

From Pioneering to the Prime
Organization

New Demands on Management
Development Institutions

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My generation (of present sextagenarians and older), as well as those who are currently in their forties and fifties have witnessed tremendous transformation in Central and Eastern Europe in the recent 20 years. Political and economic systems have changed, new countries have appeared on the map. These transformations have been accompanied by revolutionary changes happening worldwide, namely:

- Globalisation;
- Ease of migration within the ‘Western’ civilisation;
- The development of the Internet (a revolutionary change in communication).

The Persons who founded CEEMAN 15 years ago and CEEMAN members have not been passive observers of these changes. Very often, they acted as creators of changes not only in the field of higher education.

I do not have sufficiently precise information to describe the situation in the whole Central and Eastern Europe in reference to changes in higher education, in particular in educating personnel for the economy, therefore I will focus in this presentation on the situation in Poland, treating it as some form of a

LABORATORY.

I hope that some conclusions will be of use to the audience.

Poland of the early 1990s from the perspective of a person establishing a business school (1)

- The emerging market economy which needed hundreds of thousands new employees with qualifications had not been taught before;
- Nearly empty market niche of management education and training (before 1990, Poland had 5 state academies of economy and several departments of economy at universities), and the number of business students amounting to 24 000.

Poland of the early 1990s from the perspective of a person establishing a business school (2)

- Coming of age of more numerous populations of the demographic boom of the 1980s (the baby boom peak entered tertiary education in 2002);
- Very low rate of university education - the so-called 'the scholarisation index' of (10%) with a great demand for educated personnel;

Poland of the early 1990s from the perspective of a person establishing a business school (3)

- Very liberal Law on Higher Education allowing to establish private institutions of tertiary education;

As a result

- Each innovative or interesting initiative bringing commercial and organisational success in this area.

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The effects were visible very soon (1):

The academic community responded to the needs of the economy very fast and in an entrepreneurial manner

To date:

- 325 private institutions of higher education have been established, including 90 business schools;
- departments of management and/or economy have been opened in almost all state universities (excluding art and medical academies);
- Additionally, 35 state higher vocational schools have been established;
- A new big market segment of training companies has appeared.

The effects were visible very soon (2):

- At present, almost 2 million (1941 445) people study at higher education institutions and the scholarisation index has exceeded 49,9 %; including 406 171 students of management and related fields.

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In my opinion, the year of 2004 marks a clear end of the pioneering period of founding institutions and their easy growth and the beginning of a new stage, which can be defined as the stage of a mature education market or a stage of dramatic change.

Why ‘dramatic’? Because (1):

- Less numerous generations of the population decline enter universities (the number of students in Poland will fall to 1.0 - 1.2 million people);

Why 'dramatic'? Because (2):

- Poland's accession to the EU opened up all European universities to Polish students and gave access to the European funds (especially European Social Fund), which has turned the market of training and post-graduate programs up-side down;
- Private higher schools in Poland must still compete with state universities which offer free programs for a growing number of students.

Poland is entering the period in which:

- The majority or as many as 90% of private institutions of higher education may disappear;
- The competition for each new student is becoming more and more fierce.

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What, in these circumstances, is left to do for the institutions, their leaders and the persons who founded them in the early 1990s?

There are several potential solutions:

1. The easiest solution is to give up and wind down the institution's operations.
2. To use the brand, organisational experience and faculty and focus mainly on continuous adult education (post-graduate programs, training, consulting etc.)
3. To continue the path of building a prestigious academic institution (with a growing focus on scientific research)
4. To move forward by searching for a new niche and competitive advantage in the new circumstances.

‘A snapshot’ of the present situation of WSB-NLU in Nowy Sącz (1)

1. The Founder’s basic innovation in 1992 - to establish a private business school which would transfer American know-how, curricula and organisational culture into the Polish reality;
2. The school remained located in a small town, far away from traditional academic centres and had to develop its own faculty fast (more than 80% of faculty employed exclusively at this institution);
3. In the 1990s, it was the only private Polish higher school with the number of full-time students dominating the student body. 60% of them came from other regions of Poland.
4. In the early 21st century – developing programmes offered in English and opening new majors (political science, psychology) apart from the still dominating programmes in management and computer science.

‘A snapshot’ of the present situation of WSB-NLU in Nowy Sącz (2)

5. The School soon gained a prestigious position and ranked high by building a strong and widely recognised brand among the business and political community as well as in media and recently, also in the academic community.
6. To date – tuition constitutes the major source of revenue (exceeding 90%), resulting in very strong co-dependence of the School’s financial situation on the enrolment.
7. Completing the construction of the high quality campus and facilities in 2003.
8. The School is clearly student-focused: educating students (developing their knowledge, skills, attitudes) constitutes the major element of the School’s mission.

New facts

Since Poland joined the EU in 2004, WSB-NLU, as a school offering American educational standards and diploma, has faced severe competition from European universities (mainly British) due to the strong zloty and the fact that the tuition paid by WSB-NLU students has become equal to what students pay for education in the UK.

The effect- a significant drop in the number of full-time students

Reaction

We tried to react to this situation by increasing our efforts to attract foreign students (from China, Ukraine, Belarus). Our activities, however, proved very difficult due to the EU and Polish visa policies (lack of visas for students).

Years from 2006 – 2007 – Getting ready for a change (1)

On one hand : „A ready” higher education institution complete with excellent facilities, own professional faculty, strong brand and a unique student-friendly atmosphere;

On the other – an increasing problem with enrolment and disappearing competitive advantage

Years from 2006 – 2007 – Getting ready for a change (2)

The impulse for a change came from :

1. An invitation to establish a joint research and development centre which came in January 2006 from ‘Optimus’ – a computer company well-known in the 1990s;
2. Preparation by the Polish government in 2006, of the so-called indicative list of projects essential to the development of Poland, which were to be financed with the EU funds earmarked for Poland for 2007 – 2013;

Years from 2006 – 2007 – Getting ready for a change (3)

3. Success of our computer science faculty while implementing a big project under the EQUAL programme, including the construction of our own e-learning platform equivalent to the Blackboard and developing our own business simulation games.

The effects of inspiration

- In mid 2006 - the creation, with a substantial intellectual contribution from the School's alumni, of a **Multimedia City project** - a cutting-edge science and technology park
- In February 2007 - putting the Multimedia City project on the indicative list of the key projects by the Polish government, which pledged to finance it to the tune of EURO 28 million under the Operational programme „Innovative Economy” - Action 5B

The Multimedia City project is a crazy idea hatched by a team of people who have great ambitions but also a solid plan how to implement this project.

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The main goals of Multimedia City are:

1. Building a big business corporation (a group of companies) able to compete with world leaders in the field of multimedia;
2. Transforming WSB-NLU into a world-class university;
3. Substantial development of the WSB-NLU environment, namely the town of Nowy Sącz and the region.

Multimedia City Project means (1):

- I. A non-profit company which will build a science and technology park of the total area of 10 thousand m² including a complex of specialist laboratories, workshops and studios in the years 2009 – 2012;
- II. A cluster, created in 2006, of 60 Polish SMEs, and operating in the sector of multimedia and information systems for 2 years;

Multimedia City Project means (2):

- III. A venture capital investment fund which is currently being established;
- IV. A joint-stock company which will act as an operator of the whole project and an incubator for new firms.

The Multimedia City project will operate independently from WSB-NLU but it is WSB-NLU which will be the main shareholder in the non-profit company which is constructing the science and technology park as well as in the joint stock company which will be operating the Multimedia City.

The Multimedia City project means (1):

- Facilities and business support for emerging and existing small companies;
- A joint centre for research, innovation, development and implementation;
- A place open to the outside world where new ideas, projects and joint research projects can be implemented;

The Multimedia City project means (2):

- Building a network of contacts, reduction of transactional costs and resource synergy through the cluster and companies cooperating with it;
- The place where students who study at WSB-NLU can hold their internships and work during studies as well as open their own student firms;
- The place for research and implementation of WSB-NLU faculty projects (together with personnel of the Multimedia City firms)

How is the implementation of the Multimedia City project possible in a small town located ‘in the middle of nowhere’?

THE INTERNET ABOLISHES LOCATION

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Each location may be viewed from a different angle - Central and Eastern Europe (1)



Each location may be viewed from a different angle - Central and Eastern Europe (2)

Advantages:

- 1) Two airports within 100km distance;
- 2) One of the most beautiful regions of Poland
– a good place to live and work creatively;
- 3) The base in the form of the School open to change;

The schedule of the project implementation

2008 - 2009 – Preparatory stage for constructing the science and technology Park;

- business plan, feasibility study;
- contest for architectural design;
- obtaining building permissions

2010 – 2012 – Construction of the science and technology Park

2013 – The beginning of official activities

At the same time, the team of organisers has been working since mid 2007 on implementing individual elements of the complex Project (which for obvious business reasons cannot be presented here).

The first tangible effects of the Multimedia City activities are already operating in the market.

HOW THE PROJECT WORKS

Area: Infrastructure

Projects

Financing

**Technological Park/
R&D Centre**

**Individual -
„tailor-made”**

Private funds

Multi Cluster

**Academic
Incubator**

Grants

Multimedia City – business model

For WSB-NLU staff, the Multimedia City project provides:

- A strong impulse directing towards research application and creating a centre for transfer of knowledge, innovation and technology;
- An opportunity to cooperate with practitioners representing the cluster firms.

The role of the research and development centre for the Multimedia City project and WSB-NLU

- A common institution with a free flow of personnel between the Multimedia City and the School;
- The centre **must** be open to people and ideas coming from the outside;
- The success depends on the complete openness to changes.

Sources of funds to finance research and implementation

- 1) EU programmes (including both framework programmes);
- 2) The amount of money allotted to R&D in Poland will double within 5 years;
- 3) New guidelines on financing research (5 bills) favour the project value, not its location, and its relevance for the economy.

When to expect results for WSB-NLU and the region

- The first results are already visible (the new momentum, rejecting the old paradigm);
- The business mechanisms will increase starting from 2010;
- 2020 – Nowy Sącz will be one of the top ten most innovative world's region with respect to research, education, business and investment in multimedia sector.

The associations with the Silicon Valley are immediately

REJECTED

since

- 1) The Silicon Valley was created more than 30 years ago in a completely different technological reality and different environment;
- 2) 30 years ago, Stanford University was the institution whose position was hundreds of times stronger than that of WSB-NLU

BUT

100 years ago, Stanford University was an unknown local university.

Any success needs:

- I. People with knowledge, imagination and determination;
- II. A well-designed mechanism for development
- III. Start-up capital

The Multimedia City project meets these requirements:

- The average age of people working on the project is 31 years of age;
- Seed money – PLN 111 million

In a paper entitled ‘The New Generation University’ prepared for ‘Higher Education in Europe’, CEPES – UNESCO, which will be published in 2009, I have presented the case of the higher education institution which, trying to boost its development, transforms its environment to be able to move together to the rank of the world-class institutions (I have copies of this paper with me).

Thank you for your attention

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