

Implementing Large Projects of Organizational Development in the Extreme Business Conditions

By the Case of Magnitogorsk High Music School

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Abstract—The paper deals with the questions of organizational development in extreme business conditions, and lack of funding, in particular. The ideas are supported by the example of Magnitogorsk high music school and the way its authorities managed the problem of premises expansion. It also provides advice for acting in typical situations, which business people face in their daily working activity.

Keywords—investment; construction; business mysticism; charitable deed; share initiation; conditions; distribution system; creative approach in business; solvency

I. INTRODUCTION

Extreme business, unlike typical business, is characterized by the need to solve problems in absence of financial resources. Performing such tasks is possible in following concomitant circumstances: existence of a humane idea; a passionate desire of a manager and their team to implement it; its productive expediency; a manager's authority in the society and purity of their thoughts. The combination of such circumstances has a decisive impact on the result when implementing large business projects.

It happens sometimes that business owners or people involved in business development, face situations, which are difficult to reason rationally and can be called nothing but a providence, foreknowledge or business mystics. When they turn out to be in need of customers, they come themselves; when there is high demand for unique specialists, they instantly appear in the office; when administration support is required, they reach mutual understanding and find like-minded people, so the support is rendered immediately; when there is lack of money, they come to moneyless solutions.

One of the feasible reasons is that it happens so when you do something truly good to other people's interest. How is it possible for a state educational institution to construct an educational building of 2.5 thousand sq. meters without planned investments, government decree, and the approval by local, region or country administration? Even specialists know how unlikely it is. Nevertheless, yet in life such cases take place.

The construction of the building for the special music school affiliated to Magnitogorsk conservatory is a story dating back to the period of the school's local status. Due to educational premises lack, it was situated in the basements of the high music school. Looking for solutions for the construction problem went on for several years; both local and regional organizations promised much but there were no real changes. Soon the authorities of the high music school changed, and the author as a newly appointed manager took the problem seriously and very close to heart.

The author having been appointed the director, the teachers revived their hopes for this issue resolution. Together, they started insistently asking the local authorities to get down to the question of the school building construction.

The school personnel initiated a number of actions, imposing conditions to the local executives for children's activities, which unfortunately led to conflicts. In spring 1989, before one of the regional executive committee meetings the teachers came to the committee building holding transparencies to show that they required attention to this problem. Having arrived at the meeting, the members of the executive committee heard unflattering words in their address, which could not but make them nervous. There even was a slogan across the entire street saying, "Let's exchange our basement for the executive committee building".

Immediately, the author was called for the meeting to provide explanations; they blamed him and even wanted the presidium to relieve him of his post of the high music school director straight at the meeting. However de jure, the school personnel at that time reported not to the author but to the culture department of the local administration. The author supported the teachers but, in reality, yet, he was not an initiator. Since then, among the school personnel members for a long time, there was burning indignation with the local and regional government indifference to children.

The members of the regional executive committee were irritated by the author's same words on the need for school construction. Nevertheless, being afraid of mass protests, they did not dismiss him and the school personnel deservedly appreciated his conduct.

It is interesting to know that there was one more factor increasing the members of the regional executive committee's anger. Half a year before the described events, the regional executive committee had constructed a building, half of which was located on the territory for high music school expansion. The regional authorities understood that there was every reason to require transferring a part of the premises to the benefit of the school. Soon the regional government informed on launching the construction. However, they also mentioned that there was no money for constructions and suggested their joint efforts to raise funding.

II. LAUNCHING THE PROJECT OF ORGANIZATIONAL DEVELOPMENT AND DEALING WITH FINANCIAL MATTERS

It is natural that people can only rely on themselves. Thus, the high music school started with ordering the project for the music school building. To cover these expenses the high music school savings were used. As a rule, the price of project works makes about 10% of the construction cost. Looking ahead, it can be said that a five-storey building of total 2.5 thousand sq. meters was constructed, and this project was not registered in construction property base of Magnitogorsk and Chelyabinsk region.

The director of the high music school had to act both as a customer and manager of construction works, and what is more, the patron of arts – everything in one. Let us now study the mechanism of financing the mentioned works. In the country, the government decree was valid in terms of performing project-construction examination in accordance with a state or regional economic program (the similar order functions now). For the high music school it became almost an unsolvable problem: on the one hand, nothing could be constructed without a project; on the other hand, funds for a project could be allocated only based on decision of Gosplan (State Planning Committee), a verdict of which one could have been waiting for decades. There was a decision made: to contact a commercial design team, in this case, the decision of Gosplan was not needed.

Gradually, some networking was done, due to which contracting agencies (including the design team) agreed to perform works and to manage accounts later. However eventually, the high music school had to pay. So, where were the funds risen? There was a certain order for organizations to receive subsidies on their accounts monthly during the year. However, buying anything was difficult: after all, socialism and deficit were two inseparable notions. So by the end of the year, as a rule, many organizations still had a great deal of pending disbursements left on their accounts, as funds were given according to normative quota, distributed between organizations. Such was the paradox of the distributive system: some organizations did not need funds but got them anyway. Some other ones needed them badly, but everyone's due was equal to the normative quota. By the end of a year, as a rule, the author had to control organizations collecting financial surplus and pleading directors to pass them over to the high music school. In their turn, the latter agreed, avoiding being accused of indolence. Then the author showed the invoice from designers to the

mayor and asked to pay it with the financial surplus. Thus, during the year, designers worked for no money, but fortunately, in December the debts were paid.

However, by the beginning of construction, the situation in the country had already changed: other ways were needed to solve the financial settlement problem. In early 90-ies, budget organizations often settled their accounts in a form of cross-cancellation of debts. That meant that for works accomplished, enterprise debts on taxes to local, regional or federal budgets were liquidated. Expanding such practice and taking a creative approach to the issue resolution, the builders were suggested two forms of payment for works done: partially by real or (as then they were called) “living money” (if they could be found) and partially by exemption from taxes, i.e. by cross-cancellation of debts. As we were reliable payers, despite many difficulties, the construction went on quickly towards its completion.

The most part of real finance came from the regional government. For this, the authorities of the high music school were quite actively working with top managers of Chelyabinsk region convicting them, assuring, reasoning that two storeys had been already built, and just a little help was needed. The culture department supported the construction and little-by-little allocated funds. In December 1993, the high music school (being already a college) received additional 180 thousand roubles and immediately paid back all the debts.

The other payment-settlement system, the above mentioned cross-cancellation of debts, was quite sophisticated. However, those, who studied its opportunities, who in that crisis time wanted to do something prominent for society (and not for their personal enrichment), accomplished a great deal of good deeds. For the country economy, it was the dead end; but exactly due to existence of cross-cancellation of debts, many enterprises had a chance to survive. For instance, it helped to preserve integrity of such an industrial giant as the “Magnitostroy” trust. Having settled its taxes using this method, it was able to pay salaries to its workers. Having assured financial solvency, the trust's top management instructed workers to work three shifts, so soon the construction was completed.

III. THE RESULT OF CONSTRUCTION AND SOLVING THE TASK OF DEVELOPMENT

In the new educational building, there was a lyceum, a concert hall, a study hall with a library, etc. By the way, the local town-planning council permitted constructing a building not more than five floors high. (Next to it, there was a 5-storeyed building of the regional executive committee, so the new one could not be higher). Due to some architectural works one more floor was constructed, the sixth one. Of course, the town - planning council representatives were angry seeing this, but the work had been done, so there was not chance to reshape the building.

As a result, a solid building was obtained for the educational institution. In the rather small concert hall, they managed to ensure decent acoustics. A talented architect Sh.M. Taflevich invited from Israel executed the project of

the concert hall acoustic improvement. He arrived for the period of two weeks; and managed to solve such a vital problem.

Especially significant is the fact that this building was constructed with due account of the specificity of the musical activity: between classrooms, there were double walls providing sound insulation. Entrances into classrooms were equipped with portals with double doors, there were some other technologies used and found exclusively for the music educational process. Everything was thought over from the stage of projecting.

Magnitogorsk high music school got 40 imported grand pianos; notably, the funds on their acquisition were given by the regional culture department. Despite the fact that the second educational building of the conservatory was not in construction plans, the regional government understood that it was necessary to provide the new building with furniture, equipment and musical instruments. That is why soon children had the new well-equipped comfortable building.

IV. CONCLUSION

To conclude, the described case of Magnitogorsk high music school allows us to propose some actions for the situations that managers and people involved in business development can face in their working activity.

- If your business fails to reach desired results and there is no clear vision of what to do, it can be helpful to analyse and interpret your actions critically to make balanced decisions.
- If a business is developing successfully, you are doing it the right way, so just go ahead.
- If you have been insulted, find the insulter's opponents to join them and block the insulter's activity;
- If you experience lack of time, act vigorously and with no delays;
- If you do not experience lack of time, it is the same, do not waste your time, act quickly, with energy and enthusiasm;
- If there is no money to perform functions or planned actions, it is necessary to generate new ideas, ask for help and smile to everyone, who can contribute to getting favourable depends;
- If funds have been risen, invest them in your business expansion, otherwise you are running a risk of losing what you have obtained;
- If a manager works among poor quality specialists, but they are able and eager to learn, provide the relevant training for them. If they are learning-disabled, find better employees, as those unable to learn will never reach top skills and expertise;
- If a manager has a team of skilled and high quality specialists, it is useful to demonstrate their

advantages publically. Sometimes, one should even exaggerate their merits by one or two points, in order to motivate their growth.

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