

**GRADUATE SCHOOL OF CORPORATE MANAGEMENT
OF THE ACADEMY OF NATIONAL ECONOMY
UNDER THE GOVERNMENT OF RUSSIAN FEDERATION**

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Corporate training and companies' restructuring

Admission of Russia to WTO will become a *critical moment* for many Russian companies. Competitive entrepreneurship will be possible only for companies that will take into consideration not only specific character of the national economy but also modern international requirements and achievements in the field of management.

Restructuring of companies is the most actual problem of Russian industry. *Restructuring* must provide their investment attractiveness, effective use of resources, positive business image for the partners.

The main goal of restructuring under Russian conditions is transformation of an enterprise in its traditional meaning into a *market-oriented company*. What is a "post-Soviet" enterprise? It's a rather isolated economic body having at its disposal considerable material and labour resources, with internal system of natural exchange, weak connections with the external environment and weak reaction to changes in the business environment.

The main feature of such an enterprise is *irrational use* of not only own but also recruited resources. These enterprises practically do not use such an effective tool as outsourcing, concentrating all possible spheres of production and service in their structure. There is no rating of competitiveness of separate departments and technologies, staff consists of thousands of employees becoming very small wages.

We have to stress that new Russian companies in some cases also *copy* traditional obsolete forms and methods of management being successors of socialist enterprises.

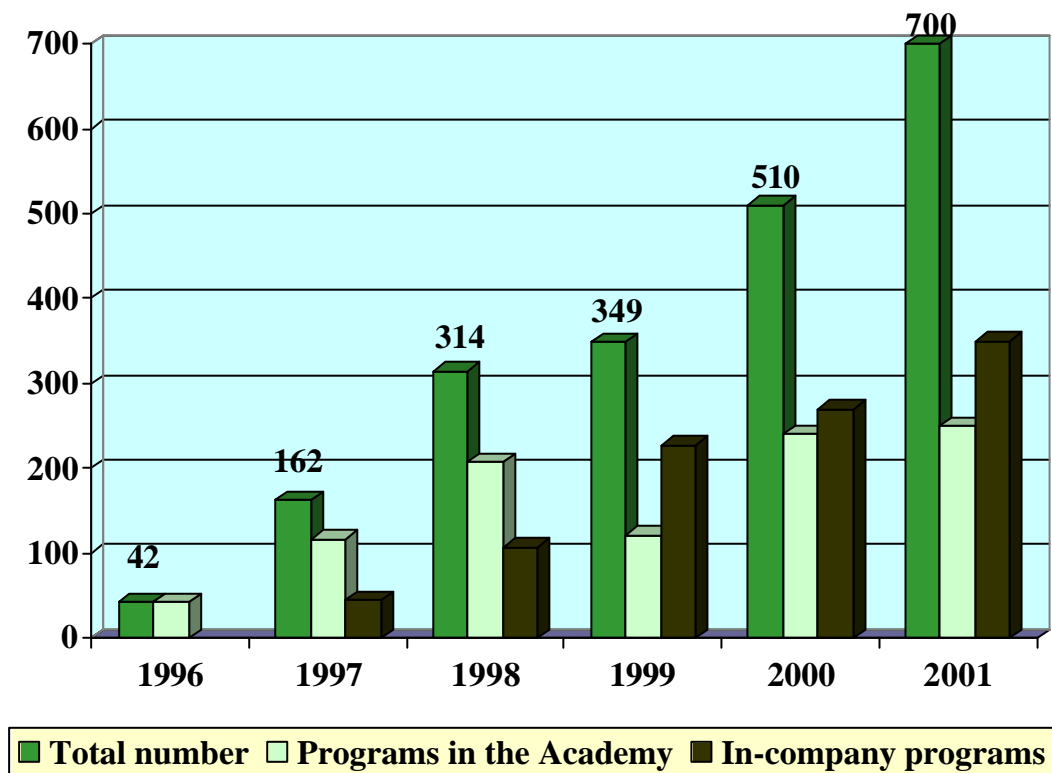
Many international organizations are striving to render consulting assistance to Russian businessmen, to facilitate the process of integration. But up to now one cannot say that this assistance has reached the recipient and has worked for the set purpose. The object of such actions- Russian management- was not ready to apprehend and to use effectively the given resources for development. On the other hand considerable part of money was spent for establishing all kinds of intermediate structures, for presentations, traveling expenses and payment for the work of consultants.

Today it is already clear- we do not need "surface polish" and "great" achievements; we need laborious "dirty" long work with real persons- managers and specialists of concrete enterprises. It is necessary to organize work in the sphere of education, discussion and solution of complex problems appearing in their working practice. In this case it is impossible to avoid staff reduction or its professional retraining, optimization of use of technological resources, legalization of new relations in the team.

This problem cannot be solved on impulse, by enormous financial investments, attraction of “super-consultants”. Managers should completely change their philosophy and attitude to work; step-by-step learning of modern methods and ways of managing a company as a single developing system is needed.

Investments in the form of new technique, equipments, technologies do not lead to a proper result because companies’ staff is not ready to use them. In this connection the role of *managerial team* of every company increases. It should formulate the strategy of business development, work out and realize the program of a company’s restructuring that will be the base for success on the world market, and do this independently, using the best world achievements.

A good illustration of this process is considerable increasing of demand for business education in Russia. Development of *corporate training* directly on territory of companies-customers of the programs has become a new effective field of activity.



Picture 1. Dynamics of number of students

Picture 1 shows the dynamics of number of students studying at the Graduate School of Corporate Management. You may see data concerning students who study in the Academy in the framework of flex and in-company programs.

Financial crisis of 17th August 1998 led to abrupt decrease of number of people wishing to study in Moscow due to the programs’ expensiveness. Despite the reduction of prices for in-Academy we did not manage to keep the number of students. At that time we

started the active promotion of in-company programs. Success in this field secured the growth of number of students.

We say with confidence that in year 2001 we have exceeded the before-crisis level in all criteria of business-education.

Corporate training has a number of certain *advantages* over the traditional form of training organization in different training centers. Let us point out the most important advantages:

- Solution of concrete problems of company's business development.
- Effective use of intellectual potential of a company.
- Maximal disclosing of available reserves and finding new possibilities.
- Forming a new team of managers and specialists able to find and settle problems appearing in- and outside the company.

The purpose of corporate training is real success of business.

- Program is composed in accordance with industrial and social specifics.
- Content of the program is adapted in accordance with problems that a company really faces.
- Stable competitive advantages are displayed and developed in the process of training.
- Gained knowledge and skills are immediately applied on practice.

For companies representing different branches of economy and forms of property process of restructuring can be considerably different, this really creates the basis for corporate training programs.

For example ALTAYENERGO company (Barnaul) faces a real problem of making considerable changes in the framework of the general restructuring program of the natural monopoly RAO EES. The emphasis of the corporate program is to work out development strategy and suggestions how to single out independent companies by types of activities, such as ALTAYENERGOSBYT.

Directly during the classes in KOSMI company (Moscow) the staff has formulated short and detailed mission and motto of company which were immediately used in advertising and exhibition actions. Having organized work in small groups according to fields of activity, the management of the company has got at the end of the corporate training program real suggestions how to change the organizational structure. As a result the elements of project structure in the company were introduced, an institute of executive directors – heads of large transparent projects- appeared.

Training is a symbol of changes.

Planning the reorganization heads of the companies begin to realize the necessity of principally new methods of personnel training directed first of all to provide the support of the programs of changes from inside, on the part of employees; to form corporate atmosphere of creation and initiative; to provide active participation of employees in the process of change.

The main goal is to develop corporate cooperation, to strengthen horizontal links in the company, to develop skills of collective decision-making, to be able to see new opportunities. Corporate training thus considerably influences the corporate culture of a company.

Quite often after the training on a corporate program companies of middle business radically change their ideology. NGT-ENERGIA company (Slavyansk-na-Kubani) functioning as a single enterprise with a typical line and staff structure, while training its leading managers and specialists on in-company program began to realize the necessity of giving more independence to departments. Besides, on base of the already received knowledge the competitiveness of already existing lines of business was estimated and new prospective directions were found. In one and half year after the completion of the corporate program NGT-ENERGIA became in essence a diversified holding company, increased its annual turnover nearly threefold. New achievements set new goals for the staff: the company starts a new corporate training program for managers of independent business units emphasizing learning and introduction of managerial accounting that enables to formalize and optimize economic relations inside the holding.

Corporate training saves company's resources.

In all branches and regions of Russia there is a considerable deficit of qualified managers. The biggest part of intellectual potential, leading business-schools, progressive experience is concentrated in Moscow- one of the most expensive cities of the world. Companies when sending their employees for training are to bear serious expenses connected with

- transport;
- accommodation in Moscow;
- replacement of staff leaving for training by other employees.

Direct in-company training considerably (usually twice or more times) reduces these expenses for training of each employee.

What are the specific features of the process of development and realization of a corporate training program for a Russian company?

The distinction of Russian management is that top and middle managers as a rule have degrees of engineers (or other) and do not have economic and managerial education. In the framework of our programs the number of students with degrees in technical sciences amounts to 80%. Consider this the specific character of corporate training's content and organization is formed.

Main fields of training involve all most important spheres of management, such as:

- General and strategic management
- Management of change
- Personnel Management
- Marketing
- Business-planning

- Finance and managerial accounting
- Business Law
- Corporate culture

Form of organization of corporate training considerably differs from the traditional one. It is a long multi-stage process:

- Beginning: diagnostic, studying of company's problem zones and requirement in training of separate staff groups.
- Next, the adaptation of training programs to real conditions and organization of classes follow.
- Corporate training is impossible without introduction of knowledge and skills into the practice and analysis of results of this introduction.
- Strategic goal of the organization of corporate training is transformation of a company into a self-learning organization.

Modern situation requires progressive knowledge and skills to be quickly applied by ***big groups*** of people in the company.

- Corporate training creates ***islands*** of employees of "new type" (1-2 groups of 20-30 people).
- Educated people create interest for new knowledge- these are "islands" of ***new business ideology***, new approach towards work.
- From the point of view of company's long-term interests preparation of internal "multipliers" is most effective. Dissemination of knowledge allows the company to make fresh material a part of corporate culture as a whole.
- Multipliers must organize on constant basis and manage the system of corporate seminars: here is a transmission of progressive knowledge and analysis towards ***concrete working places***.

"Training through action"- that is the principle of corporate programs striving to inculcate a taste for everything new, for self-renewing, for self-improvement.

At Novolipetsky metallurgic plant managers of leading production departments have become such a group. MGTS company has made from the staff of financial, planning and economic departments a progressive group that assimilated new methods of management, then followed training of a group of the company's top-managers.

In small companies it is possible to conduct simultaneous training of the whole managerial team. That is why the first results of application of modern management methods already show themselves in the process of training. KARTONTARA company (Maykop) during a year survived a cardinal restructuring, while top-management of the company has been trained on corporate program. As a result marketing department was created, the most modern equipment for processing of recycled resources was purchased, old industrial site was disposed, the participation in political life of republic was intensified.

The most important question for an enterprise is ***to choose a right trainer***. Corporate training is impossible without ***outsourcing*** in the form of involving of a specialized training institution (or a number of institutions). In Russia the system of business-

schools able to conduct direct in-company training is under the process of formation now. Such business-schools should be able to work out and realize training programs adapted to the real business conditions and to take into consideration the specific features of a concrete company.

Graduate School of Corporate Management has been conducting corporate programs since year 1996. More than 600 top-managers and specialists of companies representing different regions and branches of economy of Russia have graduated from our programs and are being trained now.

We offer corporate training in two general forms:

- Training of key managerial staff on ***complex long-term program***.
- Organization of ***short-term specialized business-trainings and seminars*** directed to settle special local problems that periodically appear as the business develops.

Corporate training is a rush-developing branch of business-education. It attracts the interest of companies representing such branches of industry that are “points of growth” of Russian economy. Among our corporate partners in year 2000/2001 there are constructing and oil-industry companies, telecommunication and energy companies, machinery-building plants and publishing houses.

In particular, our largest and most interesting partners are Novolipetsky metallurgical plant, ALROSA Diamond Company, Almetievsky pumping plant, Moscow city telephone net.

I am sure that further development of corporate training programs will considerably contribute to the development of management and competitiveness of Russian companies. These programs play “rehabilitating” role for companies that have survived after the “shock therapy” and help to create conditions for investment attractiveness of companies.