



## LEADERS TO FOLLOW

### *Institute at the Crossroads*



Since January 1990, the Institute's mission has been to assist in the on-going transformation of the post-communist countries of the former Soviet bloc, chiefly by offering U.S.-based executive education programs for business and professional leaders. These programs have been built on the presumption that Americans are fortunate enough to live in a free economic system which, though not perfect, can serve as a model for how business can be done efficiently and successfully in a free market.

#### *Free Markets operating within Political Democracy*

After all, the U.S. has more than 200 years of sustained freedom in both economic and political institutions, demonstrating how a market economy successfully interacts with a political democracy. Over the last decade the Institute served as a proponent of the idea that American business and corporate practices are at least as open and accountable as those of any other country, and that the American business model, with its emphasis on bare-knuckle-competition, aggressive deal-making, a high level of public disclosure and generous rewards for executives who deliver

"the goods," is an excellent model and can help the former Soviet bloc countries to transform their previously totalitarian command economies into participatory democracies with strong, viable market economies.

#### *Is the U.S. still "the model of free-market success"?*

Now, approximately twelve years after the Institute has positioned itself to assist executives from the East and Central European former Soviet bloc countries, especially the Czech Republic, Bulgaria, Croatia, Romania, Slovakia, Lithuania and Ukraine, the process of delivering executive education programs for these business leaders is facing unprecedented challenges. *Is the U.S. still the business model to follow?* It is not just daily revelations about Enron, Arthur Anderson, Global Crossing, WorldCom, Xerox, and a few other companies with shoddy accounting practices and standards that are causing East and Central European business leaders to think twice about patterning themselves after U.S. markets. Investors from around the world are pulling back their money after decades of pumping billions of dollars into the "land of opportunity" of the flourishing U.S. economy. The immediate impact of investor withdrawal is discernable in the value of the dollar, which has been sliding since March; recently it fell to its lowest level against the Euro in 28 months.

#### *America's Fall from Grace*

However, America's fall from grace is broader than just a few current accounting scandals and a temporary turn in the monetary tide. In addition to the uncovering of increasing examples of boardroom chicanery in American corporations and the apparent lack of foreign confidence in the soundness of the U.S. economy, the economic and political effects of the surprise attacks on the U.S. of September 11, 2001, and the multi-billion dollar U.S. trade deficit are destroying the credibility of the U.S. as a model for economic stability and continued growth. Business leaders in the former Soviet bloc are questioning the "American gospel" of how business should be done.

#### **The International Leadership Institute**

- WAS FOUNDED IN 1985 IN PRINCETON, NJ
- REMAINS DEDICATED TO LEADERSHIP DEVELOPMENT
- HAS RUN MORE THAN 40 EXECUTIVE EDUCATION AND LEADERSHIP DEVELOPMENT PROGRAMS IN THE US, FOR EUROPEAN CLIENTS
- HAS PARTNERED WITH THE US DEPARTMENT OF STATE, THE UNIVERSITY OF NORTH FLORIDA, THE JACKSONVILLE CHAMBER OF COMMERCE AND MORE THAN 700 OTHER BUSINESSES, UNIVERSITIES, RELIGIOUS ORGANIZATIONS, PRIVATE CITIZENS AND GOVERNMENT AGENCIES



*“What is happening around East and Central Europe is a painful loss of face for the consultants and accountants representing U.S. companies, and a hesitation on the part of local executives to see the U.S. as an ideal place to learn a morally, ethically and politically successful economic model.”*

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Certainly East and Central Europe has had its own fairly spectacular and public business failures and financial scandals, for which these countries were often scolded by the U.S. and the international financial community for their dishonest dealings and criminally-opaque business practices. Now, however, even in Russia, where corporate governance has all too frequently meant blatant theft and Machiavellian intrigue, their corporate executives say that these scandals only prove that Russia is not much different from the U.S. after all.

### *U.S. Loses Trust and Respect in East and Central Europe*

What is happening around East and Central Europe is a painful loss of face for the consultants and accountants representing U.S. companies, and a hesitation on the part of local executives to see the U.S. as an ideal place to learn a morally, ethically and politically successful business model. A growing number of these executives are saying that the American model of business permits executives to follow the letter of the law while violating its spirit.

Of course, many of these critics are expecting the U.S. economy to recover and boom again, but when the recent U.S. economic woes are combined with the not-yet-robust economies of most of the former Soviet bloc countries, the result is a decision on their part to place executive education programs in the U.S. “on the back burner” for the time being. In this atmosphere it would be difficult, and perhaps counterproductive, for the Institute to continue to promote and espouse the current American business model and its related management practices.

Thus after twelve productive and exciting years of focusing on the mission of assisting in the transformation of the post-communist countries of the former Soviet bloc by offering executive education programs for business and professional leaders, the Institute is at a major crossroad. Rather than “tweak” the mission as we have done every year at our Annual Planning Meeting, or trying to continue our work in some modified fashion to “wait out” the current American business scandals, we are completely rethinking our mission as an Institute.

### *Institute Seeks New Mission*

By September 2002 we at the Institute expect to be operating under our new mission. What it shall be, we do not know. We confidently hope and pray that our new mission will be as fascinating, inspirational and personally rewarding as the past twelve years have been.

Thinking back over the hundreds of people from around the world we have known and worked with since 1990, we are overwhelmed at their willingness and enthusiasm to be part of the Institute’s mission. We owe each of these individuals an unpayable debt—without the confidence, trust, faith and hard work of these partners, customers, supporters and friends the Institute would still be nothing more than a few ideas, poorly articulated by two idealistic people who wanted to change the world. We have been privileged to be part of a world-changing epoch; now the world again wears a new face and we are earnestly seeking our place in it as the Institute. We look forward to being able to report to you the Institute’s new mission.

—Jarda and Sara Tusek

**International Leadership  
Institute**

Providing Leadership Development  
Services and Programs in the US and  
Europe since 1985

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ILI in Prague, 1993: signing the protocol for the Jacksonville EEP-CPL executive education programs