

Executive Training Program for Soviet Managers

Some Hits, Some Misses

The past three years have witnessed an astounding array of global political and economic changes that extend not only to the dismantling of a political system in the former Soviet Union and a power block in Eastern Europe, but also to a rapid and massive shift away from the assumptions and practices of a "command" economy. The collapse of a centrally planned economic system and the need to transform it into a market system have required the hurried retraining of a whole generation of enterprise managers and government bureaucrats. To train Russians to think in private enterprise terms and manage in a market economy is a challenge that requires careful planning and a cross-cultural perspective. The State University of New York (SUNY) Plattsburgh got involved in this process in 1991 with a program to train a group of Soviet managers. Both the campus and its community are richer for the experience, and the experience offers some encouraging lessons for metropolitan universities.

The Institution's Setting

In order to appreciate the full impact of this undertaking, it is worth knowing that SUNY Plattsburgh is located in a small city surrounded by a rural area near the U.S.-Canadian border. But the small size of the community becomes irrelevant in the face of the overall cosmopolitan nature of its residents. The Plattsburgh region can boast of the

In 1991, the State University of New York (SUNY) at Plattsburgh, through its Institute for International Business Education, Research, and Training, conducted four open market economy training seminars for one hundred business executives from several of the former Soviet Union's Republics. The project was a joint venture with the International Business School in Moscow. The academic program was conducted primarily by SUNY Plattsburgh's School of Business and Economics faculty, augmented by regional private sector professionals. Field trips, recreational, social, and cultural activities were emphasized. The program was considered to be successful, both for its intellectual content and its usefulness. As a side but not significant effect, stereotypical thinking by hosts and guests alike tended to diminish. Overall, the training program helped to renew IBERT's and SUNY Plattsburgh's commitment to international business education and training.

presence of a large base of technical personnel and researchers in Wyeth-Ayerst Laboratory, physicians and medical technologists at Champlain Valley Physician's Hospital, and pilots and support personnel at Plattsburgh Air Force Base. So, while perhaps not a "metropolitan university" in the sense that it is located in a region dominated by a major urban center, the campus still has a well-defined identity as the major educational resource of a large area.

Plattsburgh's nearest U.S. metropolitan area is Albany, 160 miles south. Montreal is sixty miles north of Plattsburgh. Equally important is the fact that Plattsburgh and the surrounding region do not have major industries, except for lumber, pulp, and paper product companies. The bulk of economic activity is related to the public sector, mostly due to the presence of defense and prison facilities. As a border community, its retail sector is unusually large by normal standards but is geared heavily toward Canadian consumers.

The presence of a strong international education program in Plattsburgh is neither an accident nor the fancy of a single individual. In fact, SUNY Plattsburgh has a long tradition of vibrant international education on the campus. The college's location near the U.S.-Canadian

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border continues to be its core strength in building this foundation. Plattsburgh and the surrounding region have always looked north to Montreal rather than south to the United States for socioeconomic linkages. The northern orientation becomes clearer when one realizes that the proximity of Quebec and the migration of

French Canadians to work in the textile mills in New England have left a legacy in northern New York. For example, it is not uncommon to find many families in the area with French surnames, and many who still speak French at home.

The proximity of an affluent market of over two million consumers about an hour's drive from Plattsburgh is not lost either on the community or the college. It is estimated that almost one-third of retail sales in Plattsburgh is attributed to Canadian purchases. Similarly, 75 percent of the boats docked in local marinas belong to Canadians. Northern New York has also profited from a significant inflow of Canadian business investment since the 1960s. It has been estimated that two thirds of all manufacturing jobs in Clinton County in the 1980s were made possible by foreign investment, four-fifths of which were of Canadian origin. Twenty-five years ago, the importance of Canada to Plattsburgh's "metropolitan" area resulted in the creation on the campus of a Center for the Study of Canada, which has initiated a number of grants and projects. A select group of United States and Canadian businesses is represented on the center's U.S.-Canadian Business Council.

SUNY Plattsburgh has capitalized on the reality of this environment. Successive administrators have nurtured and strengthened this uniqueness at the college. The current president considers a program of excellence in global awareness, understanding, and knowledge as a primary quality indicator for our institution over the next decade. To that end, he established

a broadly representative Council for International Initiatives to review all current programs, receive suggestions from the campus at large, and formulate recommendations for future developments. At present, in addition to its internationally known program in Canadian Studies, which is a designated national resource center on Canada, the college has a Latin American Studies program, a vigorous interest in Asian studies and other areas of the world, and the Institute for International Business Education, Research, and Training (IBERT).

Creation of the Training Program

It was with this background that we agreed, in 1991, to organize an Executive Training Program involving four groups (one hundred persons in all) of business executives from the timber and railroad industries of the former Soviet Union. The initiative resulted from a discussion at the United Nations between a faculty member from the Institute for Business Studies (IBS) and IBERT in Moscow. IBS agreed to begin negotiations with us after a series of follow-up meetings in Moscow.

Participants in the program came from all regions of the former Soviet Union and were the highest ranking executives in their respective enterprises. The first and the third group represented management and engineers in the timber and railway industries, while the second and the fourth worked in the accounting and finance areas of those industries. Though the participants were of both sexes, female participants dominated accounting and finance functions in the timber industry. Unlike in the U.S., where accounting and finance are high-paying careers and much sought after by men, in Russia, accounting and finance positions are relatively low paying jobs attracting mostly women. Very few participants spoke English and for many of them it was their first trip abroad. Some of them had traveled outside Russia, mostly in Europe, Germany in particular, and a few were quite good in speaking German. Although the Soviet Union was going through many changes during the training period, including economic hardships and political uncertainty, the enterprises themselves paid for the training of their executives. Before coming to the United States, the participants had spent two weeks of orientation at the International Business School (IBS) in Moscow.

SUNY Plattsburgh was no stranger to Russian visitors prior to the executive program. In fact, beginning in 1984, the School of Business and Economics, through the state university system, was a participant in an exchange program for Russian faculty from Moscow State University. Until 1990–91, these exchanges were primarily individual. The 1991 executive training program was the first one of its size for Plattsburgh and, therefore, there were many logistical details that were critical for organizational purposes. The period following negotiations between IBS and IBERT was filled with anxiety as we worked out technical and logistical details. Poor telephone connections between Plattsburgh and Moscow, the time differential between the two countries, and slow postal service made normal communications difficult. Had it not been for the facsimile machines in IBS and IBERT, and the excellent communication

skill (in English) of the director of IBS, the logistical details might never have been resolved. Equally important was to find a number of interpreters who would be needed for translating English presentation material, and participants' comments/questions in Russian, to make the training program effective and useful. We were also concerned about the community attitude and reaction to our Russian visitors who had been portrayed for so long as belonging to an "evil empire." Some local industries even expressed concern about the possibility of industrial espionage. All the logistical concerns that might have been easier to handle in a larger city assumed an added dimension for the campus in a small community. As it turned out, the whole experience, overall, was a rewarding one for the organizers, IBERT, the campus, and the community.

The Training Program

As the negotiations progressed, the organizers started working with some broad parameters to develop an effective and rich training program. Our foremost concern was not only to give good academic training but also to show some of the social and cultural dimensions of the United States. Clearly our college's ability to respect theory but also to emphasize application was attractive to IBS. To talk about management in a private enterprise system certainly requires an understanding of the American socioeconomic, political environment, without which the whole exercise would have been inappropriate. But the Soviet participants from the timber industry were particularly concerned about practical issues such as the environment and waste disposal, both of which are important in their country. The Adirondacks and the forest preserve are home to many lumber mills, which are quite small in size compared to the Russian mills. The relevance of field experience for the participants was always a concern to the organizers. So field trips to the pulp and paper products companies had to be built in without compromising industrial security.

Each group spent about twenty-one days in the United States: eighteen days in Plattsburgh and the rest in New York City. Typically, the training program started with an introduction to the campus, SUNY and New York State. The first session introduced participants to the U.S. economic and political system, which gave the organizers a chance to explain management in a market system. Although the training sessions were tailored to suit each group's special requirements, they were typically introduced to the economic system, its legal aspects, capital and financial markets, marketing and the collective bargaining process, and international business. Accountants, on the other hand, spent the bulk of their time in learning about cost accounting, financial statements, including income, asset valuation, profit, and loss. In addition to faculty, presenters included attorneys, bankers, business people, customs brokers, and experts in such areas as Total Quality Management, etc.

We were surprised to learn from our guests their reaction to visits to local businesses, in terms of the relative differences in size. Many participants were managing enterprises larger than 30,000 employees, a size that is greater than the total population of Plattsburgh. While we had

expected to find productivity differences between the U.S. and Russian industries, we were surprised to learn from a few participants about the lower productivity of the Russian industry (paper and pulp) with the same technology and larger workforce. U.S. companies interested in conducting business with Russia went out of their way to establish contacts with some of the trainees, such as arranging transportation (company jets or helicopters) between Plattsburgh and their plants, or by coming to Plattsburgh from as far away as the U.S. west coast. The participants were equally eager to establish business contacts with U.S. companies. Finally, we were surprised to learn of Russian unfamiliarity with simple business terms (e.g., insurance), a crude indicator of the distance yet to be traveled by the Russian executives in learning to manage in a market system.

We also arranged visits to the homes of local residents as well as trips to local industries, accounting firms, and shopping malls to expose the groups to the marketing and distribution system. At the conclusion of the program, we arranged visits to the New York Stock Exchange and discussions with investment bankers in New York City. At the end of the training program, each participant received a certificate acknowledging his or her participation in the program.

Evaluation of the Training Program

Both the campus and its community benefited greatly from this experience. It was an educational experience for both the organizers and the participants. Stereotypes dissolved. The warmth and the generosity of our guests were impressive. Gifts were exchanged at every place visited between guests and hosts. They were eager to learn and were equally eager to share information about their country. Unfortunately, because of the language barrier, we were unable to expose them to a wider campus community, especially the students. In retrospect, we wish we had taken greater advantage of their knowledge by bringing them to our classrooms, student clubs, or seminars. While they were eager to venture on their own to explore the community, we were over protective in organizing their activities. It was also interesting that the groups were hierarchically organized. Every group had a leader who happened to be a government bureaucrat and was always accompanied by an assistant. In addition, before the first group arrived, the director of IBS, accompanied by a journalist, visited Plattsburgh and the campus. This helped him to advertise the program in Russian and gave us the publicity in that country.

In organizing the program, we were struck by certain facts about our own campus and community. We were surprised to learn of the large number of people from the community and campus who knew the Russian language, had visited that country, or could trace their roots to some of the Soviet republics. The community response to the visitors was very hospitable and warm. The marketing director of the shopping mall gave discount tickets and complimentary tickets to community events and concerts. Equally surprising to us was our discovering the number of talented folk singers and musicians in Plattsburgh. The campus food

service showcased their expertise by organizing every meal around a theme, which made many meals a festive occasion. As far as we are concerned, Plattsburgh has gained a lot of confidence about organizing such an international executive training program. The effort ultimately produced a small "profit" after we recovered our initial investment for "in-kind" personal services. Out of this experience has come the knowledge that our faculty and professional associates can organize and deliver a quality training program at a competitive cost. More importantly, it has helped us rethink our mission about our outreach activities. IBERT now focuses on international training programs as one of its primary concerns, in addition to teaching and research/scholarship, and in doing so, markets itself. Efforts are under way to conduct training in Plattsburgh for international executives or abroad by linking with foreign universities. Marketing trips for that purpose have been made to Poland, Chile, Singapore, Hong Kong, and India. Some foreign universities have also expressed interest in hosting international executives outside their country and the United States to co-sponsor other training programs.

Conclusion

International executive training has helped the School of Business and Economics and IBERT's faculty to renew and strengthen its commitment to international business education. Faculty transmit to our students the insights gained from their experience with Russian participants through classroom lectures, case analyses, and presentations, and the faculty's own scholarship and research. Publicity about the training program has given Plattsburgh greater visibility in the state university system and solidified its position in overseas international programs beyond Canada and Latin America. Finally, besides acting as good hosts, the Plattsburgh community got an economic boost from the Russian visitors. Estimates made by IBERT suggest that the program contributed over a million dollars of additional income through direct and indirect expenditures in the community. Besides paying for the cost of training, each participant spent roughly a thousand dollars on retail purchases in grocery stores, clothing, electronics, shoes, beauty and health care, and novelties.

There are a number of important conclusions that we can draw from our experience:

1. Metropolitan universities can compete internationally for training and grants.
2. A strength that institutions like ours can offer is the ability to translate theory into practice. Foreign countries, especially developing countries, prefer emphasis on application and practical training to endless lectures on theory.
3. These ventures can turn a profit—funds that can be reinvested in the university.
4. An American-style, "hands-on", practical education is, in a sense, an "exportable" commodity that brings economic benefit to a

community. Not only did one hundred Soviet managers spend a lot of money in Plattsburgh on consumer goods; their presence brought dollars to the community in the form of salaries for faculty and staff, fees, etc., that otherwise might have gone to another American city or even to another country. We competed, offered a quality "product," and helped both the campus and the greater region.

In summary, SUNY Plattsburgh's experience with the Russian Executive Training Program was positive in all respects. The experience has given a renewed sense of commitment to faculty, the college, and the community to international education. Above all, the training program, from its initial conception to organizing it and executing it successfully, has made Plattsburgh aware of its contribution to and the benefits of involvement in international development.

Suggested Readings

Gandhi, Prem P. *Canadian Investment in Northern New York: Effect of Free Trade on Investment Flows*. Plattsburgh, New York: Economic Development and Technical Assistance Center, 1989.

The Plattsburgh Plan, 1991–1996 and 1992–1997. Plattsburgh, New York: State University of New York Plattsburgh, Fall 1991 and Fall 1992.