The World Bank is purchasing 100 sets, and Ukraine has expressed interest in using the series for its Hungarian minority.

### *Total Quality Management*

The Center coordinated a needs assessment by SUNY Buffalo at three universities in July 1992. The study found a strong demand for training in teaching the concept of Total Quality Management (TQM). This resulted in a series of activities:

- TQM concepts were introduced in the three participating schools' management programs.
- An introductory TQM conference was held in Budapest for some 100 quality management officials, researchers, academics and industrialists. The lieutenant governor of New York was the keynote speaker.
- A two-day TQM awareness workshop was held in Szeged.
- SUNY faculty worked with faculty at Miskolc and Szeged to discuss ways to introduce TQM into the business and engineering curricula.
- Miskolc and Szeged faculty and administrators are creating SUNY-style Centers for Industrial Effectiveness at both campuses.
- The University of Miskolc asked SUNY Buffalo to participate in a TQM conference in March 1993. Miskolc staff arranged the event; its faculty presented papers and lectures along with their Buffalo counterparts. This is an example of a Hungarian partner organization contributing to project sustainability.

### *Partner Organization Development*

The Center helped conceive and create two local management foundations which aid local business development by sponsoring Center programs. These are the Foundation for Advanced Management in Gyöngyös and the New York State-Györ Foundation. In addition, the Center played a major role in developing the PRIMOM Enterprise Center in Nyiregyhaza into one of its principal partner organizations.

The Center also has continuing close working relationships with these sponsoring organizations:

- Budapest University of Economic Sciences
- Technical University of Budapest
- University of Miskolc

- University of Horticulture and Food Industry, Szeged
- Janus Pannonius University, Pecs
- Pannon Agricultural University, Kaposvar
- College of Foreign Trade, Budapest
- National Association of Entrepreneurs (VOSZ)
- National Association of Craftsmen Corporations (IPOSZ)

### *U.S. Training for Hungarians*

The Center has helped arrange training in the U.S., mainly on SUNY campuses, for Hungarian academics and business people. In addition to the eighteen Fellows, one MBA student received her degree from SUNY Binghamton this spring, eight Hungarian business and management faculty have participated in SUNY Buffalo's four-week international management summer program and worked on MBA curriculum development projects, and four Hungarian faculty from Miskolc and Pecs visited model quality management facilities at SUNY Buffalo in June.

In the Citizens Network Initiative project, funded by a \$150,000 grant from the US Information Agency, the Center arranged exchange visits of teams of city officials, business leaders, and professors between Győr and Buffalo and between Szekszard and Binghamton (some traveled at their own expense). This project prompted Győr and Szekszard to create community-based volunteer organizations to attract additional investment and trade to their cities.

### *Rectors Training Project*

The Rectors Training Program, funded by a separate \$75,000 Mellon grant managed by SUNY Albany, provided discussion forums with senior SUNY administrators and other training for Hungarian college and university rectors and vice-rectors. The first set of workshops, held in Budapest and Szeged, dealt with the issues of decreasing funding and reorganization of the Hungarian system of higher education. This program will be expanded to the Czech Republic and Poland in 1993-94, funded by two additional Mellon grants.

### *Small Business Development*

Two counselors from SUNY's Small Business Development Center (SBDC) system served six months each at the SUNY Center during the second program year. They focused on three main activities:

- Individual consultations with Hungarian clients on business plan preparation, market research, loan application procedures, and other small business concerns;
- International trade development assistance;

- Advising Hungarian partner organizations wishing to set up their own small business counseling service.

The SBDC counselors contacted a sampling of participants in Center seminars as well as 334 banks that make small business loans. The former participants have begun requesting counseling, and banks have begun referring small business loan applicants to the Center's counselors. A specially-trained Peace Corps Volunteer will continue the counseling activity during the third project year.

### *Developing Trade Opportunities*

A key component in the development of Hungary's private sector will be a significant increase in its export capacity. The Center's programs have led to a number of export-related contacts and activities:

- An official of a major Buffalo frozen foods firm visited Budapest, Győr, and Szeged to explore the possibility of placing a major frozen foods distribution facility for eastern Europe in Hungary. He also asked the Center to undertake a market survey, at his firm's expense.
- SUNY Buffalo formed the non-profit International Enterprise Foundation which will use MBA students to do market and industry studies to support investment and trade between New York companies and firms in Győr and Gyöngyös.
- The Center drafted a food export manual for the Hungarian food industry which provides details on the requirements for exporting food to the U.S.
- A representative of New York's Southern Tier World Commerce Association called on several firms and associations in Szekszard in July 1992.
- In Győr the Greater Buffalo Chamber of Commerce and the city-owned Buffalo Enterprise Development Corporation jointly committed themselves to find American exporters to rent space in a proposed business incubator in Győr.
- Two Chicago-based hospital management and construction consultants accompanied the Buffalo team to Győr at their own expense to explore business opportunities in Hungary's soon-to-be privatized health care industry.

Most of these activities developed from contacts made during Center programs between SUNY faculty, New York business and government program participants, and Hungarians.

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## PLANNED CENTER ACTIVITIES - YEAR THREE

With a third year of AID funding, the Center will continue to assist with the development of Hungary's private sector by conducting management training and economics education programs. However, because of the Center of Excellence grant, we have a reduced AID grant for continued Center activities. The necessity to work with a significantly lower level of funding for its regular activities provides the Center an opportunity to focus on fewer activity categories. There is a strong *institution-building* component in many of the categories. Drawing on our years of experience in Hungary, we will:

- work primarily with small business owners and managers and with lower-to-mid-level managers in mid-sized firms.
- continue working with the management development foundations we helped start in Győr and Gyöngyös, and with other partner organizations mentioned above.
- continue helping Miskolc and Szeged develop their Centers for Industrial Effectiveness.
- distribute and monitor the usage of the 15-part Hungarian language video series in basic business accounting.
- continue our management development programs in Hungary and at SUNY Buffalo.
- assist Hungarian local governments and local private sectors in organizing for civic development and increased economic competitiveness.
- concentrate on providing training in export, regional and retail marketing; international trade development; total quality management; small business development; and teaching management skills.
- coordinate and assist the Technical University of Budapest's development of a Center for Excellence in TQM (see below) in cooperation with the Hungarian government's National Committee for Technological Development.

### **Center for Excellence in Total Quality Management**

Beginning in September 1993, SUNY will administer a \$1 million AID grant to help develop a Center of Excellence in Total Quality Management at the Technical University of Budapest (TUB). SUNY faculty and staff, including a SUNY professor-in-residence, will help TUB strengthen its existing capabilities, in both its engineering and its business school, to teach quality management to the next generation of Hungarian

managers. SUNY will also help TUB to work with regional universities to develop their TQM abilities. A major facet of this project -- and the ultimate goal of this new direction in SUNY's Hungary program -- is to work with and through TUB to improve the quality and competitiveness of the Hungarian private sector's products and services, both immediately and over the long term.

Major program elements of SUNY's Center of Excellence project include:

- **Faculty development** through US training in teaching and research, e.g., the case study method, and internships with US firms; twenty TUB faculty will participate in the US portion of the program;
- **Curriculum development** for Masters and non-degree certificate programs;
- **Construction of a multi-media teaching and conference center** for university classes and professional training;
- **Provision of learning materials** such as reference books, American and locally developed cases, professional journals, videos, software, and computer equipment;
- **Creation of in-country university and business outreach programs** at TUB and through other Hungarian universities and technical schools.

#### **Financial Report**

A final financial accounting for the two grants will be prepared and forwarded separately by the Sponsored Programs Office, Research Foundation of SUNY, when the accounts are closed.