

Training in Transition Economies

By Christine R. Schrage and Allen Jedlicka

Here's a story of one training experience in a post-Soviet setting,
with lessons for teaching new global concepts.

Thirteen eager Russian managers sat in the drab surroundings of an old plant facility in Tashkent, Uzbekistan. They had just finished an intense three-week training workshop on Western marketing principles. The table at front of the room was covered with food and drink, typical of Uzbek celebrations. With great intensity, the managers filled out the evaluation form—a task taken very seriously as it was a new experience for them to be asked for their opinion.

The emotional graduation was videotaped by Tashselmash, the company where the training took place. It was to become part of Tashselmash's history as the first such training provided by an American businessperson. Each participant came forward enthusiastically to receive his or her certificate of completion, which had been translated into Russian.

Even though most of the participants understood only a few words of English, all wanted my [Schrage's] signature in English, not in Russian as I had planned.

Transition economies are truly different environments—uniquely naive of what developed countries accept as commonplace. This knowledge gap can play a role in the day-to-day training experience, which makes the effort both challenging and exciting. In the scenario just described, the company, Tashselmash, is a 70-year-old farm equipment manufacturer that supplied the former Soviet Union with cotton harvesters. Before the independence of the Republic of Uzbekistan in September 1991, the company was considered a premier industrial facility. However, by Western standards, the facilities are primitive. The classroom is located on the third floor of a

drab concrete high-rise office building characteristic of typical Soviet “realist” construction. Like most firms in Uzbekistan, Tashselmash was in a state of transition from total state control to private ownership.

The corporate culture within the post-Soviet transition economy in particular is difficult to describe. Still tainted with a Soviet style of bureaucracy, executives are struggling to cope with the transition to a market environment. In the past, production levels had been by government dictate, and a company had no responsibility for distributing or marketing its products. These post-Soviet companies realized that they had to become self-reliant, and staff were eager to learn Western marketing and business practices. Therefore, the need for training was imperative.

I was working on research in marketing and cross-cultural issues at the time and was contacted to serve as the instructor, and I agreed to work with Tashselmash executives. In January 1997, two Uzbek company representatives laid out their needs and desires for training in marketing. Managers from several departments would be the target audience, with the intent that the training would help them transform the company from a state-controlled entity into a self-marketed firm ready to deal in a competitive global market. My objective for developing and conducting the workshop was to gain an understanding of Uzbek culture and serve as a bridge in the company's transition toward privatization. Allen Jedlicka, who has worked in more than 30 developing economies in Latin America and Africa, would serve as an advisor to the project.

The new capitalism

As executives in former centrally planned economies enter the brave new world of global competition, it's necessary to learn basic Western marketing principles, even if they choose later to modify or replace them with other approaches. But it's not easy to teach marketing to people who have rarely even seen an advertisement. In the United States, one can identify a whole gamut of products by a slogan or catch phrase. Those examples don't exist in transition economies. The Pillsbury Doughboy and "Get a piece of the Rock" don't translate well. In particular, some concepts didn't mesh with Uzbek culture. For example, "ring around the collar" isn't an obsessive concern of Uzbek people.

Because the postal service and telephone infrastructure in the former Soviet Union were very unreliable at the time (and to an extent still are), a concept such as direct-mail marketing was difficult to explain. Consequently, the course focused on understanding basics of the marketing four Ps: product, promotion, place, and price. A government organization for 70 years, Tashselmash was told what to produce, how much to produce, and when to produce it. If the company was lucky, the government paid it an "acceptable price" for the product, which more or less covered the costs. The company didn't have to set up a distribution network to move products to

Keys to Success in Transition Training

- Meet with the company's training coordinators to pinpoint the specific needs of the group and to verify commitment to the training process.
- Work with the interpreter about the training content ahead of sessions to avoid misunderstanding of material.
- Provide handouts for future use as reference; include copies of overhead slides.
- Use videos as much as possible to exhibit examples from a market-economy perspective.
- Use real-life business examples participants can relate to, drawing on their realm of experience.
- Respect participants' viewpoints, and present material with the intent to broaden understanding, not dictate that the Western way is best.
- Research the training style and methods the group is used to.
- Dress and act in accordance with the local culture.
- If possible, don't conduct sessions at the plant site (to avoid interruptions) or late in the day when participants are tired from working.
- Plan for anything to go wrong; when it does, be patient and flexible.

customers, price products to make sure they were profitable, or determine what products to produce to maximize profits or satisfy a critical client base. Most of all, it definitely didn't have to promote the products. Even the basic economic law of supply and demand was totally new. The law Tashselmash understood was that what the government demanded, the company supplied.

To be able to market products to customers other than the Uzbek government, Tashselmash's managers needed to learn how to find out what other customers wanted and expected. Quality had never been an issue before. When agricultural equipment broke down, the operator often just parked it and waited for a new unit to be brought in. Class discussion indicated that the Russian managers truly didn't understand the impact of quality products in a global market.

Other important subjects were market research and customer service. One evening, we asked the managers to design different types of customer-survey questions and discussed the next day how to make the questions more relevant. That was a particularly exciting exercise for the class. The managers weren't used to being asked for their opinions nor were they used to being able to respond openly. But in the security of the classroom, the open dialogue provided an avenue of participative learning never experienced before.

The idea of using customer complaints as feedback for making improve-

ments was hard for the managers to accept at first. The former Soviet way was never to admit a problem existed. That mindset made it difficult for the managers to be able to admit that other people might have a better idea or opinion. Learning that "the customer is always right" is typically a stumbling block for transition companies.

Pricing products can also be a difficult task for transition executives. Most have little insight into the effect price has on product demand or how supply in the market can affect price. That basic principle of elasticity of demand was difficult to explain at first. But using several examples of some high-priced consumer goods, I was able to make the concept understandable, as well as emphasize the importance of consistent, fair pricing in retaining customers in a competitive global market.

Place or distribution networks and marketing channels were also foreign to the Russian managers—and something they wanted to learn. In past Soviet times, distribution meant that the government took cotton harvesters from the plant in Tashkent under the machines' own power or by train. The managers acknowledged the need for setting up a system of dealers and salespeople to encourage the direct sale and export of their equipment.

Promotion was the most intriguing aspect of marketing for the managers. Recently, small billboards were appearing on major roadways. Some advertising was



In earlier research, I'd become aware of the cultural aspect of "saving face" in Uzbekistan. For many years, these managers were considered experts in their field within the Soviet world. Suddenly, they had to compete with Western executives operating with high-level skills and technology. Some of the Russian managers experienced extreme blows to their egos and continue to have difficulty accepting the fact that they are no longer considered the best in their field. It was necessary for them to learn new concepts in order to compete in a new economy. Consequently, we structured lectures to allow the managers to digest and accept new information, without putting down the old system.

One day, a manager made a general statement about break-even points. In trying to make sure other participants understood the information correctly, I contradicted the statement and inadvertently caused the manager to "lose face." In reaction, he retreated emotionally for the rest of the session by setting his jaw and refusing to look at me. Consequently, I became intensely aware of the need to use gentler approaches to handling misunderstood concepts—such as asking questions that guide participants to the correct information.

To say the least, there were many day-to-day challenges. Though I learned some of the Russian language, I wasn't fluent enough for training without an interpreter. The communication was especially challenging because marketing terms don't translate well into Russian. To make sure that we used time wisely during training, the interpreter had to understand the terms and ideas prior to the session. A particularly difficult example was how to translate "repeat business." So, I wrote out lectures to go over ahead of time with the interpreter.

In the United States, presentation equipment technology is usually provided at company training sites. However, in transition countries basic equipment is often unavailable. So, we had to borrow an overhead projector daily. We were promised a good screen for viewing overheads but were delivered an unusable screen. The blackboard was a piece of rough-grade plywood painted black

done in the few newspapers and magazines. The use of videos for marketing, however, was a totally new concept but one that excited the Russian managers.

The language difference made it difficult to explain "hooks." "Winston tastes good like a cigarette should" doesn't translate into words that have the same impact in Uzbekistan. But by the time the workshop had reached the subject of promotion, the class had become very open in discussion, making it easier to explore promotion in spite of the lack of references for the managers.

For example, a discussion on using small replica toys of farm machinery as promotional items drew considerable interest. I related how an Iowa toy manufacturer had reduced blueprints of full-size farm equipment to develop miniatures. The managers discussed how Tashselmash could do the same with their cotton harvesters—for promotion and for sale as children's toys to expand its profit potential.

The training

In the United States, presenters usually stand. In Central Asia, instructors sit. The Russian participants didn't understand why I wanted to work from a lectern. It's also easy to lose credibility



The Uzbek people were eager to do whatever possible to assist me. Despite the difficulties, we accomplished all of the training goals.

or turn off participants by violating a cultural taboo. For instance, due to the historical status of women in Uzbekistan, I (as a woman) dressed conservatively every day of the training, and everyone wore business attire during planning sessions. A positive article in the local paper about the training program added to its (and my) credibility and acceptance.

and mounted on a primitive (but usable) wood stand. The time-consuming daily search for an extension cord finally ended when I brought one in.

I presented a daily outline with the main subjects in English and Russian. Participants heard both languages in the workshop and will hear both in future business situations. They kept notes and handouts in a three-ring binder that I provided. Months later, the managers say they still refer to it.

Another challenge was having to conduct the workshop in the afternoons after managers had spent all day working. It was essential to keep the flow moving and stimulating, though the translation time made that somewhat difficult. One way to keep participants focused was to mix open discussion with lecture. I used exercises in class and as homework. The next day, the managers would share what they did, followed by class discussion, assessment, and encouragement.

One day, the power shut off five minutes into the lecture. There was no air-conditioning (the temperature was 112 degrees Fahrenheit), and the overhead projector couldn't be used. When we opened the windows, the street noise was disruptive. The managers just shrugged their shoulders and said the company hadn't paid the utility bill.

Another challenge was the daily fiasco of trying to find the key to the training room. Classes routinely started late the first week while people ran around frantically trying to find the key. Ultimately, one young man took responsibility for making sure the key was available and the room was unlocked 15 minutes ahead of start time. That allowed for set-up and lessened my stress.

Though some of the experiences were frustrating, the enthusiasm of the participants more than compensated. Because I had lived in Uzbekistan, I understood there could be technical difficulties and tried to plan for them. Fortunately, the Uzbek people are innovative with what resources they have and were eager to do whatever possible to assist me. Despite the difficulties, we accomplished all of the training goals.

The graduation ceremony included toasts and gifts. I was touched by the glowing tributes, simple tokens of flowers, and an Uzbek ceremonial cap. One participant broke with Uzbek tradition

An Update

Case Corporation agreed to a second joint venture project for the firm Tractors Now, and last year's production went well.

There is still some political unrest in Uzbekistan, depending on one's views. Some people think President Karimov isn't moving fast enough to modernize the economy.

Most of the companies there keep track of what is happening in the political arena but continue on with their plans to make the transition to a market economy. The biggest problem is still the lack of understanding among middle and lower managers of a market economy system. More training is needed for the transition to move faster and more effectively.

and kissed me (a female) once on each cheek as is the custom.

It isn't easy to change the mindset of transition executives, having never been part of a global market economy. There is no guarantee that training is going to be a sure bet, especially when industry leaders in those countries--despite the fact that they're some years into the transition economy--still don't completely understand many concepts of a global market economy. Follow-up training will be the key for substantial long-term changes. One thing is certain: The young management trainees in my group embraced the information more passionately than did the older managers. It's reasonable to believe that those younger managers will dominate future leadership positions at the company.

The Russian managers brought several months later to the United States by Case Corporation, a partner in the training venture, were amazed at the amount of technology and equipment used in production and design. That reinforced the reality that they face a competitive, market-driven world. □

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