



TACIS Project:

Master manager

**„Strengthening the strategic starting position
of small enterprise creators,
especially in the crafts sector
in Kostroma / Russian Federation“**

Project documentation

EUROPEAID CO-OPERATION OFFICE

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MASTER MANAGER

„Strengthening the strategic starting position of small enterprise creators, especially in the crafts sector in Kostroma / Russian Federation“

Duration: 19.12.2002-18.12.2004

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1. Initial Situation

The presented project is based on the preceding collaboration of the Münster Chamber of Handicrafts and the Centre of vocational and further education Kostroma / North Rhine-Westphalia in the sphere of professional training and raising the skills' level, where first of all practical training was communicated and a specialist's certificate was given out. But for creating a business and managing it such qualification was not enough.

The formation of a class of entrepreneurs is necessary for the creation of stable market-based economic structures, for until now a lot of emphasis has been placed on the large concerns of the planned economy which do not, however, have the means to invest and are consequently becoming increasingly run down. If they are not supplemented by new enterprises, there is a risk that many industrial ventures will founder. The project is to provide targeted support to identifiable enterprise creation initiatives.

The creation of new enterprises must at the same time be supported and made possible by the creation of suitable general political conditions. The project should be accompanied by the development of an awareness of enterprise creation at a regional political level and by the introduction of regional conditions that encourage the creation of new enterprises. In this way the project could contribute towards forming a stable foundation for the creation of market-based economic structures.

The Kostroma area has been chosen for the project not only because of the existing industrial ventures. Kostroma is also an area with far-reaching economic prospects. The city of Kostroma was founded as far back as the 12th century, which makes it one of the oldest towns in Russia. This and its location on the Volga give it a good basis for a diversified economy by developing tourism and culture. For centuries the city and surrounding area has also been a major trading centre. This means that there are good transport links and it is only a few hours' drive from Moscow. This, too, supports an economic development with great prospects.

For this reason foreign companies have already become established in the region, for example the Swiss company Kronospan which processes wood into chipboards. The mechanical engineering firm Thier from the region of the Münster Chamber of Handicrafts also has a plant in the Kostroma area. Other businesses are expected to follow in the longer term, for example in processing wood into furniture or other products.

These favorable economic conditions were the reason why the state of North Rhine-Westphalia already started to promote economic and cultural cooperation between the two areas at the beginning of the 90s. Since then, many meetings at a senior political level as well as exchanges of entrepreneurs and specialists have taken place.

Since vocational training is an important basis for economic regeneration, the Centre of vocational and further education Kostroma / North Rhine-Westphalia was established by the Kostroma city / regional authorities and the State Chancellery of North Rhine-Westphalia in 1995 in accordance with the agreement of 30 September 1993. The Training Centre of Münster Chamber of Handicrafts is a permanent partner for the long-term implementation of this cooperation.

Since it was established, approx. 4000 young people have so far received a vocational education with internationally recognized certificates in the Centre of vocational and further education Kostroma / North Rhine-Westphalia. The training included the following trades that are so important to the region: machine operators, fitters/ plant mechanics,

electric and gas welders, motorized lathe and milling machine operators of CNC-controlled machines, car mechanics etc. For business-related subjects, a training firm has been working in the Centre for four years. It has 15 -18 students and is the only one in Russia to be a member of the European association of training firms.

One of the remarkable features of the Centre of vocational and further education Kostroma / North Rhine-Westphalia is its close cooperation with the businesses in the region. This allows it to identify the training requirements of the economy and to tailor the content of training courses precisely to the requirements of the local and regional economy.

To begin with, the main emphasis of its work was the development of technical qualifications modeled on those of German skilled tradesmen. In the meantime, the development of entrepreneurial qualifications has proved to be a bottleneck for the regeneration of the industrial landscape and the creation of medium-sized enterprises, which must be tackled as a matter of urgency.

A good model for the development of such skills is the master craftsman's qualification in Germany, which combines practical and theoretical knowledge of a particular field with a knowledge of business and market economics. The Training Centre of the Münster Chamber of Handicrafts has considerable know-how in teaching such skills as it has been successfully training entrepreneurs for years. This know-how is to be transferred and tailored to Russian conditions.

The target groups for training as entrepreneurs are the graduates of the Centre of vocational and further education Kostroma / North Rhine-Westphalia and the Kostroma Technological University. They have good knowledge of their trade in terms of practice and theory, but no knowledge of business management.

The establishment of the "entrepreneur" qualification not only fulfils an important requirement for the development of new enterprises, but also fills the gap between vocational training and higher education in the labour market.

2. Goals of the project

There are not enough small and medium-scale enterprises in Kostroma, which provide the base for the steady development of market economy. One of the reasons for this gap is a huge lack of knowledge in the sphere of economics and organization of production, which till now was an obstacle on the way to creating new enterprises. The declared project must provide training for potential businessmen, willing to create and manage enterprises in Kostroma, according to the European standards. The major directions of the training are the knowledge of production and economics such as production management, business accounting, staff management, law and marketing. In the project the conceptions and curriculum must be developed, also the training course must be fulfilled. The further goal of the project is to attract attention of all the political partners to creating small business and to improve the legal conditions in order to create favorable conditions for shaping the structure of small and medium business.

Partners in realization of the project, financed by the European program TACIS, are:

Applicant:

The Münster Chamber of Handicrafts

General partner:

The Centre of vocational and further education Kostroma / North Rhine-Westphalia

Co-operation partner:

- The Regional Administration of Kostroma
- The Kostroma Administration
- The Kostroma State Technological University
- The Kostroma Employment Centre
- The Kostroma Chamber of Commerce and Industry

Support:

The State Chancellery of the government of North Rhine-Westphalia

The goals of the project can be summarized in the following way:

- Economics and organization of production training for multipliers and potential businessmen in Kostroma
- Creating enterprises in Kostroma
- Improving the legal conditions for potential businessmen in Kostroma

3. Plan of action

To achieve the goals of the project partners have submitted and implemented the following activities:

Date	Activity	Location	Implementing body
30./31.01.03	Briefing for the project managers + Opening conference (compulsory) <i>(1 Pers. HWK+1 Pers. AWZ)</i>	Brussels	EU-Commission
09.-12.02.03	Preparatory talks about the aims, tasks and results of the project <i>(2 Pers. HWK → Kostroma)</i>	Kostroma + Münster	HWK + AWZ + Partner in Kostroma
April 2003	Identification of the most important trades for the master manager qualification, criteria for the choosing the candidates; discussion about the content plan for the training of Russian lecturers <i>(2 Pers. HWK → Kostroma)</i>	Kostroma	AWZ + HWK + Partner in Kostroma
Till 15.06.2003	Development of a content plan for the training of the Russian lecturers	Münster	HWK
	Recruiting 3 Russian lecturers for the training course in Münster	Kostroma	AWZ
End of June 2003	Exact co-ordination of a content plan for the training of Russian lecturers <i>(2 Pers. HWK → Kostroma)</i>	Kostroma	AWZ+HWK+ Partner in Kostroma
September 2003	The first part of the training course for the Russian lectures (Law)	Kostroma	AWZ / University
October – November 2003	The second part of the training course for the Russian lectures <i>(3 Pers.+ translator → Münster)</i>	Münster	HWK
	Preparation of Mid-term conference with all partners	Münster	HWK + AWZ
28.11.2003	Conference with all partners <i>(10 Pers. → Münster)</i>	Münster	HWK + AWZ
01.12.03 – 31.01.04	Development of a content plan for the master manager qualification; planning and choosing the participants	Kostroma	AWZ + University + Partner + HWK
01.02.- 31.07.04	Implementation of the training course master manager	Kostroma	AWZ + University
End of July 2004	Final examination of the training course master manager <i>(1Pers. → Kostroma)</i>	Kostroma	AWZ + University + HWK
End of July 2004	Closing conference (compulsory) <i>(Kostroma:2 Pers. → NIS, Münster: 2 Pers. → NIS)</i>	Kiev	EU-Commission
August – November 2004	Creation of small enterprises, coaching of the new entrepreneurs	Kostroma	AWZ + University + Partner
November 2004	Evaluation of the complete project and the activities; Revision of the content and methodology	Kostroma	AWZ + University + HWK
November 2004	Closing conference with all partners + documentation	Kostroma	AWZ + HWK

4. Results of the activities

Fortunately, all the activities within the project have been realized according to the plan, what can be explained by thorough preparation and transparency of all the partners' participation.

4.1. Results of the activities of the first year of training

The plan of activities witnesses that, within the first year of training primary obligations were on the Münster Chamber of Handicrafts.

4.1.1 Preparations and development

At the opening conference of the European Commission in Brussels in January 2003 the representatives of the projects taking part in the TACIS program were explained one more time the global aims of the assistance Programme, namely, helping during the process of transition to the market economy and democratic society in the Commonwealth of Independent States (NIS).

At the meeting in Kostroma in February 2003 the goals and activities of the project were agreed with all the partners. All the partners confirmed one more time that the creation of small enterprises in Kostroma and the Kostroma region gives new impulse for economic development. The Governor promised to support the goals of the project on the political level, meaning to create positive legal conditions for business foundation.

During the next meeting within the project in April 2003 the most important trades for the "Master manager" course were identified (e.g. wood processing, automobile business, metal-working, textile manufacturing). Also the criteria for selecting the candidates for the training were defined. Besides, 3 lecturers were picked for taking the preparatory training course in Münster, and the demands for the course contents were discussed.

Within the next months the Münster Chamber of Handicrafts developed the Curriculum for training the Russian lecturers in the field of economics and production organization, which was discussed finally and in detail with the lecturers in June 2003. The Curriculum includes the following topics: methods and didactics, business accounting, business establishment, marketing, staff management, planning and organization.

The lecturers studied the first part of the training – module "Law" – in the Kostroma State Technological University. In October-November 2003 the course on economics and production organization was conducted at the Münster Chamber of Handicrafts. The training was successful, because the participants were interested in studying the offered topics and were, in general, very grateful for the given opportunity to take part in the training course.

4.1.2 Intermediate results

At the conference 28.11.2003 in Münster, in which all the German and Russian partners took part, the intermediate results concerning the planned and achieved goals were heard. The detailed minutes of the meeting is presented in the Appendix.

The partners in the project realization attained the following agreement about supporting the project and the potential businessmen during the 2nd year of project:

Münster Chamber of Handicrafts and
Centre of vocational and further education Kostroma / NRW

- realization of the activities plan

The Regional Administration of Kostroma

- Legal support with provision of premises, equipment and loans

Kostroma Administration

- Preference to the “Master-Manager” course graduates when providing land
- Provision of credits and covers

The Kostroma State Technological University

- Provision of its own infrastructure
- Know-how within its Business Centre

Kostroma Employment Centre

- Financing the training for unemployed in the training course for potential businessmen

The State Chancellery of the government of North Rhine-Westphalia

- Helping with purchasing the equipment not provided by the TACIS program
- Consulting and supervision in the project realization

The indicator of the project’s success was to be the establishment of small enterprises in Kostroma.



Conference, 28.11.03 in Münster

4.2 Results of the activities of the second year of project

The activities during the second year of the project were concentrated on educating the potential businessmen and their establishing enterprises in Kostroma.

4.2.1 The way to creating a small business

After finishing the training in Münster, the Russian lecturers developed a curriculum for training the potential businessmen in Kostroma in economics and production organization, consisting of 340 hours of training. The Commission, consisting of the Russian partners, selected qualified participants from 65 applications for taking the course. Thus on 16.02.2004 a group of 15 members could start the 5-months-long course.

Within the course German businessmen did the coaching for the participants. Representatives of 5 enterprises from the region of Munster stayed in Kostroma supervised by the Chamber of Handicrafts from 17 till 21.05.2004. The further goal in negotiating with the senior representatives of the politics and economics in Kostroma was obtaining the information concerning the legal and administrative conditions for creating a small business and positively influencing it as well. In the course of discussion with the potential businessmen and the lecturers, information about the intentions of the businessmen, concerning creating business was obtained and talked over.

During the presentation and discussion of separate small business projects, it became evident that young businessmen in the Kostroma region circle in the environment, which in most cases appears to be problematic. First, there is lack of money. Interests on credits for buying land are nominally and materially high. That means that only the projects with a high enough level of the expected income get a chance, and long-term investments with belated amortization are hard to be fulfilled. Still stiff bureaucracy is also responsible for the problems in production allocation. Not enough land areas and premises are provided - it is often hard to get permissions, regulating construction, exploitation and other admissions. Besides it has become clear that lack of services in training and raising skills often prevents creation of small and medium-scale business. Numerous participants encountered the obstacles while trying to equip their enterprises with know-how and looking for qualified staff. Apparently the lack can be explained by the priorities of Moscow and the Moscow region, where one can find many offerings in the sphere of training services. Taking this into account during the discussion it became evident how significant the creation of the Centre of vocational and further education Kostroma/NRW and the "Master manager" project was for the participants. Without these activities many undertakings in creating enterprises would not be realized.

On the whole, despite the difficult frame conditions, the assessment of certain projects by the German representatives was positive. The participants revealed high motivation and started fulfilling their plans creatively and purposefully. The corresponding target markets were chosen thoughtfully, the calculated chances in the market were in most cases convincingly proved. As far as the optimal market cultivation, during the discussion many decisions for the further marketing strategy development were found. In the centre of attention were the questions about offer and price formation, suitable markets, and also ways of displaying and suitable advertising campaigns.

The high motivation of the students, pleasant in itself, became a reason for a further heated discussion. In some cases, the German experts got an impression that the potential businessmen willing to be praised intended to offer a client a universal way out, too much at once. Therefore in such cases it was recommended – taking into account the mentioned financial problems – to reduce the sizes of the projects, concentrate on the primary references and try to avoid plentiful continuous expenses. Taking into account that there is a tendency among clients to get service “from one hand” in Russia as well, the topic of cooperation was intensively discussed.

Final examinations were held in the period from 26 to 29.07.2004. The Examining Board consisted of the representatives of German and Russian partners, who jointly examined the 15 students. The main goal at the examination was to present a business plan and answer specific questions. The 15 students were presented the certificates awarding the title of “Master manager”, given by Centre of vocational and further education Kostroma/NRW and the Münster Chamber of Handicrafts.

Within the following two months the lecturers and Russian project realization partners supported the graduates in realization of their projects. They had to deal with the numerous problems and questions named above in connection with the coaching, conducted by German businessmen.

4.2.2 Closing Conference

Closing conference with the participation of all the project realization partners was held on November 11-12, 2004 in Kostroma. The detailed protocol of the session is presented in the Appendix.



Closing conference in Kostroma, 11.-12.11.2004

5. Evaluation

On completion the project, the process of development and leading a training course for multipliers and potential businessmen was assessed (see Appendix).

6. Prospects

All the project realization partners intend to conduct the developed and approved training course "Master manager". But financing of this course is a big problem. Still, with the purpose of training other young people to create their own business and supporting them, the Münster Chamber of Handicrafts offered during the closing conference to undertake one third of the further "Master manager" course expenses on condition, that at the same time the Regional Administration of Kostroma the State Chancellery of the government of North Rhine-Westphalia will take part in it at the same time. Verbal consent from the Kostroma region Administration was received; therefore, the hopes for continuation of this successful course are quite justified.

15.12.2004
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