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**QUARTERLY PROGRAM PERFORMANCE REPORT**

**SECOND QUARTER 1992**

**INTERNATIONAL EXECUTIVE SERVICE CORPS**

**CENTRAL AND EASTERN EUROPE  
AND THE BALTIC NATIONS**

**COOPERATIVE AGREEMENT NO. EUR-0023-A-00-1002-00**

## I. EXECUTIVE SUMMARY

IESC's Central and Eastern European program at the end of the Second Quarter 1992 covers Albania, Bulgaria, Croatia, the Czech and Slovak Federal Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Yugoslavia. An office opened in Tallinn, Estonia in May 1992, and the third Baltic office will open in Vilnius, Lithuania in July 1992, following the training of the newly appointed Country Directors for these countries at IESC headquarters in Stamford. Thus the IESC network in the three Baltic countries is firmly in place.

IESC activity in the territory of the former Yugoslavia has not resumed since it was halted on December 11, 1991. The IESC offices in Zagreb and Belgrade have been downsized accordingly at the end of the second quarter 1992.

IESC Volunteer Executives completed 100 projects in Central and Eastern Europe and the Baltics during the second quarter of 1992. The total completed projects since the inception of the program for the region is thus 339. In addition, there are currently 203 projects in the recruitment or active stages in the region. (This figure does not include the 101 projects that are on hold for Croatia and Yugoslavia.)

IESC's Trade and Investment Services Group is actively pursuing leads that will result in transactions in the region. These trade and investment leads are the result of the programming efforts of the country-specific Project Officers in Stamford, and their counterparts in IESC's offices in Central and Eastern Europe. Numerous leads have been generated by sector surveys completed during the first quarter of 1992: Processed Foods and Tourism in Bulgaria, Tourism in Latvia, Handicrafts and Food Products in Hungary, and Oil Exploration in Romania.

## II. INTRODUCTION

This program performance report is inclusive of all IESC program activity in Central and Eastern Europe and the Baltics from April 1, 1992, through June 30, 1992. Section III is a description of the financial considerations for the quarter. The next section describes several typical Technical Assistance projects that took place during the quarter. Following these is an overview of Trade and Investment Services activity, and a conclusion.

Attachments include 1) a chart of Funding Obligations and Expenditures, 2) a chart of Project Officer Activity, 3) project summaries for Technical Assistance projects completed during the quarter, and 4) a breakdown of IESC technical assistance projects in terms of client size, industrial sector, and skills requested.

### III. FINANCIAL CONSIDERATIONS

At the end of calendar year 1991, \$1,679,000 of the obligated amount for the period January 1991 to February 20, 1992, was remaining. On December 31, 1991, IESC requested additional funding of \$7,985,000 to cover the period January 1, 1992, to September 30, 1992.

In March 1992, AID obligated \$5,355,000 but extended the period of the newly obligated amount to cover February 21, 1992, to February 20, 1993.

During the first quarter of 1992, revised expenses totaled \$1,545,000. These include Field Support at \$284,000, Country offices at \$536,000, and Projects at \$705,000. The projects have included Technical Assistance and Trade and Investment Services. Estimated expenses for ABLE consulting reports totaled \$20,000.

During the second quarter of 1992, estimated expenses totaled \$2,374,000. These include Field Support at \$400,000, Country offices at \$669,000, and Projects at \$1,277,000. Estimated expenses for ABLE consulting reports totaled \$28,000.

On June 30, 1992, the estimated balance remaining to be spent is \$3,115,000 through February 20, 1993. Attachment 1 shows the obligated amount and the expenditures to end of this Quarter.

### IV. PROGRAM ACTIVITY - Technical Assistance

IESC Technical Assistance projects continued to grow in number during the second quarter, with 98 projects completed in a wide range of industrial and functional areas. Projects were completed in the following countries: Albania, Bulgaria, the Czech and Slovak Federal Republic, Hungary, Latvia, Lithuania, Poland and Romania. We include here examples from three countries, and numerous project summaries are enclosed as Attachment 3.

#### ALBANIA: Creation of Independent Television Station

A retired broadcaster from radio and television advised Albanian Television on how to restructure its organization, including that the general director report to a board of directors whose members are non-political. The volunteer trained staff on conducting market research to determine what Albanians watch on television, and management on how to introduce commercial television.

#### LATVIA: Automation of Banking Operations

A retired American banking executive was requested to assist the Bank of Latvia's efforts toward automating its operations throughout Latvia. The Volunteer had success in rendering assistance, amongst others, in the following areas: defining

basic system requirements, resulting in the development of 37 key recommendations for work simplification. Further, the VE made several reorganization suggestions, including the total merger of existing computer systems. Finally, the Volunteer drafted a plan which established a central clearing house for Bank of Latvia executive staff and all of Riga's commercial banks. The IESC Country Director assessed the project's results, writing that "the Volunteer's work was highly productive and successful. The Bank of Latvia received a lot of information which has been implemented in its process of restructuring and strengthening of the Central Bank. This will help to strengthen the country's economy."

POLAND: Introduction of Financial System for Steel Structures Manufacturer

The client is a manufacturer of steel structures and technological equipment; the firm is currently undergoing privatization. The volunteer examined the existing financial systems, recommended changes to the cost control, accounting, computerized control, and computerized payroll systems. The volunteer discovered that there was no segregation of cost by departments in the company, and introduced methods to achieve this. The volunteer also documented the organizational and managerial changes that would necessarily accompany the changes made throughout the financial systems. Some of the changes were implemented immediately, thus improving day-to-day performance while the volunteer was still on-site at the company.

V. PROGRAM ACTIVITY - Trade and Investment Services

IESC's Trade and Investment Service Group for Central and Eastern Europe has developed a wide range of clients in many industries. The Group provides services to both U.S. and Central and East European clients. Twelve transactions have been completed as a result of the Group's activities.

A substantial portion of the leads for trade and investment follow-up have been identified by IESC Volunteer Executives during the course of their technical assistance projects. These volunteers work closely with the country-specific Project Officer in Stamford to develop these leads on behalf of their clients in the region. Examples of current Trade and Investment Services activity for IESC's Central and East European clients follow.

ALBANIA: Television Contract

Prior to traveling to Albania to work with Albanian Television, the IESC Volunteer Executive attended an international broadcasters' convention in the U.S. At the convention, the volunteer made numerous contacts with potential partners (for broadcasting contracts as well as equipment suppliers). Upon arrival in Albania, the volunteer brought Dutch Television and Albanian Television together,

and facilitated their signing a contract valued at approximately \$30,000 for Albanian Television. The Dutch will rent space and facilities from Albanian Television and receive assistance broadcasting programs back to Holland from Albania.

BULGARIA: Export of Wine

The TIS/Bulgaria program has been working with a Bulgarian trading company to bring Bulgarian wine to the United States. The TIS Project Officer arranged meetings between the U.S. representative of the Bulgarian firm and a U.S. wine broker. After samples of the wine were brought to the U.S., the U.S. broker identified two potential importers very interested in three wines: Cabernet Sauvignon, Merlot-Pinot Noir, and Chardonnay. Draft agreements for the imports have already been drawn up. The importer would supply labels for the wines as well as handle all compliance with import regulations, including meeting FDA standards. Arrangements are currently underway to bring a test container to the U.S.; pricing of the wine is also under discussion.

CZECH AND SLOVAK FEDERAL REPUBLIC: Investment In Sweetener Manufacturer

As a result of the TIS Project Officer's cooperation with the Czech and Slovak American Enterprise Fund, the Fund has decided to invest in a Slovak company which is being created to extract a low calorie natural sweetener from corn cobs. Due to this success, the Fund has provided IESC with a list of the Fund's investments, in order to approach them with the possibility for IESC assistance (both technical and trade and investment).

HUNGARY: Foundation Sources Computers in the U.S.

The Computer Aided Learning Foundation, a non-profit foundation, sells computers at wholesale prices to Hungarian students. Parts from Taiwan had been assembled locally in Pecs for distribution in Hungary. The IESC Volunteer Executive identified a small Massachusetts-based computer distributor that had experience in Hungary. After a background check on the company by the TIS Project Officer, the president of the Massachusetts company traveled to Hungary to meet with the foundation. Negotiations led to the sale of 53 computers to the Hungarian client.

LATVIA: Export of Candy

A project, originally intended as a provision of technical assistance toward the development of exportable-quality candy to a Latvian confectionery factory, quite conveniently became a springboard for Trade and Investment Services activity. The VE, initially under the impression that his technical advice was required, in fact found his mandate to be to secure high quality sources of supply for the factory. The project has resulted in a several month-long search on behalf of the Latvian factory for the raw materials (sugars,

artificial colorings, wrappers) necessary to upgrade the factory's product to Western-export standards. Furthermore, a potential U.S. buyer has been found for the factory's products.

POLAND: Import Substitution of Jam and Juice

The Raddison Hotel in Szczecin has met with Polish company Tymbark and plans to buy fruit juices and individual portion jam, rather than importing it from overseas. The TIS Poland program put these companies in touch with each other. TIS staff is currently working with Tymbark in order to approach other hotels in Poland currently importing fruit juice and jam into Poland.

ROMANIA: Fast Food Feasibility

TIS Romania is working with a Romanian client and a U.S. client to develop their mutual interest in setting up a fast food operation in downtown Bucharest. The Romanian client owns three properties, one of which benefits from a superb location for the purpose of a fast food restaurant. Restaurant facilities already exist, but are in need of substantial renovation. The U.S. company, which is already active in Poland, would supply equipment and training. The Project Officer and TIS staff in Romania will coordinate the U.S. company's visit to Romania in late July. The company will meet with the owners of the Romanian facility, as well as potential sources of supply of food products.

VI. CONCLUSION

In this quarter, IESC has continued to use its experience to aid the emerging democracies in Central and Eastern Europe through Technical Assistance projects, Trade and Investment Services, and ABLE consulting reports. IESC volunteers are making a meaningful contribution to the process of transition to market economies in Central and Eastern Europe.

An officer of the Czech and Slovak American Enterprise Fund wrote to IESC recently to give thanks for assistance they had received pertaining to the investment in corn cob extracts. His comments illustrate IESC's impact in the region. The officer said, "In March of this year we were ably assisted by two IESC volunteers in our efforts to assess the viability of an investment proposal which had been presented to us...The IESC volunteers brought to the task a combined total of over fifty years experience in the food processing business. Largely on the basis of their positive report we had the confidence to take the investment before our board...and they saw fit to approve it...We believe the IESC delivered great value for the small fee involved."

## FUNDING OBLIGATIONS AND EXPENDITURES

Quarterly Program Performance Report to AID  
Second Quarter 1992

International Executive Service Corps  
Central and Eastern Europe and the Baltic Nations

### Obligation Summary

Initial Award	\$5,365,600	
Amendment 2	\$949,000	
Amendment 3	\$5,355,000	
Total Obligation		\$11,669,600

### Expenditures

Jan 1, 90 – Dec 31, 91	\$4,635,600	
Jan 1 – Mar 31, 92 (Est.)	\$1,545,000	
Apr 1 – June 30, 92 (Est.)	\$2,374,000	
Total Expenditures		\$8,554,600

### Funds Available

1 July 1, 92 – Sept 30, '92 (see note)	\$1,168,000
2 July 1, 92 – Feb 20, '93 (see note)	\$3,115,000
1 Through end of AID '92 Fiscal Year	
2 Through end of AID '92 FY + extension for '93 FY	

**INTERNATIONAL EXECUTIVE SERVICE CORPS  
MANAGEMENT INFORMATION SYSTEM**

**COUNTRY:** Central and Eastern Europe, including the Baltics  
**MONTH:** Inception through 2nd Quarter 1992

CATEGORIES	PROGRAM ACTIVITIES	VE MANDAYS	CLIENTS		VENTURES COMPLETED	JOBS GENERATED
			US	FCN		
Industry Sector Surveys	17	313	11	36		
IESC Workshops Organized	19	35		8		
Volunteer Debriefings	326	124.5	41	48	2	
Telemarketing and Direct Mail Campaigns	26	1	14	2		
Trade Shows & Conferences Attended	81	1	57	37		
Company Consultations (U.S. & Foreign)	636	14	205	215	6	
Consultations with other Organizations/Agencies	108	1	271	121	1	
Articles Published & Other Media Efforts	82	1	18	14		
Technical Assistance Project Support	293	9	25	135		
Other Program Activities	172	76	62	50	2	
<b>TOTALS</b>		575.5	704	666	11	

ABCs of TIS: A.> Programs generate clients  
B.> Clients get follow-up services  
C.> New exports and other transactions result

**PROJECT SUMMARIES**

**Completed April 1, 1992-June 31, 1992  
and in previous quarters**

**ALBANIA**

## SUMMARY OF IESC PROJECT 21833

STARTED: March 17, 1992  
COMPLETED: April 8, 1992

### CLIENT; ASSISTANCE REQUESTED:

Commercial Bank of Albania (C.B.A.)  
Tirana, Albania

This commercial bank deals in all kinds of commercial banking activities including transactions in local and foreign currencies, and aiming to increase the number of the bank's products and services such as leasing, forfeiting, and foreign exchange transactions.

OBJECTIVE: Until the end of 1990, this bank was operating simultaneously as the central state bank and a commercial bank. Due to widespread reforms throughout Albania, a two-tiered banking system has been created, with the objective of creating a separate commercial bank for currency transactions. The client has specifically requested assistance in privatizing this bank.

EMPLOYEES: 70

### IESC VOLUNTEER EXECUTIVE:

Dirk Schotanus  
Indian Wells, California

VE Schotanus has recently retired from a 40-year career as an international and domestic commercial, corporate, and merchant banker. He has a solid background in finance, credit, and marketing/sales in each category. He has worked internationally with **National Handelsbank/Amsterdam-Rotterdam Bank N.V.** in the Netherlands, **Crocker National Bank** in San Francisco, and with **AMRO Bank**, where he was the senior vice president and regional representative of West Coast U.S. operations until his retirement.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Schotanus found the banking situation at C.B.A. to be "chaotic." The bank was operating with little or no basic office equipment, and was lacking both capital and organizational structure. His initial actions included evaluating all aspects of the bank including staffing, skills, expertise, working conditions, morale, etc.

Subsequently, VE Schotanus addressed the management's expressed desire to privatize. He held conferences and wrote reports on this subject providing facts, his opinions, details and specific suggestions to form some basis from which they could begin to work. Additionally, he created and explained a detailed organizational chart for C.B.A., and had subsequent follow-up conversations with senior management officials on this subject. For the balance of this project, he selected on a daily basis, a particular topic of priority to study, review, and discuss. He worked with each of the departments individually, making specific suggestions to motivate the workers and to explain Western banking procedures, etc. In total, the VE submitted 13 reports with recommendations on specific areas of the bank operations.

**Country Director Sino** commented, "It has been difficult, after working in a centralized economy for a long time, to start changing the banking system to a new, independent one. VE Schotanus has been of great assistance in preparing a base from which to start. In addition, the client has requested his assistance in a return visit. The client added, 'Mr. Schotanus was very serious during his stay at our bank. At the beginning, he presented the Project Work Plan which was very well prepared and through many memos provided us with a lot of advice.'"

## SUMMARY OF IESC PROJECT 21873

STARTED: April 3, 1992  
COMPLETED: April 29, 1992

### CLIENT: ASSISTANCE REQUESTED:

Polytechnic University of Tirana  
Tirana, Albania

The client is a university composed of four departments: mechanical engineering, electrical engineering, geology and mining, and civil engineering and architecture. The university is affiliated with the larger University of Tirana which was until recently controlled by the Communist Party and former political regime.

OBJECTIVE: To reorganize the university in order to allow it to function as an independent entity in a free market society.

EMPLOYEES: 450

### IESC VOLUNTEER EXECUTIVE:

Jack H. Apfelbaum  
Littleton, Massachusetts

VE Apfelbaum was a professor of mechanical engineering at **Western New England College**. From 1967 to 1969, he served as a consultant in technical education for the Government of India where he developed a technical program for 50 polytechnic colleges and over 500 science-oriented secondary schools. He conducted workshops, seminars, and developed programs for constructing science equipment using local materials. From 1969 to 1988, the VE served as Associate Professor, Full Professor, and later Chairman of the Department of Industrial Technology at the **University of Lowell** in Massachusetts. There, he was concerned with technical and management education and was responsible for long-range planning, curriculum development and improvement, laboratory modernization, manufacturing technology and academic problems. **This was his fourth project for IESC.**

### IESC ASSISTANCE RENDERED:

VE Apfelbaum noted that the client requested assistance in reorganizing the undergraduate curricula in the various engineering disciplines as well as in architecture. He stated that emphasis would be placed on the reorganization of the faculty, while teaching materials and methods would also be taken into consideration, at least into the planning stages. The VE made minor revisions in the third, fourth and fifth years of the curriculum but dropped classes from the first and second. He explained that classes on descriptive geometry and technical drawings should be eliminated because computers and CAD could produce better drawings faster. Courses dealing in CAD and engineering concepts and methods were described and materials were provided. Nonetheless, VE Apfelbaum stated that skills in technical drawings and geometry should be emphasized by the faculty throughout all five years. The VE explained that the new engineering students should be made aware of engineering methods and the accompanying social, economic and environmental problems through a combination of engineering and humanistic social science courses.

The VE also made preliminary plans for faculty and administration reorganizations. He prepared an organizational chart and developed job descriptions, functions and responsibilities. Meetings were also held with many of the faculty members where the VE was able to discuss the upcoming changes in the course structure and the overall organization. Many of the faculty members were receptive to the changes and expressed their ideas. Some stated that they would like to begin teaching English courses and even lecturing in English during the engineering courses. **VE Apfelbaum also contacted USAID and the US Information Service to locate sources of American textbooks and U.S. distributors such as McGraw-Hill, MacMillan and other universities.**

Country Director Sino commented, "This project was a success. It helped the client create a base for developing new concepts for reorganizing its structure."

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**BULGARIA**

## SUMMARY OF IESC PROJECT 21613

### **TIS Project**

STARTED: January 15, 1992

COMPLETED: March 26, 1992

### CLIENT: ASSISTANCE REQUESTED:

Balkankonserv/IESC TIS-Bulgaria  
Sofia, Bulgaria

The client is involved in engineering and legal services for the canning industry, as well as technical and technological innovation, market research and foreign trade. The client exports processed food products (vegetables and fruit) to NIS, Central and Eastern Europe, Western European countries, Israel and the Near East. Services also are sold in Bulgaria to manufacturers and suppliers.

OBJECTIVE: To survey 10-20 of the client's key supplier companies. The VE will consult with individual companies on basic production, management and marketing issues, and identify food processors with export or near export quality products, as well as potential joint venture, co-venture, or licensing opportunities with Western companies.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Douglas Manly  
Fredonia, New York

Since his retirement in 1990, VE Manly has served as a food technology consultant. Prior to retiring, he worked for the **Red Wing Company, Inc.**, a company involved in the production of ketchup, mayonnaise, syrups, jams, and other food products. He held positions in production, purchasing, sales and eventually advanced to vice president and president. He also served as plant manager for the **Southland Frozen Food Company**. This was his second IESC project.

### IESC ASSISTANCE RENDERED:

Balkankonserv is the successor of a state-owned company which had commercial relations with over 50 food processors. The client channeled processed food products for distribution to NIS and Central and Eastern European markets. The state company was dissolved and the manufacturer and supplier companies are independent. Balkankonserv is now a public limited company which supplies coordination and services related to the industry, and has specialized institutional knowledge of its supplier companies. Since the COMECON (Soviet/Eastern Europe) Trade System collapsed, these suppliers have accumulated large inventories and require assistance in locating new markets, developing new products, selling new equipment, and in marketing.

VE Manly visited 18 Bulgarian fruit and vegetable processing factories to identify potential opportunities for successful trade and investment in the industry. Plant managers were advised on technical and managerial issues related to the expansion of export sales and the attraction of joint venture and licensing partners. Problems VE Manly noted included overcapacity and excess inventories, both of which he attributed to the collapse of previously reliable Soviet/Eastern European export markets. In spite of these problems, VE Manly felt that trade and investment opportunities exist, most of which are in labor-intensive, high-quality product areas. His opinion was that many of the best-equipped, cleanest plants could be accessed for production through leasing arrangements, and with proper support on technical and marketing issues, highly profitable ventures could be developed. In his final report to the client, VE Manly mentioned how organizations like IESC could assist in the full development of the individual plants visited. **VE Manly will implement a series of U.S.-based IESC projects to identify and assist U.S. companies willing to participate in the trade, investment, and licensing opportunities identified during the survey.**

Project Officer Afonsky commented, "A highly successful project and a great example of how the TIS sector survey should work."

## SUMMARY OF IESC PROJECT 21665

STARTED: February 15, 1992

COMPLETED: March 13, 1992

### CLIENT: ASSISTANCE REQUESTED:

Solex P.K. Ltd.  
Sofia, Bulgaria

In mid 1991, Solex decided to build a major commodity market complex called "Barba Kostas." The facility will include a modern refrigerated system of warehouses, auction halls and shops for all types of agricultural products.

OBJECTIVE: Solex management recognized the need for developing an effective management organization and integrated information system to support this major activity. A VE was requested to advise on organization structure, personnel issues such as training and compensation, and the information system area. As IESC was unable to locate a VE with such extensive qualifications, Solex management contracted with United Software Writers (USW), a Bulgarian high-tech company specializing in the design and implementation of application software. In view of this comprehensive arrangement between Solex and USW, the VE's assignment was revised. VE Dean was to help Solex get the desired results, within the required time frame, from the information system being developed for Barba Kostas by USW.

EMPLOYEES: 500

### IESC VOLUNTEER EXECUTIVE:

Neal J. Dean  
Northfield, Illinois

VE Dean served as head of the applications unit for computer systems at the **Laboratory for Electronics, Inc.** in Boston for five years. He also served as director of EDP consulting activities for the **Ramo-Woodbridge Corporation** in Los Angeles, and as vice president in charge of the management systems divisions of **Booz, Allen and Hamilton, Inc.** This was his 11th IESC project.

### IESC ASSISTANCE RENDERED:

While working with USW, VE Dean encountered several difficulties in successfully developing and installing an effective information system for the client. The most significant problems, according to VE Dean, occurred because personnel had not yet been appointed, therefore there were no "users" to participate in defining requirements or to train in the operation of the system. VE Dean made the following recommendations to correct these problems:

- Finalize the organizational structure and define the responsibilities of each key executive, as well as expedite and expand the scope of the search effort for the key executives, especially the general manager and finance director.
- If a finance director who was adequately qualified in the analytical aspects of cost accounting, budgeting, and profit planning could not be found, Solex should consider using a consultant to define these areas and train the finance director in their use.

VE Dean planned the information system to provide the usual financial reports including balance sheets, profit and loss statements, and the ability to calculate return on assets and return on investments, etc. However, a management information system that would enable management to determine if the complex was functioning according to a pre-established business plan within acceptable variance had not been defined. Solex management requested that VE Dean concentrate the discussions on this topic with USW.

Additional problems pointed out by VE Dean included:

- The system selected (R-base) was new to USW and the programmers, so it was difficult to estimate the time to develop the various subsystems.
- USW did not currently use a formal project management system, so it was difficult to determine whether the various sub-projects would be completed on time.
- Solex needed some technical staff to support the installed information system.
- The alleged prevalence of computer viruses written and exported from Bulgaria should be considered; specific software and procedures to identify and repair damage from such viruses should be specified.

Country Director Assistant **Kopnarov** commented, "VE Dean did his best to fulfill (the project objectives.) He tried to help the client with all of their problems. The client added, 'The VE's methodology of MIS was extremely helpful to USW to specify missing details of the project development. The VE's informal help on organization of Barba Kostas is highly appreciated by Solex.'"

15

## SUMMARY OF IESC PROJECT 21727

STARTED: February 7, 1992  
COMPLETED: April 3, 1992

### CLIENT; ASSISTANCE REQUESTED:

Bulgarian Building and Construction Chamber (BBCC)  
Sofia, Bulgaria

The Bulgarian Building and Construction Chamber is a non-profit, independent group aiming to increase their economic activity and represent their interests through lobbying efforts. This group was formed in 1990 after the dissolution of government trade associations to serve the interests of its 500 private and state-owned members. They also seek to improve their professional and technical abilities, and to promote foreign investment and joint ventures.

OBJECTIVES: To assist the client in internationalizing their activities, improving information services, public relations, and lobbying efforts, finance, and basic management.

EMPLOYEES: 2

### IESC VOLUNTEER EXECUTIVE:

Ernest Bolduc  
Armonk, New York

Upon retiring, VE Bolduc formed an association services management consulting and support group, working with trade organizations involved in conferences, seminars, trade shows, organizational evaluations, structural development, training and planning. Prior to this, VE Bolduc served as executive secretary of the Association of Steel Tool Producers, and held the same position with the National Council of Paper Industry. In these positions, he was involved in all aspects of association management including personnel, finance, administration, training, government relations and strategic planning. **This was VE Bolduc's second IESC project.**

### IESC ASSISTANCE RENDERED:

As the construction industry was currently going through the privatization process, VE Bolduc assisted the BBCC with reorganization. One of the major problems identified was a large inventory of idle construction equipment and building manufacturing facilities, largely due to the loss of major markets in the former USSR and other Eastern European countries. The VE determined that the problem would worsen since the industry lacked the management skills to market these products and services domestically.

Therefore, the VE put the client in contact with a number of professional associations, including construction, management, and industry groups in the U.S. and Europe, as well as a number of international aid organizations. He also held workshops for the Chamber's regional management groups, covering a broad range of association management subjects including finance, member services, communications programs such as newsletters, membership development and retention programs, convention programs, information systems, and public relations. In addition, the VE made suggestions on industry/government relations and also provided the client with an extensive association management library from the American Society of Association Executives. VE Bolduc felt that he left the client with improved contacts within the international market, as well as better management capabilities.

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## SUMMARY OF IESC PROJECT 21851

STARTED: April 3, 1992  
COMPLETED: April 21, 1992

### CLIENT: ASSISTANCE REQUESTED:

Neftochim  
Bourgas, Bulgaria

The client, fully owned by the Bulgarian government, produces and sells auto gasolines, diesel and boiler fuel, jet fuel, petrochemical products, polymers, and synthetic rubber. They sell their products throughout Bulgaria, the Near East, and Eastern and Western Europe.

**OBJECTIVE:** To assist the power station in Neftochim through a consultation on the operations of their production facility. They have also requested assistance in finding solutions to the following problems: boiler corrosion, (high vanadium and sulphur content in fuel), high deposition values on inside walls of boiler heating surfaces, unstable burning processes, inefficient operation of the neutralization facilities of the desalination units, and utilization of hydroxide sediments from the pre-purification step of water treatment.

EMPLOYEES: 10,000

### IESC VOLUNTEER EXECUTIVE:

Leon J. Ezzell  
Novato, California

VE Ezzell has extensive experience in the field of energy production and development. He began his career as an engineer in the **U.S. Navy**, and is experienced in the design of turbine systems for marine applications, where desalination is critically important. He served as manager of geothermal operations with the **Northern Pacific Gas** company for 15 years, followed by service with the **Northern California Energy** company, until his retirement. Some of his responsibilities in these capacities have included alternative fuels evaluations; organizing and managing a team which designed and built three electric power plants and related transmission lines; organizing the staffing, operation and maintenance of plants; and establishing procedures for the operation, maintenance, and safety of these plants.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Ezzell conducted an analysis of the plant and its operations. Reminding the client that their most important objective was to ensure a continuous supply of electricity and heat, he recommended that they upgrade the quality of fuel used in the generation process to ensure a consistent mix and a minimal sulphur content.

He noted that the plant is faced with both long and short-term problems of considerable magnitude. Consequently, the VE recommended that the plant continue to operate under current conditions while immediately addressing major short-term problems such as the deterioration of the boilers. For the long-term, he made recommendations to improve efficiency, reduce costs, and meet environmental requirements. (Specifically, decreasing the emission of NO and SO<sub>2</sub>.) He also proposed the use of gas turbine powered co-generation, fluidized bed combustion and gasification of the heavy fuel oil.

Additionally, VE Ezzell evaluated individual areas of the plant, and provided recommendations to upgrading safety measures and improve the operation of the boilers, turbines, and condensers. He commented that the personnel of the plant were very competent and professional.

**Country Director Andonov** commented, "This project was good. The entire economy is dependent upon energy resources from Neftochim. This will make a very important contribution to the economy of Bulgaria in machinery, food, automobile, energy, fuel, and chemical enterprises. The client added, 'This very important project has given us direction for the reconstruction of the power plant.'"

11

## SUMMARY OF IESC PROJECT 21852

STARTED: March 13, 1992

COMPLETED: March 31, 1992

### CLIENT: ASSISTANCE REQUESTED:

Neftochim-Bourgas

Bourgas, Bulgaria

The client, fully owned by the Bulgarian government, produces and sells auto gasolines, diesel and boiler fuel, jet fuel, petrochemical products, polymers, and synthetic rubber. They sell their products throughout Bulgaria, the Near East, and Eastern and Western Europe.

OBJECTIVE: To make recommendations on installing a turbodetander in order to increase energy efficiency in their present oil production scheme.

EMPLOYEES: 10,000

### IESC VOLUNTEER EXECUTIVE:

Robert G. Blain

Stamford, Connecticut

VE Blain spent 34 years with Mobil Oil working with their overseas oil refineries. He managed refineries in Trinidad, South Africa, Australia, Japan and Germany. His last 12 years with Mobil were spent as manager of manufacturing for the International Division, a position which carried the responsibility for the operation of 14 refineries stretching from Venezuela to Japan.

### IESC ASSISTANCE RENDERED:

VE Blain arrived at the project and noted that the client's objectives were much broader than initially written in the agreement. He stated that the client wished to install an expander turbine in their FCC unit, an impractical task according to the VE, because of the lack of proprietary technology. **Nevertheless, before VE Blain departed for Bulgaria, he contacted some contractors in the U.S. which would be able to install the expander turbine.** VE Blain explained that the four contractors have access to the latest FCC technology and were more qualified to perform the work. He left the names of these contractors with the client.

The client also wanted the VE to assist them in installing a device which would be able to make use of the waste heat in the regenerator flue gas. This technology was proprietary and could only be obtained from the vendor after suitable secrecy and licensing arrangements had been signed. The VE recommended that the client contact a qualified contractor in order to obtain this technology. He stated that a rough estimate of the proposal's cost would be USD \$20 million. VE Blain noted that the client should go ahead with their proposals because their plant was unique in that they could justify hydrotreating their total feed because most refineries could only treat their final refined products.

VE Blain also reviewed the client's organizational chart and made recommendations regarding improvements. He first explained the problem that most companies have with their engineering departments. After World War II, many U.S. industries began to have an influx of engineers and scientists. Many of these valuable people did not have the chance to be promoted so their talents were wasted in low paying job slots. Mobil Oil developed a structure which allowed these highly talented people to be promoted into other slots where they could still be engineers rather than moving into management where they would stop using their skills. The VE provided the client with this structure along with an organizational chart used by many international oil companies.

Country Director Andonov commented, "The project was very successful. VE Blain made an interesting analysis and a useful one, especially the additional discussions regarding the organization of the management."

Nowak 05/29/92 PUBLICITY PERMITTED  
1833E

RCTR: Ott

CODE "0"

18

## SUMMARY OF IESC PROJECT 21855

STARTED: March 16, 1992  
COMPLETED: May 10, 1992

### CLIENT: ASSISTANCE REQUESTED:

Committee of Tourism  
Sofia, Bulgaria

The client is a government ministry which is responsible to the Council of Ministers for the development of the tourism industry and its privatization. With impressive natural and cultural attractions and a developed infrastructure, tourism is seen as a potential showcase for successful privatization and foreign currency earnings.

OBJECTIVE: The client has specifically requested the assistance of VE Steiger for a follow-up on project 21045 by continuing to work on plans for the future development of the Bulgarian tourism industry. They have requested assistance in marketing, joint venture promotion, privatization, and decentralization.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Donna M. Steiger  
Paradise, California

For the past 30 years, VE Steiger has been a consultant for tourism/travel/transportation and hotel industries and has experience in marketing, promotion, finance, training, and general management. Some of her accomplishments include: a two-year program resulting in a 40% increase in tourism revenues for Tuolumne County, Yosemite Park, in California; in-house travel offices developed for the American Broadcasting Company, including management of all aspects of travel/tourism/accommodations related to the 1984 summer and winter Olympic games; and a comprehensive employee training program developed in sales, customer service, product knowledge and package tours for Mexicana Airlines. This was VE Steiger's second IESC project.

### IESC ASSISTANCE RENDERED:

VE Steiger worked mainly as a trouble shooter and a public relations agent throughout this project. She rendered the following assistance:

- Assisted the committee of tourism in securing funds and contracts.
- Provided a privatization study and survey.
- Held a press conference, six newspaper interviews, and a radio interview on the committee's behalf.
- Lobbied for additional funds for a tourism marketing program.
- Designed a "cover" and wrote an article for a "Business Week Magazine" insert on Bulgaria, which will be distributed worldwide.
- Lectured on tourism at the University of International Economics.
- Presented her report on "Tourism in Bulgaria" to the Committee of Tourism, the Prime Minister of Bulgaria, the U.S. embassy, and the USAID program members.

Country Director Andonov commented, "VE Steiger did an outstanding job. This project is vitally important to the tourism industry, and could benefit the recovery of the Bulgarian economy as a whole. It will certainly affect areas such as agriculture, health, private business, and the agency for privatization. The client added, 'The VE proved to be highly competent.'"

HAYES 6/18/92  
1942E

PUBLICITY PERMITTED

RCTR: GALLAGHER

CODE "0"

19

## SUMMARY OF IESC PROJECT 21927

STARTED: March 29, 1992  
COMPLETED: April 27, 1992

### CLIENT: ASSISTANCE REQUESTED:

Business Center - Bulgaria, Ltd.  
Sofia, Bulgaria

The client promotes trade and business contacts between Bulgaria and other countries on a worldwide scale. They coordinate business programs for visitors in Bulgaria, organize trade fairs, exhibitions, training courses and seminars, and provide a database for investment searches and offers.

OBJECTIVE: To present a seminar on accounting which would last no longer than six weeks. This project was one in a series of four similar lecture courses. The other three were seminars on stock exchange operations, funds evaluations, and bank dealers.

EMPLOYEES: 8

### IESC VOLUNTEER EXECUTIVE:

Michael and Rosalind Skigen  
Jupiter, Florida

VE Michael Skigen was an associate professor at **Georgetown University's School of Business** from 1966 to 1990. He taught a variety of accounting courses at both the undergraduate and graduate levels. Simultaneously, he functioned as senior partner of the accounting firm, **Arkin & Skigen**.

VE Rosalind Skigen was a senior associate at **Arkin & Skigen**, responsible for financial planning, individual taxes and office administration. She also taught business courses at the high school level and accounting at a community college in Maryland.

### IESC ASSISTANCE RENDERED:

The original objective for the project called for three two-week seminars but the seminar in Plovdiv was cancelled because of low attendance. The seminars were designed by VEC Skigen to cover international accounting standards. They first observed that there was a lack of educational materials with which to prepare for the new expert accountant exam. The VEC developed the framework and gathered the materials needed for the students to properly prepare themselves for the exam. They provided texts published in the U.S., such as the European Accounting Guide, in order to give a subject synopsis of the areas covered in the exam. The VEC also covered European accounting practices and provided a brief overview of the new Bulgarian accounting law which they were still working on during the project. The client was able to provide the students and VEC with an English version of the International Accounting Standards which was the basis of the last part of the seminars. The VEC covered other subjects such as the U.S. CPA exam, types of financial reports and their requirements, and the evaluation of underlying accounts.

The project was successful but according to VEC Skigen and the client it could have been executed better. Both the VEC and client agreed that the Plovdiv seminar could have taken place if there was more publicity of the event. The VEC also reported, "The instructions of the client to the IESC office in Sofia were interpreted in such a way that when the information was received in Stamford, it was not stated that the VEC was to teach the international standards of accounting." However, they explained that now Bulgarian experts could teach the course on a regular basis and in a more thorough manner.

Country Director Andonov commented, "The project proved to be a success. It was the first seminar project for both the client and IESC-Stamford, so all or most of the problems of a first project were present: not coordinated well, accommodation problems, literature supply, transportation, etc. The client added, 'We highly appreciate the Skigen's professionalism. Although the program was not very well coordinated, the Skigen's lectures were outstanding.'"

20

## SUMMARY OF IESC PROJECT 22248

### **PIGGYBACK**

**STARTED:** March 17, 1992

**COMPLETED:** March 17, 1992

### CLIENT: ASSISTANCE REQUESTED:

**Bulgarian Industrial Association (BIA)**

**Sofia, Bulgaria**

The client is an organization which supports its member's interests before national legislative and government bodies. The members consist of thousands of private and state-owned companies, 28 regional industrial associations, and 34 newly established branch associations.

**OBJECTIVE:** To educate the newly formed branch associations' staff in the basic principles of operation, management, and development of this type of organization. They have specifically requested the assistance of VE Ernest Bolduc to hold discussions and a seminar at the BIA headquarters for branch associations. **This project was a piggyback to project 21727.**

**EMPLOYEES: 30**

### IESC VOLUNTEER EXECUTIVE:

**Ernest J Bolduc**

**Armonk, New York**

VE Bolduc served as executive secretary at the **National Council of Paper Industry** from where he retired early to form an association services management consulting and support group. Previously, he worked as executive secretary of the association of **Tool Steel Producers**, where he initiated the association's chief staff position. Earlier in his career, VE Bolduc was employed by **Kaiser Aluminum, Kawneer Co., and Bellamy, Robie Co.** in numerous capacities. **This was his third IESC project.**

### IESC ASSISTANCE RENDERED:

VE Bolduc, through a one-day seminar, instructed the client personnel on uniting private and state companies into associations. To assist with their development, management, and operation plans, the VE discussed the purpose and goals of the organization, its membership development, organizational structure and documents, programs and services, association staff, financial management and control, information management and automation, government affairs, and communications. He also spoke on a radio and a television program.

**Assistant Country Director Vassilev** commented, "This project was successful. It filled a knowledge gap in the basic principles of the branch's operation as an independent business organization. This will help the executives to better use their potential to improve services for their members. The lessons learned from this seminar could affect a wide range of businesses within BIA's purview."

**HAYES 6/29/92**  
**1983E**

**PUBLICITY PERMITTED**

**RCTR: CLEMENTS**

**CODE "0"**

## SUMMARY OF IESC PROJECT 22311

STARTED: April 24, 1992  
COMPLETED: May 10, 1992

### CLIENT: ASSISTANCE REQUESTED:

Independent Newspaper (draft name)  
Sofia, Bulgaria

The Independent Newspaper will be published by the "International Business Press" joint venture which is representative of a group of journalists with 51% of the shares, and a group of industrial companies owning 49% of the shares. They are planning to put out a 36-page, American-style newspaper during the week and a magazine on Saturdays. OBJECTIVE: To make recommendations on the organization of their 36-page newspaper and Saturday magazine, including the structure of the sections, management, advertisements, and graphics and design, in order to design Western-style documents.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

B. Dale Davis  
Cape May, New Jersey

VE Davis spent 45 years in the newspaper business. For 18 years, he worked for the **Detroit Free Press**, one of the largest daily morning newspapers, starting as a reporter and moving successively to the position of assistant managing editor. VE Davis then moved to the **Philadelphia Bulletin** as editor of the Sunday Bulletin. He eventually progressed from assistant managing editor to managing editor and executive editor in charge of all news coverage, and then to vice president of communications. He was also a member of the board of directors of **Independent Publications, Inc.**, owner of the Santa Barbara News Press and other communications properties. **This was VE Davis' second IESC project.**

### IESC ASSISTANCE RENDERED:

VE Davis met daily with the members of the newspaper to discuss and attempt to resolve each member's individual problems as they related to their assigned functions on the newspaper. First, VE Davis concentrated on explaining the philosophy of free press and what it means to print in an objective fashion, free of political influence. VE Davis then explained that the various financial backers may expect special consideration in the paper in return for their support. In addition, they focused on a page-by-page presentation of the newspaper covering local, national and international news, business, sports, arts/culture, science/medicine, and lifestyles. The VE and the client produced a 16-page dummy paper in two sections, selected a name for the paper, and a designated starting date. Advertising support was also discussed at length.

VE Davis reported that with a starting date of September 21, 1992, the newspaper should be challenging the existing newspapers in Bulgaria within a year. However, he did not expect the newspaper to be totally free of political obligation because of its financial relationship with the government. VE Davis also reported that the newspaper should be on sound financial footing within a year and on its way to becoming a profitable business. According to the VE, a target of 50,000 daily circulation with 30% of the newspaper containing paid advertising within a year would require an all out effort from the entire staff of approximately 30 people.

**Country Director Andonov** commented, "The project was very successful. VE Davis proved to be very competent in his work. The client added, 'VE Davis described a detailed picture of the American daily newspapers, providing us with advice on how to make our newspaper follow the best examples in the U.S., and at the same time avoiding the risk of appearing as simple imitators. He gave us a lot of practical advice about the structure and management of the paper... I would say that the biggest impact will be the effort to follow the principles of free press - something unseen and unknown in Bulgaria so far.'"

**THE CZECH AND SLOVAK FEDERAL REPUBLIC**

## SUMMARY OF IESC PROJECT 20851

STARTED: October 30, 1991  
COMPLETED: November 21, 1991

### CLIENT: ASSISTANCE REQUESTED:

Ostravsko-Karvinske Doly a.s.  
Ostrava, CSFR

The client operates a coal mine. They produce coke and cokeable coal which they distribute locally and export to the former Soviet Union and to Eastern and Western Europe.

OBJECTIVES: To develop an internal management strategy, and help the client adapt to a free market economy.

EMPLOYEES: 80,000

### IESC VOLUNTEER EXECUTIVE:

Donald Gibbons  
Beverly Farms, Maryland

VE Gibbons spent his entire 34-year career with Arthur D. Little, where he served in various management consulting roles. For the last 20 years, he was involved in the energy area, particularly the coal industry in the U.S. and abroad. He established and managed one of the company's clients, Adl's coal. In addition to this experience, VE Gibbons consulted for coal producers in both the U.S. and overseas.

### ASSISTANCE RENDERED:

VE Gibbons reported that the major focus of his assistance was the client's low productivity level. He felt that the business was operating below maximum efficiency as a result of hiring too many workers. To raise profits and increase exports, he made suggestions regarding cutting the workforce over time and overhauling the client's plants. While he conceded that cutting the work force and changing their plants would be a difficult and expensive process, the VE stressed that the client would be much better off in the future if they took such measures as soon as possible. In order to better connect the client's mines with the corporate headquarters, the VE assessed the current organizational structure and made recommendations on restructuring.

Since the client was a completely government-owned firm, the VE recommended several policy changes that would allow the company to improve operations. These included raising the price ceiling on coal, and allowing apprentice miners to work immediately after graduation. VE Gibbons felt that while his assistance could help the client head in the right direction, the transition to a free market involved many changes that were too complicated to deal with in such a short project. To best adjust to a new market, the VE recommended that they should seek more long-term, comprehensive assistance in the area of management planning.

VE Gibbons commented that while the client provided him with two interpreters, language was still a problem, and he wasn't sure if his written and oral advice was fully implemented.

GARBARINO 1/13/92 PUBLICITY PERMITTED RCTR: Miner CODE "0"  
1291E

## SUMMARY OF IESC PROJECT 21036

STARTED: August 1, 1991  
SUSPENDED: September 3, 1991  
CONSIDERED COMPLETED: February 25, 1992

### CLIENT: ASSISTANCE REQUESTED:

Adamovske Strojirny, s.p. (ADAST)  
Dobruska, CSFR

The client manufactures and assembles polygraphic offset printing equipment, most of which they sell through the former state export company, KOVO, to markets in over 50 countries in Europe, North and South America, Asia and Australia. They are presently being separated from a 7,000-employee parent company as part of the privatization process. ADAST has been selected by the Czech Ministry for Economic Development and the Ministry of Privatization for a pilot privatization project using IESC assistance.

**OBJECTIVE:** To prepare a plan for privatizing the company as an autonomous enterprise, to improve organization, and to raise productivity from 12.5 million USD to 14.5 million USD without increasing the number of employees. Specifically, they have requested assistance with the following:

- Present valuation of the company as an autonomous operating unit.
- Recommendations for future business and market alternatives including potential business, technological and capital partnerships.
- Design of optimum capital, organization, and management structure.
- Time schedule and method of transformation to a private enterprise operating in a market economy.

**This project is being supported concurrently by ABLE project A1144, directed at finding potential marketing, technological, and capital partners.**

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Bruno Menin  
Groton, Connecticut

VE Menin's experience in the printing business includes marketing, production, and worker training. He has served as the managing director for the **Linotype Company** in Italy, as senior engineer for the **Langston Corp.**, and as senior engineer for the **Harris Graphics Corp.** **This was his third IESC project.**

### IESC ASSISTANCE RENDERED:

VE Menin provided the client with technical plans and/or diagrams for the management organization of the company and critical parts of the printing processes, as well as recommendations for a market study for each of the five companies within ADAST and their complete product lines. He also submitted statistics on their annual sales figures broken down by country, and pertinent information on shipping, sub-contracting, land and facility needs, zoning regulations, and utilities. Additionally, the VE stressed to the client that they must be prepared to furnish any and all other data that the prospective buyer may desire.

After two weeks of work on the above, VE Menin considered the project completed and requested to return to the U.S., although neither the client nor the Country Director were satisfied that the project's objectives had been fulfilled. They disagreed with VE Menin having arbitrarily set out to prepare what in his opinion was important for a prospective partner; an inventory of ADAST property and equipment, with little regard to the wishes of the client. Commenting that they were lacking many of the initiatives that had been an integral part of the agreement's objectives, the client requested the assistance of another VE. Per their wishes, another VE was recruited.

However, during the interim, VE Menin's work was passed along to the Ministry of Privatization and the client was contacted (as a result of the ABLE study) by the American firm, **E.R. Smith Associates**, regarding a potential joint venture arrangement. Within this period, the client deferred the arrival of the new VE on several occasions pending the outcome of the review of VE Menin's work by the Ministry. In February of 1992 before recommencement of this project, the client management learned that VE Menin's proposal was deemed satisfactory by the Ministry, and now considered this project successfully completed. The client is considering the new VE for a possible USVE project in the near future.

## SUMMARY OF IESC PROJECT 21101

STARTED: August 29, 1991  
COMPLETED: September 21, 1991

CLIENT: ASSISTANCE REQUESTED:

HEDVA tkalcovny hedvabi s.p.  
Moravska Trevova, CSFR

The client manufactures, treats and sells synthetic filament fiber fabrics. They also produce, tailor and sell ties from this material.  
OBJECTIVE: To design the optimum organizational structure for a free market operation; find foreign partners for marketing, manufacturing cooperation, and potential investment; expand foreign markets for existing products; analyze and evaluate the client's operating condition; and prepare an outline for future direction.

EMPLOYEES: 5,300

IESC VOLUNTEER EXECUTIVE:

L. Hugh Ballard  
Greenville, South Carolina

Since 1986, VE Ballard has been a management and technical advisor for **T.N.S Mills** in South Carolina. This company spins and weaves cotton and polyester blended yarns and fabrics. VE Ballard organized the **Amatex Export Trading Association** and became president of this company in 1972. He was primarily concerned with engineering and the design of textile plants outside of the U.S. in countries such as Japan, Mexico and Poland. From 1958 to 1968, VE Ballard was director of international sales for **Saco Lowell**, a textile machinery firm. He started his career in textiles with **Deering Milliken** as an engineer, supervising and managing spinning and weaving.

IESC ASSISTANCE RENDERED:

VE Ballard visited 11 production facilities and analyzed the plant's operations. He prepared an organizational structure for the client and their plants and presented a plan for finding potential partners or investors. VE Ballard also explained to Hedva management the process by which to deal with foreign partners and what they should expect from such deals. VE Ballard stated that considerable work and training would still be required for privatization of the enterprise in order to move it towards a free market economy. He noted that the client has the goal however their direction was not yet established. The VE also stressed the importance of securing sales so the organization and its divisions could continue to operate. The client commented that they were completely satisfied with the project.

Nowak 03/17/92 PUBLICITY PERMITTED RCTR: Clements CODE "0"  
1553E

16

## SUMMARY OF IESC PROJECT 21146

### REVISION

STARTED: August 8, 1991  
COMPLETED: September 6, 1991

### CLIENT: ASSISTANCE REQUESTED:

Steelworks Vamberk  
Vamberk, CSFR

The client has four plants manufacturing all kinds of welding materials and rods, steel cables, and chains for industrial applications such as transmissions. OBJECTIVE: To obtain assistance in the execution of privatization and resolve the problem of insolvency. In addition to these primary objectives, the client also wants to concentrate on improving manufacturing quality, material and inventory control, and products marketing.

EMPLOYEES: 1,350

### IESC VOLUNTEER EXECUTIVE:

William P. Douglas  
Pepper Pike, Ohio

VE Douglas spent his entire business career with the Lincoln Electric Company, one of the largest manufacturers of welding materials, both rod and cable, in the country. He first worked in their plants on various manufacturing assignments and subsequently assumed responsibility for international sales activities. He has been active in trade associations, both domestic and international.

### IESC ASSISTANCE RENDERED:

Throughout the project, VE Douglas concentrated on the importance of management and employees understanding the Western free market system. The following steps were followed by the VE to achieve a successful project:

1. Evaluated Vamberk's facilities.
2. Reviewed previous production scheduling/planning.
3. Reviewed the "planned economy" system of serving customers in CSFR.
4. Interviewed each production division head as well as department managers and recommended that only a set number of managers report to Mr. Provaznik, the managing director, in order to give him more time to plan a long-range strategy and not have to be involved with administrative details.
5. Attended Ministry of Privatization discussions in Prague.
6. Analyzed the costing method which included establishing a firmer pricing policy, establishing a small credit department, and working closely with costing specialists to make certain that all products generated the expected profit.
7. Interviewed and evaluated a potential partner under the privatization plan.
8. Discussed other privatization options with Mr. Provaznik.
9. Made suggestions and recommendations for overall improvements in organization and marketing based upon any new structures as a free enterprise company.
10. Made general recommendations concerning equipment. For example, he recommended the cancellation of fused fluxes except for higher tonnage types and creating better moisture control.
11. Recommended that English be understood by the sales and marketing department.

Overall, the VE felt that the kind of analysis he structured required a team of experts rather than just one man; however, beside the fact that the CD was too busy to give any assistance during the project, he believed he successfully completed the client's objectives.

Country Director Kosman commented, "The project was successful as it resulted in a joint venture."

## SUMMARY OF IESC PROJECT 21232

STARTED: September 17, 1991  
COMPLETED: November 1, 1991

CLIENT: ASSISTANCE REQUESTED:

Ministry of Privatization  
Prague, CSFR

The client is responsible for the establishment and operation of the Trust of National Property. The Trust was established as an independent legal subject according to a law passed by the country's parliament. The Trust will take over ownership of state enterprises and dispense of them in accordance with the law. Companies were asked to prepare plans of privatization following a methodology presented by the Ministry in accordance with alternatives defined by the above mentioned law. The VE selected was one of a team of six VEs available at the office of the Trust.

OBJECTIVE: To review privatization plans submitted by companies, to include: financial analyses, balance sheets, capital/investment options, and use of funds; to evaluate the feasibility of proposed financing and consider financial alternatives; and to train the Trust staff in financial analysis, and methods of financing. They have previously received IESC assistance in project 20962.

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE/ :

Mark A. Paul  
Monterey, Massachusetts

VE Paul was with Morgan Stanley and Co., a top New York investment banking firm, for 25 years as managing director. After retirement, he remained as an advisory director. The VE participated as a staff member of a special presidential task force for the development of offshore financing, and also represented the U.S. on a European Economic Community task force for the development of capital markets in Southeast Asia. This was VE Paul's third IESC project.

IESC ASSISTANCE RENDERED:

VE Paul arrived at the Ministry of Privatization to discover that they were behind schedule and not prepared for his assistance. The VE reported that the Ministry was understaffed and the submission of privatization plans was much slower than anticipated. By October 31, 1991, the day before VE Paul departed, only 100-200 proposals from the more than 1,500 companies involved had been submitted, and only one or two were given to the Ministry of Privatization for final review. VE Paul did render some assistance to CSFR companies that were being privatized and to foreign companies interested in investing in CSFR enterprises. The main problem that VE Paul noted was that the companies were having a difficult time contacting the Ministry's personnel because they were so understaffed. The client only moderately used VE Paul in the last weeks of his project.

Country Director Kosman commented, "The client requirements on VE assistance during his presence have been met. However, the client was behind in his implementation schedule and was unable to take full advantage of his availability."

Nowak 04/06/92 PUBLICITY NOT PERMITTED RCTR: Michel CODE "7\*\*"  
\*Partially successful due to the unreadiness of client.

20

## SUMMARY OF IESC PROJECT 21377

STARTED: January 27, 1992  
COMPLETED: January 31, 1992

### CLIENT; ASSISTANCE REQUESTED:

MEDITES a.s.  
Roznov, CSFR

The client is a new company, resulting from the split of the former major Czech manufacturer of semiconductors, TESLA. Due to the loss of the eastern market and the substantial reduction of military contracts, as well as an inability to compete in the electronics market, they are trying to find new fields of activity.

OBJECTIVE: To analyze the company's clean-room equipment, and determine the feasibility of converting its use for the production of medical infusion liquids (i.e. saline solutions) as well as other related medical supplies. **If conversion is viable, they also request equipment suggestions, a plan of action, and preparation of a recommendation for a two-week TIS follow-up project in the U.S.**

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Jerome Berk  
New Rochelle, New York

VE Berk has been active as a consultant since his retirement from a 35-year career in the pharmaceutical industry. He spent three years with the **Delco Pharmaceutical Company** as executive vice president in technical supervision and sales of ethical supplies. Prior to that, he spent 22 years with the **Bryant Pharmaceutical Company** where he was involved in the production of tablets, liquids, ointments, OTC specialties and new product development. He also served as a liaison with the **FDA** and **DEA**. **This was his 11th IESC project.**

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Berk visited the facilities, and analyzed the feasibility for their use in the production of infusion liquids known as Large Volume Parentals (LVPs). He found that the client had already successfully converted one clean-room, and was engaged in the production of various liquids used for dialysis. These liquids were being distributed to over 250 hospitals in Moravia, with future plans for distribution of these products throughout the CSFR. Their success in these measures has led to the the need for installation of larger equipment, and greater room for expansion in the future. VE Berk discussed their future plans in detail, and made recommendations concerning sales, marketing, promotion and advertising, pricing, use of distributors in diverse geographical locations, additional quality assurance controls, and improved production procedures.

The second part of this project dealt with the possible conversion of an uncompleted three-story building which had been designed with sophisticated clean-rooms for electronics manufacture, but were incompatible to LVP production. Although the client had already secured a joint venture agreement with a German LVP producer, the VE recommended that the German firm should be alerted to the potential structural problems that the operation faced, and housing alternatives for this operation. He also discussed: manufacturing other, more compatible forms of pharmaceuticals in the new facility for which an American joint venture partner could then be sought; the continued expansion of the dialysis solution department; the possibility of constructing a new structure for the production of LVPs; export potential, particularly to Poland where a barter agreement for raw materials could be arranged; mechanics of privatization; investment capital and financing; logistics of inventory turnover; freight charges; and commission structures and distribution centers for distributors.

VE Berk also promised to provide follow-up assistance for the client regarding: the need for infusion solutions and concentrates in Poland; names of consulting companies that might help Medites in future planning and operations; U.S. pharmaceutical companies that may be interested in entering into a joint venture; subscriptions to various pharmaceutical journals, periodicals, trade publications, etc.; and validation procedures in support of extended quality assurance programs.

The VE commented, "Relations with the client were excellent and a basis for future contact was established. We will be corresponding directly and it is likely that a follow-up visit in the near future will be in order."

## SUMMARY OF IESC PROJECT 21386

STARTED: January 17, 1992  
COMPLETED: February 18, 1992

### CLIENT: ASSISTANCE REQUESTED:

National Museum  
Prague, CSFR

The National Museum is an umbrella organization joining several specialized museums devoted to history, literature, arts, and natural sciences. Due to its important role in the restoration of Czech culture in the 19th century, it is considered a symbol of Czech national history. The present cutting of government subsidies will have a strong negative impact on its operations unless an efficient way of fund raising is implemented.

OBJECTIVES: To assist the client in developing a fund raising program, with the goal of making the museum financially self-sufficient.

EMPLOYEES: 500

### IESC VOLUNTEER EXECUTIVE:

James Symington  
Washington, D.C.

After a 30-year career in advertising, VE Symington was employed by the **Smithsonian Institution**, where he was involved in management, finance, and development, but was primarily responsible for increasing memberships and raising funds. He was responsible for obtaining \$8 - \$10 million annually, and in a special construction project known as "quadrangle," he raised a total of \$32 million.

### IESC ASSISTANCE RENDERED:

After assessing the situation, VE Symington found that the privatization process had left the National Museum in a very difficult situation. After 40 years of operation under Communist rule, the museum's collections had been spread out to 120 different locations. They faced the problem not only of conserving, consolidating, and cataloging their exhibits, but also stood to lose some of their buildings as part of the ongoing restitution process. The VE felt that they had a sound plan in place for the replacement of these facilities. However, the fact that the museum was funded by the Czech Ministry of Culture and did not have adequate capital, would make it difficult to accomplish these tasks, including the development of an independent fund raising campaign.

After meeting with the heads of all of the museum's departments, VE Symington concluded that the client could best support itself by becoming a "friends" organization, one supported by individual contributions from private parties. He felt that as the economy improved, with individual incomes increasing, this would become more feasible. Increased income, he observed, would allow the museum to offer more competitive wages than at present. He was optimistic that as government restrictions eased, the museum would be able to generate funds by selling off duplicate and less important items. He also advised on the profit-generating potential of such auxiliary operations as restaurants and gift shops.

Country Director Kosman commented, "This was a successfully completed project."

## SUMMARY OF IESC PROJECT 21466

STARTED: December 4, 1991  
COMPLETED: December 18, 1991

### CLIENT; ASSISTANCE REQUESTED:

PROSOFT spol. s.r.o.  
Zilina, CSFR

The client is one of 10 computer companies in the region of Zilina in the north of Slovakia, which were started as a result of the state-owned Research Institute of Computer Technology closing down. The client produces custom-made software, hardware and hardware components.

OBJECTIVE: To provide advice on managing the company, sales, marketing and commercial policy for a software producer.

EMPLOYEES: 10

### IESC VOLUNTEER EXECUTIVE:

Francis X. Murphy  
Plymouth, Massachusetts

VE Murphy has over 25 years experience in software sales, direct marketing and planning and spent his entire business career with IBM. He started as marketing manager of their Boston office where he sold and directed sales and systems engineers. In 1980, he transferred to IBM's Florida Division, where he worked with software firms to develop value added products for IBM computers, both PC and mid-sized.

### IESC ASSISTANCE RENDERED:

VE Murphy provided the client with detailed information concerning the sale and marketing of software. He helped the client develop a sales staff and a management organization. In addition, the VE rendered the following assistance:

- Personnel resumes were completed to provide an understanding of the level of education and technical knowledge present in the corporation.
- Described a simple management structure which would allow the client to control their business activity and delegate authority for growth.
- Provided a systems design process for evaluation, testing and documentation of the employees' work.
- Reported on a method for salespersons to gather information for system sales and technical reviews.
- Described an information system and its benefits if implemented.
- Designed a sales brochure for the company that describes the products, founders, and type of business served.
- Explained how professional sales people prepare for interviews, handle objections, demonstrations and the closing of a sale.
- Reported on business plans used by management to discuss areas that required management action such as analyzing markets and the 1992 forecast of new business.

Country Director Molnar commented, "VE Murphy was the first IESC volunteer in Slovenia and the project was a success. He is a very good ambassador of volunteer spirit of the U.S. He is a very understanding, patient and intelligent executive."

## SUMMARY OF IESC PROJECT 21758

STARTED: March 3, 1992  
COMPLETED: March 12, 1992

### CLIENT; ASSISTANCE REQUESTED:

Partika Manager  
Presov, CSFR

The client is a government clerk who wishes to build a turkey farm for raising heavy turkey hybrids for processing and distribution.

OBJECTIVE: To provide consultation and assistance for the selection of a building type, size of the turkey farm, and other needed facilities. Additionally, to develop a business plan for selection of turkeys and feeding procedures. The client plans to present this business plan to local bank as a valid request for loans.

EMPLOYEES: 25

### IESC VOLUNTEER EXECUTIVE:

Arthur W. Andrews  
Santa Maria, California

VE Andrews, who currently operates a live stock consultant business, is an expert in swine hygiene, feeding, by-product disposing, slaughtering, and daily operating. He was general manager of **Rose Industries**, the largest confined swine project in Asia and tropical regions of the world. His work experience with swine embraces countries such as Kenya, Nigeria, Colombia and Venezuela. As requested by the **U.S. Navy**, VE Andrews developed and trained personnel to operate a live stock program in Vietnam during the war. **This was VE Andrews' third IESC project.**

### IESC ASSISTANCE RENDERED:

Upon arriving at the client's proposed site of operations and after many discussions, VE Andrews advised him not to pursue his goal of starting a large scale turkey farm operation. At that point, they both agreed to cut the project down to two weeks. VE Andrews explained that since the client has never farmed turkeys, a bank would not loan him the necessary funds. Additionally, at the time of the project, turkeys could only be purchased from state farms, along with feed and slaughtering services. Because of the aforementioned facts, a turkey farm alone could not provide inexpensive birds to the public. VE Andrews estimated that it would cost the client USD \$9,900 for 600 birds, as well as medication, cleaning materials, feed, and the interest on a USD \$10,000 bank loan. Instead, VE Andrews advised the client to raise 10-15 turkeys in the backyard and learn a little more about the business.

Country Director **Molnar** commented, "This project has the potential for success once the government has passed the legislation privatizing the poultry industry as a whole."

Nowak 04/24/92 PUBLICITY PERMITTED  
1728E

RCTR: Wharton

CODE "0"

32

**HUNGARY**

**SUMMARY OF IESC PROJECT 17750**

STARTED: September 11, 1989  
 COMPLETED: October 9, 1989

**CLIENT: ASSISTANCE REQUESTED:**

Penzugyi Es Szamviteli Foiskola (College of Finance and Accountancy)  
 Budapest, Hungary

The client, a university, requested assistance for its College of Finance and Accounting.

Objectives: Due to the recent changes in the Hungarian financial and economic system, the client requested assistance in revising its finance and banking curriculum.

EMPLOYEES: 395

**IESC VOLUNTEER EXECUTIVE:**

Samuel H. Talley  
 8316 Old Dominion Drive  
 McLean, Virginia 22102

VE Talley spent fourteen years with the U.S. Federal Reserve Board in Washington D.C. where he was assistant director of banking supervision and regulation at the time of his retirement. Prior to that, VE Talley was an assistant professor of economics at the University of Maine Business Administration College. VE Talley has many years of experience with academic institutions. After his retirement, he served as a visiting professor in banking and finance at Montana State University. VE Talley received his M.A. of Business Administration from Syracuse University in 1958, his Master of Arts in economics from the University of Michigan in 1962, and his Ph.D. from Syracuse University in 1966.

**IESC ASSISTANCE RENDERED:**

Because of the rapidly changing Hungarian financial system, the client requested assistance in revising its curriculum, making it comparable to the curriculum taught in U.S. universities. VE Talley's first step was to review the existing curriculum before his arrival in Hungary. The improvements VE Talley recommended included changes in the major areas of specialization in the finance program, and expansion of the subject matter covered in specialized areas. These areas included company finance and the management of financial institutions.

The second step that VE Talley took was to hold interviews with the administrators and faculty of all three branches of the university, the main branch located in Budapest, and the two satellite branches in Zalaegerszeg and Salgotarjan. The purpose of these interviews was to determine exactly what changes were possible and necessary. VE Talley gave a list of seven major recommendations for changes in the finance curriculum, as well as suggested course outlines for each course offered by the college. VE Talley additionally provided the college with over a dozen textbooks and other materials that are widely used in teaching finance in the United States.

While in Hungary, VE Talley also gave fourteen lectures on banking and finance to students, faculty, and local bankers. These lectures contained information on managerial techniques now being used in the United States and other market economies.

2/1

## SUMMARY OF IESC PROJECT 18052

STARTED: 7/31/89  
COMPLETED: 8/25/89

### CLIENT: ASSISTANCE REQUESTED:

Zala Furniture Factory  
Zalaegerszeg, Hungary

The client is one of the largest furniture companies in Hungary. It is a 100% government-owned company which trades, sells and exports its products; 85% in Hungary, the rest in other European markets.

Objectives: To advise management and improve on organizational and operational systems in order to become competitive in the international arena.

EMPLOYEES:1,400

### IESC VOLUNTEER EXECUTIVE:

Beaton Marsh  
42 Bridge Street  
Colebrook, N.H. 03576

VE Marsh, a recent retiree from Ethan Allen, spent 30 years in all phases of furniture production management beginning as plant engineer, and rising through the ranks to corporate vice president. At the time of his retirement, VE Marsh was responsible for the computer conversion of all manufacturing information systems. This was VE Marsh's 6th IESC project.

### IESC ASSISTANCE RENDERED:

This project proved to be a unique and challenging experience for VE Marsh. Because of the complicated political situation in Hungary, all of his assistance was given in the format of a reference manual which VE Marsh prepared and submitted after two weeks spent interviewing the staff of the company. VE Marsh's recommendations fulfill the company's request in that they prepare Zala Furniture for the eventual transition to a capitalistic business. The client will implement these recommendations when the government restrictions are lifted.

VE Marsh's recommendations include:

- Establish a sales department to prepare for competition in a foreign market.
- Design and prepare a flow chart for a computerized Manufacturing Operation System before continuing to install more independent systems.
- Implement a production and inventory control division to increase efficiency and aid in cost reduction.
- Create an employee incentive program which will result in increased productivity.

Mulkerin 11/1/89  
0951K

PUBLICITY PERMITTED

RCTR: Jinishian

CODE "0"

1  
75

## SUMMARY OF IESC PROJECT 18106

STARTED: September 4, 1989  
COMPLETED: September 29, 1989

### CLIENT: ASSISTANCE REQUESTED:

Computing and Management Organization Services (SZUV)  
Budapest, Hungary

The client is involved in providing such services as systems analysis, data processing, programming, data preparation, micro-computer services and maintenance. They have previously received IESC assistance on Project #17055.

Objectives: To review the results of Project #17055 and recommend any additional improvements in the client's software services.

EMPLOYEES: 3,800

### IESC VOLUNTEER EXECUTIVE:

Jack L. Barber  
27963 Chiclana  
Mission Viejo, California 92692

VE Barber spent his entire career with Flour Engineers, Inc. one of the largest industrial construction and engineering enterprises in the United States. There, he served in various capacities involving piping design. During the latter portion of his career, VE Barber was a member of a special task force established to design and implement 2D and 3D CAD capabilities for utilization over a broad range of design applications. Subjects for CAD included basics for entire petrochemical plant as well as designs for equipment items such as pumps, etc. After retiring from Flour, VE Barber opened a private consulting company specializing in personal computer CAD applications, CAD management and CAD training. This is his second IESC project.

### IESC ASSISTANCE RENDERED:

The objective of VE Barber's first project was to assist the client in entering into the CAD/CAM marketplace in order to supply Hungarian industry with this service. At the completion of the previous project, VE Barber provided the recommendations necessary to achieve this goal. Because of a reorganization of their corporate structure, the client has not been able to implement many of VE Barber's previous recommendations, but are continuing with their plans to enter the CAD/CAM market. VE Barber reevaluated the companies needs and made supplementary suggestions to his previous ones.

VE Barber's recommendations included the following:

- Establishment of a corporate level person to be in control of implementing policy, pricing, budgets, and to promote teamwork and coordination.
- Preparation of an overall marketing plan and budget by the head office.
- Development of a MicroCAD market.
- Review of operations and pricing structures of competitors such as INNOVCAD, to estimate their share of the market.
- Review all the details contained in the project report for Project 17055; there are many recommendations in that report which are still valid.

## SUMMARY OF IESC PROJECT 18460

STARTED: January 16, 1990  
COMPLETED: February 27, 1990

### CLIENT: ASSISTANCE REQUESTED:

Szellozo Muvek  
Budapest, Hungary

The client produces ventilation and environmental protecting products as well as air-gas filters and aconstic protecting equipment. They also provide such services as engineering, development, installation and equipment servicing. This corporation was operated as a state company, which is 95% owned by the government, for the past four decades. It is under change now: using domestic and West-European bank capital, seperating its activities in share, or limited-liability-companies, turning them to a higher expanding path. OBJECTIVES: To establish a management policy subordinate to the financial balance of the company, giving methods for the computerized financial management and the increasing of the turning speed of the binded circulating fund.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Richard A. Buese  
5210 Eastwind Road  
Louisville, Kentucky 40207

VE Buese started his industrial career with the power transmission division of Hewitt Robins where he was a sales manger, operations manager, and finally vice president and general manager. In 1965, he moved to American Air Filter Company as a group manager, becoming vice president in 1967, senior vice president in 1970, executive vice president in 1975, and president in 1981. VE Buese is an active Rotarian.

### IESC ASSISTANCE RENDERED:

VE Buese spent time with the client interviewing key line and functional managers, analyzing available financial and operating data, and visiting all company facilities to identify their problems and make recommendations to help solve them. He developed detailed recommendations for corrective actions including organizational strategies, management and financial controls and reporting, marketing strategies, joint venture strategies, income and cash flow improvement actions, and product line expansion. A report package was given to the client, in Hungarian, outlining these recommendations.

VE Buese also arranged and participated in a meeting in Budapest between the client and a potential air filter partner from the U.K. Upon his return to the U.S. VE Buese sent certain types of commercial information to the client and made contact with certain U.S. industrial ventilation companies who might conceivably have some interest in the client.

Nilsen 03/28/90 PUBLICITY PERMITTED RCTR: Moyer CODE "0"  
1513K

## SUMMARY OF IESC PROJECT 18461

STARTED: October 2, 1989  
COMPLETED: November 30, 1989

### CLIENT: ASSISTANCE REQUESTED:

Ganz Electric Works  
Budapest, Hungary

The client produces different electric machinery and equipment for power electricity and rail transport. In this sector of industry there are lasting stagnations due to the reduction of investments in power stations, power networks, and electrified railway systems. In consequence to economic problems in the Hungarian economy, the government has drastically reduced all investments in this sector.

OBJECTIVE: To create and implement methods to assure the constant profitability of the client's activities despite the previously mentioned situation.

EMPLOYEES: 4,000

### IESC VOLUNTEER EXECUTIVE:

James R. Fischer  
5759 Parkwall Circle West  
Boynton Beach, Florida 33437

VE Fischer joined Sprague Electric Co. in 1960 in the international operations division developing world markets. This position entailed setting up sales, marketing and support functions for the export markets. He was product manager for five years and his excellent performance in the international area resulted in his promotion to general manager of the Dearborn division. In this position, he was responsible for all division activities including design, development and engineering. Success in this area earned VE Fischer a promotion to vice president of Sprague International where his responsibilities included material quality, as well as staff and financial support functions. VE Fischer's final title at Sprague was vice president of world trade. In 1981, he assumed responsibility for the magnetic universal division where he was responsible for all phases of executive management.

### IESC ASSISTANCE RENDERED:

While in Hungary, VE Fischer visited major engineering, manufacturing, and testing facilities in the Budapest, Baja, Csatalja and Szolnok areas. He met with the managers of major factory functions as well as senior managers of the corporation. He also met with the General Director to establish the major emphasis of the project which was decided to be increasing profit and decreasing response time. VE Fischer developed a series of recommendations for the client, most of which deal with ways of motivating individuals and groups. Because their implementation requires no capital, the application of these recommendations would result in high and fast returns to the corporation. VE Fischer also provided back-up data and anticipated results to substantiate these recommendations.

Pietruszka 12/08/89 PUBLICITY PERMITTED  
1093K

RCTR: Barch

CODE: "0"

## SUMMARY OF IESC PROJECT 18674

STARTED: November 6, 1989  
COMPLETED: December 1, 1989

### CLIENT: ASSISTANCE REQUESTED:

Kecskemeti Zomanc  
Kecsemey, Hungary

The client is a producer of enamels for cast irons, steel and ceramics. Their main products are cast iron bathtubs and shower trays. Objectives: To evaluate the international market for cast iron bathtubs and, to propose improvements to aid in the long-range development of the company.  
EMPLOYEES: 600

### IESC VOLUNTEER EXECUTIVE:

Alan C. Root  
2 Claridge Drive  
Verona, New Jersey 07044

Earlier this year, VE Root retired from American Standard as corporate senior vice-president for operations and business planning. VE Root joined American Standard in 1961, where he advanced through positions of increasing responsibility in management before becoming senior vice-president. His responsibilities included operations, purchasing, and technology for all divisions including plumbing and bath fixtures. Earlier in his career, VE Root worked for Dow Chemical Company as a sales analyst, and then for General Electric International Division as manager of international marketing research for electrical and electronic components and systems.

### IESC ASSISTANCE RENDERED:

VE Root provided the following assistance to the client:

- Provided marketing data on the sale and export of bathtubs in the Western European and Mediterranean regions.
- Recommended a marketing approach that included having a direct sales representative in Austria, France, West Germany, and the United Kingdom.
- Informed the client on the competitive features of cast-iron versus plastic/acrylic bathtubs.
- Advised the export department head of the higher pricing found in Western European and Pacific markets.
- Provided constructive suggestions to the technical director on sand-mixing, scrap-melting, foundry, molding and grinding.
- Demonstrated how long-term improvements on enamelling, ovens and energy saving relate to positive investment returns.

MULKERIN 1/9/90  
1155K

PUBLICITY PERMITTED

RCTR: MOYER

CODE "O"

# SUMMARY OF IESC PROJECT 18892

STARTED: January 29, 1990  
COMPLETED: February 23, 1990

CLIENT: ASSISTANCE REQUESTED:  
Securities Trading Committee  
Budapest, Hungary

The client is an association of more than 20 banks which has been operating a limited trading market, principally in bonds, for two years. They requested assistance in anticipation of the authorization by law of a Budapest Stock Exchange as an important infrastructure of Hungary as they convert to a market-oriented, private sector economy.

OBJECTIVES: To advise the principals of the Securities Trading Committee, who are responsible for organizing the exchange, on every aspect of exchange organization and operation in preparation for the anticipated opening of a Budapest Stock Exchange.

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:  
Robert Bishop  
311 East Walnut Street  
Avon Park, Florida 33825

VE Bishop spent 31 years with the New York Stock Exchange, 23 of which were as vice president and regulatory officer. He is experienced with trouble shooting, and was responsible for the resolution of the stock exchange's paper work crunch in 1967-68, the intervention into the affairs of 196 troubled member firms in 1969-70, and the computerization of the activities on the trading floor and elsewhere. This was VE Bishop's 5th IESC project.

## IESC ASSISTANCE RENDERED:

VE Bishop's assistance to the Securities Trading Committee was multi-faceted, including numerous written reports and verbal discussions. The new Hungarian law permitting the formation of the Budapest Stock Exchange had been authorized by Parliament in January 1990. VE Bishop drafted an Articles of Association and a complete set of rules for the stock exchange, amounting to over 100 pages in length. He adapted the articles and rules to be consistent with the new laws and the expected activity on the new exchange during the next 2-5 years.

After careful examination of the new laws and rule drafts that the Securities Trading Committee had drawn up for the new exchange, VE Bishop found a number of problems due to an unfamiliarity of the drafters with public ownership, markets, and securities brokering. He suggested rules that will circumvent the provisions drafted, which would have threatened brokerage liability.

VE Bishop met with two of the STC member committees assigned to planning the exchange, member practices, and standards. He also met with government personnel who were likely to be named to the government's securities provision board to explain his proposals, especially those that interpreted the overly restrictive law provisions.

One of the largest problems that VE Bishop found was that the Hungarian system of banking was outdated and incapable of supporting security transactions. VE Bishop was able to meet with the Deputy Minister of Finance and discuss this banking problem, and VE Bishop's recommendations for improvement.

Additionally, VE Bishop lectured to two classes on securities markets, at the Karl Marx College of Economics and Commerce, and at the Institute of Banking.

MULKERIN 3/16/90  
1469K

PUBLICITY PERMITTED

RCTR: MOYER

CODE "0"

40

## SUMMARY OF IESC PROJECT 18893

STARTED: May 22, 1990  
COMPLETED: June 8, 1990

### CLIENT: ASSISTANCE REQUESTED:

Economix University Consulting LTD.  
Budapest, Hungary

The client is a management and financial consulting company.

OBJECTIVE: To train brokers how to deal with stocks, bonds and futures, deal with American and other foreign partners, convince foreigners to invest in Hungarian stocks, and prepare a prospectus for Hungarian joint stock companies.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Allan Roth  
Newark, New Jersey

VE Roth is a professor at Rutgers University Graduate School of Management, an adjunct professor at Rutgers Law School, and Director of the Rutgers Business Institute. He was a state attorney with the U.S. Securities Exchange Commission involved in research, and the drafting of rules and legislation. He served for five years as the director of legal and government affairs on the American Stock Exchange. He has also worked as an international consultant with the World Bank, the U.S. Agency for International Development and governments of Brazil, Turkey and Indonesia. He also served as a member of the U.S. Aid Policy and Planning Task Force on capital market development programs. This was his 3rd IESC project.

### IESC ASSISTANCE RENDERED:

VE Roth taught a course in capital market development at what is now called the Budapest University of Economics (formerly the Karl Marx University of Economics). The participants in the course were mostly undergraduates at the university, several students from the Technical University, eight or nine faculty members, and several members of the client's firm. Although he had believed he would be acting as a consultant to professional people rather than a teacher of undergraduates, VE Roth felt that his course did provide assistance and met the goals of the project. The course outline was as follows:

- I. Introduction
- II. The Companies that Compete for Capital
- III. Selling Shares to Public Investors
- IV. The Underwriting Arrangement Between the Issuer and the Investment Banker
- V. The Prospectus and the Merchandising of Shares
- VI. Underwriter's Compensation Arrangements
- VII. The Aftermarket
- VIII. The Trading Markets For Securities
- IX. Professional Intermediaries
- X. Regulation of the Capital Market
- XI. Foreign Portfolio Investment in Hungary
- XII. Foreign Direct Investment in Hungarian Companies
- XIII. Takeovers: Mergers and Acquisitions
- XIV. Derivative Securities
- XV. Policy Issues in Development of the Hungarian Capital Market

Simmons 11/16/90  
0233E

PUBLICITY PERMITTED

RCTR: Loekowitz

CODE "0"

91

## SUMMARY OF IESC PROJECT 19248

STARTED: May 26, 1991

COMPLETED: June 7, 1991

### CLIENT: ASSISTANCE REQUESTED:

Magyar Hitel Bank Rt. (Hungarian Credit Bank Ltd.)  
Budapest, Hungary

The client is the largest semi-commercial bank in Hungary.

OBJECTIVE: To conduct a two-week seminar for 15 loan officers. Their goal is to teach the officers how a commercial bank evaluates loan requests from large, medium, and small-sized businesses and explain the criteria for selection.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Frank Brennan  
Key Biscayne, Florida

VE Brennan spent 41 years with Chase Manhattan Bank, rising through the ranks from page boy to credit and marketing officer, and vice president and general manager of the overseas group of branches. He was responsible for marketing Chase services to its commercial and government correspondent banks in Latin America. For eight years, VE Brennan was stationed overseas, managing Chase branches and affiliates in Cuba, the Dominican Republic and Argentina. He has recently completed a three-year contract with Bank Sudameris in Miami. This was his third IESC project.

### IESC ASSISTANCE RENDERED:

In the city of Salgotarjan, VE Brennan conducted a two-week seminar entitled "Financial Statement Analysis and Commercial Bank Lending," for 15 loan officers of the Magyar Hitel Bank. His goal was to teach the participants the process by which a commercial bank evaluates loan requests from large, medium and small businesses, how it decides what proposals are acceptable, and to whom to grant credit. These officers came from the Head Office and from branches throughout Hungary, and ranged in experience from six months up to almost 40 years in local banking. Only one officer spoke English fluently, but since a "top-knotch" interpreter was provided, the project progressed smoothly. VE Brennan made every effort to motivate the officers to further increase their knowledge and skills through reading, additional courses, and conversations with knowledgeable people in banking and other related professions.

Throughout the two week period, VE Brennan monitored the participants' achievements through structured assignments and examinations. Specifically, his agenda for the project encompassed a discussion on the purposes for which commercial banks lend, the skills required for loan officers, and the process by which to determine the credit worthiness of all borrowers dealing with special risks evolving from joint ventures, new businesses, and general partnerships. He also discussed financial statements including the income statement, balance sheet, funds flow statement, reconciliation of net worth, and the terms, fiscal or interim and audited or unaudited. In addition, VE Brennan advised on constructing and using pro forma statements and cash budgets, quick and useful advanced analytical techniques for special situations, and credit summary preparation and presentation. Each session was approximately two hours, and except for the first, each began with a short quiz on materials covered in the previous session. VE Brennan also administered a comprehensive final examination at the end of the project and maintained a grade book where the officer's scores were recorded and could be viewed in order to determine areas of strengths and weaknesses.

Country Director Budai commented, "Mr. Brennan conducted a two-week seminar on commercial lending and financial statement analysis. He introduced to the employees of the Hungarian Credit Bank, the Western-type loan officers attitude and made clear the professional approaches regarding judgements of loan applications. After talking to the client, we can state that VE Brennan achieved his goals and his assignment in Salgotarjan has been a great success. The client added, 'The VE has an excellent personality and a high professional capacity. He was able to establish very good cooperation with both participants and supporting staff that resulted in the development of new concepts in thinking and methodological approaches for successful learning.'"

## SUMMARY OF IESC PROJECT 19249

STARTED: April 30, 1990

COMPLETED: May 31, 1990

### CLIENT: ASSISTANCE REQUESTED:

Textile Works of Gyor  
Gyor, Hungary

The client manufactures cotton products such as spreads, tablecloths, handkerchiefs, shirts and ready-made clothing.

OBJECTIVE: To formulate a market-oriented business strategy based on the principles of the Strategic Business Unit (SBU) and product and market analyses.

EMPLOYEES: 2,000

### IESC VOLUNTEER EXECUTIVE:

Harris L. Johnson  
Greensboro, North Carolina

VE Johnson's 30-year career in the textile industry consists of service with Indian Head Mills, J. P. Stevens & Company and Burlington Industries, recognized as three of the most prestigious textile names in the U.S. His experience includes in-depth exposure to the many areas of management, administration, manufacturing, research and development, and technology licensing. VE Johnson is also skilled in marketing and sales, has significant experience in developing and leading teams in the planning and execution of programs aimed at the upgrading of management and technology, and is thoroughly familiar with the Strategic Business Unit concept.

### IESC ASSISTANCE RENDERED:

VE Johnson gave the client an overall organizational plan and added three people to a controlling team of eight to give them better control over operations. He said; "The company was completely out of control. Orders were not filled by contract and the salesmen were permitted to set the prices."

VE Johnson visited both Budapest and Vienna to talk to salepeople and customers. He tried to ascertain the status of the firm with its buyers.

VE Johnson developed an expanded working team which collectively addressed the feasibility of Strategic Business Units for the firm. He also led this team in analysis of the collected data and developed a recommendation for Senior Management evaluation.

VE Johnson described the various SBU functions, their responsibilities and the importance of contact between these groups and Senior Management. He determined the SBU Manufacturing Function to be responsible for the manufacturing area, the SBU Quality Control Function will have responsibility to the Senior Corporate Quality Manager, the SBU Cost Function will have responsibility to the cost area and the SBU Sales Function will trade with appropriate sales organizations.

LAMKE 8/20/90  
1716K

PUBLICITY PERMITTED

RCTR: Lowekowitz

CODE "0"

12

STARTED: September 3, 1990  
COMPLETED: December 18, 1990

CLIENT; ASSISTANCE REQUESTED:

Taurus Hungarian Rubber Works  
Budapest, Hungary

The client manufactures rubber tires for commercial agricultural use. They also produce technical rubber products. These products are sold mainly to Western Europe and the U.S.

OBJECTIVE: The client requested assistance with the start-up of an industrial engineering department. They required the VE to hold lectures for the production managers and to organize a staff composition of the industrial engineering organization. The VE should also train people involved in industrial engineering activities and concentrate on techniques for actual capacity studies, increasing capacity, and improving productivity.

EMPLOYEES: 9,000

IESC VOLUNTEER EXECUTIVE:

Richard Fricke  
Sun City Center, Florida

VE Fricke worked for the Goodyear Tire and Rubber Company for 37 years as an industrial engineer. For his last 7 years at Goodyear, VE Fricke was a manager at Goodyear's corporate operations and method analysis department. He has provided engineering support for 29 factories around the world.

IESC ASSISTANCE RENDERED:

On the first day of the project, VE Fricke reviewed the Taurus-Budapest operations and delivered his first lecture on "Industrial Engineering Responsibilities." Other lectures followed throughout the project. VE Fricke then went to Nyiregyhaza, a town 245km from Budapest, to review the client's operation. He stressed that the client improve their quality systems and performance, stating that increased productivity and lower costs would follow. He recommended that management define the responsibilities of the Industrial Engineering organization at an early date so that all members would understand their purpose and status. VE Fricke also stated that the Engineering Department should be allowed to think freely and be separated from management. According to VE Fricke, the Engineering Department should report directly to the Plant Manager in order to give them the necessary status as an investigative and free thinking group.

VE Fricke provided advice on how to improve the client's productivity. He stated that a system of itemizing the capacity of each piece of equipment in the factory versus the sales requirements should be made and reviewed annually. VE Fricke also taught the client another format of productivity analysis, known as "man minutes" which provided a more reliable base to distribute overheads. He recommended that this procedure be used for several vulcan sizes and types of tires in order to better analyze the cost of production. Problems created by machine speed, manual capability, and temperature control could be monitored better with the "man minutes" system, explained VE Fricke. He also recommended that the client eradicate their incentive programs which have spread earnings over 300% between their two factories, and caused a fluctuation in hourly productivity. And according to VE Fricke, a considerable effort must be made to train and retrain factory workers, which should be accomplished through trainers and coordinated by a training officer within the personnel division.

The client commented, "It was a pleasure for us to cooperate with VE Fricke who is known as a committed expert of industrial engineering."

Nowak 04/23/91 PUBLICITY PERMITTED RCTR: Loewkowitz CODE "0"  
0570E

44

STARTED: May 28, 1990

COMPLETED: June 29, 1990

CLIENT: ASSISTANCE REQUESTED:

Csepel Egyedi Gepgyar  
Budapest, Hungary

The client, a manufacturer, has been producing steel tube straighteners, pointers, and draw benches as well as presses for thermo-plastic and rubber molding for many years. The company is composed of two manufacturing plants of equal capability, one in Budapest and the other in Kaposvar. As a consequence of the unexpected events occurring in the Socialist countries, emerging tensions and the depressed Hungarian economy, the client is losing it's long established markets for conventional products. The factory is professionally and technically suitable to manufacture and supply for developed market-economy countries but the managerial structure of the factory is unable to conform to such a quick change of markets.

OBJECTIVE: To determine the strong and weak points of the company, suggest a new managerial structure to perform in a significant change of markets, and formulate a market strategy and a development policy according to the capacities of the company.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:

Robert J. Hamman  
Winnetka, Illinois

VE Hamman is the retired director of A.T. Kearny, a management consulting firm, where he was employed for 30 years. As a consultant, he worked with over 600 firms in the U.S., Canada, Argentina, and Western Europe. He is particularly knowledgeable in the areas of planning and control in the industrial arena. This was his fifth IESC project.

IESC ASSISTANCE RENDERED:

VE Hamman and the client worked together to combat the lack of sales growth and profitability and to better position the company to face the new challenges resulting from the political changes in Eastern Europe. The first step was to determine the nature of the problem. Specifically, VE Hamman found fault with the following: the sales activities were essentially involved in responding to inquiries rather than active sales promotion, and with the products mixed at both plants, there was no designation of product profit responsibility.

As a result of political changes in all countries of Eastern Europe, there is a power drive from other countries to invest in and capture the markets in the Eastern sector. As this company cannot rely on bank credit or powerful connections, VE Hamman recommended alternative sales techniques to serve as the basis of their strategy: direct calls, the use of agents, direct mail, trade shows, and the use of leads through service calls, material suppliers and the Ministry of Industry.

Concerning organizational structure, VE Hamman suggested the use of product managers to focus on keeping products competitive and profitable. He also recommended a member of the marketing staff be assigned to each country to focus on sales in that particular country. Time did not permit a study to determine the feasibility of producing all presses at the Kaposvar plant and tube machinery at Csepel, though the VE thought it was advantageous for each plant to concentrate on one product line to reduce costs.

Prior to his arrival in Budapest, VE Hamman contacted a number of U.S. companies to determine their interest in licensing Csepel to produce and sell it's products to Eastern Europe and/or the U.S. The companies selected were Verson, Abbey-Etna, and Gasbarre. He also suggested they extend their computer network by installing a CAM software system to be used in designing and drafting for both engineering and tooling. After an information session by a supplier, a decision was made to purchase and install the equipment. Once integrated in the system, the combined staff under both plants involved in engineering and tooling should be reduced from 40 to an estimated 10.

VE Hamman also suggested the following: augment the staff with technically trained personnel, assign and train necessary staff for the sales department in language skills, and organize visits on a regular basis with top management, product managers, and country directors with customers from Poland, Russia, and East Germany.

The client stated, 'Mr. Hamman paid great attention to extend our clientele. At our request, he dealt with new development topics. Now we are studying how to apply the conceptual suggestions of Mr. Hamman in the particular cases of our actual and expected product policy. "

LAMKE 10/5/90

PUBLICITY PERMITTED

RCTR: LOENKOWITZ

CODE "0"

1845K

40

## SUMMARY OF IESC PROJECT 19483

STARTED: September 24, 1990

COMPLETED: September 30, 1990

### CLIENT: ASSISTANCE REQUESTED:

SEED - Foundation for Small Enterprise Economic Development  
Budapest, Hungary

The client organization is a foundation that funds small private enterprise conferences, seminars, and educational activities nationwide in Hungary.

OBJECTIVE: They requested an IESC Volunteer Executive to work with Hungarian experts in providing a seminar/workshop on "How to Start Exporting." The seminar would be primarily targeted towards privately-owned small businesses.

EMPLOYEES: 3

### IESC VOLUNTEER EXECUTIVE:

John Bauchens  
Seattle, Washington

VE Bauchens spent 14 years as an International Trade Specialist with the Washington State Department of Commerce. Since 1982, he has been an independent management consultant.

### IESC ASSISTANCE RENDERED:

VE Bauchens provided the seminar participants with five half-day seminars (3-4 hours each), plus five additional days at the participants' premises covering the various aspects of International Trade with an emphasis on exporting.

VE Bauchens found Hungary suffering from 40 years of a restricted economy and a somewhat lethargic, even apathetic approach to business in general, as well as an ignorance of basic Western business practices. The VE felt that if Hungary, which considers itself in the forefront of reform and adjustment to western practices among the Eastern Bloc nations, wishes to compete with the western economies in a timely fashion, massive educational programs - specifically business and languages - are mandatory.

VE Bauchens provided approximately 12 hours of classes covering such topics as exporting to western economies in general, and the U.S. in particular which was then complemented by five hours of presentations by Hungarian officials of the Ministry of Trade, and representatives of the banking, insurance and legal professions.

In the second week of the project, VE Bauchens spent three mornings of personal consultations (which were advertised on the local radio station), for anyone seeking to do business with the West (U.S.). He also spent several days visiting seminar participants who had requested further consultation.

VE Bauchens was pleasantly surprised with the eagerness of the seminar participants to learn and adjust to their new relations with the West. He was, however, disappointed with the almost unbelievably poor foreign language ability by participants who were otherwise well-educated. He attributed this to their desire to preserve their unique language and ethnic origin from foreign (Russian) influence. VE Bauchens felt that it would take more than a few hours of information and advice to turn around an attitude that had been developing for decades. According to the VE, the seminar went well; especially after the second day the participants expressed that they were quite pleased. The client's project manager thought it was much more practical than previous presentations, and benefitted through publicity and new contacts for their other programs."

MCGRATH 02/04/91 PUBLICITY PERMITTED  
0380E

RCTR: Loewkowitz CODE "0"

## SUMMARY OF IESC PROJECT 19767

STARTED: October 1, 1990  
COMPLETED: October 20, 1990

### CLIENT: ASSISTANCE REQUESTED:

Know-How Management Consulting Ltd.  
Tatabanya, Hungary

The client organizes new companies (limited partnerships and joint ventures), reorganizes existing companies, and advises on company restructuring, financing, accounting, and management.

OBJECTIVE: To establish a secretarial training institution.

EMPLOYEES: 10

### IESC VOLUNTEER EXECUTIVE:

Joseph and Joyce Nixon  
Ormond Beach, Florida

VE Joseph Nixon worked for 30 years as a teacher, administrator, and planner at both the high school and university levels in Pennsylvania and New Jersey. He was appointed Chief Educational Consultant to the Department of Education of the State of New Jersey responsible for planning, training and supervision of program development in the areas of vocational and industrial education. VE Nixon also worked for Bethune-Cookman College in Florida as a business professor and coordinator of business education.

VE Joyce Nixon currently teaches secretarial procedures at the Daytona Beach Community College. Prior to this, she served as coordinator at the State of New Jersey Civil Service Training Center and was responsible for clerical training.

### IESC ASSISTANCE RENDERED:

The client attributed their present problems to the fact that the Hungarian educational system had neither educated nor trained students in the areas of secretarial and management sciences. The President of this management firm recognized the need for specialized training to provide the labor market with skilled administrative personnel to satisfy the need of Hungary's growing markets, both nationwide and internationally.

After visiting many education facilities, and participating in numerous seminars and discussions both with the client and students, the Nixon's advised the client on the following topics:

- The future selection of a school site with both a spiritual and historical perspective in the Budapest vicinity. The Nixon's encountered very competitive schools but reminded the client that the target of training must focus upon employment in Hungary.
- The development and establishment of a curriculum to meet Hungary's demands. The VEC designed a complete course curriculum (including a one or two year program) and provided course descriptions. The Director General of the National Institute of Vocational Education in Hungary volunteered to supervise the implementation of suggestions after the Nixon's departure.
- The selection of a building to meet the curriculum requirements such as a language lab.
- A teacher recruitment system based on experience, age, and academic training and the establishment of a student/teacher exchange program.
- The preparation of college catalogs and promotional literature.
- The need to attract financial and other support to strengthen the school's foundation as a viable institution in Hungary.

## SUMMARY OF IESC PROJECT 19768

STARTED: October 1, 1990  
COMPLETED: October 19, 1990

### CLIENT: ASSISTANCE REQUESTED:

KNOW-HOW Management Consulting Ltd.  
Tatabanya, Hungary

The client provides company restructuring, advisory services (financing, accounting, and management), and complete services for new companies (limited partnerships and joint ventures).

OBJECTIVE: To organize and establish a securities brokerage firm, introduce the client's staff to the principles of the securities business and the role of the broker/dealer, train the staff in the duties and responsibilities of an account executive, and aid in identifying areas of opportunity such as the Budapest Stock Exchange membership, over the counter brokerage, underwriting and selling group participation, and privatization consultation or management.

EMPLOYEES: 10

### IESC VOLUNTEER EXECUTIVE:

Joseph Neil  
Newport, Rhode Island

VE Neil retired in 1981 as vice president-treasurer and chief financial officer at Merrill-Lynch. He was then appointed senior vice president and chief financial officer at the New York Stock Exchange. Prior to these positions, he was a general partner and senior administration and financial officer with Goodbody & Co. He also worked at Price Waterhouse earlier in his career. This was VE Neil's second IESC project.

### IESC ASSISTANCE RENDERED:

VE Neil delivered a formal presentation in the form of ten lectures to the senior staff of the Know-How Management Consulting Co. Ltd. and its subsidiary, On-Line Brokers. His subject matter included the role of the brokerage firm and its sales representatives vis-a-vis customers, other broker/dealers, the exchange, issuing corporations, regulatory bodies, and the State Property Agency. VE Neil advised the CEO of the brokerage subsidiary on matters related to organization, staffing, accounting controls and image of the brokerage firm as well as its role in the Hungarian community.

VE Neil met with the client's senior executives and important members of the financial community in an attempt to assess the condition of the investment community, discover areas of opportunity for the client and introduce the client to possible business relationships. Meetings were held with the following personages: the Assistant to the U.S. Ambassador, the Managing Director of the Hungarian-American Enterprise Fund, Officials of the Budapest Stock Exchange, the Managing Director of the Hungarian Foundation for Enterprise Promotion, the Chairman of Girozentrale Investment Ltd., and numerous representatives from banks throughout Hungary.

VE Neil identified restrictions on the full operation of the broker/dealer through interviews and research. He found three major constraints to the client's growth and success: 1) the Hungarian state of economy (inflation and high interest rates) which will act as a depressant to investment, 2) the apparent prohibition of non-members of the Stock Exchange to deal in listed securities on either the exchange or over the counter is extremely limiting, 3) and the apparent prohibition of the Securities Act for brokers only (not broker/dealers) to act as members of the underwriting or selling groups would effectively lock On-Line Brokers out of the privatization process. VE Neil encouraged the client to pursue further clarification from the State Securities Supervision regarding numbers 2 and 3 as there was some evidence that an interpretation by the Supervision could remove the obstacles. VE Neil reported that this project was helpful in introducing the client and its staff to the securities industry, but it was apparent that more specific assistance would be necessary in for their first privatization assignment.

# SUMMARY OF IESC PROJECT 19770

STARTED: September 17, 1990

COMPLETED: October 5, 1990

## CLIENT: ASSISTANCE REQUESTED:

Top-Trade Export-Import Ltd.  
Budapest, Hungary

It was agreed upon by Top Trade and a group of small privately-owned companies, that Top-Trade would participate in this project and subsequently relay all information to the interested parties. The client aids small businesses with import/export services and wholesaling activities.

OBJECTIVE: To improve domestic and export marketing activities of Granvisus, a manufacturer of eyeglass frames.

EMPLOYEES: 4

## IESC VOLUNTEER EXECUTIVE:

Sheppard Zinovoy  
Durham, North Carolina

VE Zinovoy spent his entire working career of 45 years in the apparel business, both domestic and foreign. In his last position, he served as chief operating officer for Alfin Inc. in New York, NY, where he specialized in the management and marketing of fragrances/cosmetics. Prior to that, he spent two years as executive vice president of marketing for Calvin Klein Industries. VE Zinovoy also had complete management responsibility of domestic and foreign business and world-wide licensing at Diane Von Furstenburg Ltd. in New York for five years. In the earlier part of his career, VE Zinovoy was employed by other prominent companies such as Irwill Knitwear, (a licensee of Yves St. Laurent), J.R. McMullen and Co., and Magestic Specialities.

## IESC ASSISTANCE RENDERED:

VE Zinovoy reviewed the operating structure of Granvisus, a client of Top-Trade. His main objective was to help Top-Trade better position itself as an import/export company agent for Granvisus. Prior to making any recommendations, he visited the Esztergom Optical Equipment Factory, (the manufacturer of the eye glass frames), to determine if they were operating in a cost efficient manner. After inspecting operations, he was able to suggest cost saving measures and create job descriptions for several "non-productive" employees. After deeming Esztergom a beneficial client, the VE finalized his decision after learning that the manufacturer had won designer's prizes at the 1990 Budapest International Fair.

VE Zinovoy intended to help the client develop enterprise methods, adopt more competitive, up-to-date commerce practices, and advise on marketing, technology, and commercial methods. The VE was pleasantly surprised when he learned that the Hungarian managers were well-educated in the free-market concept of competition, and simply needed guidance on how to infiltrate this concept into their business practices. Prior to VE Zinovoy's arrival, he reviewed plans initially designed by Granvisus to increase and modernize production. As a result of the client's obvious understanding of the material the VE was trying to convey, he was optimistic that Top-Trade's trade policy would develop respectively with improved productivity and increased competition. VE Zinovoy stressed that for success to prevail, management would have to work with their employees to restore a sense of pride in their work and country, for without group enthusiasm and cooperation, business would stagnate.

The client commented, "We highly appreciate the activity of Mr. Zinovoy and if there is an opportunity we would like to count on his valuable activity in the future. With his help, we could prove to one of our very important partners that our company is able to solve new tasks and carry out more effective marketing work. We are extremely grateful to IESC and personally to Mr. Zinovoy for his valuable help."

LAMKE 02/28/91 PUBLICITY PERMITTED  
0454E

RCTR: LOEWKOWITZ

CODE "0"

STARTED: November 5, 1990  
COMPLETED: November 16, 1990

CLIENT: ASSISTANCE REQUESTED:

Hungarian Independent Chamber of  
Commerce and Industry  
Budapest, Hungary

The client is involved with educational activities, partner-management, and small private enterprises.

OBJECTIVE: In the development of the privatization of Hungary, they requested assistance in training privately-owned small businesses for a market-driven economy. Specifically, to deliver a seminar entitled; "How to Start Exporting."

EMPLOYEES: 6

IESC VOLUNTEER EXECUTIVE:

Louis I. Davis  
Springfield, Massachusetts

VE Davis was employed by the Holyoke Community College as the department head of retailing. He taught courses in management, retailing and sales promotion. He also worked for Sattlers of Buffalo, New York as vice president, where he developed a moderate price department store. Prior to that, VE Davis served as a consultant to the President of La Renascente in Milan, Italy.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Davis met with the President of the Independent Chamber of Commerce, Dr. Ferenc Retfalvi, to discuss the seminar's objectives and the method of presentation. VE Davis provided the participants with a schedule of discussions which listed their objectives as: 1) to provide direction to Hungarian small businessmen and women who are willing to make the commitment to export, 2) to help determine the potential of each company to export and, if so, to develop a market strategy, and 3) to encourage participants to explore new markets to expand their existing business.

VE Davis explained exporting as a logical extension of domestic business; a domestic expansion to a new market except with business conducted in the international marketplace. He delivered an eight-part seminar; each part was followed by an intense question/answer period. His subject matter for parts one through eight was as follows:

1. After defining exporting and what it entailed, the participants agreed to commit themselves to this new business opportunity. They concluded that it would increase sales, expand business, increase competition, and most importantly, increase profits.
2. Select the initial market in which to concentrate sales effort. They discussed several market research options.
3. Decide on the best channel of distribution; indirect or direct. Indirect channels utilized commission agents who worked for U.S. companies or export companies, while the direct method utilized a distributor who was a U.S. merchant that bought the goods and resold them. After VE Davis explained the two, the group chose the direct method.
4. Decide on a price based on first cost (accounting for insurance, freight, and other shipping charges) to arrive at landed cost (the cost buyers need to evaluate their product in comparison with others offered.)
5. After landed cost was determined, the need for financing arose. Financing for production would include bonds, government support, and funds from joint ventures. Payment for products would most commonly be letters of credit.
6. Discussed how to ship the product from Hungary to the U.S. using various transportation alternatives.
7. As exporting involves legal obligations including compliance with government regulations and duties, VE Davis suggested they seek legal advice from the U.S. Embassy Trade Representative to determine import regulations that apply to the products.
8. "How to do business in the U.S." VE Davis suggested that they familiarize themselves with the culture, lifestyle and methods of communication in the U.S.

The following week, VE Davis met with various company presidents to discuss each product's market potential, possible product modification for the U.S. market, opportunities for outside investment, and joint venture opportunities. He also provided the various company representatives with a list of useful contacts for their future business attempts in the U.S.

VE Davis commented: "I came away with an extremely positive view of the future for Hungary. The character of the business people demands (that) they be successful."



## SUMMARY OF IESC PROJECT 20899

STARTED: October 21, 1991  
INTERRUPTED: November 1, 1991  
RESUMED: February 17, 1992  
COMPLETED: February 28, 1992

### CLIENT: ASSISTANCE REQUESTED:

Alfadat Llc.

Tatabanya, Hungary

The client researches and develops information systems (healthcare, especially hospitals, plus county and town councils). They also develop and sell hardware and software (as a wholesale agent), organize, and perform management consulting of new economic associations.

OBJECTIVE: Because of the change in politics and economics generating new institutions and brand new requirements, the client requests examples of existing models and lectures regarding the analysis and simulations of the models. This will aid them in forming, piloting, and operating information systems according to the models.

EMPLOYEES: 60

### IESC VOLUNTEER EXECUTIVE:

Tibor Fabian

Princeton, New Jersey

VE Fabian served as director of operations research consulting in management consulting, computer software, and policy search. Since 1984, he has been an outside consultant to the Instinet Corporation, a strategic/marketing planning organization, and has extensive European consulting experience. In addition, he has had long involvement in the health and hospital field as a consultant and trustee.

### IESC ASSISTANCE RENDERED:

In the project workplan, VE Fabian and the client agreed that the objective of the project was to develop a computer-based, PC-using system that performed the following administrative tasks: patient management, medical records management, patient accounting (including billing), and hospital resource management. This was completed and it was decided that the client needed several weeks to arrange meetings with officials of the Hungarian Ministry of Health, directors of county hospitals, and chief county health officers, in order to inform them about the results of the project. During this time, VE Fabian was to establish business contacts in the U.S. for the client with companies which had operating, commercially available software systems for hospital administration and reimbursement calculation.

Upon returning to Hungary, VE Fabian conducted conferences with the medical director and nursing director of County Hospital. He also directed the preparation of several consulting proposals to the hospital (information systems, public relations, nursing management), and prepared and presented lectures at two conferences on effective hospital management for hospital executives in Hungary. One meeting was held with Dr. Andreka, deputy secretary of public health, during which Dr. Andreka requested information on the evaluation of the U.S. diagnosis-related groups' (DRG) method of hospital reimbursement from VE Fabian. The other meeting was held between Alfadat management and the management of the International Activities of Shared Medical Systems, Inc. (SMS) of Malvern, Pennsylvania, with the objective of the client becoming the distributor of SMS' hospital management software.

Country Director Budai commented, "This project has been completed in two steps, the first stage in October, 1991, and the second in February, 1992. It has been a very successful project. VE Fabian continued working on the project when he returned to the U.S. after finishing the first stage. In the second stage, he could already offer the client possibilities for discussions on details with potential business partners. VE Fabian provided invaluable assistance to Alfadat."

## SUMMARY OF IESC PROJECT 21034

STARTED: August 13, 1991  
COMPLETED: September 6, 1991

### CLIENT: ASSISTANCE REQUESTED:

Coordination Office for Higher Education  
Budapest, Hungary

The client deals with the coordination of non-governmental activities concerning the development of higher education. They have received a World Bank loan to establish a "Human Resources Development" project, and local financial resources, allocated by the resolution of the Minister of Culture and Education for the "Catching Up with European Higher Education Fund" (CEF), created in December 1990. The Secretariat, once fully established, is to be based within the Coordination Office for Higher Education, and will coordinate and manage the activities to utilize the World Bank loan and CEF funds. OBJECTIVE: To assist the Secretariat by making recommendations for staffing and office organization, creating new training programs, coordinating the procedures during the funds' utilization, providing assistance to higher education institutions in preparing their proposals, and evaluating the proposals to utilize the monies.

EMPLOYEES: 21

### IESC VOLUNTEER EXECUTIVE:

Edward J. Mortola  
Rye, New York

VE Mortola's entire career has been associated with academic institutions. For 30 years at Pace University, he progressed through positions of increasing and varying responsibility such as assistant dean, dean, provost, and finally president and chancellor, at the time of his retirement. During VE Mortola's tenure with Pace, he presided over a major expansion and diversification of the university, with an addition of a business school, a law school, and a significant enrollment increase from 4,000 to over 20,000. This was his second IESC project.

### IESC ASSISTANCE RENDERED:

VE Mortola worked in conjunction with VE Houle (project 21133.) Both VEs held extensive interviews with university and non-university personnel, met with the Ministry of Education and Culture, and researched extensively in order to identify quality and long-term potential for Hungarian universities. The fundamental concerns addressed in relation to the grants from the World Bank and CEF, which were subsequently affirmed by the client, related to: regional development of the universities, the consolidation of the disparate colleges and universities into structures known as "Universitases," admission policies, expansion of programs for English as a second language, development of management education programs and association with business organizations through the development of advisory councils of business executives. VE Mortola also reported on the fundamental underlying issues relating to executive direction of the consolidated structures, namely, the Arts and Sciences Foundation of complex universities, the need for an information system to provide the basis for efficient management of day-to-day activities, and staff training. He also recommended that a visit by experts in curriculum development, scheduling, personnel and space administration be considered for the future, in conjunction with the development of the information system.

However, the client was not satisfied with VE Mortola's assistance. They stated that his recommendations were too broad and general. Also, the client noted that since VE Mortola worked with VE Houle, they could not properly evaluate VE Mortola's assistance. VE Mortola also left the project after only three weeks because of obligations in the U.S.

Country Director Budai commented, "VE Mortola arrived and started his project with VE Houle (P/21133). They insisted on working together in spite of the fact that they had different topics. At the end of his second week with the client, VE Mortola decided to cut his stay in Hungary short due to some unforeseen obligations in the U.S. He left after three weeks. His final report and his recommendations to the client remained on a general level and they hardly mirror his wide experience and knowledge of the higher educational field. Neither our client, nor myself consider his short activity satisfactory."

## SUMMARY OF IESC PROJECT 20183

### REVISION

STARTED: January 6, 1991  
COMPLETED: January 17, 1991

### CLIENT: ASSISTANCE REQUESTED:

KNOW-HOW Management Consulting Co. Ltd.  
Tatabanya, Hungary

The client provides company restructuring and advisory services (financing, accounting and management), as well as advice for new companies (limited partnerships and joint ventures). They have previously received IESC assistance in projects 19767 and 19768.

OBJECTIVE: To conduct a seminar on management principles.

EMPLOYEES: 13

### IESC VOLUNTEER EXECUTIVE:

John Barnett  
Exeter, New Hampshire

Since 1983, VE Barnett has served as an associate professor in the business education department at the University of New Hampshire, specializing in business strategy and policy and management information systems. Previously, he held a similar position at Dalhousie University. He is the co-author of a text on strategic management and has designed many cases for use in MIS courses. He also served as a management consultant for Cresap, McCormick & Paget and Arthur Anderson Co. This was VE Barnett's sixth IESC project.

### IESC ASSISTANCE RENDERED:

VE Barnett designed a two-week seminar before he arrived at the project site in which he discussed management tools such as project management systems, focused strategy, market segments, product and service portfolios, pricing, promotion, capital costs and information systems. In addition, he covered staff hiring and training, marketing, and management in Hungary with an emphasis on privatization. VE Bolton was originally going to give this seminar to Hungarian industries dealing with management skills but only one person came to the first day of the seminar. Because of the lack of attendance, the VE's assistance and seminar was directed to the employees of KNOW-HOW Management Consultants. The VE also prepared a business plan for one of the companies participating in the seminar, Hivadastechnika Szoevetkezet. This firm was a technical leader for 40 years, but has recently suffered great losses, including the collapse of its Eastern European market. The VE incorporated many aspects of the seminar in the plan, which was designed to assist the company in its privatization efforts as well as serve as a model for the other companies. VE Barnett felt that his recommendations would save not only the company itself, but also the jobs of 1,000 workers.

The client commented, "This project was planned by SEED-Hungary. They were unable to carry out the project. KNOW-HOW agreed to manage this project at the last moment, but very much approves of the way the project was carried out. It had a major impact on those few managers who could participate during these busy and complex times. We believe that further privatization is the key to the Hungarian economy and that this project was an important aid in our privatization efforts."

## SUMMARY OF IESC PROJECT 21133

STARTED: August 13, 1991  
COMPLETED: September 25, 1991

### CLIENT: ASSISTANCE REQUESTED:

Coordination Office for Higher Education/House of Professors  
Budapest, Hungary

The client deals with the coordination of non-governmental activities concerning the development of higher education. They have received a World Bank loan to establish a "Human Resources Development" project, and local financial resources, allocated by the resolution of the Minister of Culture and Education for the "Catching Up with European Higher Education Fund" (CEF), created in December 1990. The Secretariat, once fully established, is to be based within the Coordination Office for Higher Education, and will coordinate and manage the activities to utilize the World Bank loan and CEF funds. OBJECTIVE: To assist the client's Secretariat in managing and coordinating financial activities that are funded by a World Bank loan and CEF Funds.

EMPLOYEES: 21

### IESC VOLUNTEER EXECUTIVE:

Joseph E. Houle  
South Orange, New Jersey

VE Houle taught at Georgetown University from 1953 to 1962, first as an instructor and then as assistant and associate professor. He later became a teacher and educational executive at Pace University in New York. VE Houle was chair of the mathematics department, dean of Dyson College and until 1990, vice provost of Pace University. VE Houle's major mission at Pace was to establish a modern curriculum and department of mathematics at the university's two campuses.

### IESC ASSISTANCE RENDERED:

VE Houle worked along with VE Mortola who was on project 21034. They worked together on their projects in order to help the client set-up a process for using funds to establish a higher education system in Hungary. VE Houle worked with the Secretariat on a process for receiving and rating proposals for using the funds loaned from the World Bank. He explained that when the Secretariat received a proposal, they should place it in a control envelope. The control envelopes, he noted, would help properly distribute the proposals to the right people. He proceeded to explain that the Secretariat staff would review the proposal for feasibility and appropriateness. VE Houle then reported that the president of the Secretariat would compose six teams of two jurors each, which would rate the proposals and present their ratings to the other jurors. He explained that the group would decide which proposals to keep and then place them in an order of merit. The Secretariat would then make a report for the curatorium, taking into account the funds available and funds needed for the various proposals. VE Houle stated that the curatorium should make all final decisions on the proposals.

Additionally, VE Houle explained the organization of degree granting institutions and noted that the country's small colleges should become affiliated with the universities in order to make their degrees more prestigious. The VE stressed that degrees were the primary responsibility of the university rectors. VE Houle also commented on the credit system that U.S. colleges and universities used and suggested that the client look into using a similar system in Hungary. The VE was concerned that his recommendations would not be implemented as he rarely worked with a counterpart because the Secretariat's permanent members had not yet been appointed.

Country Director Budai commented, "VE Houle started his project with VE Mortola and worked together until VE Mortola's departure. They had quite different tasks but it was emphasized that working together would help to develop both projects. This situation led to some misunderstandings with the client. VE Houle worked very hard on giving useful advice on how to upgrade Hungary's present higher educational system and how to develop the university centers here. However, as our client summarized it, he remained rather on a highly theoretical level, instead of using practical approaches."

## SUMMARY OF IESC PROJECT 21139

STARTED: October 21, 1991  
COMPLETED: November 8, 1991

### CLIENT: ASSISTANCE REQUESTED:

Know-How Management Consulting Co. Ltd.  
Tatabanya, Hungary

The company provides company restructuring and advisory services (financing, accounting and management), as well as advice for new companies (limited partnerships and joint ventures). They have previously received IESC assistance in projects 19676, 19768, 20183 and 20922.

OBJECTIVE: To learn about U.S. methods of consulting and privatization as well as information on how to prepare business plans, company guides and other vital material necessary to potential U.S. investors.

EMPLOYEES: 17

### IESC VOLUNTEER EXECUTIVE:

Norman Gross  
Wynnewood, Pennsylvania

VE Gross has 20 years of experience in corporate planning, including positions in acquisitions and merger work. He first joined Ford Motor Company as a financial analyst and later moved to Warner-Lambert Pharmaceutical Company, rising over eleven years to director of corporate planning. Afterwards, VE Gross was appointed executive director of Curtiss-Wright Corporation, where he participated in extensive restructuring of business profitability and liquidity. He later established his own consulting firm with emphasis on revitalizing existing and newly emerging business, with which he is still active.

### IESC ASSISTANCE RENDERED:

The client is engaged in a wide variety of activities relating to the development of Hungary's private businesses. Principally, the client is engaged in the privatization of Hungarian companies, but increasingly, work is being done for Western European and U.S. organizations. The client wanted VE Gross to review and make suggestions regarding specific projects that were under development.

VE Gross met with an American consulting company in Washington to see if there was a joint venture opportunity with the firm to provide office services and support in Hungary for American companies. It was decided not to proceed with this venture. VE Gross was able to provide information on a business plan for an existing Hungarian apparel manufacturer. The business plan is still being developed. With regard to the request for the development of a venture with an American food franchise company, discussions with the American company were terminated. The style and requirements of this company were not compatible with the view and resources of the Hungarian counterpart.

VE Gross was able to reorganize the design and structure of a Hungarian consulting company. He participated in an analysis of Organization for Economic Cooperative Development (O.E.C.D.) opportunities in Hungary. The client will follow-up on opportunities via a connection to a Hungarian organization. VE Gross assisted in the search for an American MBA student to work in Hungary. He also reviewed and made an analysis of a holding company-venture investment. Finally, VE Gross reviewed of materials brought from the U.S., including registration statements, business plans, professional articles and copies of volunteers' lectures to MBA students in Central Europe, and left them with the client.

Country Director Budai commented, "The VE is an intelligent, experienced person with wide knowledge. He quickly comprehended the special features of the Hungarian economy. The methods adopted and successfully applied could have an influence on the operation of other companies."

## SUMMARY OF IESC PROJECT 21140

STARTED: September 2, 1991  
COMPLETED: September 27, 1991

### CLIENT: ASSISTANCE REQUESTED:

KULCS Vallalkozasi es Kereskedelemfejlesztő (KULCS)  
Budapest, Hungary

Kulcs Limited Liability Company is a semi-independent private subsidiary of the Hungarian credit bank. The client provides legal and financial services, undertakes guarantees for legal and private entities, invests savings on a commission basis, and mediates in financial and credit matters. OBJECTIVE: To establish and develop a pawnbroker network dealing mainly in jewelery. Also, to reorganize investments and prepare financial forecasting software to predict the client's cash flow movements.

EMPLOYEES: 21

### IESC VOLUNTEER EXECUTIVE:

Alfred K. Simpson  
Shawnee Mission, Kansas

VE Simpson spent 35 years with Union Agency Inc., and the Union Finance Co., in Kansas City, Missouri. He was president and part owner of the Union Finance Co. VE Simpson has experience in all phases of consumer finance and sales, including the leasing of aircraft, automobiles and real estate. This was VE Simpson's second IESC project.

### IESC ASSISTANCE RENDERED:

VE Simpson inspected the client's operating data in numerous review meetings. These meetings were the basis of brainstorming sessions which helped stimulate ideas from all active parties. The VE helped formulate a plan of action for financial activities and introduced title insurance procedures to the client. Business ideas and suggestions for profitable operation of the client's pawnshop were listed and the client's officers and VE Simpson rated each idea. The VE also noted that there was too much red tape involved in the start-up of the client's pawnshop and that the government regulations may hinder the client's future pawnshop operations.

Country Director Budai commented, "VE Simpson had a very successful project with the client. He quickly recognized the needs of the client and advised on various field-like reorganization of the set-up, new investment policy, bonded warehouse problems, and pawnshops. The client could make use of most of his recommendations immediately. The pawnshop feasibility study will be presented at the client's next board meeting and they want to establish the system as soon as possible. The client added, 'There are short and long-term positive results of the project. For example, the suggestions for the pawnshop and the idea of the bonded warehouse can positively effect the company within a half year. The advice for the security of our investments will change our long-term strategy.'"

Nowak 03/16/92 PUBLICITY PERMITTED RCTR: Frothingham CODE "0"  
1541E

## SUMMARY OF IESC PROJECT 21144

STARTED: February 28, 1992  
COMPLETED: April 4, 1992

### CLIENT: ASSISTANCE REQUESTED:

High-School for Tourist and Catering Trade  
Budapest, Hungary

The client is a secondary school, established in 1990, which provides professional and post-graduate training in the tourist and catering trade.

OBJECTIVE: To conduct a two-month seminar for the students on the organization, operation and management of travel agencies as part of their training, and to hold consultations for Hungarian teachers in the aforementioned fields. Also, to assist with the modification of the curriculum if necessary.

EMPLOYEES: 25

### IESC VOLUNTEER EXECUTIVE:

Richard J. Abbott  
Johns Island, South Carolina

From 1972 to 1990, VE Abbott was owner/president of the travel agency, **Abbott and Hill Travel**. He handled all phases of the business such as sales, advertising, public relations, accounting and personnel. His agency was a full service computerized agency, handling travel arrangements for air travel, cruises and tours. From 1962 to 1971, VE Abbott was vice president and partner at **E.S. Crawford Ltd.**, in the Virgin Islands. This organization served as a general agent for Pan American Airways, shipping lines and other companies.

### IESC ASSISTANCE RENDERED:

VE Abbott reported that this was a six-week seminar on travel agency management and tourism. Each of the classes were composed of about 20 students who were interested in various phases of the tourist industry. The VE explained that besides the hotel and catering subjects, intensive courses in English, German and Italian were given. VE Abbott noted that the seminar would be helpful in giving the students a better understanding the tourism industry.

During the first week of the seminar, VE Abbott provided a brief history of world travel, explained how a typical travel agency works, and introduced the participants to world time, greenwich time and city codes used by the airlines. In the second week, he covered topics like the international airline guide and reservation booking. There was also a period in the week where the class participated in mock client/travel agent interactions while making reservations and confirming space. During the third week, VE Abbott reviewed making hotel reservations, renting cars, and booking passes on railroads and cruises. In the fourth week, the VE discussed the various tours which travel agencies offer. He explained different land tours in the U.S. and Europe and how tours were developed and priced. The fifth week of the seminar dealt primarily with the internal operations of a travel agency such as marketing and operations. The VE ended the seminar in the sixth week with an overview of the topics covered, accompanied by more detailed discussions of reservations, tours and operations. A travel agency proposal was also provided to the client for a pilot travel agency which the client and the students could operate at the school.

Country Director Budai commented, "VE Abbot: has been a good example for the students and professors of the high school with his outstanding experience in tourism and excellent manner. All this contributed to the success of the project and is highly appreciated by the client."

Nowak 06/03/92 PUBLICITY PERMITTED  
1877E

RCTR: Aasen

CODE "0"

41

## SUMMARY OF IESC PROJECT 21412

STARTED: February 18, 1992  
COMPLETED: March 16, 1992

### CLIENT: ASSISTANCE REQUESTED:

Boom Ltd.  
Budapest, Hungary

The client edits and publishes a monthly business magazine. They circulate 1,000 copies and employ four, full-time employees and 15 free-lance writers.  
OBJECTIVE: To increase the number of copies sold through subscriptions so that the company can decrease its dealings with the Hungarian Postal Services Company, which has a monopoly on the circulation of newspapers.

EMPLOYEES: 4 (full-time)

### IESC VOLUNTEER EXECUTIVE:

Alan M. Deyoe  
Trumbull, Connecticut

From 1967 to 1989, VE Deyoe was vice president for circulation and mail order sales at **Golf Digest/Tennis, Inc.**, a subsidiary of the **New York Times**. Prior to holding this position, VE Deyoe worked for **Hearst Magazines** as assistant to the circulation manager, and eventually became assistant to the general manager. From 1952 to 1958, VE Deyoe was assistant circulation manager of **Popular Mechanics**.

### IESC ASSISTANCE RENDERED:

BOOM magazine is trying to develop a subscription program that in three years will put their average monthly circulation at 10,000. In order to help the client attain this goal, VE Deyoe began the project by attempting to learn as much as possible about the client's magazine, BOOM, and its competitors. He noted that the employees had little if any circulation plans or experience. Therefore, VE Deyoe provided the client with a circulation business plan, development program, direct mail program, and samples of needed material. The VE then reported that he encountered some problems such as the language barrier, and the monopoly the Hungarian Post Office had over all of the side street circulations. They were also very slow in paying the publishers.

This project was only partially successful. The client stated that the VE could not adapt to Hungarian business practices and their lack of financial means. VE Deyoe also experienced problems with the client who was too busy to devote enough time to the VE.

**Country Director Budai** commented, "If VE Deyoe could have adapted himself to the Hungarian circumstances and understood principle differences e.g. in availability of financial means, employees, etc., and if the client would have realized earlier the importance of spending more time with the VE, this project could have been more successful. The client added, Mr. Deyoe is an excellent expert in circulation but doesn't know the Hungarian economic situation and financial difficulties. In my opinion, in the future, the experts should study more about the country."

Nowak 05/20/92 PUBLICITY NOT PERMITTED RCTR: Garey CODE "7\*"  
1787E

\*Partially successful due to miscellaneous reasons stated above.

## SUMMARY OF IESC PROJECT 21419

STARTED: November 12, 1991  
COMPLETED: November 24, 1991

### CLIENT: ASSISTANCE REQUESTED:

Viragzo Cooperative, Kisber  
Kisber, Hungary

The client is a farm cooperative that grows grains, corn, sugarbeets, sunflowers and papilionaceae. They also raise animals and perform agricultural commission work.

OBJECTIVE: To analyze the activities of the cooperative in order to help them become the coordinator of the new-type agricultural enterprises of the region.

EMPLOYEES: 50

### IESC VOLUNTEER EXECUTIVE:

Cornelius A. Dogterom  
Bozeman, Montana

VE Dogterom formed a family corporation entitled Teslow Inc. which started its operations in general labor, and in the first year of operation became a county grain elevator manager. This entailed activities such as bookkeeping, and management of sales in grain, feed, fertilizer, and other farm supplies. He served as president, vice president, secretary and treasurer of the five corporations that the company operated. VE Dogterom sold Teslow to the Peavey Company and became district manager in charge of previous Teslow operations. He then moved to Peavey Company headquarters in Minneapolis, Minnesota where he was placed in charge of the Eastern Division of Peavey's county elevator operations.

### IESC ASSISTANCE RENDERED:

VE Dogterom reviewed the client's financial statements and gained a clear understanding of the problems with accounts receivable and payable. He also discovered problems with the debt structure which was placed in the court for deliberation. The current organization was reviewed and the VE offered insight on a future structure for simplified operations. VE Dogterom explained that the cooperative could produce efficiently, and with some additional help market successfully. Because the client's debt problem was tied up in the courts, VE Dogterom stated that their future existence depended on the court's decisions.

Country Director Budai commented, "VE Dogterom rendered valuable assistance to a Hungarian cooperative farm which is being privatized and has significant debts due to improper organization and management. VE Dogterom made proposals concerning restructuring the agricultural production and worked out plans to help the cooperative to become a competitive producer. The client added, 'VE Dogterom made useful recommendations and had good ideas concerning the period after privatization. As the legal regulations on the subject have not been approved yet, the ideas and suggestions of the VE cannot be put into practice in Hungary at the moment.'"

Nowak 04/08/92 PUBLICITY PERMITTED RCTR: Whitehair CODE "0"  
1676E

5

## SUMMARY OF IESC PROJECT 21426

STARTED: March 23, 1992  
COMPLETED: April 6, 1992

### CLIENT: ASSISTANCE REQUESTED:

Ambulance Foundation  
Budapest, Hungary

The Ambulance Foundation was established in October, 1990. Its purpose is to improve the infrastructure and equipment of the National Ambulance Service's Hospital, to support the post-graduate training of doctors and medical staff, and to upgrade the level of ambulance service. As foundations are a novelty in Hungary, the elementary conditions for efficient work as well as experienced experts and traditions are lacking. OBJECTIVE: The advisory board of the Foundation decided to offer a one-week seminar course focusing on the establishment, development, and operation of foundations. As the second part of the project, the VE was to participate in a one-week consultation.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Margaret Sand  
Cable, Wisconsin

VE Sand has broad career experience in the health services field. Her 30-year career has included director of development for the **Children's Health Center of Minneapolis**, where she worked directly with foundations and was also involved in making a detailed foundation feasibility study. She was also the executive director of the **American Physical Therapy Association**, and public relations account executive, handling primarily hospital and health care accounts with Neal Spelce Communications. Her job function capabilities have focused on foundation know-how, fund raising, public relations, promotion, marketing and communications.

### IESC ASSISTANCE RENDERED:

According to CD Budai, the whole Hungarian public health service system, including the ambulance service, requires reorganization. The equipment needs to be updated and the medical staff has had no opportunity to take part in post-graduate training and conferences, or to conduct research activity.

Prior to VE Sand's arrival, the client changed the project schedule, moving the consultations to the first week and the seminar to the second week. During the consultation week, VE Sand met with Dr. Laszlo and discussed the Foundation's charter and efforts to achieve a U.S. government grant in cooperation with **George Washington University**. She also had additional discussions with Dr. Laszlo about the Biovita Foundation which he directs.

VE Sand conducted a successful five-day seminar that acquainted the client with the details of establishing and operating foundations. She compiled an outline for the seminar from a list of nine issues agreed upon by the client prior to her arrival. The issues covered included a review of charitable organizations in the U.S., and a background on their structure, history, and accomplishments; an explanation of the tradition of philanthropy in the U.S., (a major concept with which the Hungarian Foundation was struggling); as well as the privatization of charitable activities. In addition, VE Sand elaborated on the organizational and management aspects of foundations, and discussed the processes for finding contributors and giving grants, the promotion of the public image of the Foundation, and the development of a mission statement and public relations program. In conclusion, VE Sand noted that the Ambulance Foundation has achieved greater visibility among other foundations for organizing and presenting this program.

Country Director Budai commented, "This has been the most successful seminar project in Hungary so far. (VE Sand's) lectures have been very effective, all participants of the seminar expressed their appreciation. As a result of the successful work of Mrs. Sand, several foundations contacted our office asking for IESC assistance."

60

## SUMMARY OF IESC PROJECT 21443

STARTED: December 9, 1991  
COMPLETED: December 19, 1991

### CLIENT: ASSISTANCE REQUESTED:

Del-alfoldi Media Ltd. Szeged  
Szeged, Hungary

The client publishes newspapers and books, and is involved in advertising and publicity.

OBJECTIVE: To assist in publishing an agricultural weekly magazine and develop an independent organization for distribution. Also, to start an economic weekly magazine which would provide useful information for private entrepreneurs of the region and would promote private investments.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Dean C. Bork  
Wausaukee, Wisconsin

VE Bork started as a business reporter with the **International Corn and Wheat Improvement Center** in Mexico. He then joined **Johnson Hill Press** in Fort Atkinson, Wisconsin, where he developed and managed publications and was responsible for circulation development. For the past 18 years, VE Bork has been working for the **Patz Company** in Pound, Wisconsin, one of the largest agricultural equipment and feed-handling companies in the U.S. As marketing services manager, VE Bork manages the Patz in-house advertising agency and produces a wide range of sales literature.

### IESC ASSISTANCE RENDERED:

In addition to the objectives mentioned in the agreement, the client requested that VE Bork offer some ideas on services that could be sold to business prospects. In the project work plan, they also requested assistance with adding credibility to their new business, identifying new opportunities, setting up a consulting business using a team of local experts, developing a trading division to buy and sell agricultural commodities and possibly other items, and finding foreign investors and/or lenders.

Initially, VE Bork consulted with Del-alfoldi and their clients and associates, as well as some business prospects, including a local radio station, newspaper publisher, consumer goods distributor, and agricultural cooperative. VE Bork stressed the importance of a business plan for joint ventures, and explained the content of a business plan.

VE Bork led a one-day workshop for local businessmen regarding the U.S. economy and business practices. He also did an analysis of some Hungarian businesses and offered some suggestions. He taught the importance of marketing, in addition to production, in order to make a business successful.

VE Bork distributed information on some IESC programs, such as ABLE and VE opportunities, in addition to the Hungary-American Enterprise Fund. The VE was educated on the business climate in Hungary, so that he could communicate business opportunities in Hungary to U.S. companies and investors.

Both VE Bork and the client identified high inflation, interest rates, postal costs, tax rates, and limited capital availability as limiting factors during the project.

Country Director Budai commented, "VE Dean Bork had a difficult job. He was requested to assist a recently established mass media company having limited financial means and little experience in marketing. Mr. Bork concentrated his efforts on three main fields: marketing, advertisements, policy and joint-venture possibilities. In addition, he delivered lectures on the subject, introduced U.S. business practice, and made suggestions on a business plan. The client was very satisfied with the assistance of the VE."

## SUMMARY OF IESC PROJECT 21444

STARTED: November 12, 1991  
COMPLETED: November 26, 1991

### CLIENT: ASSISTANCE REQUESTED:

Seratus Appraisal Corp.  
Budapest, Hungary

The client provides real estate appraisal services for properties to be sold during privatization, according to Hungarian compensation law.  
OBJECTIVES: To instruct the client on U.S. real estate appraisal, including subjects such as real estate deals, property appraisal in the U.S., and fair market evaluation of companies.

EMPLOYEES: 17

### IESC VOLUNTEER EXECUTIVE:

Harry Alvarez  
Tangerine, Florida

VE Alvarez had a 30-year career in real estate and construction. His most recent position was with Real Estate Services Inc., where he served as president and chief appraiser. The firm provided real estate and environmental surveys, advising clients on real estate investments. Prior to that, he owned and operated Alvarez and Associates; accountants and tax consultants.

### IESC ASSISTANCE RENDERED:

VE Alvarez found that the client operated a small real estate appraising firm, and wished to learn U.S. appraisal methods in order to attract foreign investors for newly privatized properties. He felt the firm had almost unlimited potential, due in part to its talented staff. To accomplish his objectives, he worked to provide documentation and explanations for an appraisal of one of the client's accounts. The VE included data pertaining to the business value of the firm, such as a balance sheet and income reports. He worked through the purposes and functions of appraisal, definitions and uses of key terms, and various approaches to estimating value, including the market data approach, the replacement cost approach, and the investment value approach. This included discussions on the valuation of assets, assumptions and limiting conditions of each type of appraisal, and a summary of the necessary qualifications for an appraiser.

VE Alvarez felt that one of the client's limiting factors was a lack of available capital. To find other funding sources, he suggested obtaining more money from current investors, taking local, short-term loans, and seeking U.S. joint venture partners. Also, he felt additional short-term projects would help build profits more quickly.

Country Director Budai commented, "The client greatly appreciates the assistance of VE Alvarez, and they are convinced that they will be able to use his recommendations and put them into practice. Mr. Alvarez has helped a lot in getting acquainted with the U.S. methods of real estate appraising."

## SUMMARY OF IESC PROJECT 21446

STARTED: November 4, 1991  
COMPLETED: November 29, 1991

### CLIENT: ASSISTANCE REQUESTED:

Agricultural Producers' Association for Protection  
of Common Interests in Csongrad County  
Szeged, Hungary

The client is a recently established association of dairy product producers which promotes the development of related industrial sectors through investments in the region.

OBJECTIVE: To create a working investment plan, identify new investors, and conduct market research activities.

EMPLOYEES: 10

### IESC VOLUNTEER EXECUTIVE:

Stephen W. Bogyo  
Tarrytown, New York

VE Bogyo has recently served as a consultant for various Hungarian food and consumer product marketing companies in the U.S. He also introduced the U.S. dairy market to products from MILBI GmbH in Stuttgart, West Germany. From 1953 to 1971, VE Bogyo was the international new products marketing manager for the General Foods Corporation. VE Bogyo started his career as a dairy technologist for the Dean Milk Co. where he was responsible for production and quality control.

### IESC ASSISTANCE RENDERED:

VE Bogyo prepared a business plan in English for seeking out investment partners for the client's members. He explained in his plan how the Szeged region's milk was of premium quality and superseded all other dairy products in the region. VE Bogyo noted that all the milking was done with the latest technology and modern machinery. He also explained that these dairy producers made a Feta-type cheese which was sold at prices 20% higher than other domestic cheeses and that the client's members wished to sell this cheese internationally. In addition, VE Bogyo also discussed with potential investors how these dairy producers benefitted from geothermal energy sources which they used freely for growing their own feed and produce. He also noted that the Association's members possessed enough water and irrigation sources to grow their own feed which was of a higher quality than other cattle feeds.

The VE did prepare a market plan but encountered many obstacles during the project. He explained that the government in Hungary did not possess a solid agricultural policy. There was little or no governmental stability and this chaotic state was making potential foreign investors turn away from investing in Hungary.

Country Director Budai commented, "VE Bogyo assisted the client in working out a new business plan for dairy products in Csongrad County which can be used for finding foreign investors to establish a dairy processing combine in the county. VE Bogyo has worked successfully with the staff and made valuable recommendations. He participated in several meetings with dairy farmers and advised them also on questions concerning exports."

Nowak 02/03/92 PUBLICITY PERMITTED RCTR: Whitehair CODE "0"  
1375E

63

## SUMMARY OF IESC PROJECT 21482

STARTED: February 18, 1992

COMPLETED: April 17, 1992

### CLIENT: ASSISTANCE REQUESTED:

C.I. Privatization Consulting Ltd.  
Budapest, Hungary

The client is a privatization consulting firm. They provide financial and managerial consulting services to small and medium-sized Hungarian companies, and assist with the implementation of the privatization process and the organization of conferences on investment and related topics.

OBJECTIVE: To improve implementation of business techniques. Specifically, they requested aid in the following areas:

- Venture capital investments.
- Financial constructions, possibilities for start-up enterprises, venues of financing new enterprises.
- Construction of information networks of start-up enterprises.
- Contacts with possible investors.

EMPLOYEES: 14

### IESC VOLUNTEER EXECUTIVE:

Nicholas B. Tournillon  
Greenwich, Connecticut

VE Tournillon has extensive experience in international banking and finance. For the past five years, he has been the principal in a small, successful financial consulting firm. Prior to that time, he was employed by **GTE Corporation**, **GTE International**, and **GTE Finance Corporation**, as assistant treasurer of capital markets, vice president and treasurer, and president, respectively. He began his career by serving the **Export-Import Bank of the U.S.** for six years.

### IESC ASSISTANCE RENDERED:

At the commencement of this project, VE Tournillon commented that the client had recognized a viable business opportunity within the Hungarian marketplace. While there has been a large influx of privatization consulting firms, few have adroitly recognized the need for an agency which deals with Western-style business methods while offering the service within a price range that small to medium-sized companies can afford. He specifically rendered the following assistance:

- Attended various meetings with the company's clients, read business documents, and made suggestions to improve their quality.
- Individually helped four of the younger staff professionals and recommended classes in business communications (taught in English) to improve the command of business English used by the professionals, as well as instruction in credit analysis, budgeting, and strategic planning.
- Provided the client with sample business plans to use for their clients, as well as sales memoranda, and sample copies of U.S. prospecti for public offerings.
- Recommended a new system of inter-office controls and communications to improve follow-up and feedback, as well as overall increased office and personal organization to promote understanding of office guidelines and individual responsibilities and expectations.
- Recommended that "teams" (composed of specialists) be formed for each specific discipline.
- Created the position of a project leader accountable to management as well as meetings for progress reviews, and recommended the discussion of progress and problems of each client contract.

Country Director Budai commented, "The VE is an outstanding expert. He helped the client with the necessary preparations concerning the companies to be privatized, and assisted with every day routine work. He worked hard on shaping up a privatization model, training staff, and improving the quality of their activities. The client added, 'VE Tournillon gave a considerable effort in correcting and orienting the consultants' work. His recommendations and thoughts were invaluable.'"

## SUMMARY OF IESC PROJECT 21558

STARTED: March 13, 1992  
COMPLETED: March 27, 1992

### CLIENT: ASSISTANCE REQUESTED:

Hungarian Chamber of Contractors  
Budapest, Hungary

The Hungarian Chamber of Contractors is a business federation of private proprietors and contractors. Their mission is to organize private enterprises, provide them with information, and spread an entrepreneurial culture.

OBJECTIVE: To start-up a chain of small-scale bakeries that would produce different types of bread. This assistance would include equipment selection and layout, and specification of the infrastructure.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Vincent Callaghan  
Grand Rapids, Michigan

At the time of his retirement in 1986, VE Callaghan had been president of **Grocers Baking Company** for eight years. Prior to that, he was president of the Burney Brothers Division of **Beatrice Foods**, and was also president of **Pueblo International**, where he operated plants in Puerto Rico and Venezuela. VE Callaghan has experience in overall management, sales, advertising, business planning, inventory control, and purchasing in the baking industry. **This was VE Callaghan's fourth IESC project.**

### IESC ASSISTANCE RENDERED:

In order to obtain a full understanding of the bakery business in Hungary, VE Callaghan performed a diagnostic review of their bakery industry. He visited two state-owned bakeries in Kiskunmajsa and Budapest. The VE reported that the equipment and bakeries were old and obsolete and the employees' work habits and managers' skills were poor. VE Callaghan also noted that sanitation was inadequate and the bakeries were insect infested.

On the other hand, VE Callaghan visited an independently owned bakery in Kiskunmajsa. He stated that it was very clean, modern and operating profitably. VE Callaghan recommended that this bakery be used as a model for other bakeries starting-up operations in Hungary. However, he stated that some of the new bakeries would have trouble obtaining low interest rate loans because the current interest rate was 21%. As a possible solution to this problem, VE Callaghan suggested that the bakeries obtain lease/purchase agreements from the equipment suppliers so that they would not have to rely on the high interest rate loans. The VE also stressed that the equipment suppliers should be interviewed prior to equipment selection. He noted that these suppliers should be able to set-up and layout the equipment for the bakeries. **Prior to completing the project, VE Callaghan prepared an IESC/ABLE project request to assist the bakeries in locating equipment suppliers in the U.S.**

**Country Director Budai** commented, "VE Callaghan has quickly and easily adapted himself to the local circumstances, and being an experienced VE and advisor, he understood the client's situation within a short time and could advise on the necessary steps and follow-up quickly. The client added, 'We consider the project to be successful. We look forward to continuing the project and feel that after working with VE Callaghan, further bakers/bakeries are expected to join the Chamber as members.'"

Nowak 05/26/92 PUBLICITY PERMITTED  
1792E

RCTR: Garey

CODE "0"

65

## SUMMARY OF IESC PROJECT 21559

STARTED: January 20, 1992  
COMPLETED: February 7, 1992

### CLIENT: ASSISTANCE REQUESTED:

Hungarian Chamber of Contractors  
Budapest, Hungary

The Hungarian Chamber of Contractors is a business federation of private proprietors and contractors. Their mission is to organize private enterprises, provide them with information, and spread an entrepreneurial culture.

OBJECTIVES: To assist the client in establishing several small and medium-sized meat plants.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

William Gara  
West Palm Beach, Florida

VE Gara spent most of his 28-year career with Oscar Mayer, where he gained experience in both large and small scale meat processing operations. Most recently, he served as operations manager for Oscar Mayer's Nashville Tennessee plant, producing bacon, frankfurters, luncheon meats, and canned meats. He also served as an engineering manager, responsible for all maintenance work, equipment installation, new building construction and boiler and engine room operations. This was VE Gara's ninth IESC project.

### IESC ASSISTANCE RENDERED:

VE Gara reported that during this project, he visited at least 25 different businesses under the auspices of the client. During the first week of the project, he met with six Hungarian Chamber of Commerce officials, three members of the Ministry of Agriculture, and nine people who were either operating or planning the opening of meat processing plants. During the second week, he met with three additional Hungarian Chamber of Commerce officials and visited 12 more entrepreneurs.

At these plants, the VE offered advice on new product development, marketing and advertising strategies, and production control measures to ensure profitable results. VE Gara found one of these plants to be extremely modern and well run. At this facility, he discussed areas where improvements in material handling, trimming operations, and conveyerized product delivery could be achieved with very little investment. The VE also appeared on a television broadcast, during which he discussed his role as an IESC volunteer helping small entrepreneurs in developing or improving their meat businesses.

Country Director Budai commented, "Mr. Gara is an excellent volunteer. It has been an additional service for the members of the Chamber of Commerce to have had an opportunity to consult with him. The general effects of this project could be greater than that of regular IESC projects."

GARBARINO 5/21/92 PUBLICITY PERMITTED  
1807E

RCTR: Cooke

CODE "0"

66

## SUMMARY OF IESC PROJECT 21668

TIS PROJECT  
PIGGYBACK/FOLLOW-UP  
STARTED: December 2, 1991  
COMPLETED: December 10, 1991

### CLIENT: ASSISTANCE REQUESTED:

City Government of Balatonfured  
Balatonfured, Hungary

Balatonfured is a town of 13,000 inhabitants. Its main sources of revenue come from tourism, its shipyard and vine growing/wine production.  
OBJECTIVE: Having recently won the title of "The City of Hungarian Vine Growing and Wine Production," the client wishes to improve its wine production. Specifically, the VE was requested to advise on wine processing technologies in order to produce a quality wine, saleable on world markets. This project was a piggyback to project 21507 and a follow-up to project 21421.

EMPLOYEES: 56

### IESC VOLUNTEER EXECUTIVE:

Armand R. Boucher  
Louisville, Kentucky

VE Boucher was employed by Joseph E. Seagram and Sons of New York for over 25 years. He was responsible for all project development and research, equipment selection, and staff personnel, in connection with the productivity of wine and hard liquor. VE Boucher has also done consulting work in this field in U.S.S.R., Turkey, New Zealand, and Thailand.

### IESC ASSISTANCE RENDERED:

Upon arriving at Balatonfured, VE Boucher met with Mayor Simon Karoly and visited the two main wineries in the area. At Csopak, he found that the winery was being run inefficiently, with poor housekeeping and a poor quality product being produced. In addition, he was unable to meet with management and found the employees indifferent.

At the Balatoni Winery-Trading Company, he met with general manager Sarkoz, and after analyzing the production processes, made several proposals to benefit the tourism industry and to produce new products for domestic shipment and export. At Balatoni, VE Boucher's proposals were accepted with enthusiasm, and he found excellent potential business opportunities for the company. The VE offered the following recommendations:

- Market quality wine exports featuring their Balaton source.
- Consider brandy production also featuring Balaton as the source.
- Consider the possible production of wine coolers in 1992 for tourist trade and export to the European Economic Community.
- Export the product "Benedictus," a very good quality dry liquor, which would require no change in packaging.

Suggested all natural production of varietal dry liqueurs for export.

As all of his recommendations were very well received by the Balatoni Winery, VE Boucher elaborated on the production proposals to include the export of Cabernay Sauvignon and Chardonnay, and provided technical assistance and instructions on how to produce and export these new products.

Upon his return to the U.S., VE Boucher identified potential U.S. importers of bottled wine. Project Officer (P.O.) Korzenik arranged for the shipment of samples from the client in Hungary, and attended a New York wine expo in order to identify potential buyers.

However, P.O. Korzenik later learned that the client already has a U.S. distributor, Strax Corporation in Lincoln, Massachusetts.

Country Director Budai commented, "The recommendations of VE Boucher will help in the development of the technical level of the wineries. If the suggestions are implemented successfully, it will result in increased export turnover and hard currency earnings."

61

## SUMMARY OF IESC PROJECT 21689

STARTED: March 18, 1992

COMPLETED: April 13, 1992

### CLIENT: ASSISTANCE REQUESTED:

Agrotiss Debrecen  
Debrecen, Hungary

The client manufactures traditional marble products and marble flags under license, which are sold in Hungary and abroad. Presently, distribution channels are being established. **BAEF**, an American company, owns 53.1% of the company which began operating in May of 1991. Presently, the financial documents are kept by hand and figures are recorded according to both the Hungarian and the Western accounting system.

OBJECTIVE: To assist the client with the start-up and operation of a computerized financial recordkeeping system and to train personnel on the system.

EMPLOYEES: 25

### IESC VOLUNTEER EXECUTIVE:

Harv Adkins  
Palm Harbor, Florida

VE Adkins has spent his working career with computers in both large and small companies, establishing accounting and bookkeeping systems and other computer programs. From 1982-1988, he worked with the **U.S. Department of Defense** setting-up training for simulated concept schedule determinations and accounting purchasing trade-offs. At the same time, he was working with **Aircraft Leasing of Orlando, Inc.**, where he helped form a new computer concept and plan, concentrating on accounting and financial aspects of the leasing program. Prior to this, he was with **Goodyear**, where he was president of their Aircraft Tire Division.

### IESC ASSISTANCE RENDERED:

Upon his arrival, VE Adkins began a detailed analysis of the client's operation. This required taking a closer look at the parent company-Agroker. At the time, Agroker was 90% state-owned but was hoping to privatize by the end of the year. The VE analyzed the client's operation and as a result, the major business processes were established and business organizations identified. This was accomplished through interviews with the director of Agrotiss, vice director of Agroker, and financial and information personnel. Together they identified 16 problem areas that were then related to business processes and applicable information systems. After analyzing the present computer systems at the parent company, VE Adkins made several hardware/software recommendations.

Since the parent company is only 250 meters away from the client, VE Adkins suggested an extension of Agroker's Local Area Network (LAN) and the installation of a terminal in the financial department of Agrotiss, which could be programmed for access to bookkeeping and financial systems from the main computer center. **By investing in a stand alone computer, the client would save on all software estimated at \$20,000 USD.** In addition, the training of the Agrotiss financial staff could be accomplished by the Agroker staff which would save on training costs. VE Adkins noted that there was an **immediate savings of 1,100,000 FTS due to the cancellation of a purchase order for computer software.**

Overall, installation of the Agrotiss terminal to the Agroker financial system will significantly improve financial reporting. Income statements, cash-flow requirements, working capital requirements and current balance sheets would be available on-line.

## SUMMARY OF IESC PROJECT 21949

STARTED: April 28, 1992  
COMPLETED: May 14, 1992

### CLIENT: ASSISTANCE REQUESTED:

Pri-Man Self-Privatization Management Co. Ltd.  
Budapest, Hungary

The client was established by the State Agency of the Hungarian Government to control and assist the implementation of privatization projects. The control focuses on the keeping of the rules, lawfulness and economic results in the privatization projects. Their main task is to represent the government and regulate the consultants and companies handling the privatization projects. They provide information to all of the participants of the privatization process and maintain contact with them.

OBJECTIVE: To train the client's staff on the different stages of the privatization process, elaboration of the privatization strategy, preparation of the sale, the assessment of the economic consequences to be expected from different selling strategies, and the valuation of the companies and their different units and assets.

EMPLOYEES: 20

### IESC VOLUNTEER EXECUTIVE:

Robert S. Plotkin  
Silver Spring, Maryland

VE Plotkin has an extensive career with the **Federal Reserve Board**. He was the assistant general counsel, associate program director for bank holding company analysis, and the assistant director for the Office of Consumer Saver Affairs. From 1960 to 1964, VE Plotkin worked for **Parker, Chapin, and Flattau Law Firm** as an attorney. VE Plotkin also worked for the **Securities and Exchange Commission** Division of Corporation Finance in Washington, D.C.

### IESC ASSISTANCE RENDERED:

As outlined in the project work plan, VE Plotkin reviewed the client's procedures in detail in order to determine if any could be eliminated, or if more steps were needed. VE Plotkin evaluated the client's computer directory of companies undergoing privatization and stated it was adequate for their operations. He explained that all of the information that they needed could be readily retrieved from the system.

VE Plotkin then reviewed the documents used by the privatizing companies. He reported that these documents were adequate but were lacking in one area. There was no space or question on the forms for the privatizing company to write and explain any concerns they had with the legal or financial aspects of the proposal. VE Plotkin provided the client with two questions which were, "Are there any aspects of the valuation that are questionable?" and "Are there any other aspects of the application that may require additional investigation?"

In order to ensure that the privatization applications were being processed in a timely manner, VE Plotkin suggested that the client establish some timetables. He explained that there should be some flexibility when dealing with consultants but there should be an internal time schedule within Pri-Man which states that there is a ten day deadline for final action once final papers are submitted. Additionally after Pri-Man reviewed the privatization papers, a 20-30 day limit should be imposed on the approval or rejection of a privatization proposal.

Country Director Budai commented, "The client plays a key-role in the Hungarian privatization process. As the client supervises Hungarian privatization consulting companies under authorization of the State Property Agency, any improvement in their management, operation, methods applied, and skills of the staff could effect the whole economy of the country."

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**POLAND**

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# SUMMARY OF IESC PROJECT 18590

STARTED: October 17, 1989  
COMPLETED: December 15, 1989

## CLIENT: ASSISTANCE REQUESTED:

Zwch Wistom

Tomaszow, Mazowiecki, Poland

Wistom is the oldest (est. 1911) and largest man-made fiber producing company in Poland. They use the viscose process to convert wood pulp in manufacturing rayon (viscose filament), tyre cord, staple fibers, and cellophane.

Objectives: In light of Wistom's problems of low productivity by employees, low product quality, and lack of cooperation between organization levels within Wistom's present organizational structure, Wistom requests assistance with a new reward system for employees strictly connected with the results of their performance and product quality, and proposals of organizational changes to improve production and increase cooperation.

EMPLOYEES: 6,000

## IESC VOLUNTEER EXECUTIVE:

Douglas F. Kay

6602 Harbor Town Drive

Houston, TX 77036

VE Kay retired as senior manager of Amcel Europe, S.A. For seven years, he was director of manufacturing and a member of Amcel Europe's management committee in Brussels. He also served as senior site manager for plant manufacturing cellulose acetate and triacetate fibers responsible for staff motivation and financial controls. Prior to this, he served Celanese for six years as director of fiber and fabric manufacturing.

## IESC ASSISTANCE RENDERED:

VE Kay set out to develop a results-oriented employee reward system to recognize individual efforts in the areas of quality improvements and other performance related parameters. He also kept in mind the need for organizational changes to encourage continuing progress in efficiency and productivity.

After VE Kay conducted an on-site inspection, it was clear that the most important requirement was to generate activity that would bring about major gains in quality improvement and manufacturing efficiency. He determined the major target areas to be reducing waste and reducing second quality and improving the manufacturing units to maximum theoretical capacity. The recognition and reward given to those who accomplish these areas could be used to motivate others. The program was initiated with the approval of the General Director, and the results were as follows:

- A 1990 management by objectives program was developed, designed to improve quality, waste reduction, overmanning and production efficiency.
- Initiated housekeeping and better maintenance activity to improve the worst areas. The main objective was to show that management cares about the workplace, in the hopes that the workers will be encouraged to care. If a worker cares about his or her tools and workplace, there's a good chance they will care about the product.
- Initiated on-going task forces in rayon filament and Tomofan to reduce waste and second quality in those products. Rayon filament task force met a target of 2% reduction in waste prior to VE Kay's departure.
- Areas of overmanning were identified and action plans were developed in 1990 objectives. A head count reduction of 1,000 was targeted.
- Adopted objectives to increase machine utilization in key manufacturing areas.
- Presentations on Western manufacturing and management philosophies were made to all levels of management down to foremen and also to labor unions.

According to the client, "His (VE Kay) stay in our plant brought us much vivacity in production and organization activity... His frank and open words of criticism made us aware of our weakness in comparison to other plants in highly developed countries. Tasks that have been worked out include manufacturing cost reduction by 11.470 MM zlotys, profit improvement by 2.200 MM zlotys, and a head count reduction of 999 persons. It is the most measureable assistance from your organization we could have. In the future, we hope to initiate an employee stock option system."

MCGRATH 2/1/90

PUBLICITY PERMITTED

RCTR: MOYER

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## SUMMARY OF IESC PROJECT 18591

STARTED: May 4, 1990  
COMPLETED: July 25, 1990

### CLIENT: ASSISTANCE REQUESTED:

Zaklady Wlokien Chemicznych "Stilon"  
Gorzow WLKP, Poland

The client began production in 1951 and has since been transformed from a small polyamide yarn plant to one of the most modern and important producers of polyamide fibers in Europe. The enterprise produces textile filament yarn, industrial yarn, carpet yarn, staple fiber, polyamide monofilament, bristle, stilamides (chips for injection) magnetic tapes, and triacetate film.

OBJECTIVE: To restructure the organization to enable a smooth transition from a central economic management system to a free market system. This would entail modifying the management of inner organizational units, the system of connections with suppliers and receivers of polyamide products, and the present direction of development and investing.

EMPLOYEES: 7,100

### IESC VOLUNTEER EXECUTIVE:

Jack Glatthaar  
Kerrville, Texas

VE Glatthaar has 40 years of international management and executive experience with three large American synthetic chemical firms; Monsanto Canada Ltd., Celanese Corporation's Canadian Chemical Co., and Amoco Chemicals Corporation. He served as vice president and/or president in all three companies, reorganized the businesses and greatly increased sales. This was his second IESC project.

### IESC ASSISTANCE RENDERED:

VE Glatthaar found the Stilon plants to be heavily technology-oriented and in dire need of marketing specialists. Stilon was suffering from an incredible lack of business and consequently warehouses were overloaded with goods. He first suggested appointing a marketing director who would report to the general manager in revising the organization and operating procedures to accommodate the economic free market. Until January 1990, the distribution of all products was performed by Sorotex; a group part of the Ministry of Industry in Warsaw. This eliminated the need for marketing for the past 45 years.

After researching the company, VE Glatthaar discovered Stilon's sales were 45% less than the previous year. In addition to lower sales, the customers could not pay for materials already shipped. The company had been borrowing from banks and the interest payments were staggering. Many managers told VE Glatthaar outright that the present situation made their concern about organization and managerial techniques inconsequential by comparison. The VE was informed by a few managers that they knew Poland had a future and that now was the time to prepare. Therefore, VE Glatthaar provided all information possible about organizational restructuring towards a free market economy.

VE Glatthaar recommended converting each of the six operating plants into free-standing business-profit center units with their own marketing, shipping and mechanical services. With respect to the reorganization of Stilon, he combined staff functions which eliminated two directors, moved technical services under production and social services under personnel. He provided the current general manager with a strategy outline and procedures manual for use after the organizational changes were implemented.

VE Glatthaar also advised the general manager on the customs and procedures of Western organization. He interviewed all managers and staff in the plant so they could learn how things were done in the West. The VE made some recommendations in new product development, some of which were incorporated into the new organizational structure. VE Glatthaar designed the restructuring of the plants to accommodate the growth proposed by the General Manager. They anticipated finding joint venture partners with new technology and capital to bring new products to Stilon. These could be added as new plants or decisions to the basic structure of the new organization. They were awaiting approval from the Joint Consultative Counsel, (a group of highly powerful but inexperienced men who could oust anybody from their job without question) for the new organizational plan and hoped the process for reorganizing could begin in September 1990. VE Glatthaar felt Stilon should be commended because they quickly initiated these necessary organizational changes in the transition from Communist control to a free market system. He stated: "The only thing that could be improved upon is the economic situation. At times, it was hard to get some people to concentrate on organization because of business problems. This we have no control over."

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# SUMMARY OF IESC PROJECT 18593

STARTED: January 6, 1990

CLIENT: ASSISTANCE REQUESTED:  
"POLKOLOR" Picture Tube Plants  
Warsaw, Poland

COMPLETED: April 18, 1990

The client produces and sells colored and monochromatic television picture tubes. The enterprise has an organizational structure of over 400 organizational units. Consequently, there is often a conflict of interest between the enterprise as a whole and the particular interests of the autonomous units.

OBJECTIVE: The client wishes to improve production of new products, install new equipment, the inner settlement of accounts, and applied incentive systems. Also, they wish to aid the organizational units in the realization of the tasks facing the enterprise as a single functioning entity. EMPLOYEES: 5,500

IESC VOLUNTEER EXECUTIVE:

Joesph Karoly  
Bryn Mawr, Pennsylvania

VE Karoly spent his entire 37-year career with RCA in a variety of positions; manager for administration of the solid state group electronics components division, controller and vice president for finance of the solid state division, and vice president and managing director for solid state for Europe in the U.K. He was promoted to group vice president of the RCA Corp. and was later reassigned as president of the RCA Cyclix Communications Network. VE Karoly was also appointed president of RCA Electronica in Brazil and later retired after the acquisition of RCA by General Electric.

IESC ASSISTANCE RENDERED:

The Polkolor facility consisted of two plants; a glass factory and a tube assembly factory. Approximately 75% of the picture tubes were sold within the Eastern bloc. The remainder were marketed in the West, principally to West Germany and therefore had to meet stricter quality standards. As the currencies of most Eastern European countries have not been convertible until recently, Western equipment has been unavailable, and Polkolor and other Eastern bloc companies have been virtual monopolies. This situation led to an emphasis on quantity rather than quality for its Eastern bloc customers.

VE Karoly found the client's needs quite different from those in the original project agreement. Polkolor needed to develop a cost accounting system and develop an operating manual to provide a base on which the business could be organized. The overall work plan outlined by the client recognized changes in Poland, necessitating a move from past business practices to a market-driven economy.

VE Karoly began by reviewing the existing accounting system and determined it feasible to establish a Cost Transfer Program as requested by the client. He also prepared and issued an instructional manual with guidelines for establishment of Standard Cost, Budgetary Controls, and reporting formats. (He cautioned the client that utilization of Standards as a control would not be realized until the entire Cost Transfer System was in place.) VE Karoly recommended the need for goal-oriented yields in Standard Cost rather than the existing method, which provided large allowances for inefficiencies. Expense spending represented about 50% of the company's total costs as there were no present controls. VE Karoly emphasized the need for Budgetary Controls over the entire organization to monitor actual expense spending. He estimated that the measures recommended in the work plans could realize over-all cost improvements in the \$2.5 to \$4.0 million USD range.

VE Karoly suggested hiring an experienced Cost Accountant to assist in the implementation and maintenance of the overall plan. He extended his visit two weeks to join a negotiating/planning team as the client opened joint venture discussions with a major West European picture tube manufacturer. This was fortuitous in that it allowed immediate practical application (an excellent training tool) for the recommended Cost Transfer System. VE Karoly also provided sample financial reports for management information and control and converted their profit and loss report to a format that was understandable to the potential joint venture partner. He highlighted areas for potential cost reductions and provided job descriptions for key positions. The VE suggested the client re-establish quality as a major force in the factory through a well managed, trained, and disciplined organization.

VE Karoly commented: "Many of the problems that exist in the business community in Poland are the product of the centralized system. Positive management action to improve competitiveness should begin to remove the lethargy on the organization, restoring some pride in accomplishment."

2

## SUMMARY OF IESC PROJECT 18783

STARTED: April 20, 1990

COMPLETED: July 19, 1990

### CLIENT: ASSISTANCE REQUESTED:

Metallurgical Steelworks Huta Katowice  
Katowice, Poland

The client produces metallurgical, semi-finished and rolled products, coke, coke gas and coal derivatives. The Steelworks also engages in the processing of metallurgical waste products, generation of electric and heat energy and air separation of oxygen, nitrogen and noble gases.

OBJECTIVE: As the Polish economy and its individual elements are under intense reconstruction, the previous organizational and financial systems no longer exist. The client requested assistance in establishing the organizational and financial reforms required to prepare for eventual privatization.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

John Roberts  
Blythewood, South Carolina

VE Roberts recently retired as President and CEO of the Copperweld Steel Company, where he was responsible for the total management of their steel operations. He spent the majority of his 38-year career with the Bethlehem Steel Company where he started as a management trainee and assumed increasing technical responsibilities. During this period, he was involved in the capital planning and engineering for the start-up of the Burns Harbor Plant; one of the largest integrated steel plants in the world. Some of his numerous positions included assistant general manager of the Burns Harbor Plant, general manager at Bethlehem Steel's home office, and general manager of the Bethlehem Plant.

### IESC ASSISTANCE RENDERED:

VE Roberts rendered the following assistance:

- Reviewed the facilities to determine competitiveness from an equipment standpoint and concluded that the client had world class facilities.
- Held extensive meetings with all employees from top management to hourly workers to determine capabilities, fears, concerns, and motivations. VE Roberts concluded that all were well-educated and competent in steel making, rolling and treating steel but needed training in marketing and finance.
- Reviewed operating practices and procedures of each operation, raw material sources, product quality, organizational structure, accounting practices, reporting procedures, marketing and sales organizations and capabilities.
- Participated in joint venture discussions with suppliers for new facilities.
- Trained personnel and added discounted cash flow analysis to the existing "payback" system to properly evaluate capital projects.
- Presented to top management and union leaders strategic plan concepts which resulted in the formation of a strategic plan task force to proceed with the plan. The executive group guidance committee, financial committee, operations committee, marketing committee, sales, raw material and supplies, and environmental control committees, etc., were formed by the task force.
- The VE met with union leaders and grievance committee men to answer questions about their chances to compete in a free enterprise market economy and world wide union practices.
- Met with top management to discuss necessary organizational and financial changes.
- Arranged a meeting with a large European bank for possible financing of Huta Katowice as a free enterprise. Presented the bank with the client's past, present and future strategic plan, balance sheet, income statement and management/worker capabilities. The bank expressed great interest in financing the client.

In conclusion, VEC Roberts hosted a banquet for the directors and top management people and their spouses in order to show them that they could survive in a market economy by facing the long hours and hard work as a confident group.

74

## SUMMARY OF IESC PROJECT 19305

STARTED: April 2, 1990  
COMPLETED: April 13, 1990

### CLIENT: ASSISTANCE REQUESTED:

Polish Foundation for Privatization  
-Warsaw, Poland

As a result of the structural changes to the Polish government, the governing body, now dedicated to return to a market economy based on free enterprise, has determined it necessary to establish the Polish Foundation for Privatization. This private, non-profit entity has recently been organized to implement the privatization of state-owned businesses and industry and is now eligible for AID support.

OBJECTIVE: Through the Bureau for Private Enterprise in Washington, IESC has been requested to provide the services of a Certified Public Accountant. The VE is expected to introduce procedures that will ensure the establishment of a "proper system of financial controls" and create an "audit trail" as is required under the terms of any grant provided by AID.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Arthur Bettauer  
New Canaan, Connecticut

VE Bettauer was an audit partner with Price Waterhouse since 1960, advanced to partner in charge of the New York office, and finally served as a consultant on European investment matters. He also worked with the New York State Society of CPA's from 1982 to 1983 as director of professional programs. In addition, VE Bettauer had a second career as chief financial officer of Empire Blue Cross/Blue Shield from 1983 to 1987. This was VE Bettauer's second IESC project.

### IESC ASSISTANCE RENDERED:

The client was founded by individual officials of the Polish Finance Ministry as a non-profit, non-governmental entity under Polish law. It has not yet commenced operations but has two employees who are currently being paid out of funds provided by another foundation.

In general, VE Bettauer was able to set up the foundation of a financial management system for proposed funding through a sub-grant by IESC from funds provided by USAID. In his final report, the VE explained in detail every facet of his proposed management system and how to make the procedures work effectively. Initially, he noted that the foundation maintained a bank account denominated in Zlotys at a major Polish bank. He advised that the dollar deposits be converted and the equivalent Zlotys be converted to the Foundation's account. In view of the amount involved, he suggested that 50% of the funds be advanced initially and the balance be held back until required. Furthermore, he explained that interest would be earned on the Polish bank balance at current market rates and funds and other assets provided by AID would be controlled by a separate ledger sub-account covering all receipts and disbursements for AID-sponsored activities.

The VE also discussed the financial management procedures which he advised the client to utilize. He first explained the following payment methods and the situations to which they were applicable: local purchases paid for by bank transfer, local purchases paid for by checks, small purchases where local suppliers were paid in cash and receipts were obtained, imports paid in hard currency by bank transfer or other regular means of international payment, local payroll disbursements generally made in cash, and foreign consultants paid by checks in foreign currency. In addition, VE Bettauer recommended that purchases be initiated by purchase requisition, notification forms be sent to the accounting department, all significant transactions be approved by officials other than the accounting personnel who would later review for compliance with policies, and original documents be filed and cross indexed so that an "audit trail" is maintained. The VE concluded this project by informing the client that, in accordance with Polish law, the Foundation's accounts must be audited annually by a licensed Polish auditor, and an independent internationally recognized accounting firm will be retained by the EEC to make annual audits. In addition to setting up the financial control system, the VE faxed his proposal to Washington D.C. and in the following week, the president of the Foundation was in U.S. collecting USAID start-up money. The VE stated, "In my judgement, the proposed procedures outlined comply with the applicable standards for financial management systems set forth in section 1L of AID Handbook 13."

## SUMMARY OF IESC PROJECT 19309

STARTED: June 4, 1990  
COMPLETED: July 14, 1990

### CLIENT: ASSISTANCE REQUESTED:

Zaktak Produkej Wedliniarski  
Ostrowiec Swietokrzyski, Poland

The client manufactures sausages, crisps, and various delicatessen (ready-to-eat) products, and sells them through wholesalers and retail stores.

OBJECTIVE: The client requests assistance to evaluate and modernize their operation, including manufacturing procedures and equipment, and assist other sausage manufacturers in the area.

EMPLOYEES: 60

### IESC VOLUNTEER EXECUTIVE:

Myron Bort  
Columbiana, Ohio

For 30 years, VE Bort was associated with a family-owned business involved in slaughtering, processing, and selling a complete line of fresh and cured beef and pork. He has been an active consultant on equipment selection, operation, quality control, cost control, and personnel training for a variety of clients in Central America, the Caribbean, and the U.S. VE Bort's additional experience includes production management for Trinidad and Tobago Meat Processors, Ltd. This was his 14th IESC project.

### IESC ASSISTANCE RENDERED:

VE Bort assisted three meat manufacturers in three different cities in Poland. He held several seminar discussions with the clients' top and lower management and supervisors, and provided his opinion about the future improvement of privately operated meat firms such as these three. He advised the clients that they can not change the system too rapidly because they are lacking in management skills and know how.

VE Bort ran cost tests on certain products in order to determine selling prices and profit margins, and located new sources of raw meat for future production. He strongly recommended hiring better qualified top management to motivate the work crews, and improved communication between management and workers.

VE Bort also recommended selling the client's product to hotels and restaurants, since Poland is attracting large amounts of tourists and foreign businessmen. He suggested that a plant manager be hired to administrate the facility on a day-to-day basis.

VE Bort found that the refrigeration system was inadequate to store all of the client's product, and recommended expansion of that system, and that the client double the volume of their products to meet costs. He also suggested that the client develop quality assurance programs, control and identify new technology in meat product development, conduct a cost-benefit analysis, evaluate manpower requirements, and hold training seminars for production workers regarding quality product standards and sanitation. He outlined an organizational structure and stressed the need for better control and supervision of the production workers to increase the volume of products made daily.

## SUMMARY OF IESC PROJECT 19365

STARTED: May 16, 1990  
COMPLETED: August 22, 1990

### CLIENT: ASSISTANCE REQUESTED:

Kasprzak Radio Works  
Warsaw, Poland

The client is one of the largest and most experienced electronics firms in Poland and eastern Europe. They manufacture radios, VCRs, walkmans, etc. OBJECTIVE: To assist in improving cost scales, organization/management structures, accounting and bookkeeping, marketing, and to help in determining joint venture strategy.

EMPLOYEES: 5,500

### IESC VOLUNTEER EXECUTIVE:

Joseph C. Flanagan  
Chagrin Falls, Ohio

VE Flanagan recently retired from General Electric after a 41-year career in financial and general management. His earlier positions included general accounting, cost accounting, and treasury and controller positions in the lighting and appliance divisions. He then had general management responsibilities including Board of Director membership of strategic planning and operation of GE businesses in Latin America, Turkey, the Philippines, Australia, and three European community countries. His final position was financial manager at the international headquarters of GE Lighting. He was also engaged as part of the GE team negotiating a large joint venture in Hungary.

### IESC ASSISTANCE RENDERED:

VE Flanagan worked with the client organization and prepared documentation (furnished in both English and Polish) on the following areas:

- Overall analysis and plans
- Conception of a business planning cycle
- Common understanding of basic cost accounting
- Joint Ventures - for a win/win situation
- Cost system synopsis
- Financial reporting system (analytical analysis)
- Daily reports of meetings (including comments and suggestions)

With regard to joint ventures, specifically with the Japanese and the Germans, he reviewed their strategy and helped them set up a business plan which included instruction on closing books as well as cost reductions.

VE Flanagan set up a personnel department and reduced personnel by 20% (the number of employees was reduced to 4,500). He felt that they should lose another 40% in their engineering personnel and advocated bringing outlying plants into their main plant.

The VE established a marketing organization and worked with the financial staff on pricing. VE Flanagan commented that there was great enthusiasm from his counterparts and a "great need to know".

11

## SUMMARY OF IESC PROJECT 19591

STARTED: June 11, 1990

COMPLETED: July 2, 1990

### CLIENT: ASSISTANCE REQUESTED:

Council of Ministers

Warsaw, Poland

Under an agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Polish Industry, IESC was requested to provide 20 or more volunteers to assist state-owned companies as they move toward a free market economy. OBJECTIVE: To assess a number of apparel manufacturing plants.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Edgar V. Landreth

Hilton Head, South Carolina

VE Landreth brought 40 years of experience in apparel manufacturing to this project. Prior to retirement, he was vice president involved in all plant operations for the Metro Pants Company. He was responsible for all facets of manufacturing, from receipt of goods to the delivery of the final finished products. Earlier affiliations included The Hathaway Shirt Company, McGregor's and B.V.D. where he first served as consulting engineer for ten subsidiaries and later took office as vice president and general manager of the Meadow Sportswear division, producing a quality line of men's and women's dress slacks. Products of the other B.V.D. divisions and subsidiaries included tailored outerwear, plastic rainwear, children's wear and ladies' intimate apparel. This is was VE Landreth's 18th project.

### IESC ASSISTANCE RENDERED:

VE Landreth set out to analyze and evaluate ten apparel manufacturing plants. Six of the seven plants he visited were owned by the public sector and all seemed "to be cut from the same mold." Notably:

- All spreading was done by hand.
- All spreads were short and had only a few ply.
- Cutting was done by a band saw after parts were blocked out with a straight knife cutting machine.
- All sewing departments used a rail system which limited production and confined machines to a fixed location.
- No thought was given to methods training.
- There were no supervisor training programs.
- There was no inspection of quality at the operators' machines.
- There were few, if any, attachments or work aids on machines.
- The efficiency of all plants and all departments ran between 40 to 60%.
- Managers were seemingly unaware of how the garments they made were costed or what was included in the cost. They were also somewhat vague on the percentages of rejects and irregulars produced.
- No consideration was given to the time to amortize the purchase of new equipment.
- Two managers had had bad experiences in dealing with Americans. They also thought that tariffs were too high.
- All managers seemed to be wary of the power of the unions. The workers could cause them to lose their jobs if they became dissatisfied with the managers' decisions.
- Some managers would welcome a joint venture as it would mean an influx of money, but they were also afraid that they might be replaced.
- There were two classes of quality, the better one for garments made for export, and a lower standard for the Polish market.

Of the seven plants that VE Landreth visited, he recommended that two, namely Prochnik and Jazz, be considered for joint ventures. Possibly a third, Polica, should also be given consideration.

VE Landreth felt that there was a need for IESC in all phases of Poland's commerce and industry. He stated "We have the expertise to accomplish those things... to make this country more productive and efficient. It will take... a great deal of time and patience to have this country operating to its full potential. I do not think (that) any other organization can offer the help (that) we can or produce the results that IESC obtains."

MCGRATH 09/27/90  
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PUBLICITY PERMITTED

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## SUMMARY OF IESC PROJECT 19592

DIAGNOSTIC-

STARTED: June 16, 1990

COMPLETED: June 29, 1990

CLIENT: ASSISTANCE REQUESTED:

Polish Council of Ministers  
Warsaw, Poland

Under an agreement between IESC and the Council of Ministers,, specifically the Task Force on Restructuring Polish Industry, IESC was requested to provide Volunteer Executives to assist state-owned companies as they move toward a free market economy.

OBJECTIVE: This request was for an expert in cast metal parts to visit a total of ten cast metal factories to provide diagnosis and analysis.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:

Floyd M. McCurdy  
Danville, IL

As plant manager for 20 years at three different locations for General Motors Central Foundry Division and serving for over 30 years in total, VE McCurdy engaged in all functions of management including engineering, manufacturing, sales, finance, labor, and public relations. He is completely familiar with grey iron, malleable iron, and modular iron castings, sand molding and casting, and aluminum air casting operations.

IESC ASSISTANCE RENDERED:

VE McCurdy visited ten cast metal foundries throughout Poland. Each manufactured a vast array of casting types that included bearing caps, transmission housings, hydraulic housings for engines, butterfly valves, oval valves, bathroom and toilet fittings, fittings for gas and water cable casings, rotary valve pumps, boilers, radiators, most of which utilize some form of grey iron for manufacture.

VE McCurdy made some preliminary observations of the foundries' technology, equipment, and process methods. Specifically, he addressed and analyzed the following areas in each of the facilities he visited:

- melting
- molding
- core making
- annealing (castings are heat treated in electric annealing furnaces).
- cleaning and shipping
- quality control
- sales and marketing
- energy management
- cost accounting

VE McCurdy made an overall appraisal of each foundry in terms of their potential to compete in a free market economy to include export potential, state of technology and methods, etc.

An area of particular concern was that of air and water pollution. VE McCurdy discovered that these plant did little if anything to control air and water pollution. VE McCurdy stated that comparable large plants found in the U.S. have spent as much as \$6-7 million USD to control this type of pollution.

VE McCurdy made recommendations to each individual foundry specific to their operation, and in general, found that if they each reduced casting scrap, and improved the use of their duplexing furnaces to remove pig iron from that charge and replace it with cheaper purchased materials, they could cut costs significantly.

## SUMMARY OF IESC PROJECT 19593

STARTED: June 11, 1990  
COMPLETED: June 19, 1990

### CLIENT: ASSISTANCE REQUESTED:

Task Force on Company Assistance/Office of the Council of Ministers  
Warsaw, Poland

Under the agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Polish Industry, IESC was requested to provide 20 or more volunteers to assist state-owned companies as they move toward a free market economy.

OBJECTIVE: This request was for an expert in forged parts to visit ten plants and determine if they can produce items of sufficient qualities and quantities to market world-wide.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Robert W. Stich  
Sun City Center, FL

VE Stich has 41 years of experience in forgings production, most of which has been closely involved in closed-die, hot forgings for the automotive industry. Prior to retirement, he was vice president and general manager of Federal Drop Forge Co. In this capacity he was in charge of all operations supplying automotive and truck industries. He has since been active as a consultant, mainly for Eaton Corp., making major forging equipment purchases in Mexico and Europe.

### IESC ASSISTANCE RENDERED:

VE Stich was given 25 written reports on forging plants in response to a distributed questionnaire, giving basic information such as equipment and production figures. After reviewing the information, he selected and visited ten plants and extracted from these plants 4 viable candidates for privatization. He found the greatest need not to be the technical process, but the cost accounting. The forging plants he saw did not have the information or management skills to analyze their costs or efficiency. This puts them at a disadvantage in terms of a competitive position for bidding in the world market, which is their objective. Other comments VE Stich made of the plants he visited include:

- Some sales may be made in high alloy tool steels for export. The problem with that approach is the relative small capacity of some of the steel mills - about 1,800,000 tons. In comparison, mills that produce 8 to 10,000,000 tons are considered fairly small in U.S. standards.
- Further problem is the large number of employees in relation to the plants' output. Utilization of equipment was low, indicating lack of performance. Again, VE Stich attributes this to poor management.
- There is a quality problem with steel from Polish mills. VE Stich indicated that it could be a disastrous problem when exporting, considering time factors.
- VE Stich recommends that the forge divisions of those mills that have no capital investment become a separate profit center with its own profit responsibility.

# SUMMARY OF IESC PROJECT 19676

STARTED: September 10, 1990  
COMPLETED: October 17, 1990

## CLIENT: ASSISTANCE REQUESTED:

Polish National Chamber of Commerce (PCC)  
Warsaw, Poland

The client is the private sector successor to the Polish Chamber of Foreign Trade, a now defunct government entity. The chamber has the mandate to function as the overall Chamber of Commerce for Poland with many local and regional chambers currently affiliating.

OBJECTIVE: The assistance requested was twofold: to guide management in managerial procedures, including establishing member fees needed to finance services to members and expand its capabilities, and to plan for a series of seminars in six major Polish cities.

EMPLOYEES: 4

## IESC VOLUNTEER EXECUTIVE:

Weston Johnstone  
Poland, Ohio

VE Johnstone served as president and chief executive officer of the Youngstown Area Chamber of Commerce in Ohio for 19 years until his retirement. In this position, he was responsible for staff supervision, motivating the membership to accomplish their goals, and maintaining financial support. Prior to this, VE Johnstone was with the U.S. Chamber of Commerce for seven years. This was his third IESC project.

## IESC ASSISTANCE RENDERED:

As detailed in the work plan, VE Johnstone first attempted to gain background information on the local situation by conducting personal interviews with knowledgeable individuals in various positions in both the public and private sectors. He then prepared written recommendations and suggestions utilizing information from the interviews, a plethora of reading materials, and personal experience.

Specifically, VE Johnstone reviewed an English translation of the "Statute of the Polish Chamber of Commerce" and informed the client of what he thought were serious omissions. To facilitate their revisions, he provided a Polish translation of the "Chamber of Commerce Bylaws," prepared by the U.S. Chamber of Commerce as a guideline. The VE also submitted a translated copy of the U.S. Chamber of Commerce publication, "Chamber of Commerce Personnel and Procedures Manual," to assist in the development of the client's policy manual. He stressed that the success of a chamber was directly related to the efficiency of its operation, especially employee performance.

The VE emphasized that any Chamber's major sales tool should be its program of work. He recommended this program be explicit in detailing the principal goals of the Chamber and in emphasizing the activities and services of the various chamber divisions. VE Johnstone strongly suggested they solicit memberships from individual firms and local and regional chambers of commerce by emphasizing the benefits of having the PCC serve as the umbrella organization. He also recommended a telephone alert network be organized and implemented as soon as time would permit. This network entailed a chain of phone calls ultimately alerting the proper authorities when rumored or threatened government action was believed to be detrimental to business. The process was intended to prevent interference in the business community by the government.

VE Johnstone submitted a report detailing a multitude of services, to be offered to the community, that would assist in membership marketing efforts. He also provided the client with information regarding all facets of committee structure, financial support, telemarketing, developing the business plan, and foreign trade development, to help facilitate the organization of the PCC and hopefully expedite its success.

The only external influence observed by the VE was the apparent determination of the government that Chambers of Commerce should develop without financial assistance from the public sector. Both the client and VE agreed that this was unrealistic and offered what they considered to be a viable compromise.

The client stated, "As we are at the reorganizational stage of the Chamber, a lot of comments and suggestions of the VE will have an immediate impact on the final shape of the organizational structure of the PCC and its future functioning."

## SUMMARY OF IESC PROJECT 19689

STARTED: June 30, 1991  
COMPLETED: August 30, 1991

### CLIENT: ASSISTANCE REQUESTED:

Myszkowskie Zaklady Papiernicze  
Myszkow, Poland

The client is a manufacturer of newsprint, board, and uncoated printing papers.

OBJECTIVE: To assist in the reorganization for privatization, critique a plan to convert No. 6 paper machine to coated paper machine operation, and to upgrade quality and production of the No. 6 paper machine.

EMPLOYEES: 1,863

### IESC VOLUNTEER EXECUTIVE:

Edward P. Laumer  
Oshkosh, Wisconsin

VE Laumer was employed by the Kimberly Clark Corporation for 39 years where he held such positions as engineer manager and head of research and development. He was a charter officer for the finishing division of Tappi Technical Association of Pulp and Paper Industry. This was VE Laumer's fourth project for IESC.

### IESC ASSISTANCE RENDERED:

After evaluating the ninety-nine year old manufacturing complex, VE Laumer took two approaches to upgrade the quality and production of the No. 6 paper machine. First, he conducted training seminars for production and technical people, along with detailed reports on the following topics: soft-nip calendaring, corrective action for draw problems, wound roll quality, and smoothness and profile improvements for the No. 6 paper machine. The second approach was to get the first American company to privatize a business in Poland, Beloit USA, to meet with the client at the Myszkow Mill. Trained papermaking experts from Beloit assisted the VE in developing the most cost effective program for an upgrade on what is considered a relatively new paper machine. Afterwards, another meeting was held to confirm Beloit's participation in a five-phase plan, which will start with a formal Beloit-sponsored survey.

The client had a pre-feasibility survey conducted by a Warsaw consulting firm which recommended a conversion of the No. 6 paper machine to a light-weight coating (L.W.C.) operation. The expenditure for this change would be \$142.9 million U.S. dollars. Upon examination, it was determined that this study did not allocate monies for the on-machine coater, the extensive coating preparation plant, the supercalendar rebuild, the finishing room changes required, training costs or engineering costs. VE Laumer therefore concluded that the study was merely an exercise in financial accounting without basic engineering facts to support it. He suggested that the client upgrade the No. 6 paper machine so a base sheet could be produced for an off-machine coater which would be approved only after a proper engineering design report and financial analysis shows that it is a cost effective approach. VE Laumer left a description of what is normally included in a feasibility study and design report.

Finally, VE Laumer wrote a comprehensive engineering sales prospectus for the purposes of privatization. The report included a listing of 12 major U.S. paper companies to contact for potential joint venture opportunities. Copies of the report were sent to the IESC Country Director and ABLE services. He contacted and involved the American Business Linkage Enterprise (ABLE) program in the privatization venture. The VE's prospectus will be distributed to various U.S. companies for the sale of the Myszkow papermill. VE Laumer will also try to make more contacts on behalf of the client at the National Convention of the Pulp and Paper Industry in Houston, Texas.

## SUMMARY OF IESC PROJECT 19692

CLIENT: ASSISTANCE REQUESTED:

"Agromet" Agricultural Machines Factory  
Kunow k/Ostrowca, Poland

STARTED: September 3, 1990

COMPLETED: October 25, 1990

The client produces agricultural machines such as the straw press, multi-functional aggregates for picking green forage, shock absorbing seats, and cabs for farm tractors. OBJECTIVE: To assist the management in solving production problems, efficiency improvement, modernization and development of export markets. EMPLOYEES: 1,150

IESC VOLUNTEER EXECUTIVE:

Theodore Teijen  
Moline, Illinois

VE Teijen has over 30 years experience in the agricultural machinery and equipment field. He advanced through many engineering positions all of increasing responsibility and complexity. He spent the majority of his career with John Deere and Company where he served in a variety of senior engineering positions.

IESC ASSISTANCE RENDERED:

VE Teijen conducted a thorough investigation of the company to determine their future potential to survive the change over to a customer-oriented economy (indicative of competition from outside countries). The years of neglect under the "guided economy" have left their mark on many companies which were converted from private to state ownership after World War II. Nevertheless, he was certain the client had the potential to succeed due the aggressive management and eager workers. He was positive the client would attempt to implement his recommendations within two to five years as capital funds became available. To change the current situation, VE Teijen suggested the design of an extensive educational program to alter the general attitude of the workforce and make them aware of the necessity of change to succeed in the new market system.

VE Teijen first held meetings with the technical and administrative personnel to discuss and learn about their organizational and financial structure, problems, production methods, and possible methods for modernization. The four main topics he focused upon were: 1) shock absorbing seats for tractors and other machines, 2) the development and implementation of production facilities for new corn processing machines, 3) cooperation with foreign companies, and 4) the modernization of equipment and facilities, management systems and production organization.

With regard to the first topic, VE Teijen prepared a list of required equipment and facilities for the manufacturing of modern shock absorbing upholstered seats with a capacity of 300,000 (domestic plus exported) seats per year. He also prepared a project proposal for the Polish-American Enterprise Fund to apply for financial assistance in the form of a \$4,000,000 USD loan and suggested the client carry on with the production of the corn machine. Concerning the third topic, VE Teijen recommended filling out questionnaires for various trade agencies throughout Poland and Germany. He also contacted the John Deere Company in Frankfurt with a letter of introduction, factory description, and recommendation for possible future communication. Topic number four included a general evaluation of the factory including operational efficiency, condition of equipment and facilities, safety and housekeeping.

VE Teijen determined their production of seats dropped from their minimum export capacity of 150,000 to 100,000 due to reduced sales in agricultural tractors, insufficient quality, and a lack of marketing practices. These problems resulted from central government planning in an almost closed producer-oriented economy whereas now each manufacturer must produce for a consumer-oriented market. To change these problems, VE Teijen recommended they purchase a new seat production unit since seat sales, either domestic or export, was dependent on modern technology. At the present time there was no market for these seats or foreign currency for the purchase of the machine. The only possibility was a joint venture/capital participation arrangement with a West European customer. He also suggested the client thoroughly analyze the foreign markets and conduct a market analysis in the domestic market to determine potential sales volume. In order to fill the unused portion of the factory, (38%), he recommended the preparation of a color brochure.

The client stated, "Mr. Teijen's performance during his visit here has been from a deep sense of responsibility for quality service, professional integrity and technical know-how to render assistance on many aspects of our business."

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# SUMMARY OF IESC PROJECT 19693

STARTED: October 2, 1990  
COMPLETED: December 4, 1990

## CLIENT: ASSISTANCE REQUESTED:

Zaklady Celulozowo-Papiernicze (ZCP)  
Wloclawek, Poland

ZCP is one of the largest manufacturers of cellulose and paper in Poland. They produce bleached sulphuric cellulose as well as writing, printing, and wrapping paper. OBJECTIVE: To prepare a study on the necessary modernization program in accordance with the World Bank standards for investment loans and eventually obtain support from the World Bank to carry out the modernization program. Also to improve the competitiveness of the market by achieving better quality paper and production techniques and employing proper marketing strategies. EMPLOYEES: n/a

## IESC VOLUNTEER EXECUTIVE:

Harry Pedley  
Austin, Texas

VE Pedley joined the Champion International Corporation in 1954 and advanced to corporate vice president of pulp and paper manufacturing. Prior to this, he worked for nine years as paper mill technologist and mill superintendent at Chase Bag. This was VE Pedley's second IESC project.

## IESC ASSISTANCE RENDERED:

Soon after VE Pedley's arrival, he realized ZCP could not produce enough within the mill to provide a satisfactory return on the investment required to become competitive quality-wise while meeting environmental regulations. For years the Polish government set the quality standards for paper production. These specifications are now obsolete and do not reflect international quality requirements; but, they are still used and this results in excess waste, higher costs and defective quality. VE Pedley emphasized that each mill must now develop it's quality level in cooperation with customers and their requirements. Unfortunately, mill-wide but particularly in the chemical pulp mill, there are environmental problems so severe that their impact alone could determine the fate of the mill.

VE Pedley deemed the chemical pulp mill incapable of satisfactory performance. Due to this mill, the company was given until 1995 by the government to clean up it's effluent problems or shut down. As the mill was being fined \$14,600 USD per day, it was impossible to generate sufficient income to solve the problems. The only possibility would be to construct other effluent treatment facilities costing \$13,000,000 USD. Due to these conditions, VE Pedley could offer no solution and suggested they shut down the pulp mill on a planned basis, salvaging and/or selling all of the equipment possible before the government shut it down.

VE Pedley reviewed the clients proposed improvement programs for the papermill which consisted of three small paper machines. He suggested they start a modernization program as soon as economically feasible. In order to prepare the paper mill for the pulp mill shut down, he suggested they install a pulp slushing system, the paper mill effluent pre-treatment, and the power plant improvement program. And if this could not be done, shut down the paper machines but preserve equipment so it could be reactivated later. Of course all these recommendations could not be carried out at once but the estimated benefits were a reduction in waste from 12% to 7%, 640 more running hours per year, an increase in selling price by 15% and in average machine speed of 100m per minute. He estimated the penalties, the cost of borrowed money and lost revenue from down time, to be \$4,790,000 USD.

Other miscellaneous suggestions included: improvement of supervisors leadership skills to build a more positive attitude in employees at all levels, introduction to cooperation and sharing between departments and to quality products. He also suggested they start a Waste Control Program, Material Usage Control Program, Water Conservation Program, improve maintenance spending, computerize the accounting system, and commence the recycling of paper.

In general, VE Pedley suggested they forego the outdated and irreparable portions of their business and expand upon the profitable segments. He commented: "I regret that my final report recommendations cannot be more positive, but things have almost gone too far and it will be difficult for ZCP to survive the current economic recession. ...if a positive, progressive attitude can be established at least part of the business can be saved and there will be a new beginning for the future."

## SUMMARY OF IESC PROJECT 19694

STARTED: September 6, 1990  
COMPLETED: October 4, 1990

### CLIENT: ASSISTANCE REQUESTED:

Zakłady Sprzetu Oswietleniowego "ELGO"  
Gostynin, Poland

The client, operating since 1958, is a manufacturer of industrial and residential fluorescent light fixtures, exterior sodium and mercury lamps, and ballasts for both.

OBJECTIVE: The client requested assistance in two main areas; the creation of a new development strategy which would ease the transition from a state-controlled economy to a free market system, and the development of a new marketing strategy to coincide with the new system.

EMPLOYEES: 2,000

### IESC VOLUNTEER EXECUTIVE:

Laverne R. Anderson  
Chautauqua, New York

VE Anderson, an electrical and mechanical engineer, has spent his entire 40-year business career with the lamp department of General Electric Company, the largest lamp manufacturer in the world. He has experience in both marketing and management, and has worked with both large and small customers. While the majority of his experience has been in the U.S. and Latin America, he has traveled extensively in both Eastern and Western Europe and is familiar with marketing practices in these areas.

### IESC ASSISTANCE RENDERED:

VE Anderson was extremely successful in assisting the client face a serious problem caused by the abandonment of the centrally planned, state controlled economy. VE Anderson initiated a thorough review of the company, the current market status of their products, and their place in the Polish economy. By working closely with top management, he developed a wide ranging, documented action plan. Together they agreed on:

- A new company strategy and major tactics to achieve goals.
- Priority needs and required organizational/managerial changes.
- A new marketing strategy.

Working informally with senior and middle management staff, VE Anderson also developed programs for:

- New product management and pricing policies.
- The establishment of profit center based operations.
- Development of export sales and an improved distribution system to replace the loss of their largest previous customer, the USSR.
- New product development.
- Incentive compensation.
- Office system automation.

While implementation of all these changes will take time, positive results were already occurring before VE Anderson's departure. The client gave very high marks to VE Anderson and the project can be considered a strong success.

Prokop 10/18/90 PUBLICITY PERMITTED  
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## SUMMARY OF IESC PROJECT 19697

STARTED: September 5, 1990  
COMPLETED: November 1, 1990

### CLIENT: ASSISTANCE REQUESTED:

Lublin Car Factory  
Lublin, Poland

In 1989, the client made a decision to activate the production of a new family of delivery vehicles.

OBJECTIVE: The economic situation introduced in the 1990's caused significant limitations on Lublin's financial situation and had a negative effect on their prospects for development. Therefore, they wish to determine whether the plan should be realized or terminated and establish contacts with the West if the VE determined the feasibility of their business attempt.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Douglas Bachand  
Scottsdale, Arizona

VE Bachand was employed by the Ford Motor Company for a period of 33 years. During that time, he held positions including process engineer, project engineer, supervisor of a development unit, manager of manufacturing engineering in Sao Paulo, Brazil, manufacturing specialist for Ford of Germany, and manufacturing development and plans manager for Ford Mid-East and Africa, Inc. VE Bachand has travelled extensively and presented manufacturing plans in Europe, Egypt, South Africa, Nigeria, Turkey, Iran, Israel, China, Brazil and Pakistan.

### IESC ASSISTANCE RENDERED:

VE Bachand spent his first week reviewing the Lublin Car Factory facilities in order to determine the overall capability and usage that could be reasonably expected if a new product line was introduced simultaneously with a new manufacturing plan. He developed a completely new organizational structure and outlined most of the organizational functions. The VE felt that the type of organizational processes he presented were necessary to assign direct responsibilities to the staff and line operators in order to cope with Western-type operations and improve overall operational efficiency.

VE Bachand then prepared basic information in order to interest a major western automobile company in evaluating the Lublin Car Factory's potential as a joint venture partner with the coming privatization of industry in Poland. A preliminary study was made under the supervision of VE Bachand. This study included assumptions, man-power availability and costs, local content timing, manufacturing, usage areas, and plant rehabilitation costs. This package was presented to the Ford of Europe Strategy Office and was scheduled to be presented to the Ford Corporate Strategy Office at the world headquarters in Dearborn, Michigan on October 5, 1990 by the VE at the request of Ford of Europe and the Lublin Car Factory's General Director.

VE Bachand determined that the establishment of a relationship between Ford Motor and the Lublin Car Factory as outlined in the program assumptions would result in doubling current vehicle production, introduce a new product to the Eastern market, enable the factory to sell quality light trucks in the West, plus furnish new diesel engines and transmissions to Ford at a low price. In order to facilitate contact with the West, VE Bachand also suggested the company management learn the English language.

The client stated, "The consultant was very efficient in helping us to find a way to accomplish our goals. There are no government regulations which would be a constraint to the realization of the project. The modifications of the existing regulations which are being introduced as well as the coming privatization will have a positive influence on the outcome of the project which aimed at developing cooperation with the West."

gfb

## SUMMARY OF IESC PROJECT 19701

STARTED: August 3, 1990

CLIENT: ASSISTANCE REQUESTED:

INTERRUPTED: August 24, 1990

Task Force on Company Assistance/Office of the Council of Ministers  
Warsaw, Poland

Under an agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Polish Industry, IESC was requested to provide 20 or more volunteers to assist state-owned companies as they move toward a free market economy. OBJECTIVE: To assist Prochnik, a Polish apparel company, in developing cost accounting systems; specifically to evaluate the soundness of Prochnik's unit cost estimating procedures.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:

Karl F. Slacik  
Farmington, Connecticut

VE Slacik has had a wealth of experience in cost accounting for several industries, retiring from Levi Strauss in 1986 as senior vice president and chief financial officer. During his career, he installed cost accounting systems for 30-40 different divisions of major U.S. corporations. Previously, he served as chief financial officer for The Indian Head Corporation of New York and Echlin, Inc., an automotive manufacturer. Earlier in his career, he was employed by ITT, as an assistant controller living in Belgium for four years and as manager of financial controls in Latin America.

IESC ASSISTANCE RENDERED:

After some initial discussions with the director of the Garment Task Force, and subsequent discussions with VE Jack Hill; a marketing expert, and Jc n; a manufacturing VE, VE Slacik proceeded to visit four of Prochnik's factories. He talked to the manager and other supervisory personnel at each location and were free to observe all production operations, warehouses, and operational control documents. Unfortunately, none of the factories were in full production since August is a traditional "holiday" month and VE Slacik felt that this situation somewhat compromised his ability to evaluate the work flow and gauge operational efficiency.

VE Slacik spent the remainder of this project at the Lodz plant A which also housed the corporate headquarters. He visually reviewed key accounting and control records with numerous members of the accounting, estimating and material control departments. The following is a list of recommendations and observations:

- Direct labor was estimated at the company level. VE Slacik found that these estimates were 20-30% above the standards set by engineers for paying direct labor employees. As a result, labor times have been grossly overstated.
- VE Slacik noted that it is impossible to compute a per unit factory or gross margin unless direct labor time is broken down into components: direct labor, factory burden, administrative, and other costs. It was also suggested that this factor be adjusted on a more frequent basis.
- VE Slacik found that material usage estimates appeared to be reasonably set. Usage of imported fabric was very accurately estimated. Usage of domestic fabric varies from actual to 10% depending on quality characteristics, though suppliers usually compensate for quality deficiencies by providing replacement goods or price adjustments. Their basic rule of thumb is to use replacement cost - which is appropriate given their inflationary environment. However, there were many exceptions to this rule and original cost, or some other cost between original and replacement is frequently used. The determining factor seems to be the perception of what the customer will pay - which is the most serious deficiency in the entire cost/pricing procedure because it exposes a fundamental flaw in management attitude.

VE Slacik provided a theoretical guideline for a cost estimate to arrive at a price quote: 25% for domestic orders and 40% for export orders. He made recommendations to upgrade their present estimating system to make it marginally acceptable over the short term. From VE Slacik's work, it was apparent that Prochnik accumulates and systematically records a wealth of cost information. In the VE's preliminary opinion, nearly enough data is being generated to support a sound cost system. VE Slacik also provided three prerequisites to designing and implementing a cost and budget system for Prochnik. He felt that Prochnik has the potential for being a showcase company in the government's privatization program. It has many operating strengths (particularly a skilled work force) which is an area that was addressed by IESC's marketing and manufacturing VEs.

## SUMMARY OF IESC PROJECT 19702

STARTED: August 3, 1990

COMPLETED: August 25, 1990

### CLIENT: ASSISTANCE REQUESTED:

Task Force on Company Assistance/Office of the Council of Ministers  
Warsaw, Poland

Under an agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Polish Industry, IESC was requested to provide 20 or more volunteers to assist state-owned companies as they move toward a free market economy. OBJECTIVE: This request was for an expert in garment manufacturing to provide technical assistance to various Polish garment manufacturing firms to improve quality, styling and related assistance to firms determined to be capable of producing quality and quantities of garments that would be marketed to Western Europe and the U.S.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVES:

Joseph and Marion Cohen  
Metairie, LA

VE Joseph Cohen was president and CEO of Coleman Clothes Inc., for 11 years. He was responsible for administration, quality control, purchasing, production, factory layout, balancing new equipment, and pricing. VE Marion Cohen served as Vice President of Coleman Clothes, Inc. Previously, VE Joseph Cohen was director of manufacturing for Friedman Marks, Inc. responsible for 11 phases of manufacturing, from cloth sponging and examining, to completed jackets and pants. This was VE Joseph Cohen's 7th IESC project.

### IESC ASSISTANCE RENDERED:

VEC Joseph and Marion Conen, working as a team, provided an overview of the Prochnik Manufacturing Company. The company, which included five manufacturing facilities; Factory A-Lodz, Factory B-Lodz, Poddebice, Rawa Mazowiecka, and Uniejow, was reviewed in terms of the technical competence of their operators, managerial skill, production, cost, general operation, and equipment needs.

Some of the factories were found to have potential where the department managers were technically skilled and understood the need for changes in order to improve product quality and production. VEC Cohen felt that they performed well under the constraints of the present system, and were receptive to suggestions relating to new equipment and the necessity to improve the work habits of their operators.

The VEC provided observations and proposals that will help Prochnik in setting up a plan to institute new policies in all their factories. In the general overview, there were some common problems that surfaced in all their facilities, specifically:

1. Supervisors had little control or discipline over operators, a condition that affected both production and wages. It was suggested that seminars be held periodically to teach work discipline.
2. Absenteeism was too high, running between 8-14%. An incentive program was recommended. Bonuses for increased production for each manager was suggested as well as a bonus program for piece work operators as well. These changes would result in a production increase of 10% or 19,785 additional units annually with a comparable saving of .88 per unit and an annual saving of \$191,517 USD per year.
3. Training the managerial staff in Time and Motion studies to facilitate work flow.
4. Plan the installation of operator work aids which could result in less preparation time and reduced operator fatigue. It is estimated that savings from these two changes (items 3&4 listed here) should conservatively be 5% - which translates into .47 per unit - \$107,400 USD savings per year.
5. The most cost reduction could be achieved in the area of 'non-productive work force,' which translates into 30% of the current labor force. It was recommended that by using some methods of attrition, it could eventually be reduced to 10%. This could result in a yearly saving per unit of .42 or \$83,160 annually.
6. Although brand new, state-of-the-art equipment recommendations were provided, the initial outlay (\$609K) was determined expensive, so a time schedule was drawn up. Also, it was recommended that new piece rates be determined when new machinery is installed. The percentage savings would be shared between the managers and operators as an incentive to increase production and help create a contented work force.

## SUMMARY OF IESC PROJECT 19703

CLIENT: ASSISTANCE REQUESTED:

Task Force on Company Assistance/Office of the Council of Ministers  
Warsaw, Poland

STARTED: August 2, 1990

COMPLETED: August 24, 1990

Under an agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Industry, IESC was requested to provide Volunteer Executives to assist state-owned companies as they move toward a free market economy.

OBJECTIVE: To evaluate and qualify potential vendors, advise on product line, style, quantity, delivery schedules and seasonal factors in the apparel industry.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Jack M. Hill

Loudon, Tennessee

VE Hill has been involved in national and international marketing for 20 years. After retirement he became president of his own consulting firm, Hill House International Inc. and was actively involved in assisting U.S. apparel firms to develop international and U.S. sales, specializing in sportswear, leisure wear and jeans for men, women, and children. Previously, VE Hill was the vice president of Blue Bell (Wrangler) Inc. in charge of market research and sales in the international division. He was also the vice president of marketing for Blue Bell in Brussels, Belgium, headquarters for European operations. He was also responsible for licensing the "Wrangler" brand in Australia, Eastern Europe and the Middle East.

### IESC ASSISTANCE RENDERED:

VE Hill set out to develop a sales strategy for leading garment producers to increase exports to the U.S., generate specific leads in the U.S., and develop a specific market appraisal and strategy for Prochnik.

Before addressing these objectives, VE Hill found many of the problems that faced Prochnik's plant management were things that they had no control over. The Polish cotton and cotton blend fabric had a third world look because the raw cotton is short staple and is not combed. The yarns that the knitters use fall into the same category. Zippers, buttons, and buckles were suspect. The quality of the woven and printed labels produced in Poland would not stand up to Western European and USA standards.

VE Hill found that the quality of the cutting and sewing was outstanding. Many of the plant had modern equipment and their operators did an excellent job. VE Hill found that with the poor raw materials at hand, the machinists did very well.

With regard to sales strategy, VE Hill suggested the first sales efforts should be in Germany, the U.K., Scandinavia, and France, then the rest of the E.C. He felt that no time should be spent in Portugal, Spain or Italy.

Until some of the problems with raw material supply are fixed, VE Hill felt that all efforts should be made to C.M.T (cut, make, trim) garments out of E.C. fabric using European findings and labels. The price of C.M.T. and the location of Poland are strong selling points and should be used at all times. The control that a European buyer could exercise on his production would be tremendous.

With regard to sales methods, it was suggested that the FTO's (Foreign Trade Organizations) be put on notice that the producers expect a specific number of garments to be sold by the FTO and, if not, the garment maker will go direct. VE Hill felt that this is the only thing that can be done in the short term. For the long term however, (September 1991), selling in time for Spring 1992, it was suggested that they hire wither Polish sales persons or locals. VE Hill commented that the only advantage Poland had now is probably price and a two-hour plane ride to most European buying centers.

VE Hill assisted in generating specific leads with their sample raincoats in the U.S. He brought back six samples of Prochnik's mens raincoats and showed them to five buyers of different retailers. Some of their comments were "sewing - excellent, trim - okay, but could be better, fabric - acceptable, but all five questioned the waterproofness of the coats. An MMM Scotch Guard, or the like, process is a must for the U.S. market. All the buyers thought that the coats were very, very saleable if they could land duty paid in their stores for approximately \$60/65 USD. If the minor problems outline above could be corrected, and some trust on deliveries developed, the raincoats should sell in volume. VE Hill's departing remark was "Prochnik certainly is a forward looking company who can do this, but they should do it now before other eastern European countries start selling direct here (U.S.)."

## SUMMARY OF IESC PROJECT 19706

STARTED: January 14, 1991

CLIENT: ASSISTANCE REQUESTED:

COMPLETED: January 24, 1991

Task Force on Company Assistance

Warsaw, Poland

Under an agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Polish Industry, IESC was requested to provide Volunteer Executives to assist state-owned companies as they gravitate towards a free market economy.

**OBJECTIVE:** To survey seven apparel manufacturers and determine if their products would complement the U.S. market.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Harry Riker

Hilton Head Island, Virginia

VE Riker has remained active in the retail industry for 35 years. His career began with Sears & Roebuck in their executive training program. VE Riker rose through the ranks of this company until he was eventually promoted to the position of general merchandise manager for Sears Pittsburgh. He held this position for 11 years until his retirement in 1980. From 1980 until the present, he has managed Harbour Town Clothiers, a small retail clothing store in South Carolina. This was VE Riker's third IESC project.

### IESC ASSISTANCE RENDERED:

VE Riker surveyed seven individual garment manufacturers, none of which had a sales or marketing program. He offered the following advice for each individual factory:

The LIDO factory produces ladies sportswear, nightwear and ladies jackets, 40% - 45% of which are exported to Germany, Canada, and Denmark. The VE found that the company had suitable manpower, a good finished product and minimal delivery problems. He noted that LIDO required assistance with product line priorities as they lost the "Adida" account for producing suits which substantially hurt the business. VE Riker estimated that they were working at 40% of their actual capacity and considered this manufacturer a good prospect for U.S. involvement. The VE arranged for the company to send samples and specifications to the Task Force who would forward the materials to the U.S.

VE Riker found the SIRA company to be an excellent facility and an "outstanding prospect" for U.S. involvement. This company manufactures T-shirts, swimwear, ladies blouses, nightwear and golf shirts, all of which were excellent in quality according to the VE. This company manufactures their own fabrics, employs their own designer and is capable of shipping unlimited quantities. Samples were being shipped to the Task Force for delivery to the U.S.

ZPO GRACJA produces ladies coats and all-weather jackets which are sold locally and throughout Europe. Their major buyer was the Soviet Union which has recently stopped buying. This company operates 16 factories, all of which have very few orders for the next months but manufacture products of adequate quality. They have agreed to send one men's and one woman's 3/4-length jacket to the U.S. via the Task Force.

The CONRES company sells their ladies coats and sports outerwear to the U.S., Belgium, Germany and throughout Poland. The VE classified this factory as excellently managed and an "outstanding candidate" for further U.S. involvement despite the fact that they were not interested in being privatized. No samples were available at the time of the visit, but CONRES has agreed to forward samples to the Task Force.

PILICA manufactures men's suits and ladies shirts and slacks. They sell their products to Germany, France, Holland and locally, although they have recently lost their major buyer, the Soviet Union. VE Riker conveyed that they needed immediate assistance with sales and were a good prospect for U.S. involvement. The client agreed to produce a man's sports jacket as a sample which they would send through the Task Force.

At the PROCHNIK factory, the VE received a sample of an all-weather coat to show throughout the U.S. Their current market is the U.S. (the importer is Gruner) and Western Europe.

After his return to the U.S., it was arranged for VE Riker to continue his work through a TIS project in which he would visit various U.S. importers, distribution outlets and retail buyers, explaining the advantages of buying Polish-made apparel.

## SUMMARY OF IESC PROJECT 19707

STARTED: September 1, 1990  
COMPLETED: October 7, 1990

### CLIENT: ASSISTANCE REQUESTED:

Task Force on Company Assistance/Office of the Council of Ministers  
Warsaw, Poland

Under an agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Industry, IESC was requested to provide Volunteer Executives to assist state-owned companies as they move towards a free market economy.

OBJECTIVE: To identify companies capable of surviving in the free marketplace and target suitable markets to replace the traditional Soviet Union recipients of their production after January 1, 1991.

### IESC VOLUNTEER EXECUTIVE:

EMPLOYEES: 25,640

Louis Auer  
Tequesta, Florida

VE Auer combines extensive hands-on experience with theoretical knowledge. He is a mechanical engineer, a graduate tool and die maker and a tool designer. VE Auer has worked for several companies, including A.M.F. He has held such positions as master mechanic, chief engineer, general manager and director of operations. VE Auer is a member of the Society of Automotive Engineers, the American Society of Mechanical Engineers and the Institute of Industrial Engineers. This was his fifth IESC project.

### IESC ASSISTANCE RENDERED:

VE Auer visited and analyzed 26 plants that produced hand tools (components). He analyzed each company's manufacturing processes and their potential for successfully competing in a free market economy. He identified problem areas for each company ranging from equipment, methodology, cleanliness, maintenance, and energy sources, to purchasing, cost accounting, pricing, sales, and the general management's attitude. VE Auer's evaluations of selected Polish companies would enable the Task Force to qualify and rank businesses in terms of their chances to compete in costs, quality, and product design in western markets.

VE Auer helped define what was essential for particular firms to become successful and supervised the initial application of his ideas. For instance, several companies developed marketing materials such as catalogs, technical literature, and price lists and forwarded them to specified sales prospects. Other companies have begun using new procedures such as RFQ's and product costing and have adopted particular suggestions such as tooling modifications, and product design alterations.

As secondary goals, VE Auer suggested providing a forum for the professional advancement of each business function. This would hopefully ease the pressures caused by lack of capital, rural location, language barriers, non-existent or sub-standard lodging and instead, provide a new business environment. VE Auer also helped organize a number of projects to be carried out over the next few years. For instance, he initiated a program to assist over 100 Soviet-dependent companies which will be carried out by the Ministry of Economic Foreign Relations.

VE Auer selected the five best companies (each averaging \$10 million USD in sales annually) based on stability, product quality and price, advanced manufacturing functions, in-house production capability, and ability to deliver as scheduled. He proposed a follow-up program (to be initiated by the UNDP-sponsored Task Force on Company Assistance) to monitor the companies' progress.

Client Manager Kevin MacDonald of the UNDP Task Force on Company Assistance commented, "The value of this work is tremendous. The Polish staff engineer stated, 'His top level professional competence, experience, and enthusiasm exceeded, by far, our expectations.'"

## SUMMARY OF IESC PROJECT 19774

STARTED: August 13, 1990  
COMPLETED: August 21, 1990

### CLIENT: ASSISTANCE REQUESTED:

Task Force on Company Assistance/Office of the Council of Ministers  
Warsaw, Poland

Under the agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Polish Industry, IESC was requested to provide 20 or more volunteers to assist state-owned companies as they move toward a free market economy.

OBJECTIVE: This request was for an expert in textile manufacturing to visit ten cotton mills and determine if they can produce items of sufficient quality and quantity to market in Western Europe and the U.S.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Cecil Squires  
Greensboro, North Carolina

VE Squires spent his entire career in the textile industry. He began his career with Dan River Mills, Inc. as divisional superintendent for process specifications of yarn and woven fabric, planning and production and scheduling. He was also employed by Arista Mills Inc., a medium sized textile mill specializing in indigo denim and chambray, as general superintendent. Most recently, VE Squires was employed in various capacities by Cone Mills, Inc. and later served as consultant for the Grayson Textile Service, and Avondale Mills, Inc.

### IESC ASSISTANCE RENDERED:

The ten factories that VE Squires surveyed seemed to represent a cross-section of textile manufacturing: mill #1 and #5 involved in linen (flax), mill #2 in silk and polyester filament, mill #3 in woolen and worsted, mill #4, #6, #7, #9 in cotton and cotton-poly blends, mill #8 in cotton and non-woven, and mill #10 in cotton denim-corduroy.

VE Squires assessed each factory in the categories of product, yarn manufacturing, weaving, finishing and recommendations. General observations of the factories include:

1. Not all cotton operations had automatic feeding. VE Squires recommended automatic feeding and cleaning companies.
2. Some cotton cards were not capable of high speed and should be chute fed. Cards can either be rebuilt or new cards purchased to handle high speed.
3. In the near future, VE Squires feels it will be difficult for shuttle looms to compete in weaving. He recommended one of the best shuttle-less looms made which would improve quality, production, and cost.
4. VE Squires explained that to get the best performance from new shuttle-less looms, it is usually necessary to improve yarn manufacturing and preparation for weaving.
5. One important system which VE Squires felt was needed by all the mills is measured work loads and piece rates. Some of the mills set piece rates simply by estimation or history.
6. He also found a need to establish a standard cost system not only to calculate accurate unit cost, but to be used to control operating cost.
7. VE Squires felt there is a common need for tighter quality control throughout the industry.
8. He assessed that mill #4 and #6 seem to be slightly better all around at the present time. However, all the mills visited have possibilities.

RYAN 09/25/90 PUBLICITY PERMITTED RCTR: Sharoff CODE "O"  
1801K

92

# SUMMARY OF IESC PROJECT 20238

## PIGGYBACK

STARTED: October 8, 1990

COMPLETED: October 29, 1990

### CLIENT: ASSISTANCE REQUESTED:

Task Force on Company Assistance  
Warsaw, Poland

Under an agreement between IESC and the Council of Ministers, specifically the Task Force on Restructuring Industry, IESC was requested to provide Volunteer Executives to assist state-owned companies as they move towards a free market economy.

OBJECTIVE: To locate alternative markets for Soviet dependent companies in order to prepare for the disintegration of traditional trading agreements with the Eastern Bloc as of January 1, 1991. This was a piggyback project to 19707.

EMPLOYEES: 9,860

### IESC VOLUNTEER EXECUTIVE:

Louis Auer  
Tequesta, Florida

VE Auer combines extensive hands-on experience with theoretical knowledge. He is a mechanical engineer, graduate tool and die maker and tools designer. VE Auer has worked for several companies, including A.M.F. He has held such positions as master mechanic, chief engineer, general manager and director of operations. This was his sixth IESC project.

### IESC ASSISTANCE RENDERED:

VE Auer analyzed the organizational structure and products (ranging from linen to railroad freight cars) of ten Polish companies reliant on the Soviet market for export. Considering product quality and U.S. market demand, VE Auer was able to source U.S. companies interested in possible collaboration as agents or joint venture partners. Though, before this opportunity was approached, VE Auer stressed the urgency of company reorganization; both managerially and systematically.

VE Auer determined that the Soviet market companies all suffered from the same problems: a 40% decline in sales to the eastern bloc countries and Soviet market, inadequate working capital, the organizations were large bureaucracies, new markets and future products were unknown, and they lacked experience to change direction. He felt that the first step to basic structure was the acceptance of such organizational realities as: the fact that a managerial position suggests leadership, delegation is based on trust, effective communication stimulates motivation, training results in development and all result in reduced worker tension.

VE Auer provided the client with an outline of necessary restructuring plans including: establishing company operating structure, knowing costs, reducing costs and overhead and increasing sales and productivity. Every item was a major task but would result as an addition to the installation of a basic company operating structure. To initiate the transition, he recommended a discussion with mandatory participants being the Polish government, the workers council, and the directors of companies.

VE Auer introduced the concept of competition and the reality that dependent relationships such as the one between Poland and the USSR do not exist in free trade environments. For instance, he informed the client that they would not have to accept poor quality products as a result of an agreement but could choose an affordable market with high quality goods. Though before becoming involved, he strongly suggested they familiarize themselves with European and U.S. trade concepts and different business attitudes and philosophies before entering the international market. To aid them in this difficult change, VE Auer designed two surveys for generating information to help Polish forges and foundries improve their marketing in the West. A follow-up was being organized by the UNDP Task Force.

Client Manager Kevin MacDonald commented, "The value of the work is tremendous. The successful implementation of VE Auer's recommendations will make a lasting (and) positive contribution to the economy of the country as a whole (35,500 workers; \$360,000,000 USD worth of export products) not only in surveyed plants, but also on their geographic and functional colleagues as the news of their success spreads."

## SUMMARY OF IESC PROJECT 20480

STARTED: June 3, 1991  
COMPLETED: July 31, 1991

### CLIENT: ASSISTANCE REQUESTED:

International Team For Company Assistance (ITCA)  
Warsaw, Poland

The client is organized by the Polish government and supported by the U.N. Development Program. ITCA has a Task Force involved with the construction equipment industry.

OBJECTIVE: To establish a relationship between IESC and ITCA's Task Force. IESC will provide managerial and technical advice and assistance to the Polish authorities that will then be directed by the Task Force to state-owned enterprises that have been selected to receive "on the job" training, seminars, short courses, and other training activity.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

William H. Flemming  
Black Butte Ranch, Oregon

VE Flemming spent his entire 37-year career with Hyster Company, a major manufacturer of construction equipment and forklift trucks. The VE started as a lift truck driver and then progressed through industrial engineering, sales, manufacturing and eventually served as a senior vice president of Hyster and managing director of Hyster Europe. Overall, his entire career at Hyster rotated around the design, production and sale of capital equipment throughout the world.

### IESC ASSISTANCE RENDERED:

VE Flemming visited five construction equipment companies, heading a team of MBA's of ITCA. Two of the five companies were assisted in marketing, manufacturing and general management. The other three received a general survey of their present situation. The efforts of the team were directed to determining the long-term viability of specific companies and recommendations to further their chance of success. In addition, recommendations were implemented for those particular companies that had little chance of success.

Besides visiting the construction companies and making recommendations, the VE conducted some seminars for the MBA interns on construction equipment and met with some unions and management personnel.

Country Director Wisniewski commented, "Two companies will certainly have improvement of operations which will contribute to the overall economy of the country. Two others evaluated are in the process of liquidation and the elimination of non-profitable, unsellable products will have positive results in a long-term perspective."

CIRINA 10/03/91 PUBLICITY PERMITTED  
1102E

RCTR: TRIOLO

CODE "0"

24

# SUMMARY OF IESC PROJECT 20493

STARTED: April 2, 1991

COMPLETED: July 5, 1991

## CLIENT: ASSISTANCE REQUESTED:

QUMAK LTD.

Krakow, Poland

The client is a retailer of IBM-compatible computer systems, software packages and audio-video equipment.

OBJECTIVE: QUMAK has recently received considerable funding from the Polish American Enterprise Fund and plans to import larger quantities of U.S. and European goods to sell. Although they have not experienced difficulty in selling throughout Poland, as a result of the increased importation of goods, they require assistance with advertising and the promotion of products in order to attract more customers.

EMPLOYEES: 56

## IESC VOLUNTEER EXECUTIVE:

Veronica Pfeffer

Palo Alto, California

VE Pfeffer's 27-year career in data processing included computer systems engineering, marketing and branch management, business plans, product marketing, financial controls, and services including large data processing equipment and PC's. She worked with IBM, the premier data processing company in the U.S., from 1960 until her retirement in 1987. While at IBM, she held a series of positions such as systems engineer, marketing representative, assistant to the district manager, manager of systems engineering, regional marketing manager, sales operations manager, and national sales division controller. Since her retirement, VE Pfeffer has worked on a consulting job for IBM in China.

## IESC ASSISTANCE RENDERED:

As the work plan was very general and not descriptive of the assistance QUMAK expected or required, VE Pfeffer immediately met with the company's president, Mr. Slup, to clarify his expectations. Overall, the VE worked on various assignments, all of which were geared to result in managerial and organizational improvement. Specifically, VE Pfeffer offered advice on sales activity for the Poznan computer show, established a personnel planning and evaluation system, and trained managers how to effectively utilize this system. In addition, she conducted interviews with all QUMAK management to assess the overall management system, work assignments and organizational effectiveness. With the information obtained, VE Pfeffer compiled a report on management activities, organizational problems, and systems concerns and prepared an organization and work flow study. VE Pfeffer also provided strategy advice and was involved on a daily basis in management meetings and planning sessions. This led to the development of a business plan for QUMAK.

VE Pfeffer noted that management systems and organization improved significantly and would result in better performance in each functional area as many management overlaps were removed. According to the VE, the client has adopted the majority of the organizational recommendations and has altered their business strategy as a result of this work, primarily by de-emphasizing their distribution activities as they were attempting to accomplish many new tasks with limited personnel resources.

Country Director Wisniewski commented, "Management and organization improvements introduced by the VE had significant influence on the company's performance. The client added, 'Most important for QUMAK were Ronnie's discussions with managers and the organization report. For me, the most important were the business strategy meetings. I am satisfied with the results.'"

05

## SUMMARY OF IESC PROJECT 20798

STARTED: July 3, 1991  
COMPLETED: August 13, 1991

### CLIENT: ASSISTANCE REQUESTED:

Company Assistance Ltd.  
Warsaw, Poland

Under an agreement between IESC and the Council of Ministers, IESC was requested to provide Volunteer Executives to assist state-owned companies as they gravitate towards a free market economy.

OBJECTIVE: To develop a detailed business plan for two manufacturers of electronic production equipment which would take advantage of the strengths of each manufacturer in supplying the competitive market.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Stan P. Swiderski  
Mount Vernon, New York

VE Swiderski spent 35 years with IBM beginning as an economic analyst and ending as a senior manager of planning and strategy systems. This work entailed development of pragmatic, creative and result-oriented strategic plans for IBM and their customer's businesses. VE Swiderski has also been very active in various business and charitable ventures in Poland. He has centered his efforts on helping the blind by securing funds and governmental support for construction of homes for Poland's blind.

### IESC ASSISTANCE RENDERED:

Initially, VE Swiderski familiarized himself with the two electronic product manufacturers. He then developed an introductory business plan for both companies which structured strategies and implemented ideas for the key enterprise functions. The VE developed plan specifications and formats and this business plan was used with local banks as a key document to extend outstanding loans. The client stated that the VE's plan helped save one company \$250,000 USD in outstanding loan interest payments. VE Swiderski's business plan also contained a market analysis and recommended directions of strategies for sales. These studies also contained projections of sales, costs and financial data. Also, the business plans listed implementation programs which assigned responsibilities and completion dates.

Country Director Wisniewski commented, "The project can be considered successful. The two state owned companies, still active, could present all documents (Business Plan) to banks, foreign potential partners, etc. enabling them to continue activities and survive."

Nowak 02/14/92 PUBLICITY PERMITTED  
1428E

RCTR: Miner

CODE "0"

## SUMMARY OF IESC PROJECT 20952

STARTED: October 14, 1991

COMPLETED: November 8, 1991

### CLIENT: ASSISTANCE REQUESTED:

International Team for Company Assistance (ITCA)  
Warsaw, Poland

The client was organized by the Polish government and supported by the U.N. Development Program. The industrial tool components sector has been identified by the ITCA and the Polish government as having high potential for incremental exports to the West.

OBJECTIVE: To survey 10-15 companies producing industrial tool components, evaluate their ability, assess their needs in order to compete in the export market, and make recommendations for privatization.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Carlton Lutterbie  
Greenfield, Wisconsin

Since retiring in 1983, VE Lutterbie has been a consultant to small auto parts manufacturers. He worked for the AC Division of General Motors from 1941 until 1983. He served as supervisor of machine and tool design and production engineering and design of machinery for tool production, section head in manufacturing, and quality control supervisor for spark plugs. He is familiar with the manufacture of starter motors, alternators, dynamos, voltage regulators, ignition coils, and solenoid switches. This was his third IESC project.

### IESC ASSISTANCE RENDERED:

VE Lutterbie conducted surveys of ten industrial tool manufacturing plants in Poland. Of the ten companies, VE Lutterbie found that five were state-owned, and two were already privately owned; six companies in total desired privatization. He noted that two companies already were involved in joint ventures with foreign companies, mainly in the United States and Germany, and that three other companies were interested in seeking joint venture partners. Approximately 30%-70% of most of the companies' products were exported to the U.S. and Europe, Africa, Asia and South America.

With regard to production, VE Lutterbie found that in some companies a smaller proportion of employees were involved in the manufacturing of the product (versus management or marketing positions). He noticed that none of the companies were operating at 100%. This capacity rate fluctuated from 35% to 75%. Other assessments made by VE Lutterbie included: need for new plant layout; reorganization in one company in order to take the work load off the plant manager; and assistance in sales, marketing, publicity, finance, and computers. He found quality control, general organization and maintenance to be good or very good for most of the companies. In his opinion, only three needed help in this area. Of the ten companies, only two emphatically refused IESC assistance. Two other companies already were contracted with outside consultants, although one of the companies asked ITCA for assistance in finding a joint venture partner. Although one company wanted IESC assistance, they felt they could not afford it. The remaining companies desired IESC assistance in the areas of sales, marketing, finance, engineering, employee training, publicity and computers.

Country Director Wisniewski commented, "VE Lutterbie visited ten tool manufacturing plants and made a survey of each, with stress on quality, marketing ability and financing. In most cases, plants need further assistance for an extended period of time."

RYAN 12/13/91 PUBLICITY PERMITTED  
1243E

RCTR: Ott

CODE "0"

97

## SUMMARY OF IESC PROJECT 21307

STARTED: February 18, 1992  
COMPLETED: March 18, 1992

### CLIENT: ASSISTANCE REQUESTED:

Copyfax  
Torun, Poland

The client is an importer, wholesaler and retailer of office furniture and equipment. They sell and service copiers, facsimiles, typewriters, calculators, cash registers, scales and labellers. They import some of their equipment from Germany and Asia.

OBJECTIVE: To review the overall operation and make recommendations for improvements.

EMPLOYEES: 65

### IESC VOLUNTEER EXECUTIVE:

Barry G. Whitaker  
Vashon, Washington

VE Whitaker began his own business, the **Evergreen Distribution Company**, in 1980. This company dealt primarily with industrial chemicals and papers, and fine computer papers. He was involved directly in hands-on management. VE Whitaker was able to sell Evergreen to a larger firm in 1989. Prior to establishing his own company, VE Whitaker worked for over 15 years in various marketing positions for the **Lee Paper Company**.

### IESC ASSISTANCE RENDERED:

VE Whitaker provided assistance with the client's marketing and organizational structure. He developed an organization chart for the client which simplified their chain of command and made controlling the company's activities easier. With each department, VE Whitaker explained their respective jobs and duties for supporting the company. The VE proposed that some of the departments be consolidated into one department such as linking purchasing and accounting activities in the same department. He also recommended moving the service department into the warehouse where they would be closer to the machinery, and thus be able to quickly repair and maintain them.

With regard to the sales department, VE Whitaker dedicated more time to improving their operations. He first recommended that a sales manager be hired in order to place someone in control of the sales branches. The branch managers would report to this manager and in return the sales manager would assist the branches in organization and the hiring of new and more sales staff. He further explained that the sales manager would be busy with an enormous amount of work at the start, leaving the marketing manager to provide some support, such as organizing half of the sales branches.

**Country Director Wisniewski** commented, "The expected results were achieved and both the VE and the client consider this project successful. The enclosed detailed report resulted from numerous brain-storming sessions and the client stated that it will become a guidebook for future operations and development of the company, particularly in the areas of business planning, salesman organization, and sales and marketing services."

6

## SUMMARY OF IESC PROJECT 21368

STARTED: October 21, 1991

COMPLETED: December 6, 1991

### CLIENT: ASSISTANCE REQUESTED:

Przedsiębiorstwo Budownictwa Ogólnego  
Ostroleka, Poland

The client is a general construction firm that was recently privatized in 1991. The majority of their construction projects are apartment buildings, schools, shopping malls, banks, and hospitals. In addition, the client engages in equipment rental and transportation, prefabrication of concrete items, beams, pipes and slabs, as well as the prefabricated installations for central heating, hot water, plumbing, carpentry, locks, balconies and railings.

OBJECTIVE: To assist the firm in overcoming four major barriers set up by the privatization process, which are: financial constraints, barriers resulting from organizational structure of the firm (due to fact that firm was required to buy the state-owned company), technological barriers, and organizational barriers (duties of the board of directors, construction teams, utilization of the computer).

EMPLOYEES: 450

### IESC VOLUNTEER EXECUTIVE:

Sanford A Kaplan  
Newton, Massachusetts

VE Kaplan received his B.A. in Civil Engineering from MIT, and his MBA from Harvard Graduate School of Business. In 1958, he organized his own company, Sanford Construction Co., of which he is presently the CEO. His company's work has included single family houses, multi-high rise apartment buildings an industrial center, extensive land development, and bridge work. He has been president of the Home Building Association of Massachusetts and the Builders Association of Greater Boston. He also has been director of the National Association of Home Builders.

### IESC ASSISTANCE RENDERED:

Initially, the client requested assistance in overcoming the above mentioned major barriers, but in actuality, VE Kaplan noted, these barriers are beyond the control of the firm and will be controlled by the government and the economy. Therefore, VE Kaplan and the client agreed on the following recommendations based on the assumption that the economy will improve soon, thus enabling the client to take advantage of the new market opportunities.

Upon his arrival in Poland, VE Kaplan began evaluating the political, social and economic conditions of the country with regard to the construction industry. He found that the government's elimination of subsidies toward the purchase of housing would result in eliminating the demand for housing and destroy the industry. Despite several other factors that hindered the client's growth, VE Kaplan made several recommendations to assist the client to continue successful operations in the future.

The VE made the following recommendations: to pursue private market housing and to build on a smaller scale using the builder/developer model; to use new manufacturing technologies and to retire equipment and transport that is older than 1985. Also, to establish joint-ventures with foreign firms willing to supply capital, training and technology. In addition, VE Kaplan recommended the client impose tighter internal control of labor and equipment costs. For example, put the payroll on the computer and require the foreman to record actual time of work performed by individual workmen on each operation. And lastly, VE Kaplan recommended new marketing techniques of its products - for example, by establishing a retail store in Ostroleka. The client commented, "VE Kaplan showed how problems are solved in the USA, particularly tied to housing construction. The discussions were very useful."

Country Director Wisniewski commented, "Both VE and client are satisfied."

POWERS 5/18/92  
1781E

PUBLICITY PERMITTED

RCTR: Gallagher CODE "0"

# SUMMARY OF IESC PROJECT 21427

STARTED: January 30, 1992

COMPLETED: March 21, 1992

## CLIENT: ASSISTANCE REQUESTED:

"NCE", S.A.

Wroclaw, Poland

The client is a privately owned company which designs, assembles, and installs water purification units and waste treatment plants for rural coops, villages, industry, and towns of up to 100,000 in population. During the process of privatization in February of 1991, the company was broken up into several smaller companies. The client now consists of seven smaller companies, and is seeking to form an eighth; a holding company to provide direction, control the accounting, and carry out the financial planning for each of the subsidiary companies.

**OBJECTIVE:** To establish a central accounting system and to learn how to carry out sound financial control and planning. They have specifically requested the following assistance:

- Analysis of the existing financial structure of NCE and its holdings, and to recommend changes that will improve the cash flow and profitability.
- Recommendation of a structure and organization necessary to perform timely central accounting.
- Advice and help to design the reports deemed necessary to properly monitor and control their various business activities and to specify the required report frequencies and distributions.
- Recommendation of an appropriate computer system for data transmission, processing, and analysis.
- Any other such assistance as may be deemed necessary to carry out the aforementioned goal.

EMPLOYEES: 150

## IESC VOLUNTEER EXECUTIVE:

Edward S. Harris

Northhampton, Massachusetts

VE Harris has spent his entire business career, until his retirement in 1989, with the **Rodney Hunt Company**, a moderately-sized company engaged in the manufacture, sale, and installation of water control equipment for use in waste control centers. There, he served in the position of treasurer, responsible for budgeting/cash management, borrowing/insurance, and credit management, and more recently, as vice president with continuing responsibility for finance, customer relations, and the development of new business. Since his retirement, he has served on their board of directors.

## IESC ASSISTANCE RENDERED:

Upon commencement of this project, VE Harris was struck by the serious constraints posed by the instability of the government, the pitfalls of the transformation to a market economy, the slowly evolving legal and tax system, the obsolete and unsteady banking system, and the low level of governmental confidence on the part of the people. All of these factors, he commented, could have a serious negative impact on business decision making and the general confidence level of the populace. Nevertheless, VE Harris focused his attention on the specific requests of the client, with the new goals of locating new sources of investment capital, strengthening the financial organization, expanding computer applications, and recommending principles that will enable management to apply time, energy, and resources wisely. To that end, he made the following specific recommendations, each illustrated in the text of the final report:

- Restructure the finance/accounting department.
- Add a treasurer to the staff of NCE Leader.
- Add a controller or budget manager to the accounting staff at NCE, S.A., as it becomes necessary.
- Familiarize the NCE organization with the profit center/cost center concept.
- Develop the company's management information system.
- Make greater use of telecommunications systems, as they become available.
- Hold inservice development and training programs to develop the company's investment in capable personnel.

The client commented that they were satisfied with the assistance rendered by VE Harris.

## SUMMARY OF IESC PROJECT 21434

STARTED: February 4, 1992

COMPLETED: March 23, 1992

### CLIENT: ASSISTANCE REQUESTED:

Posbau S.A.  
Zmigradzka, Poland

The client is a newly privatized construction company that has a history of commercial and residential construction. The client does most of their work in Poland, but they also have projects in Algeria, Iran, Iraq, Libya and throughout the NIS.

OBJECTIVE: To advise on a management structure, an organization chart, and cost accounting and pricing systems; and to provide financial and accounting assistance.

EMPLOYEES: 700

### IESC VOLUNTEER EXECUTIVE:

William H. Rommell  
Paducah, Kentucky

VE Rommell and a partner owned a construction company in Kentucky; **Rommel-McFerran Company**, which constructed projects in several states. He worked as treasurer, estimating and financing banking relations. VE Rommell was also the president of this company. Before entering his own business, VE Rommell worked for a family-owned construction company as an estimator and construction superintendent.

### IESC ASSISTANCE RENDERED:

VE Rommell observed the client's overall operations and noted that they required the most assistance with their financing systems. He proposed reviewing the client's cost accounting and financial procedures and advised on improving their cost estimating methods for the job sites. VE Rommell explained that the banks and the government were taking most of their profits because of increasing interest rates on loans and the costs placed on them by the government for privatization. In order to increase finances, VE Rommell recommended selling stocks to their employees by taking money out of their paychecks, with their approval. He also suggested offering stock in the company to the general public. Although interested in his suggestions, the client informed the VE that "business growth of Posbau is about 50% affected by government regulations such as tax policy, customs duties, crediting or rates to borrowers."

With new types of financing, VE Rommell explained the necessary improved accounting measures. He noted that the old accounting styles were based on labor and production. Now, VE Rommell stressed, the client needed to focus more on profit and better cost estimation for construction jobs. He recommended using a standard estimation table such as the "Standard Construction Specification Institute" book used in the U.S., which covers almost 99% of everything a builder would encounter on the job site, as well as how to estimate its cost. To reduce costs, VE Rommell explained that there were too many managers, therefore the number of employees needed to be reduced. In order to increase revenue, the VE reported that the client should also increase sales and decrease their construction job duration so that there would be a quicker turnover of cash.

Country Director Wisniewski commented, "VE Rommell worked with the client on reorganization of the company, reviewing the costing and accounting departments and suggesting necessary changes, visiting construction sites and advising on improvements in day-to-day operations. The difficult financial situation of the client and delay in the start of contracts for jobs abroad is temporary and all suggestions of the VE, if introduced, will improve performance of the company."

## SUMMARY OF IESC PROJECT 21522

STARTED: March 17, 1992

COMPLETED: April 10, 1992

### CLIENT: ASSISTANCE REQUESTED:

Unitra Mikrostryk  
Gniew, Poland

The client is a government-owned enterprise which manufactures electro mechanical sub-components such as connectors, rotary switches, and connecting cables for the electronics industry.

OBJECTIVE: To restructure the company's management in order to make the enterprise more competitive with imported goods from the Far East in their newly created free market.

EMPLOYEES: 300

### IESC VOLUNTEER EXECUTIVE:

Robert E. Sessions  
Longboat Key, Florida

VE Sessions devoted his entire 39-year career to the **General Electric Corporation**, where he was most recently responsible for the administration of management exchange with Japanese companies and workshops on production improvement in both the U.S. and Japan. Prior to that time, he served as president of the "circuit breakers" department and held a number of other hands-on managerial positions. Since his retirement in 1987, he has been an active international consultant in his field.

### IESC ASSISTANCE RENDERED:

VE Sessions commenced this project by analyzing the company's current situation, and drawing up a business mission statement based upon their proposed reorganization and measurement systems. They agreed to concentrate on satisfying present customers and expanding market penetration. Thus, he provided the following assistance:

- Streamlined their existing six departments into five departments.
- Wrote mission statements for each of the newly organized departments and defined their functions, responsibilities, and the related measurements for each of their performances.
- Emphasized teamwork between marketing, technology, and production departments to strengthen the company's infrastructure.
- Outlined his usage of business theory and philosophy to clarify the intent of his recommendations.
- .. Proposed several operating approaches to improve the company's competitive position.

Country Director **Wisniewski** commented, "Introduction of the suggested changes will take some time, but management plans to introduce them along the lines of the VE's suggestions... Although there were some problems due to the language barrier, this was a successful project. Additionally, the client commented, 'Although the VE was unable to complete the objectives in the financial analysis department, this successful project will be used as a base for reorganizing the production system and management operations. This will help Unitra Mikrostryk be more successful in a competitive marketplace.'"

HAYES 6/19/92 PUBLICITY PERMITTED

RCTR: OTT

CODE "0"

1946E

102

## SUMMARY OF IESC PROJECT 21539

STARTED: January 7, 1992  
COMPLETED: January 30, 1992

### CLIENT; ASSISTANCE REQUESTED:

Centrowet Ltd.  
Bydgoszcz, Poland

The client is a distributor of veterinary products.  
OBJECTIVE: To assist in properly organizing the client's marketing department. Also, to indicate what lines the client should carry given the needs of the country.

EMPLOYEES: 24

### IESC VOLUNTEER EXECUTIVE:

William L. Downs  
Redmond, Washington

VE Downs has spent his entire business career in sales and marketing with Pitman Moore, Inc., one of the largest veterinary supply companies in the U.S. He has served as field salesman, pharmaceutical product manager, sales promotion manager for new products, manager of anesthesia products, manager of international sales with a network of agents and distributors in Europe and Asia, and international director responsible for sales and marketing plans, forecasts, production scheduling, pricing product and trademark registration for all product sales outside the U.S. For the last years, VE Downs served as sales manager of the Asian region, residing in Hong Kong.

### IESC ASSISTANCE RENDERED:

After listening to the history of Centrowet, briefed on the current situation, and learning about some of the possible opportunities, VE Downs concluded that positive reinforcement on established programs and new planning programs were the the priority needs.

VE Downs developed and discussed the following new planning programs:

- A business plan.
- New product(s) evaluation plan.
- How to deal with competition.
- Cost-cutting/profit-improvement program.

He also discussed with the client the concept of "managing change" and "motivating" people to accept change. VE Downs felt that it was difficult to bring about some of the required changes due to the philosophy established by the system used in prior years.

VE Downs stated that the restrictive banking regulations and excessive interest rates concerning loans for business, the inability of local pharmaceutical producers to provide adequate quantities of product on time, and arranging for foreign supply were restraints on the project.

Country Director Wisniewski commented, "VE Downs assisted the company management in their program of investments, a set program of profitability increase, operation efficiency, and reviewed the business plan. The company covers about 50% of veterinary drugs supply and distribution, therefore assistance rendered will have influence on proper supply of veterinary drugs in Poland."

## SUMMARY OF IESC PROJECT 21540

STARTED: April 1, 1992  
COMPLETED: April 30, 1992

### CLIENT: ASSISTANCE REQUESTED:

Posteor Sopot  
Sopot, Poland

The client is an engineering and environmental consulting firm.  
OBJECTIVE: To acquire up-to-date knowledge on oil waste management, including proper methods of tank cleaning and hazardous waste disposal that will render a cleaner environment. EMPLOYEES: 16

### IESC VOLUNTEER EXECUTIVE:

George W. Grove  
Cranford, NJ

VE Grove has had extensive experience in both chemical engineering and environmental management, most recently as a consultant with **Soros Associates**, of New York, where he worked on environmentally-safe designs for materials handling systems. He also spent 15 years as an engineer with **Exxon Corp.**, where he traveled extensively as a technical expert, advising Exxon plants on environmental engineering and waste disposal. While there, he was also responsible for Exxon's adoption of European municipal sludge processes for use on petroleum oil refineries and biological sludge in the U.S. Prior to that time, he spent ten years as a production engineer with the **Koppers** chemical company.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Grove visited each of the client's four oil refineries to analyze the current methods being used to dispose of hazardous oily wastes. He found that their treatment and disposal methods posed serious health risks to nearby underground water tables, and that the current government regulations curbing the disposal of such wastes were unrealistic for an industrialized society, and thereby largely ignored, resulting in widespread uncontrolled dumping.

VE Grove consequently made specific recommendations regarding the processes of oil tank cleaning, treatment, utilization, and disposal of wastes. He also provided, per the client's request, several papers on the techniques of landfarming and incineration, in addition to summary papers on each of the areas he studied during this assignment.

Country Director **Wisniewski** commented, "This was a very successful project. Posteor's ability to consult, prepare environmentally-related specifications and designs of oily waste treatment, utilization, and disposal has been significantly increased. If implemented, the recommendations for oily waste disposal should improve present (very bad) environmental conditions in Poland. Furthermore, the recommendations concerning the new landfarming and incineration techniques are of particular value and can be implemented in all refineries following the Posteor example. The client added, 'VE Grove convinced us of his great expertise in the field of environmental protection. We are very grateful for the excellent and fruitful services rendered.'"

HAYES 6/15/92  
1815E

PUBLICITY PERMITTED

RCTR: COOKE

CODE "0"

109

SUMMARY OF IESC PROJECT 21569

STARTED: February 18, 1992

COMPLETED: March 18, 1992

CLIENT; ASSISTANCE REQUESTED:

Szczecinskie Przedsiębiorstwo Budownictwa Ogolnego (SPBO Szczecin)  
Szczecin, Poland

The client is principally a construction company, involved in building over 1,000 apartments. They would like to discontinue construction and concentrate on manufacturing prefabricated houses for use in their real estate developments. They have been privatized since 1990, and are currently financially solvent. They also do some construction subcontracting work in Germany, which they hope to expand in the future.

OBJECTIVE: SPBO Szczecin's clients are mainly developers who receive a large share of the profits from operations, thus the client would like to develop a share in this market.

EMPLOYEES: 400

IESC VOLUNTEER EXECUTIVE:

Stanley J. Dorst  
Mission Viejo, California

VE Dorst has extensive experience in the field of land-use and real estate development. He spent 16 years with **Chevron Land Development**, where he rose to the position of vice president, and was responsible for formulating and implementing large projects for housing tracts, regional shopping centers, industrial parks, hotels and office buildings. He then served as president for a five-year period at **Dorst Development Company**, which builds high-rise, mixed-use office and residential buildings. In both companies, his responsibilities included design, construction, leasing, and land acquisition. Currently, he is active in a number of responsible positions with respected professional organizations relating to land development.

IESC ASSISTANCE RENDERED:

VE Dorst found that the majority of time and effort in this consultancy evolved in the areas of project financing and educational seminars. Many topics of concern to the client, relative to American construction methods, organization, and personnel administration were covered in seminars presented to employees, management, and the board of directors.

The most critical problem facing the client was the financing of infrastructure and mortgages. Consequently, the VE prepared an outline of material to be included in financing applications, and helped the client prepare and present a financing package to potential lenders such as AID, the Polish Housing Project Office and the World Bank.

Additionally, VE Dorst rendered extensive technical assistance on many aspects of the overall operation. He submitted detailed documentation for the operation of the business including sections on:

- Personnel evaluation documentation and organizational suggestions related to management structure.
- The marketing of model homes, i.e. staffing, sales techniques, etc.
- Extensive documentation and plans for presentation regarding the city and financing of Southeast Szczecin, including community desirability, infrastructure, project site, government approvals, markets, land, development plans, housing, economics and forms of agreement.
- Comments on the current housing program and its organization.
- Agreements with land owners, particularly regarding pricing and payment.
- Personnel administration training seminars on construction management, general management, and the supervisory board and employees seminar.

**Country Director Wisniewski** commented, "VE Dorst concentrated his efforts on the immediate problems that the client is facing, such as difficulties in land acquisition and development, market studies, financial problems, organization, and administration. He organized a number of seminars for company management and personnel, participated in the design of a row-housing project, and tried to locate U.S. and local sources of financing... Improvement in organization and technology of housing for the middle class and the availability of financing from outside sources will create a greater demand for the client's services. This demand in the construction/development along with increases in the capacity and availability of construction materials, should boost the national economy as well as well-organized, private companies such as this."

HAYES 7/14/92

PUBLICITY PERMITTED

RCTR: CLAUDY

CODE "0"

2010E

## SUMMARY OF IESC PROJECT 21620

STARTED: April 14, 1992

COMPLETED: May 21, 1992

### CLIENT: ASSISTANCE REQUESTED:

ZMER"  
Warsaw, Poland

The client manufactures and assembles components for high and low voltage electrical transmission lines. Prior to privatization in April 1992, they dealt mainly with the Ministry of Agriculture. Presently, their business is divided between agricultural projects and private concerns.

**OBJECTIVE:** To update equipment and manufacturing methods. They have specifically requested assistance in the following areas: organizational structure, updating technology, revision of manufacturing methods, production control, quality control, new marketing methods, new products, and a long-range, five-year business plan. EMPLOYEES: 190

### IESC VOLUNTEER EXECUTIVE:

James R. Fisher  
Boynton Beach, Florida

VE Fisher spent his entire working career in the electrical/electronic industry dealing with all aspects of electrical equipment manufacturing, design, and marketing. He began his career with Sprague Electric, where he served as product manager responsible for design, quality, manufacturing and distribution. He later assumed responsibility for developing world-wide markets, which involved setting up manufacturing, sales, and marketing operations in various countries. After that, he managed their Dearborne Division, where he was responsible for manufacturing, marketing, sales, quality control, engineering and research, purchasing, inventory control and labor relations. He concluded his career as general manager of Magtek Universal. This was VE Fisher's fourth IESC project.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Fisher found that this company had a good basic business with a low probability for any long term down-turn. However, due to a lack of funds, the original duration of this project was shortened. Consequently, emphasis was placed on growth, technology, and profit, with the immediate objectives geared towards securing their existing market share, increasing profits, and increasing sales and their market share. He provided the following recommendations:

- Pursue the strategy of the "low cost producer".
- Aggressively attack/diminish material costs where possible.
- Establish cost reduction programs involving more people.
- Reduce overhead costs.
- "Flatten" the organization structure.
- Delegate greater responsibility, authority, and accountability.
- Invest in sales and marketing by adding more sales people, manufacturer's representatives, and distributors and/or wholesalers.
- Expand the quality concepts throughout the company, and increase the quality control operations in training, while decreasing their activities in inspection, per se.
- Achieve the desired "western technology" level by buying it, not developing it.
- The board of directors should consist of business experts, with the majority of members from outside the company.
- Develop a mid-range (3-5 year) business plan.
- Recalculate business product costing practices to be certain that all ZMER costs associated with materials are included in the product costing function.

VE Fisher expected that the company would be able to double its profits within two years, and its sales within four years.

Country Director Wisniewski commented, "In spite of the shortened period of time allotted for the execution of the approved work plan, VE Fisher did a magnificent job. He introduced a new organization structure with functional job descriptions, a cost reduction program, established marketing structures and methods, and introduced quality control awareness. VE Fisher's assistance gives them a chance to not only survive the decline in exports, but also to increase their production and sales to 220-230% of today's level within five years. Extremely satisfied, the client added, 'We utilized the assistance rendered by VE Fisher to the maximum of our ability. We have received some very important and valuable aid.'"

ok

## SUMMARY OF IESC PROJECT 21024

STARTED: February 13, 1992  
COMPLETED: March 20, 1992

### CLIENT: ASSISTANCE REQUESTED:

Gdynia Shipyard  
Gdynia, Poland

The client is a state-owned shipyard which manufactures and launches a wide range of vessels of up to 400,000 DWT. As most Polish shipyards, Gdynia is facing difficulties due to the lack of orders from the former Soviet Union and the need for reorganization in order to be able to compete.

**OBJECTIVE:** To be internationally competitive shipbuilders, they realize that they must revamp their materials procurement and inventory management skills. They have specifically requested IESC assistance to review their purchasing organization and critique its current practices, to assist in modernization, and to help prepare a plan to achieve desired new capabilities. They have received prior assistance in T.A. projects 20522 and 20886, and in ABLE projects 1149 and 1150.

EMPLOYEES: 7,000

### IESC VOLUNTEER EXECUTIVE:

Gilbert J. Snyders  
Newport News, Virginia

VE Snyder has devoted his entire career to the shipbuilding business, and is presently a management consultant in this field. Most of his career was spent with **The Newport News Shipbuilding Company**, one of the largest builders of submarines, tankers and passenger vessels in the U.S. He is highly experienced in most aspects of the business, and has held positions as a designer, supervisor, construction manager, production control manager, and as director of international development and marketing. Additionally, he is well acquainted with the techniques of purchasing and management, and is familiar with the suppliers from whom materials must be procured for a major shipyard. Throughout his career, he has traveled extensively in Europe, the Middle East, and Africa on business.

### IESC ASSISTANCE RENDERED:

VE Snyders spent three-and-one-half weeks interviewing management, and reviewing the client's systems and organization in the materials division. During that time, he provided the client with a comprehensive report detailing organizational problems and providing a plan for their improvement, as well as a plan for general system improvements in the materials functions.

Specifically, the VE provided an in-depth critique of the purchasing and warehousing departments, as well as a comprehensive company-wide plan for reorganization. In addition, the VE focused his efforts on the establishment/improvement of: organizational structure, budgeting, training personnel/workers, automated record keeping, job descriptions/responsibilities, materials cataloging and parts inventory, working capital, and work production hours. VE Snyders also submitted a number of diagrams to illustrate the organizational and technical aspects of his recommendations. He noted that although he had little contact with the upper-level management, relations were excellent at the working level.

Country Director Wisniewski commented, "VE Snyders was very good professionally and did a great job for the shipyard. Unfortunately, due to the theft of most of the VEC's belongings, the VE's attitude toward the client, IESC/Poland, and Poland generally, was somewhat distorted. Nevertheless, both the VE and the client consider this project very successful."

HAYES 6/25/92 PUBLICITY PERMITTED  
1980E

RCTR: BERMAN

CODE "0"

107

## SUMMARY OF IESC PROJECT 21627

STARTED: April 2, 1992  
COMPLETED: April 29, 1992

### CLIENT: ASSISTANCE REQUESTED:

Mostostal Gdansk, S.A.  
Gdansk, Poland

This enterprise specializes in assembling steel structures and technological equipment for various industries, and in installing tanks and piping for the petrochemical and chemical industry, as well as for rolling mills, power stations and harbors. They also produce approximately 5,000 tons of steel structures both for their own use and for outside sales. OBJECTIVE: To learn about strict financial accounting and control. The client, currently undergoing privatization, wishes to modernize its operation to compete successfully in Poland's new market economy, as well as in the world market. Specifically, they have requested a successful financial manager from a similar U.S. company to examine the structure and operation of their financial systems. The VE is expected to recommend changes and improvements for a better overall cost control system, accounting system, and computerized controls systems; to investigate their current computer pay roll system for maximum efficiency; and to review existing top management reports for their completeness.

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Miguel C. Castillo  
Bradenton, Florida

VE Castillo has over 30 years experience in U.S. and foreign accounting for **Bechtel Construction Group**, most recently as division controller worldwide, for the Bechtel refinery and chemical division. His experience includes organizing new offices, establishing accounting systems and training personnel.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Castillo found that although the company was divided into four major departments, there was no segregation of cost by department. Thus, he made recommendations to improve the financial and accounting systems for greater cost control and better financial reporting. In addition, he made recommendations to improve the efficiency of the computerized payroll systems and to improve the organization of the personnel department in order to streamline their operations systems.

Country Director **Wisniewski** commented, "This project was very successful. Mr. Castillo not only recommended improvements in accounting and financial systems, but also prepared comprehensive documentation of necessary changes in the company's organization and management. Some of the suggested changes were implemented immediately, improving the day-to-day performance of the company even while VE Castillo remained on the job. In a letter of commendation to VE Castillo, Mostostal's director stated, 'We wish to thank you very much for the comprehensive and detailed material concerning accounting systems and organization structure. Your advice and suggestions were very helpful to form our own, long-term strategy of action.'"

HAYES 6/1/92  
1863E

PUBLICITY PERMITTED

RCTR: MOYER

CODE "0"

108

## SUMMARY OF IESC PROJECT 21629

STARTED: February 18, 1992  
COMPLETED: March 19, 1992

### CLIENT: ASSISTANCE REQUESTED:

Tlektromontaz  
dansk, Poland

The client primarily installs light and heavy electrical equipment, but also manufactures some power equipment. Although successful in the past, they have lost their markets in the former USSR, and are actively seeking markets in the West.

OBJECTIVE: To restructure their organization for a free market economy, they have requested the assistance of a VE who has extensive experience in all aspects of the organization of a medium-sized firm similar to their own, particularly with respect to marketing electrical services.

EMPLOYEES: 730

### IESC VOLUNTEER EXECUTIVE:

Harold Levitt  
Fort Lauderdale, Florida

VE Levitt has extensive experience in the electrical contracting industry, from foreman in a ten-person operation, to owner of a ten million USD electrical contracting operation. Subsequent to working as an independent electrician on a job-by-job basis for several years, he formed his own company, **Levitt Electric**, in Ferndale, Michigan. In this capacity, he was directly responsible for the installation of most types of light and heavy equipment in factories such as the Ford Motor Company, and power plants such as the nuclear plant at Turkey Point in Florida.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Levitt found that the client was suffering from a lack of funds and business due to the regional economic crisis, and was in need of improved technology, equipment, and more modern methods of production.

Each day, the VE visited a different area or department, where he inspected specific operations and procedures. He discussed problems with the staff and management, and proposed numerous viable solutions within each department, in addition to compiling an overall analysis in his final report to the client. Some of his recommendations and comments included:

- At the manufacturing site, re-organization of the line of procedure and improved plant maintenance (both interior and exterior).
- Liquidation of the transportation department, thereby eliminating the idle vehicle expense.
- For the production building, he recommended and advised on new equipment, floor resurfacing, new switch gears and lighter bolt frames.
- In the paint room, he suggested the installation of more fire extinguishers. Also, reported that trained supervisors in this area could improve productivity significantly.
- Upgrade the shipping and design department for greater light and space. He also commented that supply problems could be rectified by the use of a new, more reliable supplier.
- The infirmary was too overstaffed for the clients needs. The VE felt that one nurse would be enough to deal with in-house emergencies.
- A system of incentives for salespeople, and regular follow-up calls could improve the results of the increased sales initiatives.
- The company vacation village is an expensive luxury which could be turned into a profitable asset by opening it to the public.

Country Director **Wisniewski** commented, "VE Levitt inspected each and every department of the client's facilities and gave advice about possible improvements and changes. His suggestions concerning manufacturing and assembly sections were considered for instant introduction. His recommendations for the administration and marketing departments, if and when introduced, will certainly improve general performance. The modern methods of production and improved quality should make the client more competitive, even in Western markets; bring more business to the company, and as a result will provide greatly needed employment opportunities for the local population. The client added, 'VE Levitt presented himself as a very competent and tactful executive. His remarks and recommendations are of great value to our company and will help to improve our operations.'"

HAYES 7/14/92 PUBLICITY PERMITTED RCTR: OTT CODE "0"  
2006E

## SUMMARY OF IESC PROJECT 21673

STARTED: March 3, 1992  
COMPLETED: April 30, 1992

### CLIENT: ASSISTANCE REQUESTED:

Hydrobudowa 6  
Warsaw, Poland

The client is a hydraulic engineering and pipelaying company that is also involved with heavy construction work such as installing hydroengineering structures, transmission pipelines, and other structures such as subway stations, sewage treatment plants and commercial buildings. The company is now in the process of privatization. To continue successfully in a market economy, it must restructure its organization to meet different demands.

OBJECTIVE: To learn the latest management techniques, and examine their organizational structure and method of operation in order to profitably adjust to the new market economy.

EMPLOYEES: 1,500

### IESC VOLUNTEER EXECUTIVE:

Frederick Blanchard  
Cambridge, Massachusetts

VE Blanchard has spent his entire career in the construction industry. He has hands-on experience in all aspects of running a construction company. In addition, he is in the final stages of a doctoral program at M.I.T. His past employment includes 12 years as assistant manager of the International Products Division of Allis Chalmers, as well as work with Sanderson and Porter Inc., as resident manager of two power plant projects, and Sargent and Lundy Inc., where he had home office responsibility for the coordination of engineering, selection of construction contractors, client liaison, and full direction of the construction of an 186 MW steam-power plant. Most recently, he has been associated with Arabian American Oil Co. (ARAMCO), where he was general manager, and had responsibility for a number of important construction related programs. In addition, he is an active consultant in this field and the author of "Engineering Project Management", the text currently used at M.I.T. in undergraduate and graduate project management courses.

### IESC ASSISTANCE RENDERED:

VE Blanchard identified several areas in which the organization could be strengthened, and where costs could be reduced. He primarily focused on the area of transportation, where a large stock of under-utilized construction equipment had accumulated. He assessed the status of each piece, and implemented a system to familiarize management with their capabilities and utilization potential. He also noted that the organizational structure was presently over-burdened, and recommended a plan of streamlining operations by taking advantage of common support services to reduce overhead costs and the duplication of facilities and processes. Additionally, VE Bolduc developed a computer model of the business, and familiarized key personnel with its capabilities. This model will enable management to identify areas for future cost reductions and to realize the impact of individual operations on the overall balance sheet, as well as to isolate all divisions for cost and performance control.

Country Director Wisniewski commented, "Suggestions concerning restructuring, organization strengthening and cost control should improve the company's performance and strengthen its performance in the new market economy... Any improvement in this company's performance will contribute indirectly to the country's economy. The client added, 'VE Blanchard satisfied our expectations and provided insight into the workings of the free market economies. He suggested changes and provided us with technical and managerial tools to assist our company. Most importantly, he provided an unbiased assessment of our company... We are grateful for this valuable support.'"

# SUMMARY OF IESC PROJECT 21710

## PIGGYBACK

STARTED: February 17, 1992  
COMPLETED: March 3, 1992

### CLIENT: ASSISTANCE REQUESTED:

Bialostockie Przedsiębiorstwo Budownictwa Przemysłowego (BPBP)  
Białystok, Poland

BPBP is a general contractor engaged in the engineering and construction of all types of industrial facilities and large housing complexes. They also produce items used in the construction process such as concrete, and steel and wood members, for both typical and specialty items. Additionally, they maintain a large amount of construction equipment and a transport facility yard.

**OBJECTIVE:** Due to depressed economic conditions, BPBP is in danger of failing. Their management is organized along socialist lines which they realize is unsuitable for a free market economy. Hence, they have requested assistance in structural reorganization and improving management practices. **This was a piggyback to project 21709.**

EMPLOYEES: 940

### IESC VOLUNTEER EXECUTIVE:

Raymond V. Jasica  
Western Springs, Illinois

VE Jasica has risen through the ranks in the American steel fabrication and construction industry, and since 1987, has served in senior executive roles at three construction firms. At the time of his retirement, he was president of the structural group involved in the fabrication and erection of high rise buildings, bridges, and other structures, at Pitt-Des Moines, Inc. Prior to that time, he was a partner of the Chicago Steel Corporation, where he directed day-to-day operations, and within three years, turned the company from a bankrupt organization into the profitable, largest fabricator of steel structures in the Chicago area. He has also served as executive vice-president of Flint Steel, Inc., and as general manager of Inryco Inc., an Illinois-based subsidiary of Inland Steel. **This was VE Jasica's second IESC project.**

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Jasica spent several days studying the client's internal structure, reviewing their field and shop production, and meeting with the director and members of the accounting staff. He found that they were not only interested in an analysis of the company, but also sought answers to questions regarding Western-style management practices.

Consequently, the VE analyzed the situation and recommended changes to streamline their organizational structure, their current accounting practices, and their management philosophy and practices. He provided information on improving quality, incentive pay, supervision and production techniques, and explained how a similar American business would be organized. The VE also recommended changes in their financial department, including the establishment of short and long-term planning goals and the computerization of operations.

Additionally, VE Jasica developed a 1992 work plan and a formal mission or objective for the company. He stated, "The client was very receptive, inquisitive, and interested in making changes to improve their competitive position. We enjoyed a very good working relationship."

Country Director Wisniewski commented, "In spite of the brief duration of this assignment, VE Jasica has been able to improve company performance in the present crisis situation. To improve the company's productivity, he recommended changes in organization, work force/administrative ratio, quality improvement, and cost reduction... The survival of this company in a region of very high unemployment will certainly contribute to the local economy. The client added, 'We are satisfied with the advice and assistance rendered, as well as the contact established with the VE which we would like to continue.'"

HAYES 6/25/92  
1978E

PUBLICITY PERMITTED

RCTR: HAZLEHURST

CODE "0"

## SUMMARY OF IESC PROJECT 21896

STARTED: March 17, 1992

COMPLETED: March 23, 1992

### CLIENT: ASSISTANCE REQUESTED:

Przedsiębiorstwo Tworzyw Sztucznych "ERG" (PTS ERG)  
Klobuck, Poland

The client manufactures and distributes disposable syringes, polypropylene moldings for cars, plexiglass, and polyethylene pouches and sacks. The new syringe plant is separate from their plastic plant. This company has been chosen for privatization by the Ministry of Privatization and already has a potential buyer.

OBJECTIVE: To analyze the technical and financial study performed by the party interested in buying the company, perform any other technical analysis necessary, and interpret the technical data in the study. Also, to help identify companies outside of Poland that may be interested in buying PTS ERG, or in developing a joint venture.

EMPLOYEES: 400

### IESC VOLUNTEER EXECUTIVE:

Howard E. Wickstra  
Sarasota, Florida

VE Wickstra spent his entire business career with **Sherwood Medical**, a producer of medical supplies, hypodermic needles, syringes, catheters, etc. He served as its president from 1972 until his retirement in 1986, and oversaw all aspects of the business, including acquisitions and divestitures.

### IESC ASSISTANCE RENDERED:

VE Wickstra first evaluated the client's operations and noted that the plastic plant and syringe factory were indeed two separate entities and should be operated as such. He reported that the plastic plant produced only a limited line of plastic products and was operating inefficiently. The equipment was old and outdated; there was no marketing program or sales force, and the plant lacked the means to develop into a profitable privatized business. Therefore, the VE recommended that this company be liquidated as soon and fast as possible.

On the other hand, VE Wickstra explained that the syringe company possessed state-of-the-art equipment and could prosper into a viable business. He suggested that a sound management program be implemented in the syringe company in order to more effectively operate the business. VE Wickstra explained that personnel should be cut and that the furloughing of employees should be done by an outside company other than buyer, so they would not be directly connected to the layoffs. He also noted that the buyer would have additional costs of about USD \$3 million dollars if they were to purchase more equipment for the manufacture of additional products. VE Wickstra also informed the client that there was a large domestic market for syringes. In addition, he noted that many U.S. and British companies might be interested in buying or investing in the client's company. Among the companies VE Wickstra suggested were **Sherwood Medical Co., Turumo, and Becton-Dickinson.**

Country Director Wisniewski commented, "VE Wickstra, during a short visit, did a very thorough evaluation of the client's assets and liabilities, suggested basic structural changes and reorganization of the company, and estimated the real value of the syringe plant. The client added, 'VE Wickstra was able to provide very valuable assistance in several aspects of this project. First, he was able to assist us in evaluating the contents of the information memorandum to be distributed to potential investors. Second, he helped us select candidates who might be interested in investing in the client. Third, he reviewed the technical and managerial layout of the enterprise by conducting an on-sight tour. In addition, he was helpful in negotiations with the enterprise's creditors regarding the value of the enterprise.'"

Nowak 04/24/92 PUBLICITY PERMITTED  
1725E

RCTR: Michel

CODE "0"

**ROMANIA**

## SUMMARY OF IESC PROJECT 21993

STARTED: February 5, 1992  
COMPLETED: February 28, 1992

### CLIENT: ASSISTANCE REQUESTED:

National Agency for Privatization (NAP)  
Bucharest, Romania

The client is a government agency with the responsibility of planning and implementing the privatization of all state-owned assets in Romania including land, housing, and commercial companies. Specifically, they have requested assistance with "Rodipet", the state-owned newspaper, which due to it's history of hindering opposition newspapers, has very little competition.

OBJECTIVE: The client requested the assistance of two VEs, to perform two projects, overlapped by a week. This (first) project will focus on restructuring the Rodipet organization. **They have received previous IESC assistance in project 21708.**

EMPLOYEES: n/a

### IESC VOLUNTEER EXECUTIVE:

Robert E. Kemp  
Louisville, Kentucky

VE Kemp has 28-years experience in the field of newspaper circulation organization and management. He has devoted his entire career to working with **The Louisville Courier Journal**, a leading newspaper with a circulation of 2 million copies daily and Sunday. His most recent position has been as circulation manager for the state with complete responsibility for state-wide distribution, preparation of the yearly expense budget, labor contract negotiations, as well as recruiting new carriers, dealers, and area managers.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Kemp encountered some initial resistance from upper-level management which was apparently trying to hide prior mismanagement of funds. Additional constraints included the client's monopoly on the newspaper business, as well as government influence. Following a period of evaluation, he noted the duplication of job duties and paper work, caused by a lack of organizational structure and poor interdepartmental communication. He recommended the reorganization of all departments, minimizing the number of those that report to the general manager, in order to ease departmental interface, and to cut clear lines of responsibility with proper communications back-up.

Additionally, the VE performed a market analysis which included recommendations for: private distribution firms; market expectations and operating assessments; marketing development, central purchasing, sales, and service departments; computerizing operations and information systems; revised job descriptions; establishment of a written return policy between Rodipet and its publishers; and the establishment of planning and capital expenditures committees.

VE Kemp also proposed a detailed organizational chart which emphasized the reliability, flexibility, and accountability of personnel throughout the distribution process.

**Country Director Ionescu** commented, "This project was conducted against difficult odds, as the privatization process had not been sought after by the Rodipet management, and as the assessment was not in their favor or the way they conducted business. Additionally, Rodipet is the very first privatization project for an entire company. In view of all these factors, VE Kemp's assistance, aimed to help the structuring of the privatization process, places this project as 100% successful. The contribution of this project is far-reaching, as Rodipet now has the means necessary to be successful in distributing the news in a timely, highly effective, and professional manner. The client added, 'This project was an outstanding success. The results will enable the free penetration of the written media to all parts of Romania, thus strengthening the democratic process.'"

HAYES 6/25/92 PUBLICITY PERMITTED  
1977E

RCTR: OTT

CODE "0"

10/1

**YUGOSLAVIA**

105

## SUMMARY OF IESC PROJECT 19685

### REVISION

STARTED: September 25, 1990

COMPLETED: November 16, 1990

### CLIENT; ASSISTANCE REQUESTED:

ENERGOINVEST - VARNOST

Slovenija, Yugoslavia

The client manufactures explosion proof motors and equipment, load-lifting electro magnets and separating magnets.

OBJECTIVE: To modify and stabilize present operating procedures in preparation for the anticipated competitive privatized environment.

EMPLOYEES: 540

### IESC VOLUNTEER EXECUTIVE:

Alexander Balas

Westport, Connecticut

VE Balas has 15 years experience with the ITT Corporation in electronic and electro-mechanical manufacturing. He has hands-on experience as director of operations in plants manufacturing telecommunications equipment and as an ITT Headquarters operations executive providing consulting to domestic and international subsidiaries. Prior to joining ITT, he worked for several prominent companies in managerial, manufacturing and industrial engineering capacities. He is an Executive Recruiter at IESC Headquarters and this was his fourth project.

### IESC ASSISTANCE RENDERED:

VE Balas participated in the first IESC project in the Yugoslav Republic of Slovenija. He provided counsel through frequent meetings with the client's staff and managing director. His recommendations were intended to reduce operating costs, improve business viability, and position the business to operate in a competitive privatized environment.

Specifically, VE Balas advised the client on programs for increasing volume; a change he considered vital for business survival. As a solution, he recommended that consideration be given to increasing the emphasis on or implementing contract work for electronics. VE Balas felt that the client should consolidate present electronics activities under one manager, and use this new department as a nucleus for growth. This suggestion was implemented.

VE Balas commended the client for his efforts in strengthening the organization. He supplemented their efforts by providing suggestions responsive to a competitive cost-conscious, privatized environment. He stressed that the strengthening of the management team below the Director level should be the intermediate goal of the organization development program. In addition, VE Balas was optimistic that building a reputation in the business community of effective management would aid in recruiting of talented employees and in attracting possible business partners. The client and the VE agreed the addition of a training program would also benefit the business.

VE Balas felt the following modifications would better prepare ENERGOINVEST-VARNOST for privatization:

- Develop a weekly management report to measure progress and compare the results with previously established targets.
- Within allowable limits, grant a larger difference in salary and benefits to those that are making substantial contributions. Utilize the Executive Performance Review to determine eligibility.
- Assign one person to review the utilization and the capability versus need of the present PC inventory and develop a program for increasing the utilization.
- Develop a plan for electronics start-up including development programs, their expected cost, sales and the cost of sales, investment requirements, income and expenses.
- Develop a plan to consolidate the Manufacturing Engineering functions and the Material Control functions. He also provided the client with a hierarchical example of a well-functioning management.

VEC Balas received extensive publicity via radio, television, and the press and met with many public officials and business leaders. The Managing Director of Varnost, Borut Drnovsek, commented: "Because of Alex's good work and his meeting with area managing directors, (both) IESC and the USA have a very good reputation."

LAMKE 02/21/91 PUBLICITY PERMITTED

RCTR: THUNEM

CODE "0"

116

## SUMMARY OF IESC PROJECT 19840

STARTED: August 20, 1990  
COMPLETED: September 4, 1990

### CLIENT: ASSISTANCE REQUESTED:

Yugoslav Capital Market Belgrade (BSE)  
Belgrade, Yugoslavia

BSE is one of the new stock exchanges being organized under the Yugoslavian Money Market and Capital Market Law of October 1989. The stock exchange was legally constituted on December 27, 1989 by a group of 22 bank founders.

OBJECTIVE: The client wishes to review their existing rules and regulations and subsequently adjust them to the international standards valued for and used by the major stock exchanges in the world. Focus should be placed upon the European standards utilized by the EEC Stock Exchanges. EMPLOYEES: 4

### IESC VOLUNTEER EXECUTIVE:

Robert Bishop  
Westfield, New Jersey

VE Bishop spent 31 years with the New York Stock Exchange, 23 of which were as vice president and regulatory officer. He is experienced with trouble shooting, and was responsible for the resolution of the stock exchange's paper work crunch in 1967-68, the intervention into the affairs of 196 troubled member firms in 1969-70, and the computerization of the activities on the trading floor and elsewhere. This was VE Bishop's sixth IESC project.

### IESC ASSISTANCE RENDERED:

VE Bishop spent the first week-and-a-half of this two week assignment coaching the three-man professional staff of BSE. They worked together to prepare the greatly anticipated changes to the existing initial Statute and Rules. VE Bishop attempted to improve the staff's concept of "beginning a stock exchange" by showing a home video of facilities and trading at six small exchanges. After the basic orientation, they consulted VE Bishop's computerized book, "Model Basic Rules for a Stock Exchange," which resulted in a new Statute of four pages and Rules of 58 pages. This Statute outlined the objects of the exchange and specifically listed, rule-by-rule, the legal framework for EEC Stock Exchanges as well as other financial institutions. The proposed Statute and Rules contained many other detailed recommendations, both for the initial stages of BSE and as it developed through the years. VE Bishop also made provisions to the exchange rules for a second tier of trading rather than an independent OTC market.

VE Bishop strongly recommended the client thoroughly understand and operate according to the following objectives of an exchange:

- An exchange should be a not-for-profit corporation, minimizing costs for all its constituents, and be service rather than profit-driven.
- Protection of the assets of it's members, and the property of others they hold should be a key objective.
- As banks' assets are largely in loans, banks cannot meet the securities exchange liquid capital requirements. Therefore, bank participation of BSE, after initial stages, should be through subsidiaries capitalized adequately by liquid assets.
- The exchange should provide a central facility, initially by contract, with a strong bank, to carry customer and proprietary accounts for such members and omnibus accounts for bank members.

VE Bishop devoted the final two days of the project to an educational meeting with the government's oversight body (the Securities Exchange Commission), a discussion with the U.S. Embassy commercial attache in the absence of a USAID mission in Yugoslavia, and a Capital Markets Round Table for people from the Belgrade financial community.

The client stated: "We consider Mr. Bishop's visit extremely useful, since due to his work here, we shall have a new Statute and Rules, which other stock exchanges in developed countries already have. We especially want to point out it has been a great pleasure working with Mr. Bishop who possesses a rare gift of communication, which made our work so fruitful."

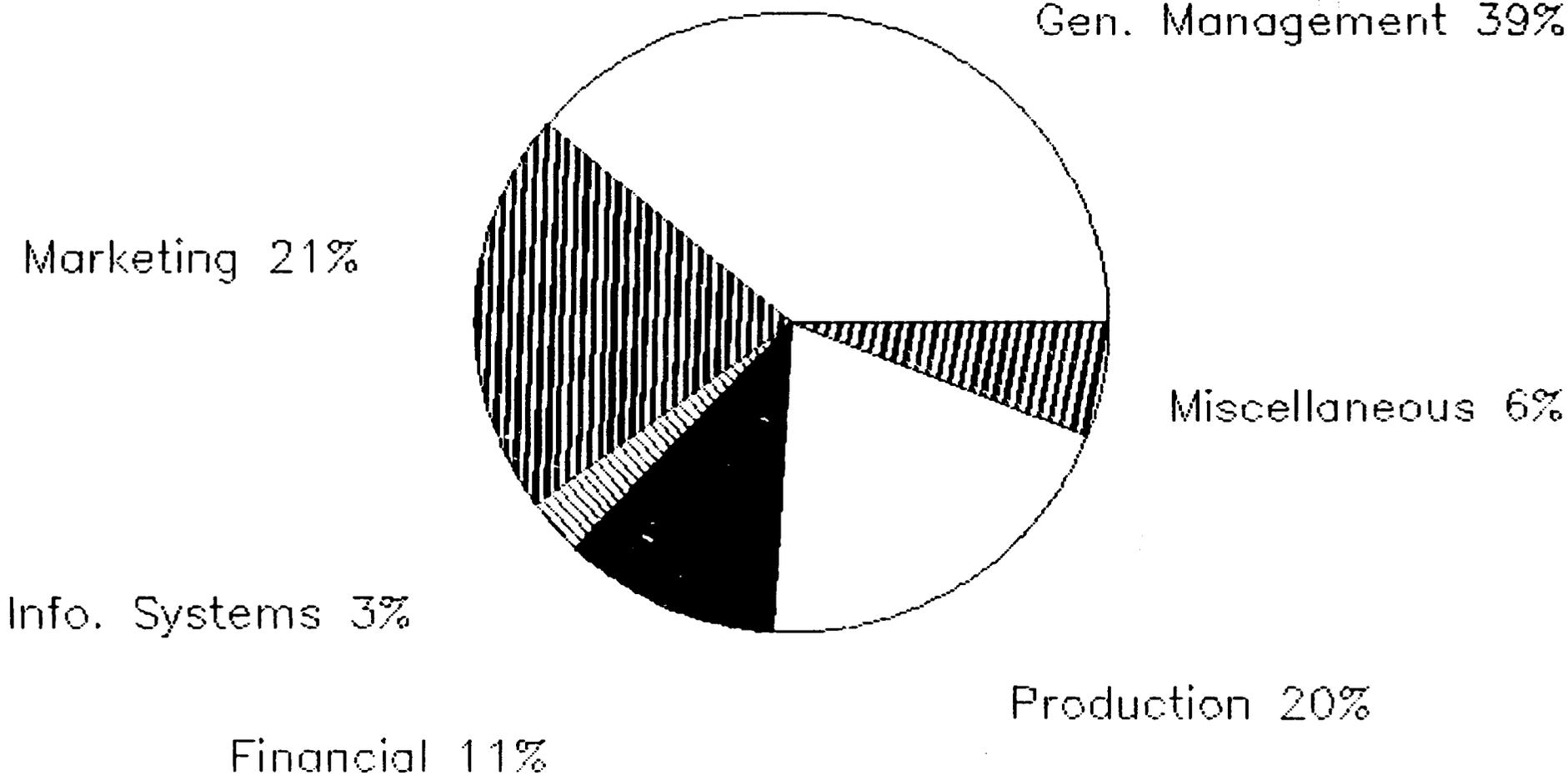
**CHARTS OF PROJECTS COMPLETED BY MAY, 1992  
broken down by:**

**-Skills Requested**

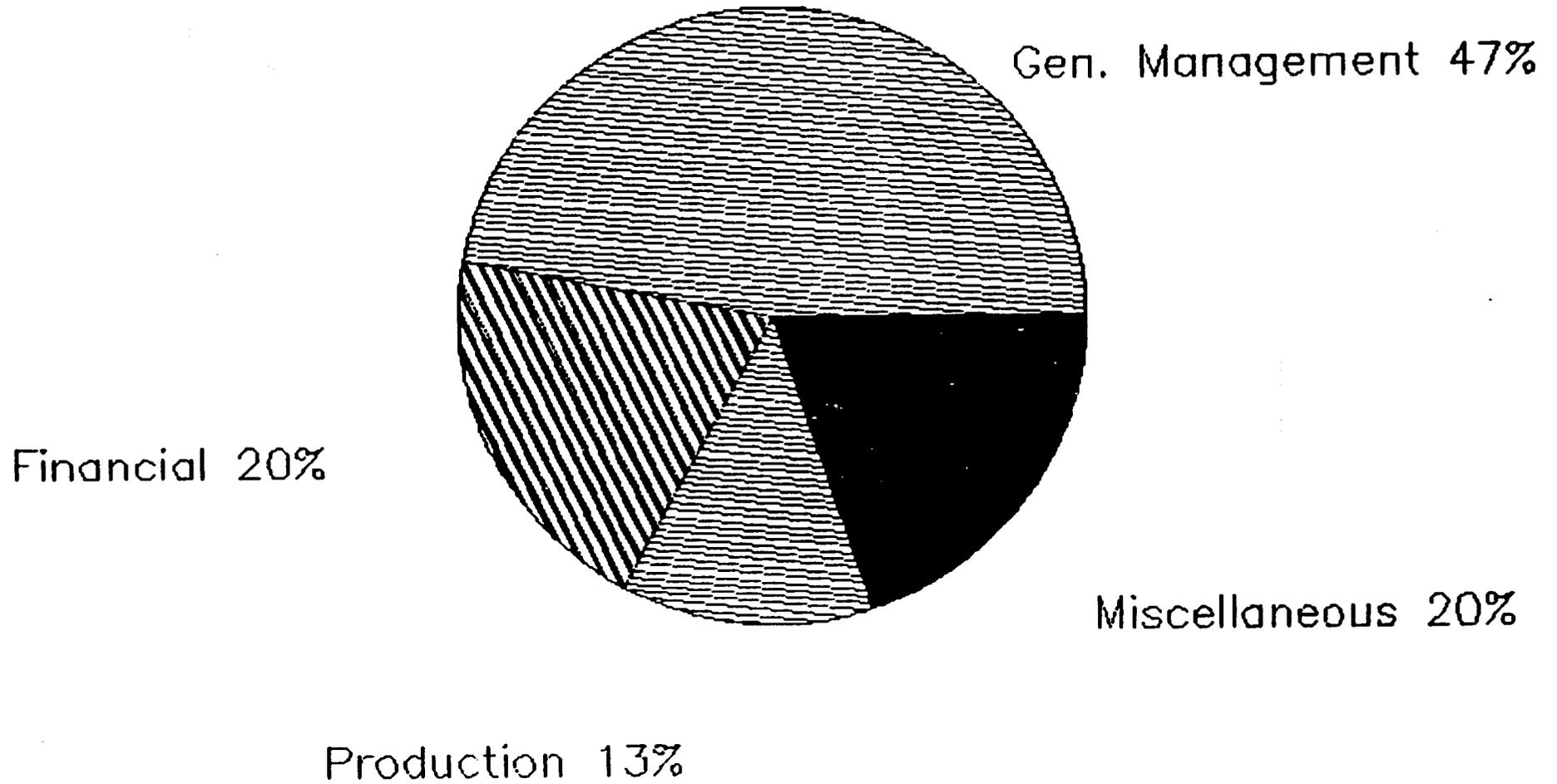
**-Client Size**

**-Industrial/Commercial Sector**

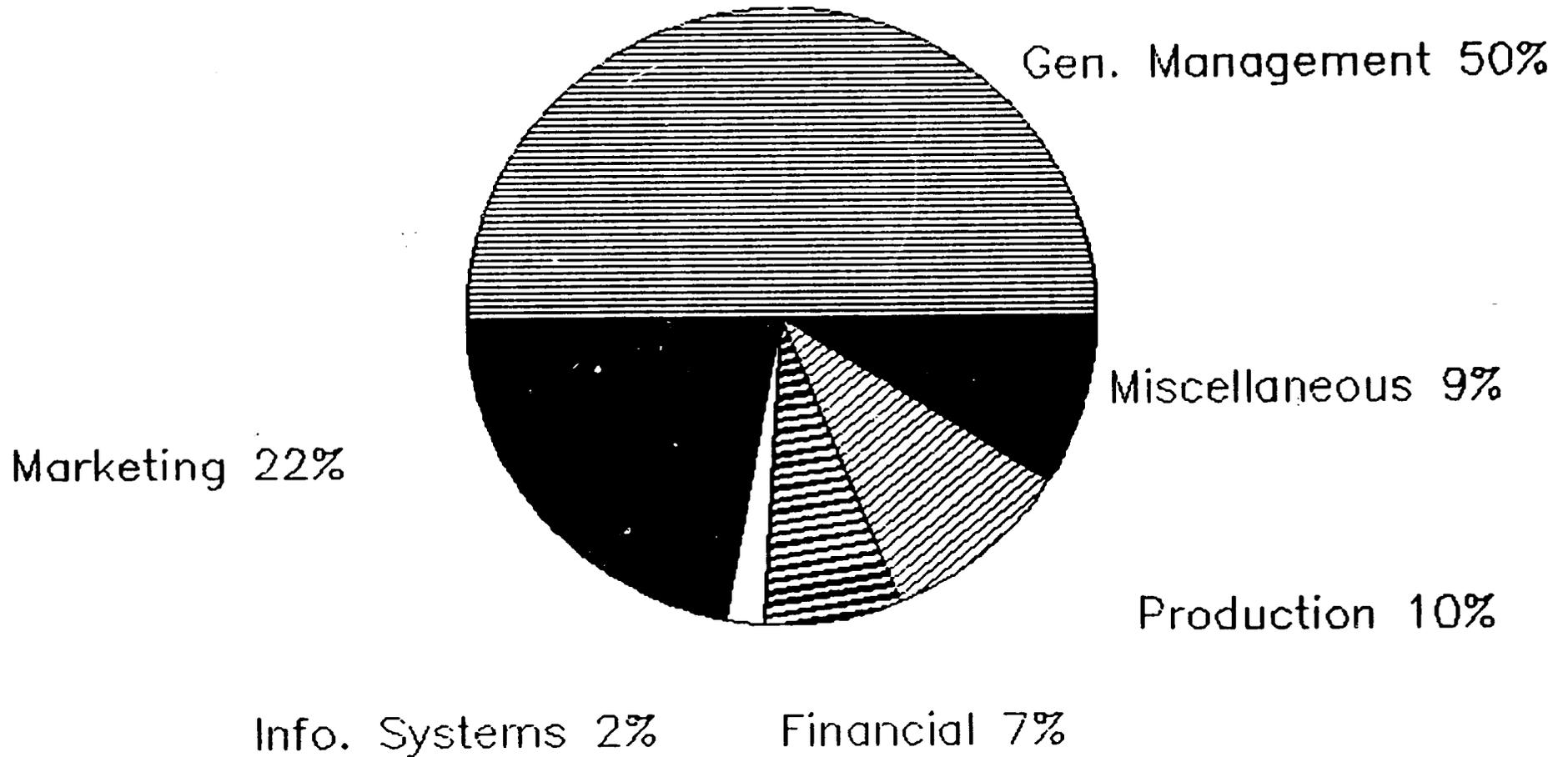
# IESC CENTRAL AND EASTERN EUROPE SKILLS REQUESTED



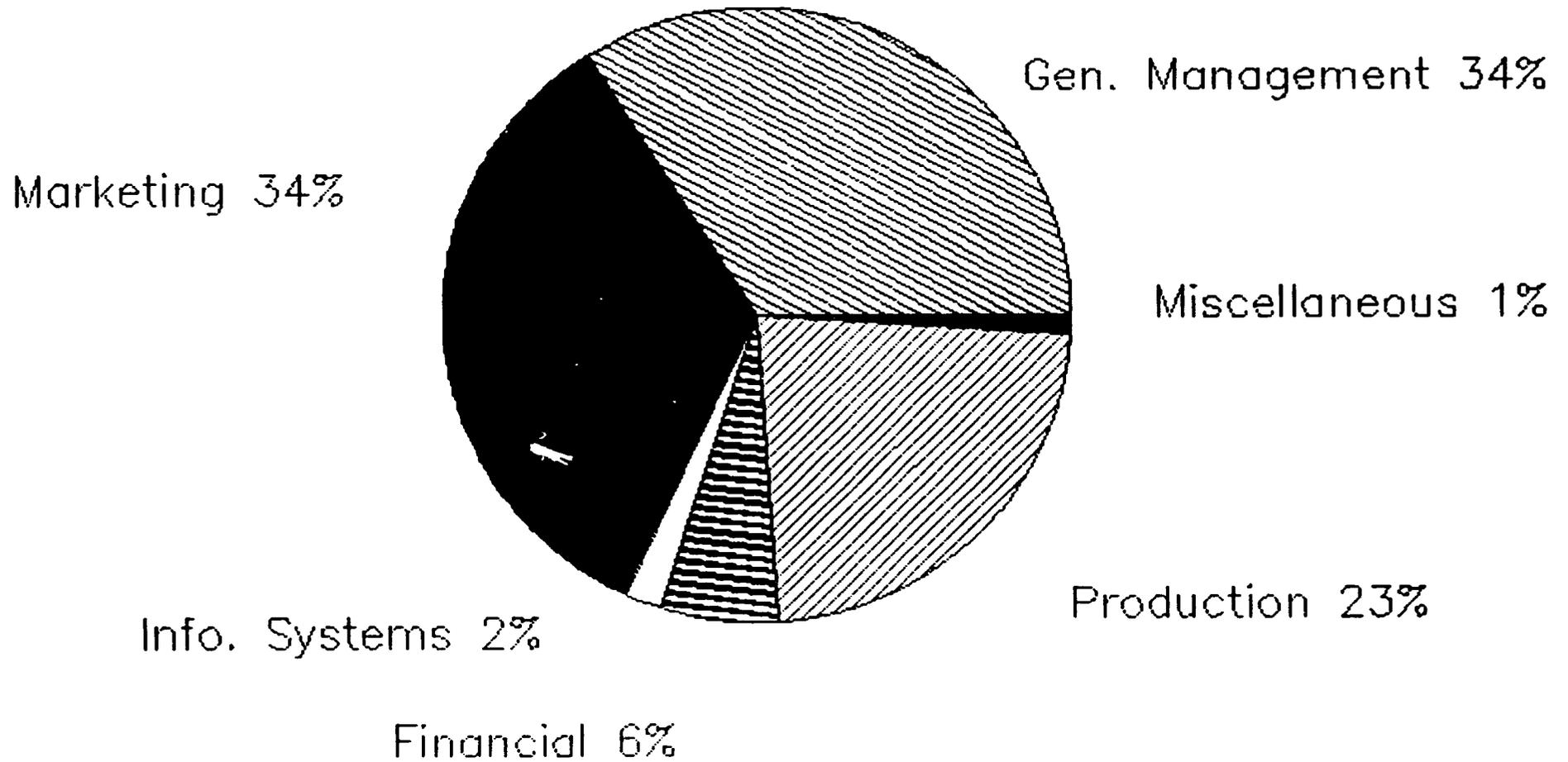
# ALBANIA SKILLS REQUESTED



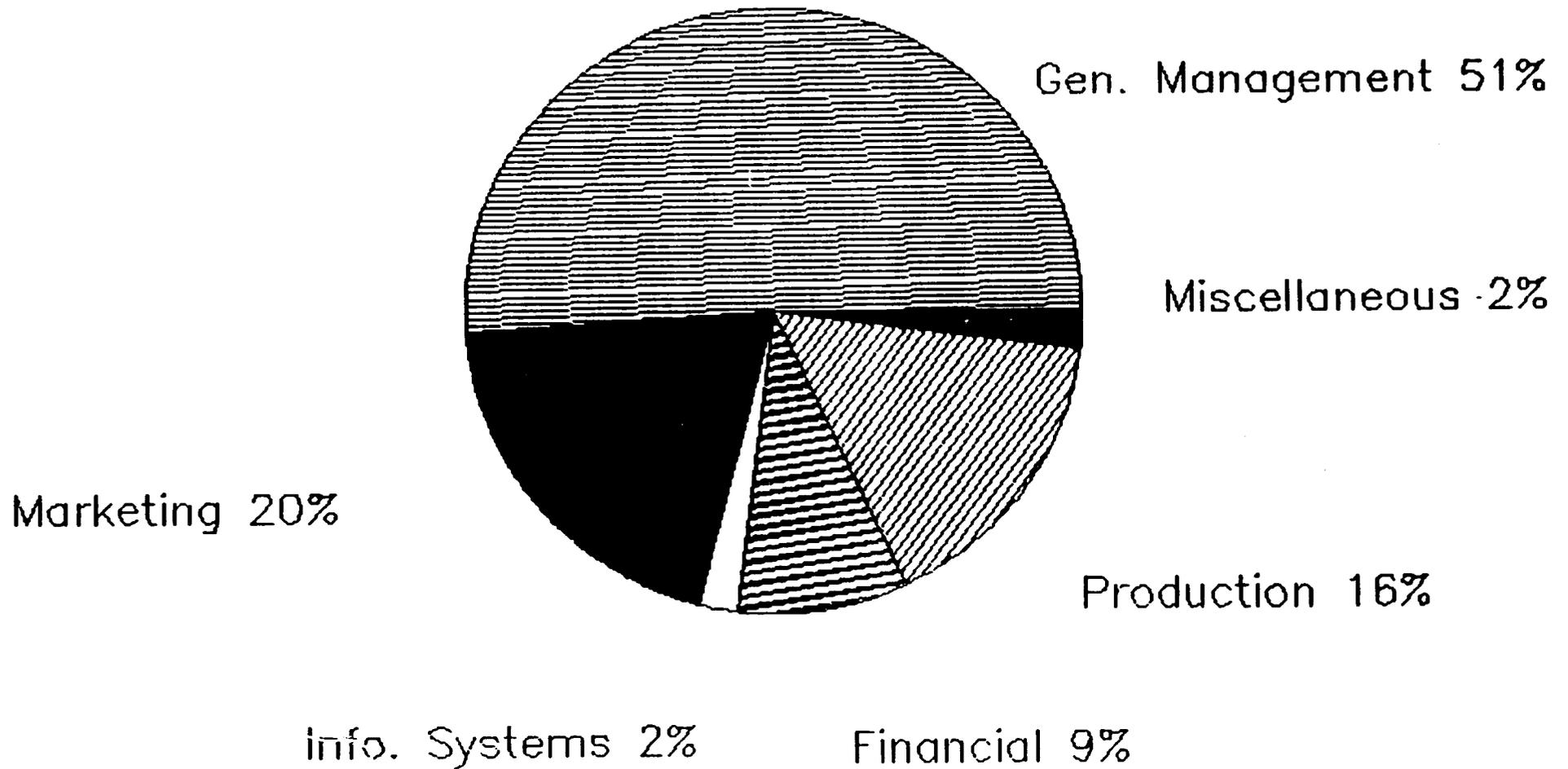
# BULGARIA SKILLS REQUESTED



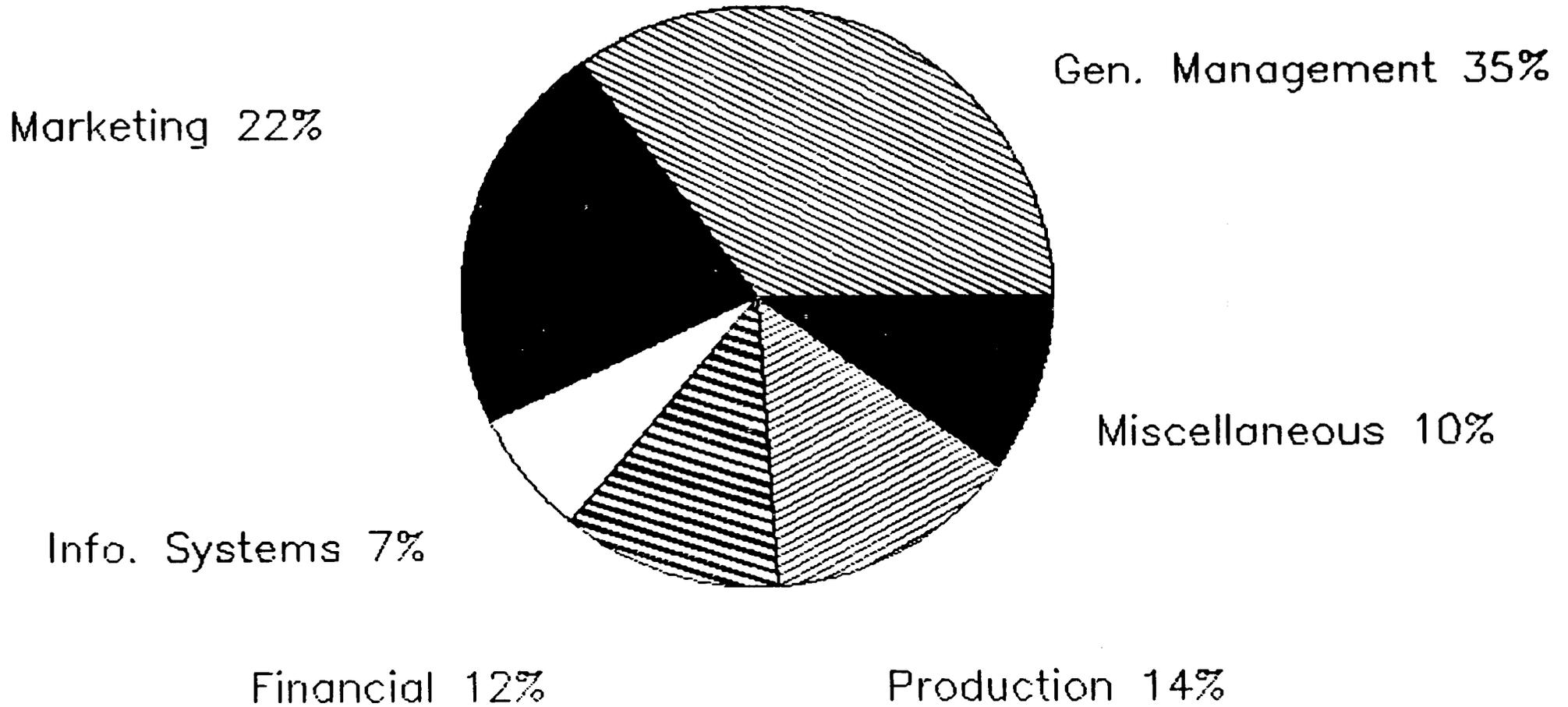
# CROATIA SKILLS REQUESTED



# CSFR/NORTH SKILLS REQUESTED

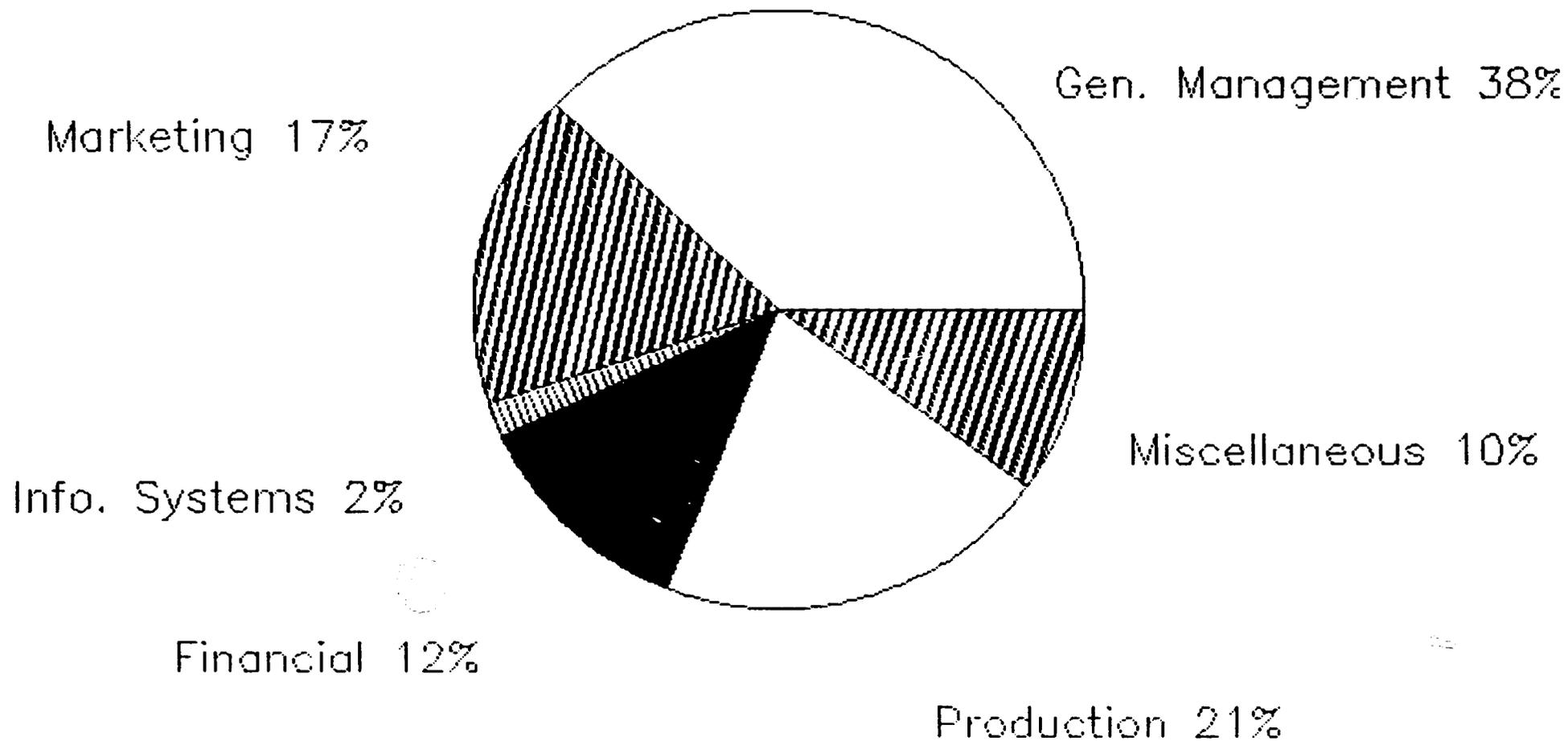


# HUNGARY SKILLS REQUESTED



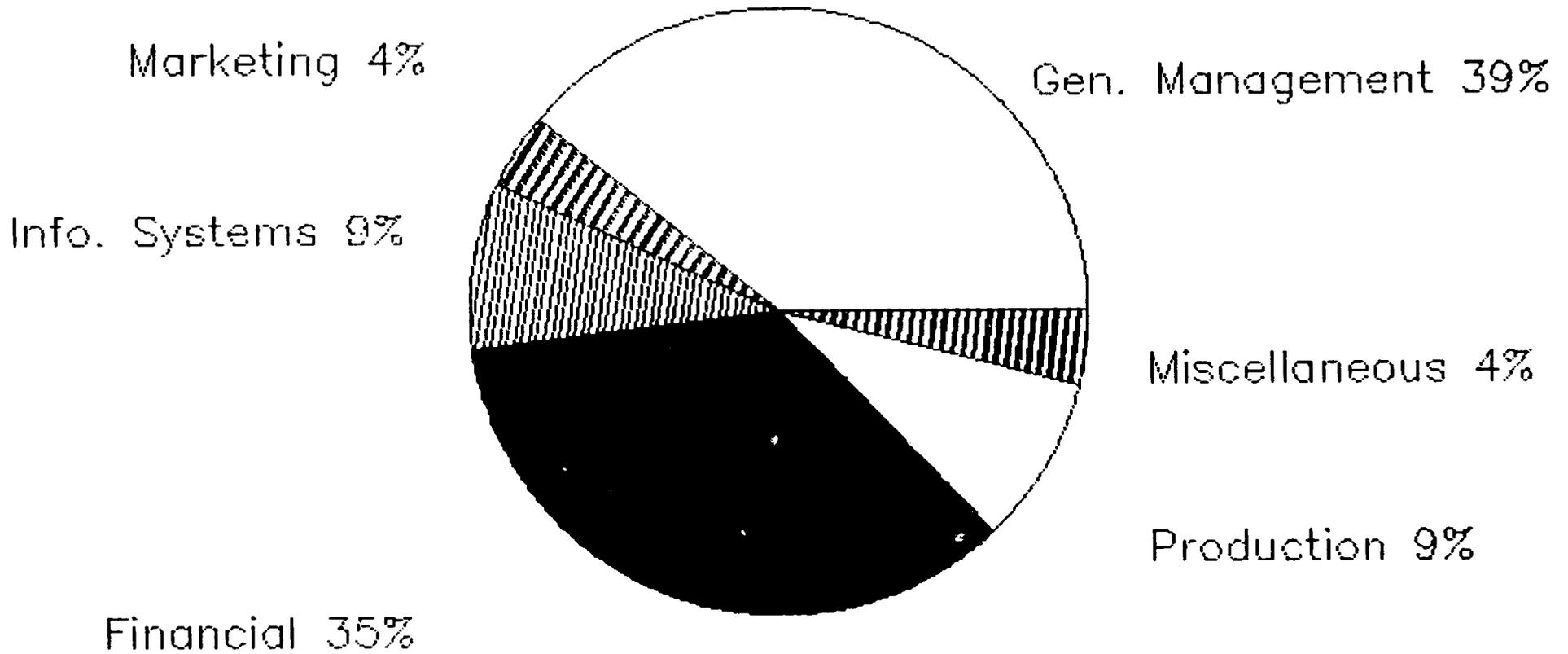
124

# POLAND SKILLS REQUESTED

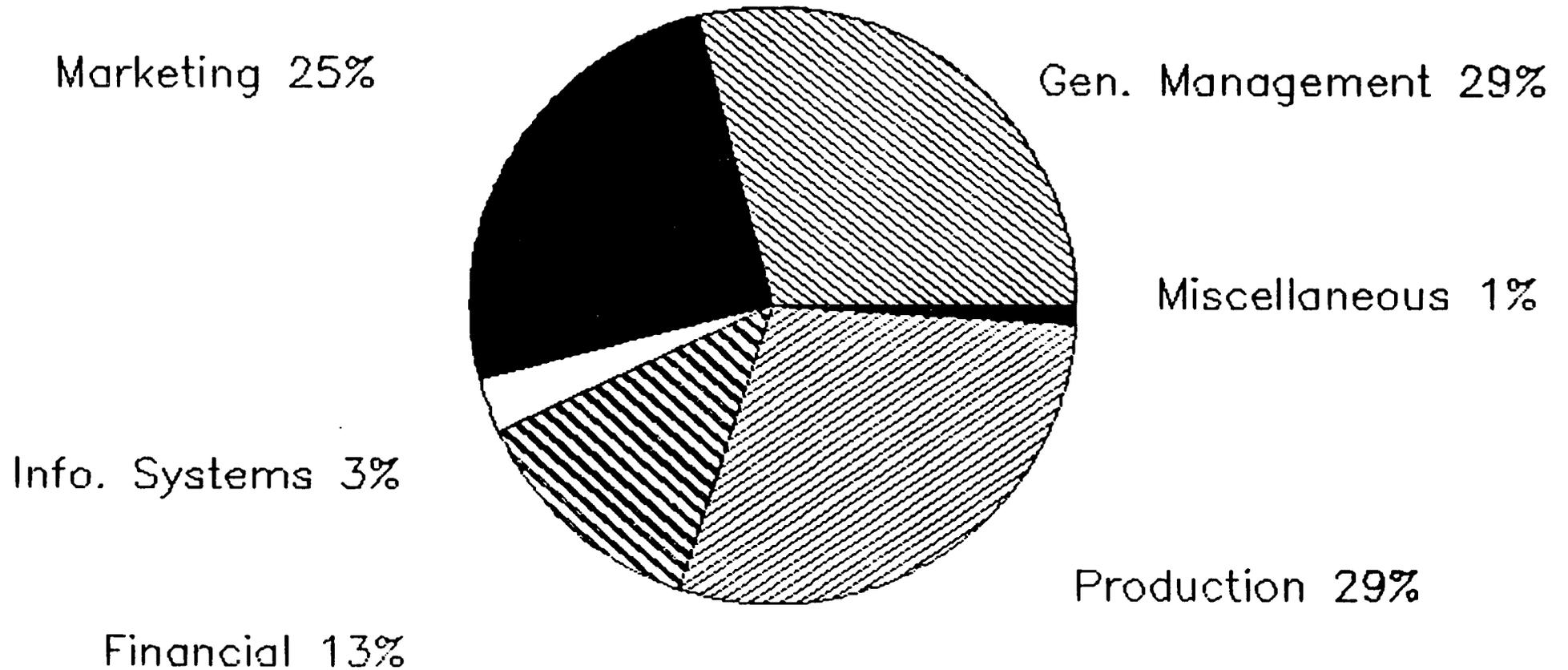


125

# ROMANIA SKILLS REQUESTED

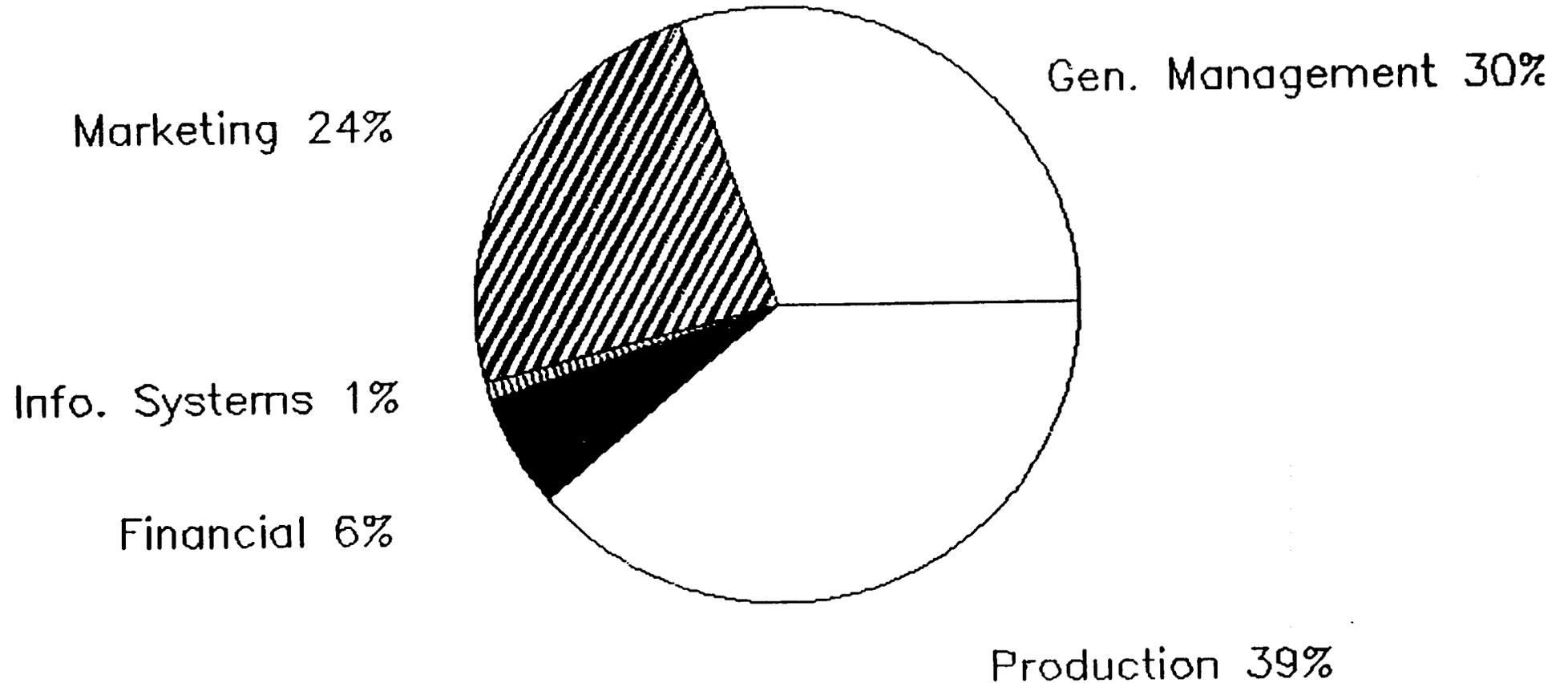


# SLOVAKIA SKILLS REQUESTED



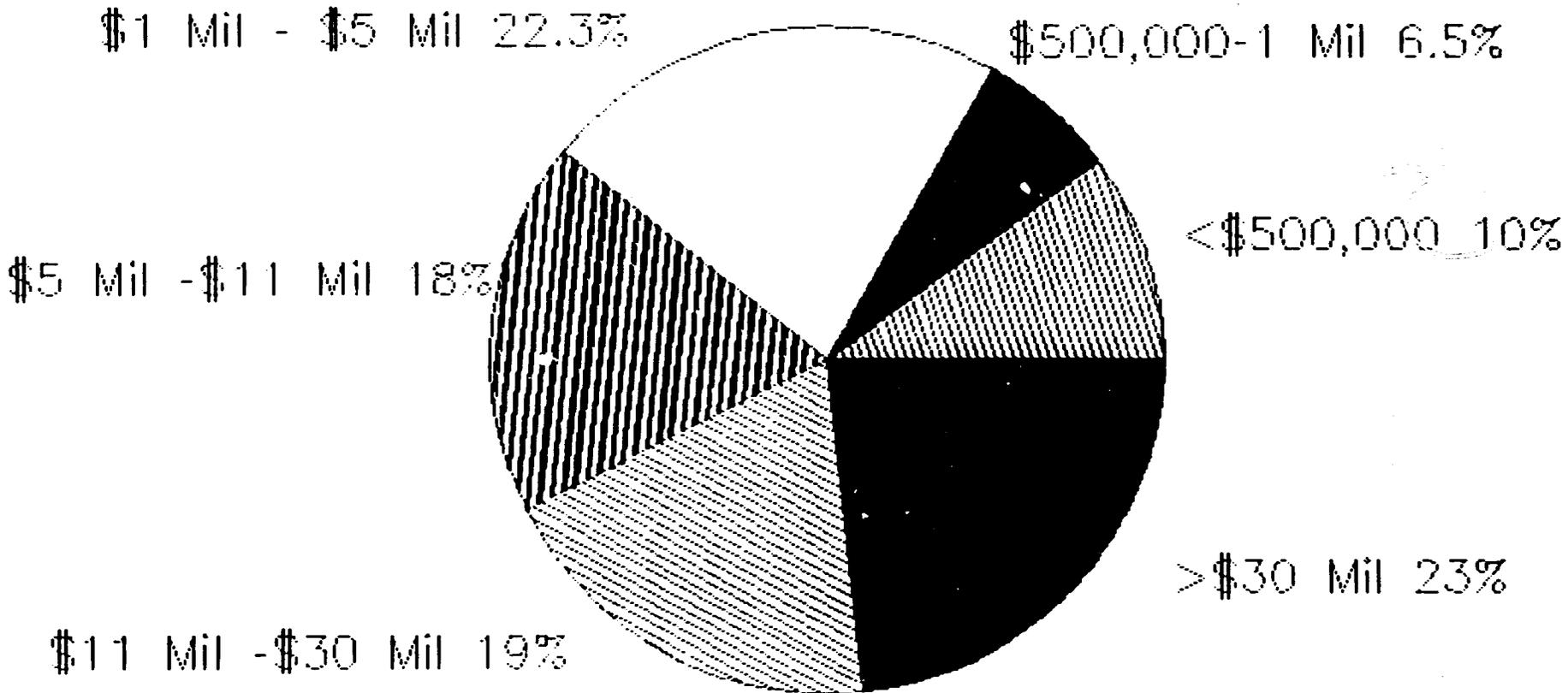
127

# YUGOSLAVIA SKILLS REQUESTED



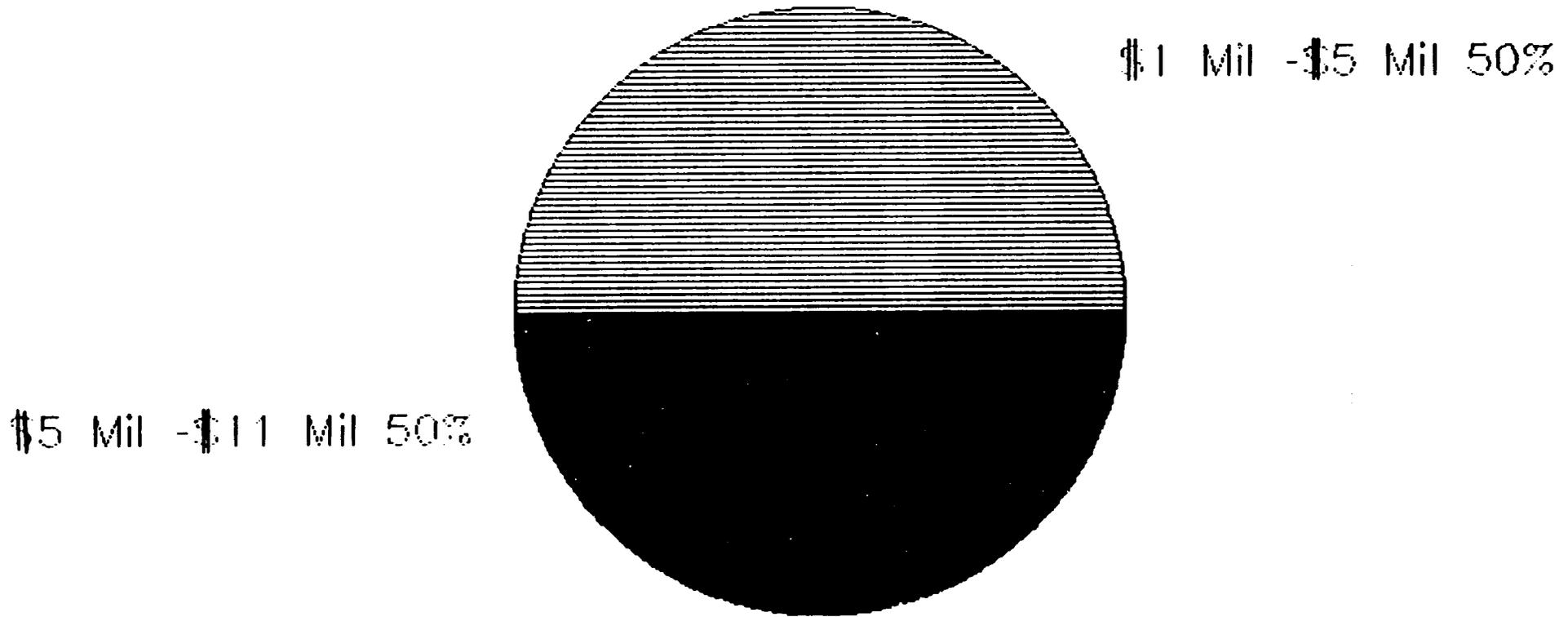
128

# IESC CENTRAL AND EASTERN EUROPE CLIENT SIZE



# ALBANIA

## \*CLIENT SIZE



Total number of company clients = 2

1/92

# BULGARIA CLIENT SIZE

\$500,000 - 1 Mil 22%

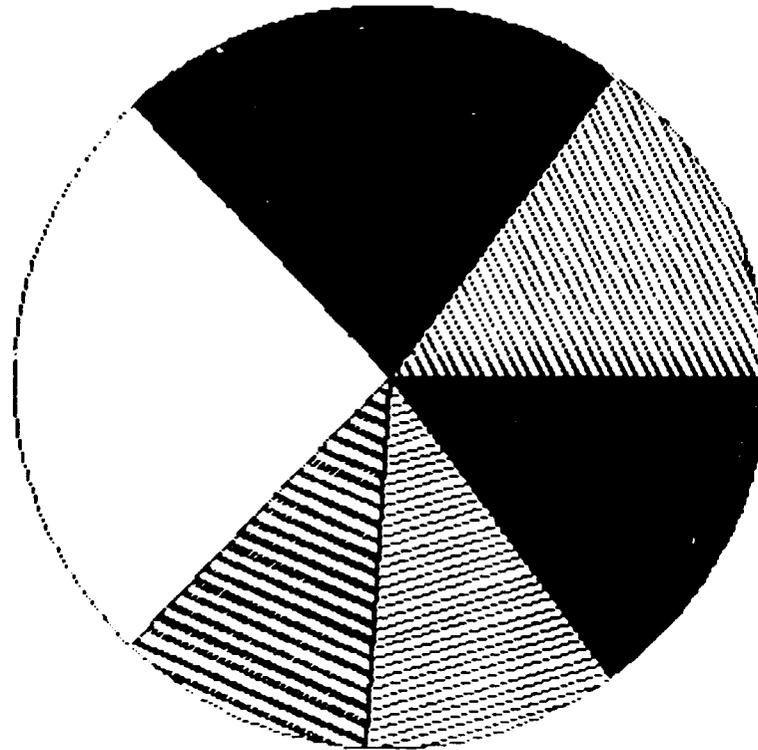
\$1 Mil - \$5 Mil 26%

\$5 Mil - \$11 Mil 11%

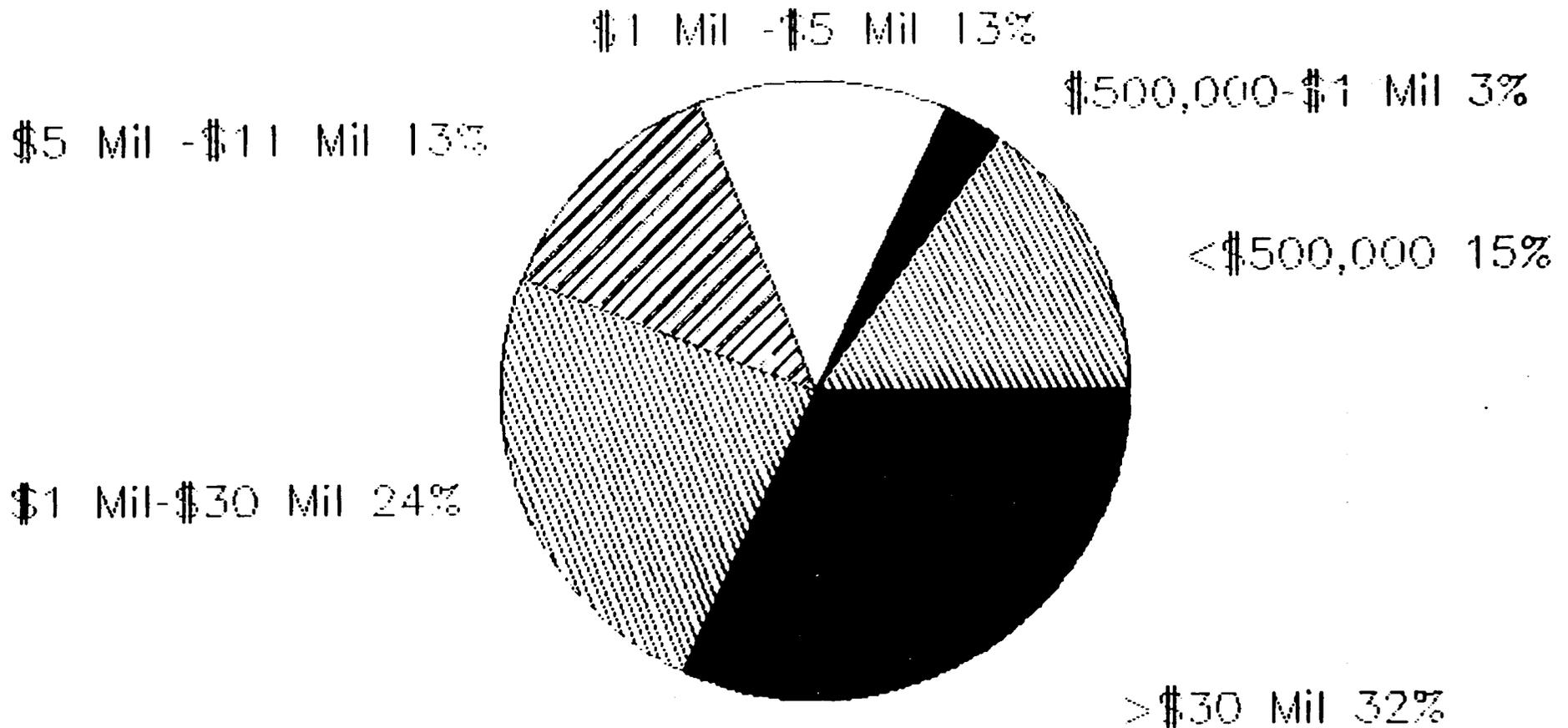
\$11 Mil - \$30 Mil 11%

<\$500,000 15%

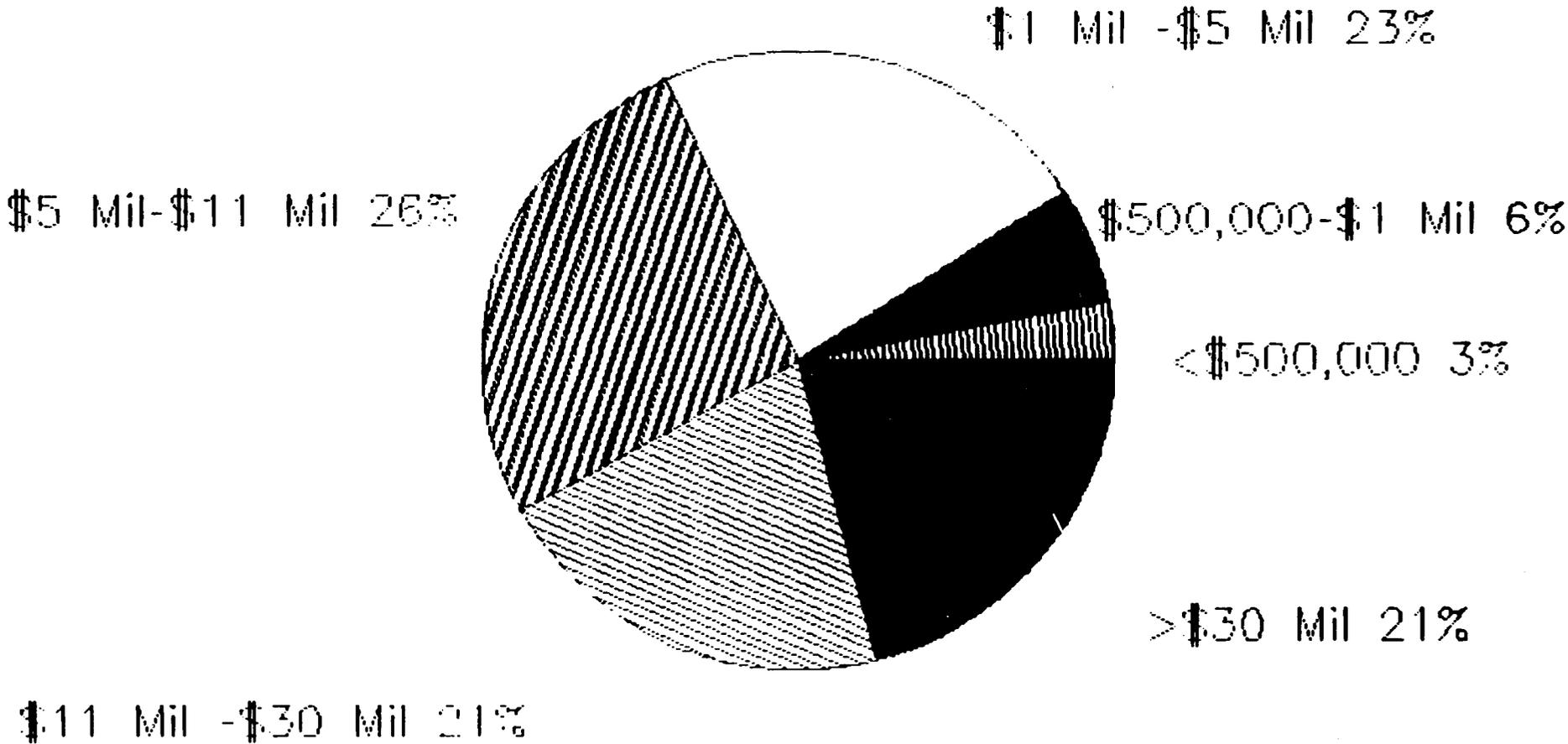
>\$30 Mil 15%



# CROATIA CLIENT SIZE

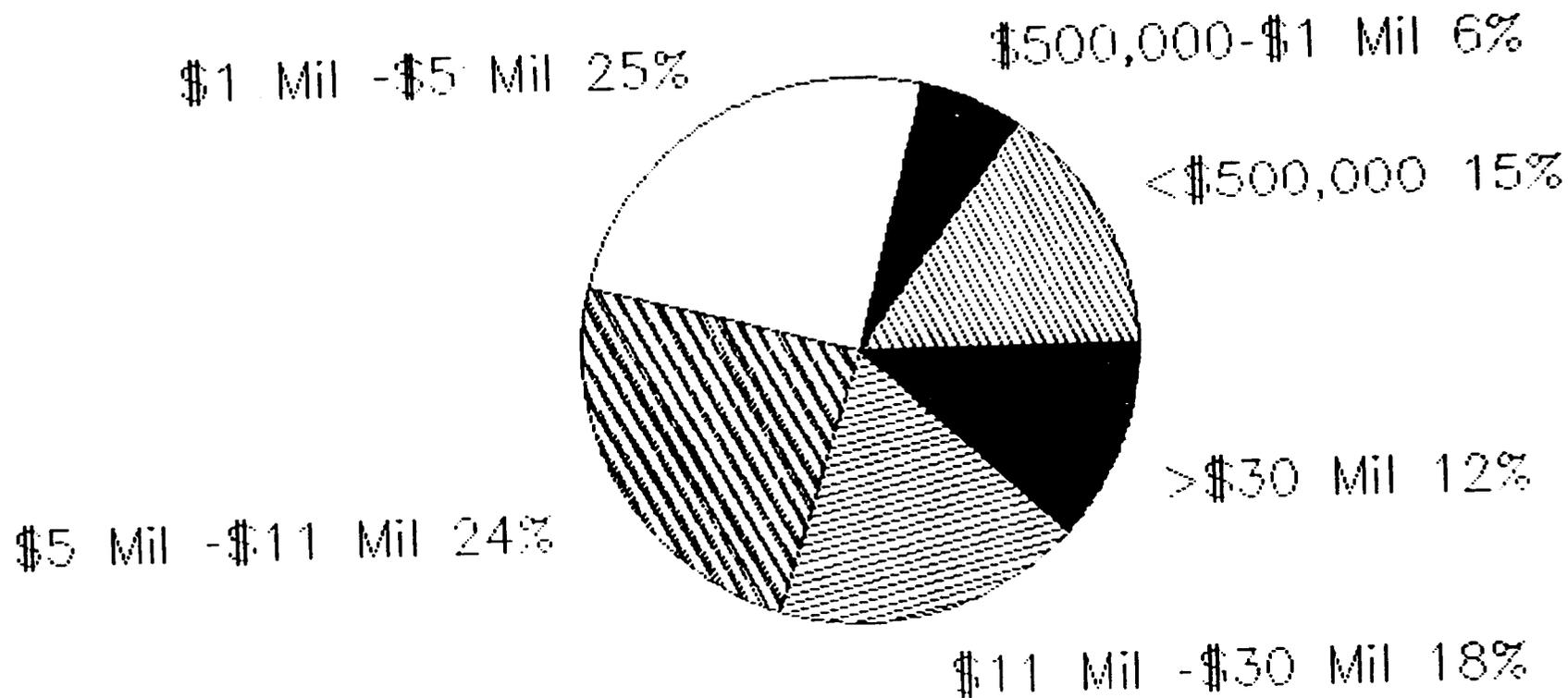


# CSFR NORTH CLIENT SIZE



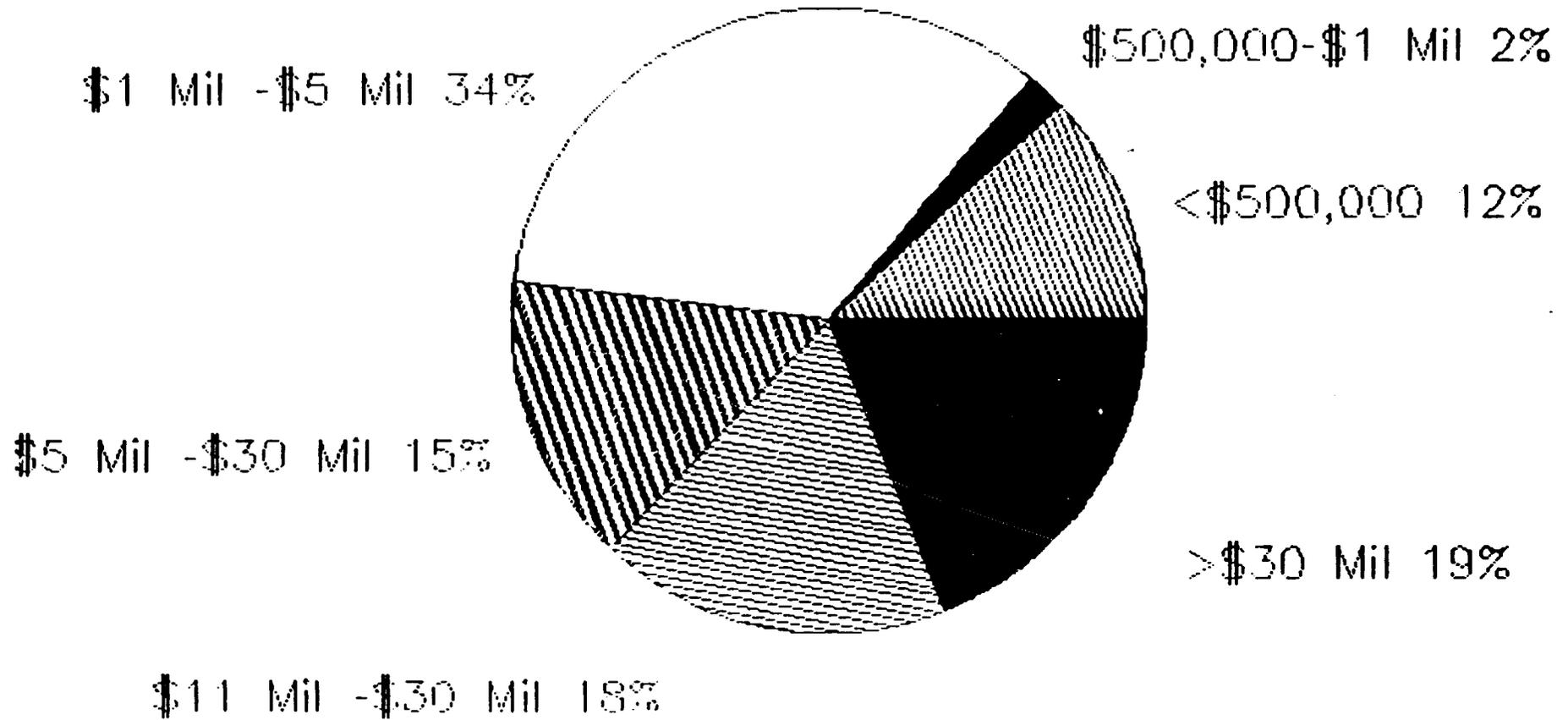
1992

# HUNGARY CLIENT SIZE



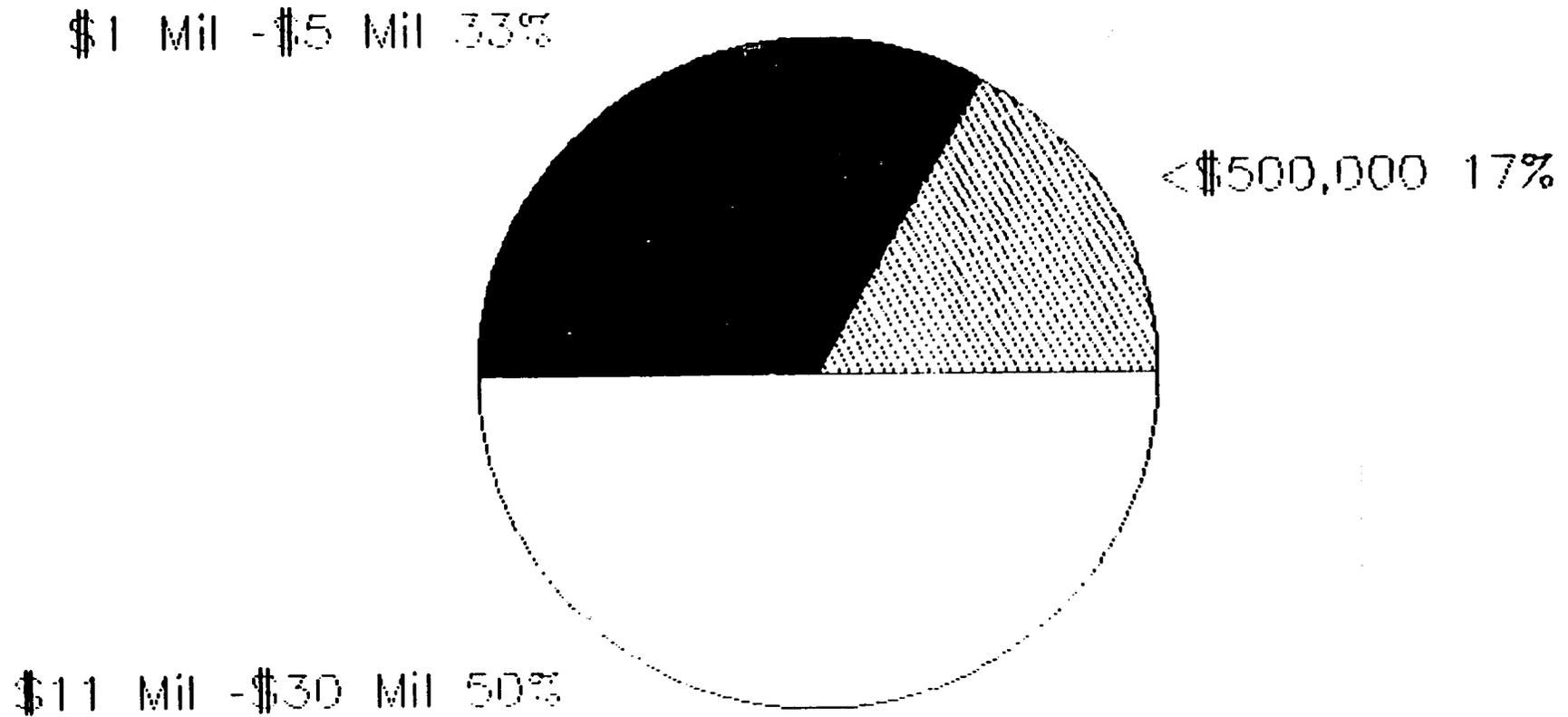
100

# POLAND CLIENT SIZE



# ROMANIA

## \*CLIENT SIZE

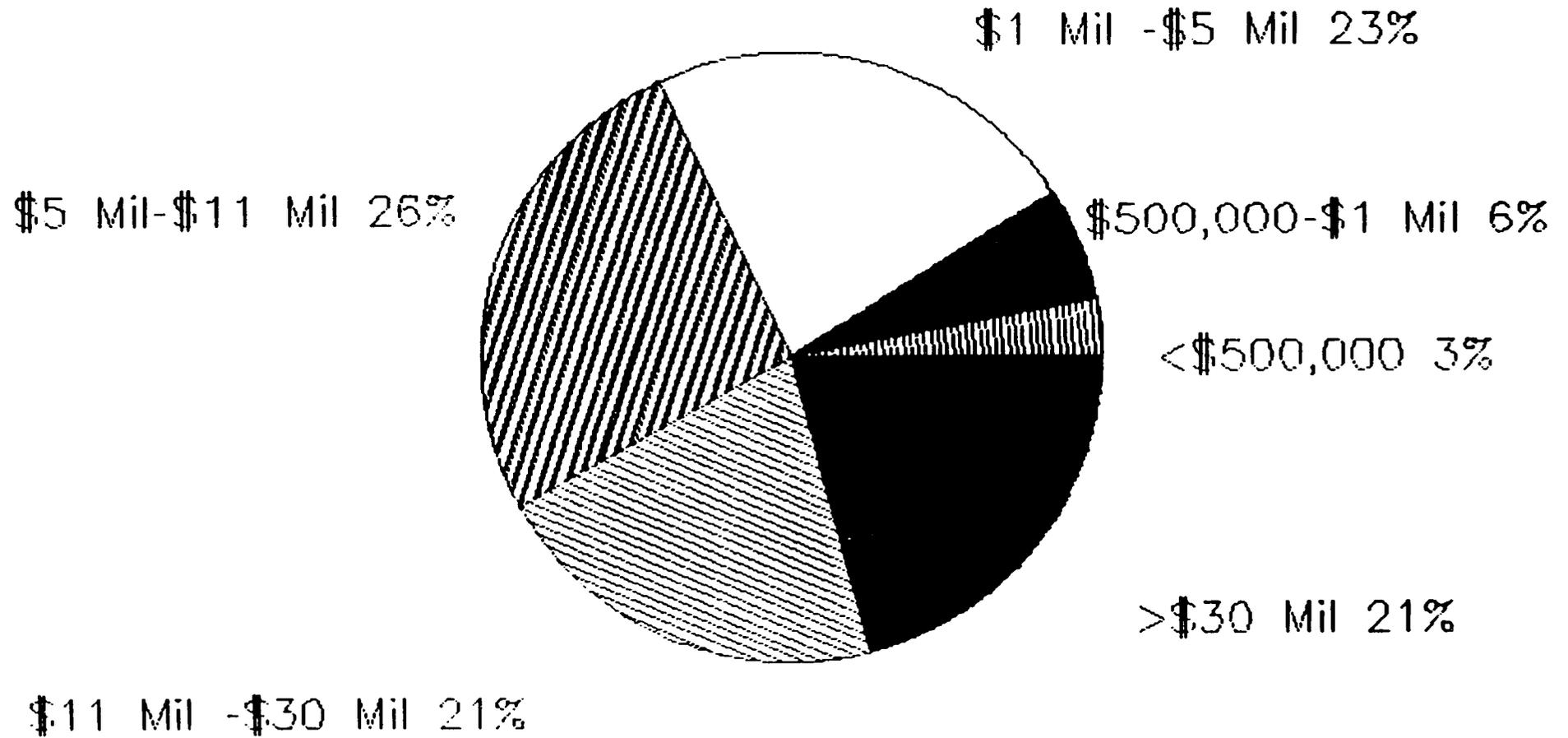


\*Total number of company clients = 6

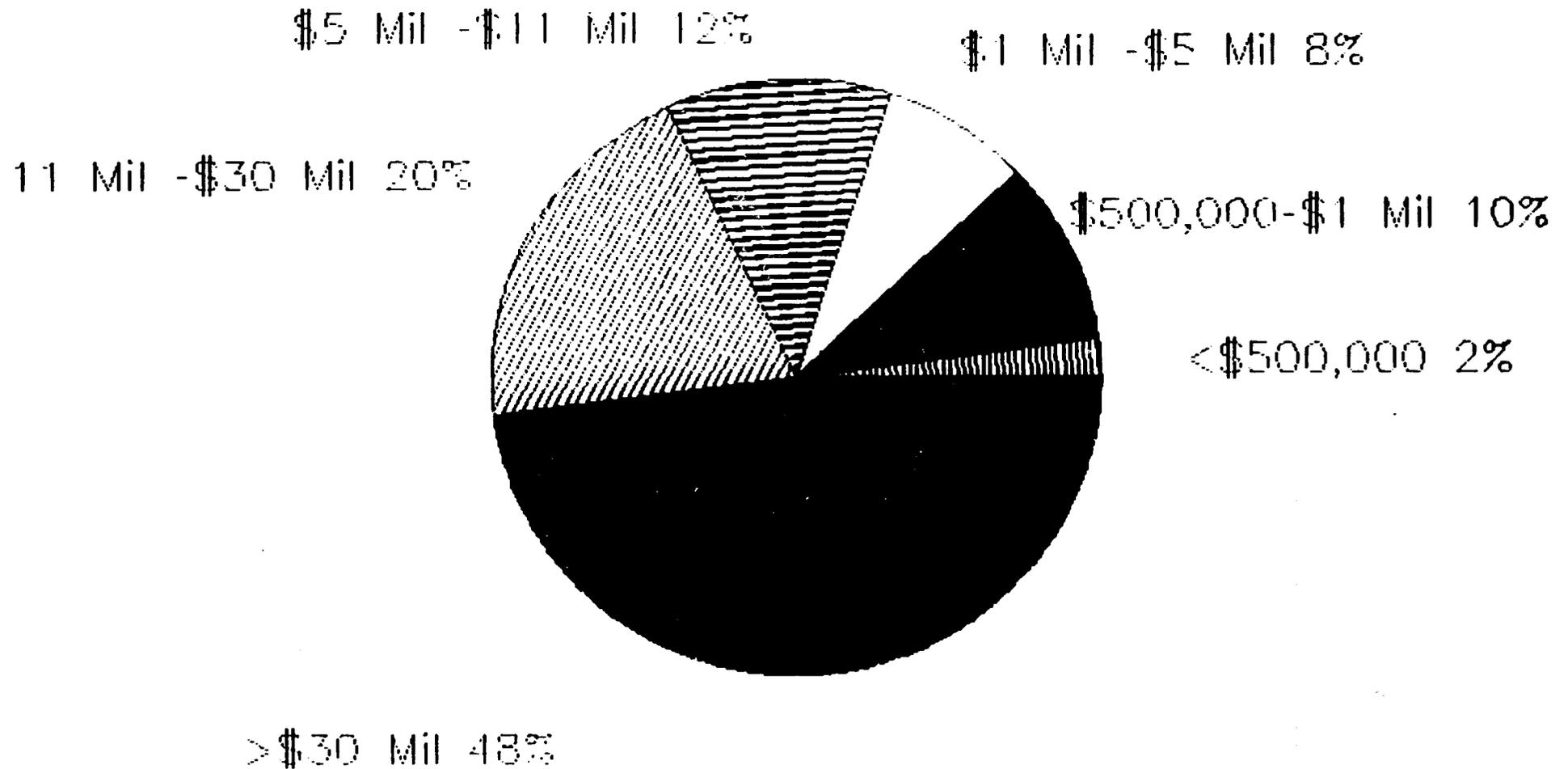
5/92

136

# SLOVAKIA CLIENT SIZE

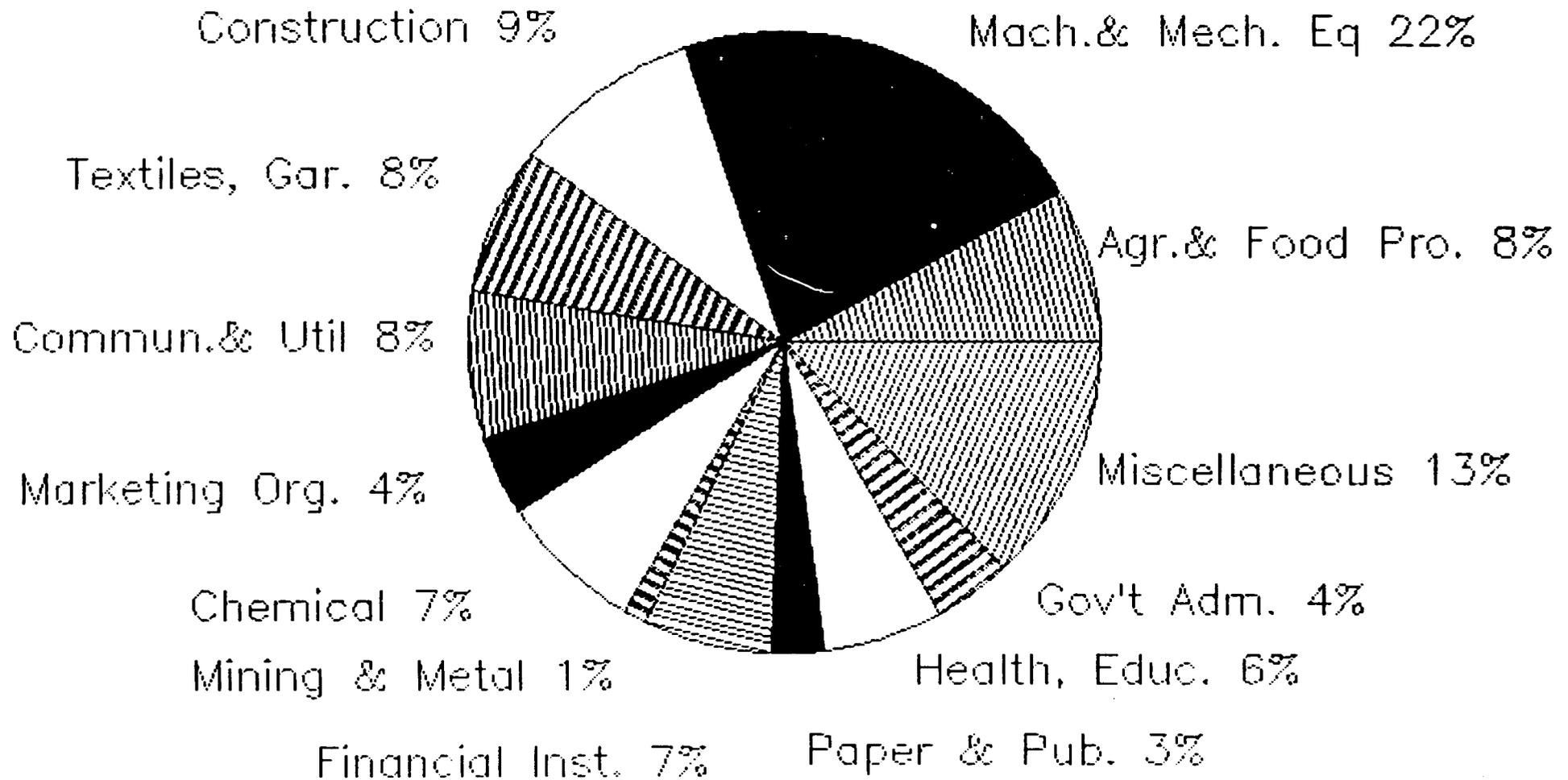


# YUGOSLAVIA CLIENT SIZE



125

# IESC CENTRAL AND EASTERN EUROPE INDUSTRIAL/COMMERCIAL SECTOR



# ALBANIA

## INDUSTRIAL/COMMERCIAL SECTOR

Construction 7%

Comm.& Util. 20%

Agr.&Food Pro. 20%

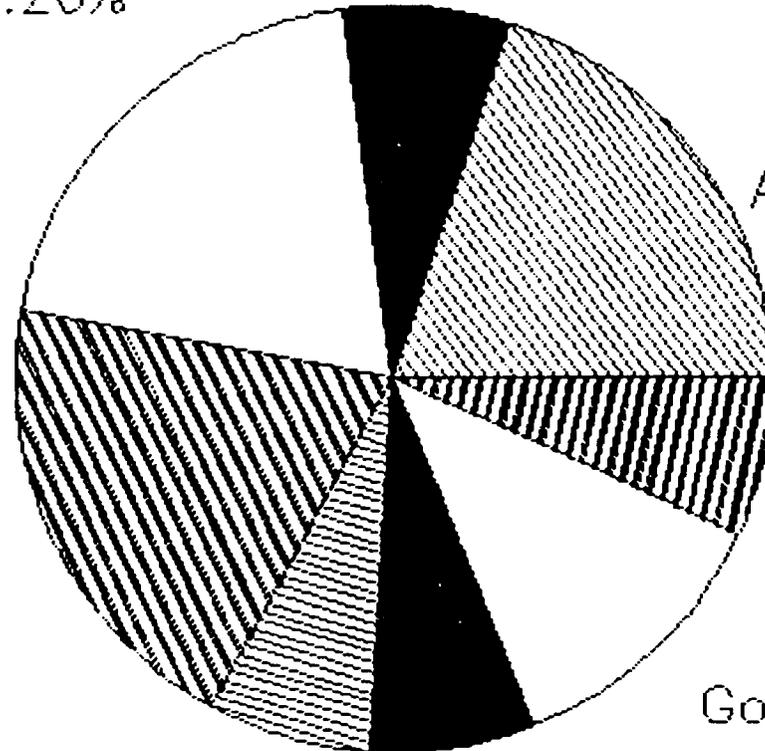
Miscellaneous 7%

Gov.'t Adm. 12%

Paper & Pub. 7%

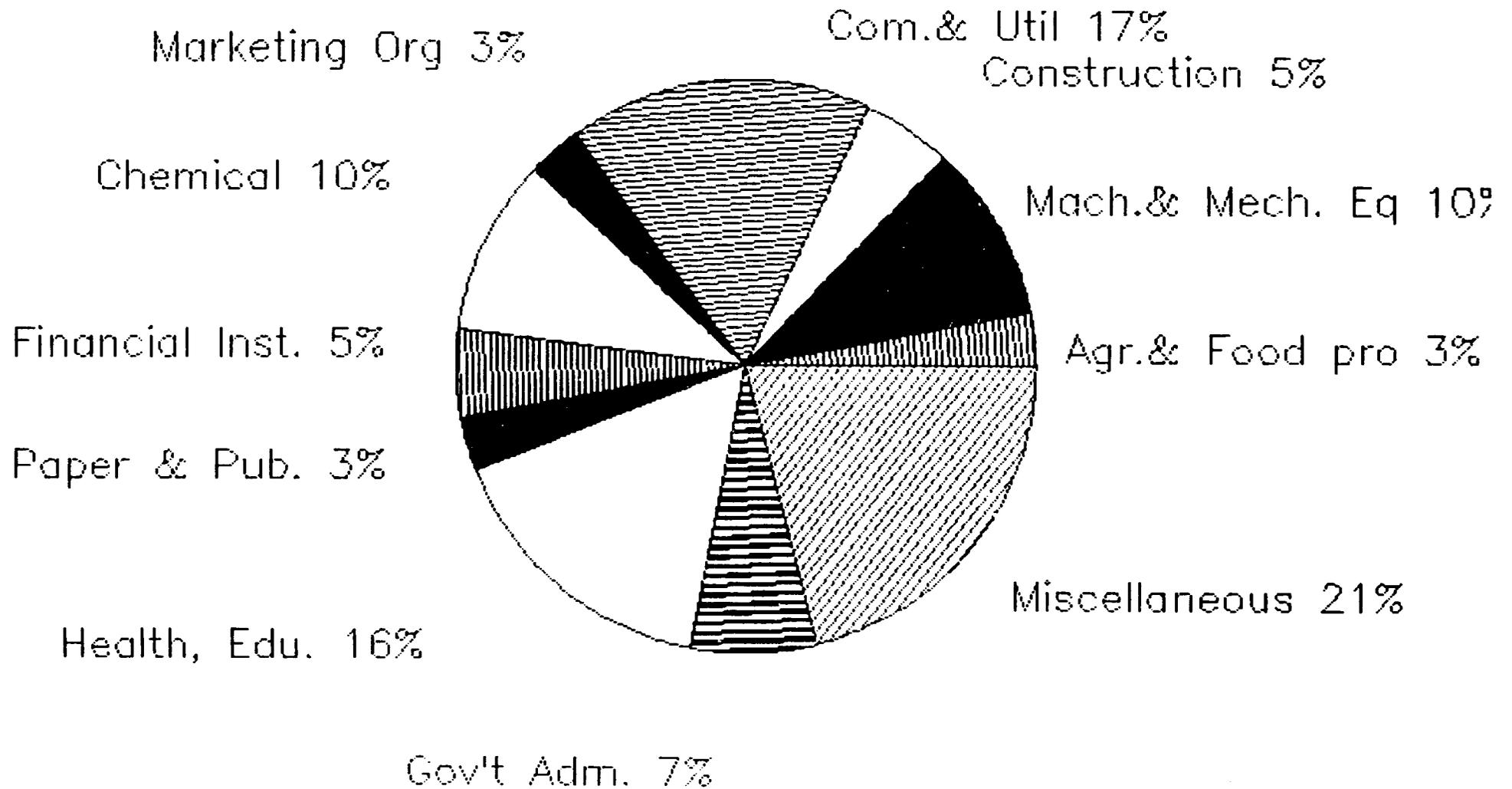
Health, Edu. 7%

Financial Inst. 20%



# BULGARIA

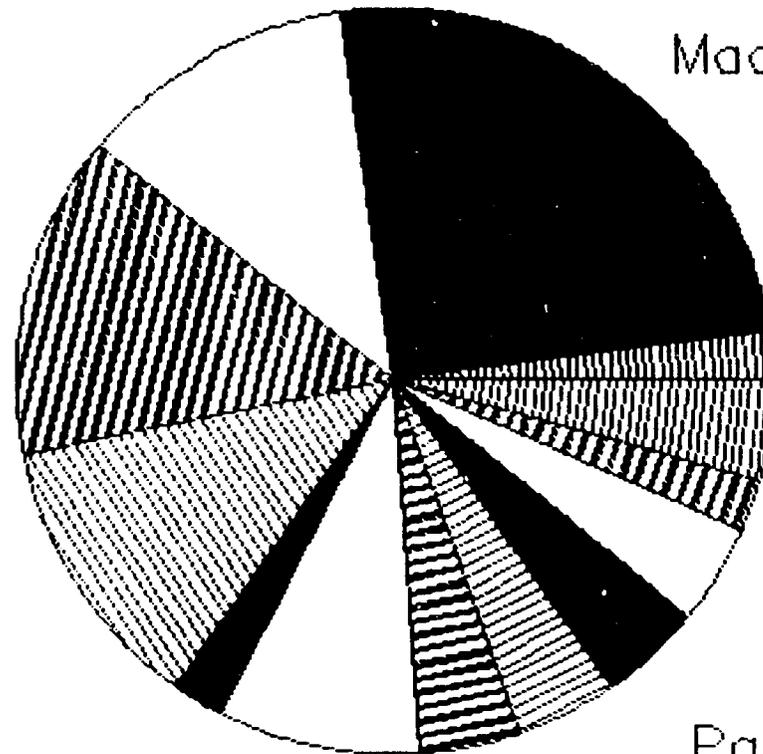
## INDUSTRIAL/COMMERICAL SECTOR



# CROATIA

## INDUSTRIAL/COMMERCIAL SECTOR

Construction 11%



Mach. & Mech. Eq 23%

Textiles, Gar. 13%

Agr. & Food Pro 2%

Miscellaneous 4%

Com. & Util. 11%

Gov't Adm. 2%

Health, Edu. 4%

Marketing Org. 2%

Paper & Pub. 4%

Financial Inst. 4%

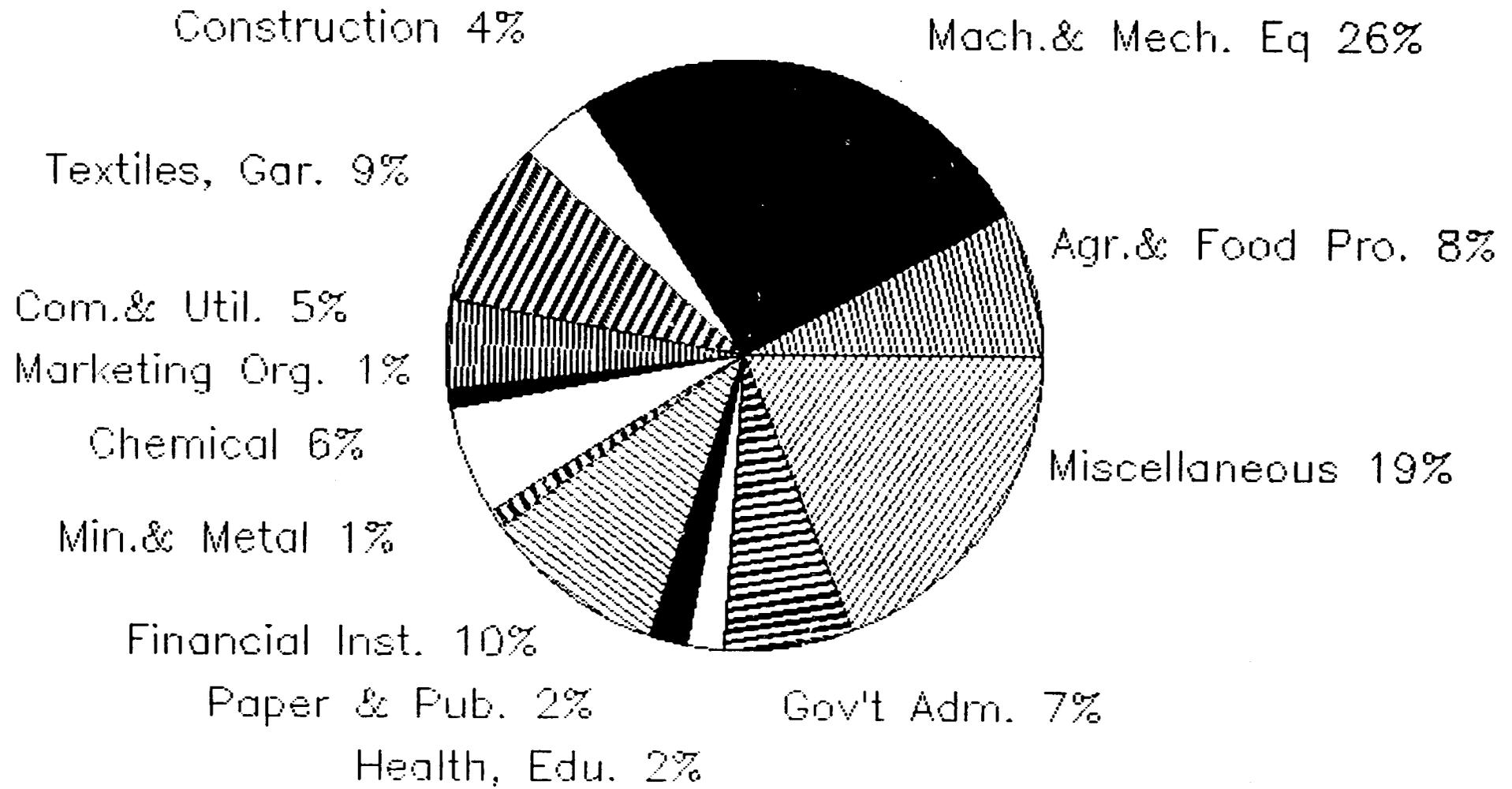
Chemical 8%

Min. & Metal 4%

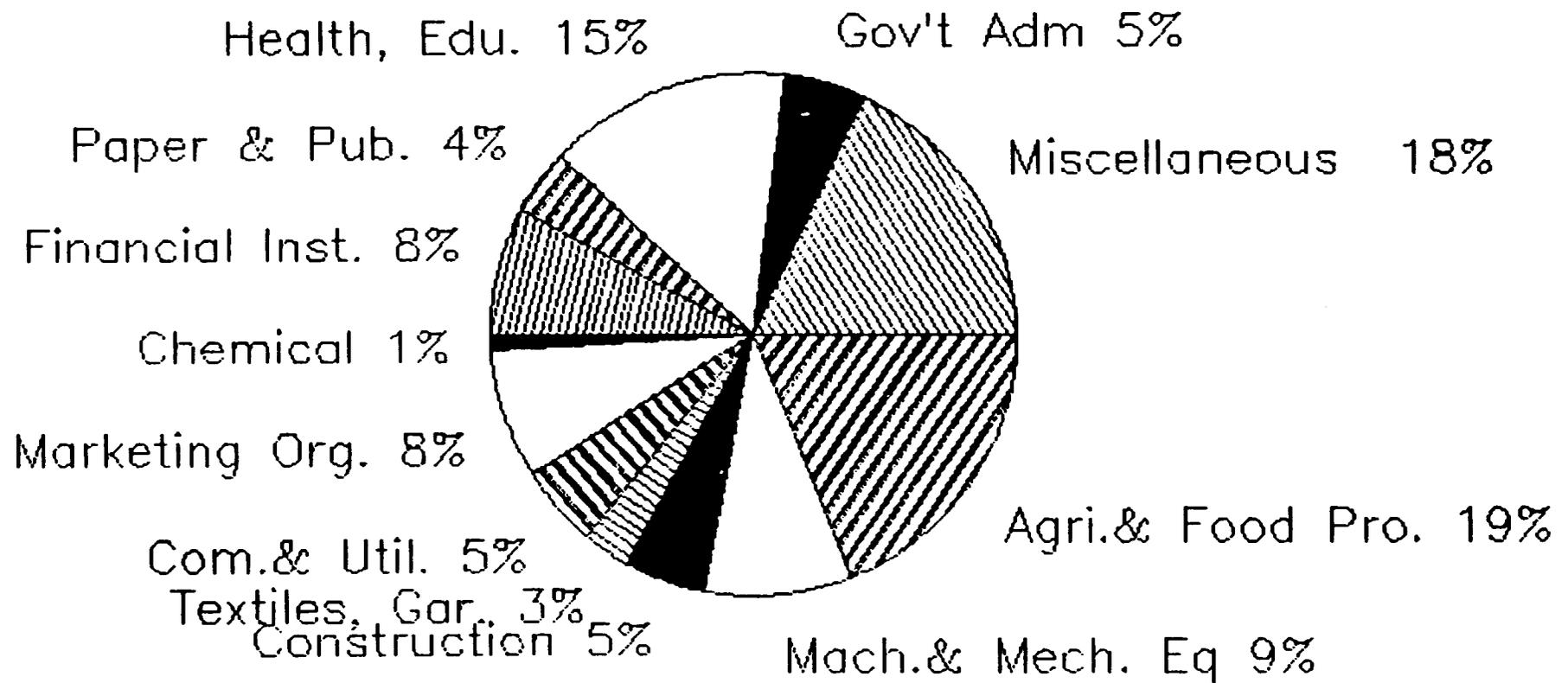
5/92

142

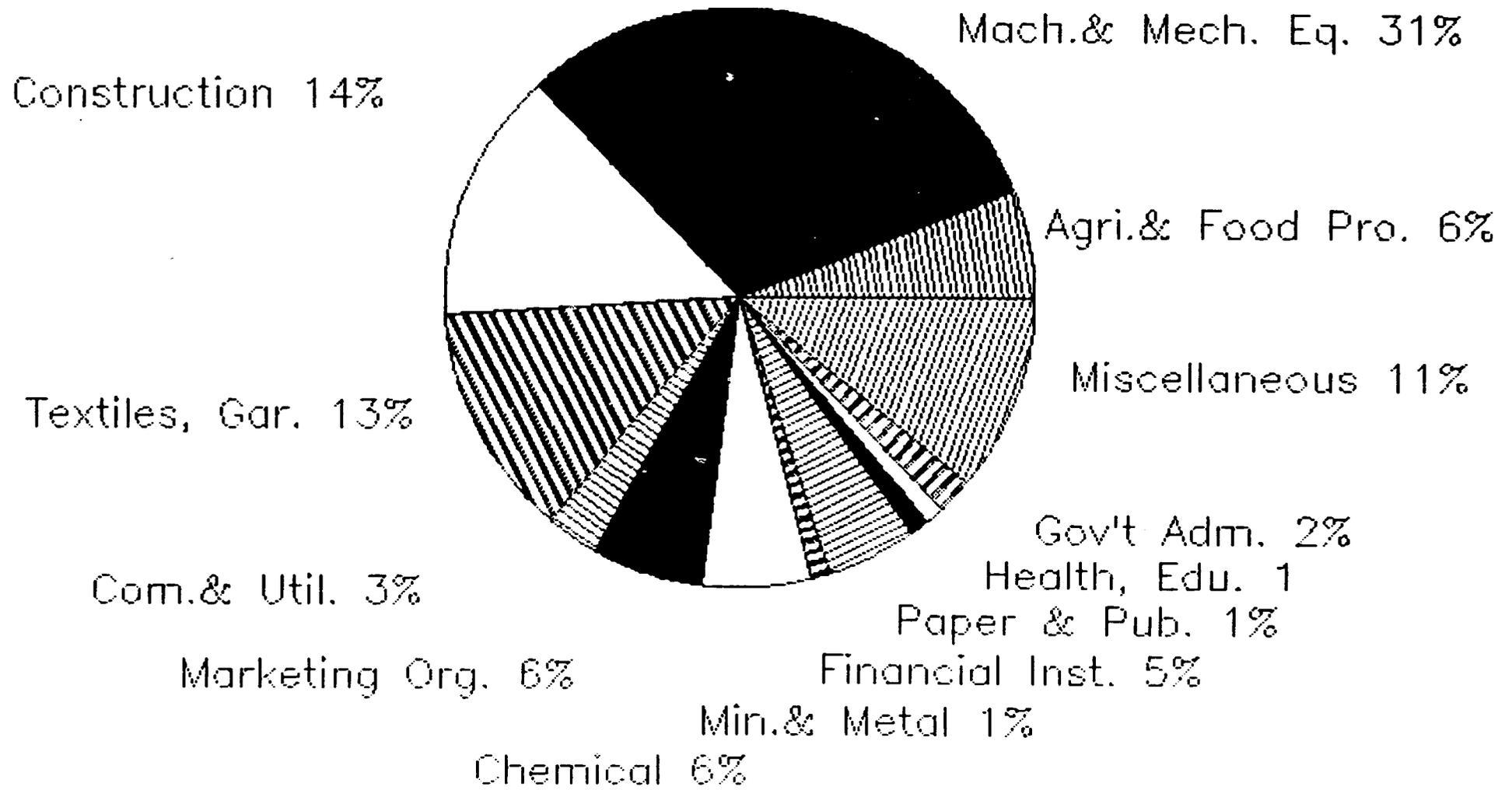
# CSFR NORTH INDUSTRIAL/COMMERCIAL SECTOR



# HUNGARY INDUSTRIAL/COMMERICAL SECTOR



# POLAND INDUSTRIAL/COMMERCIAL SECTOR

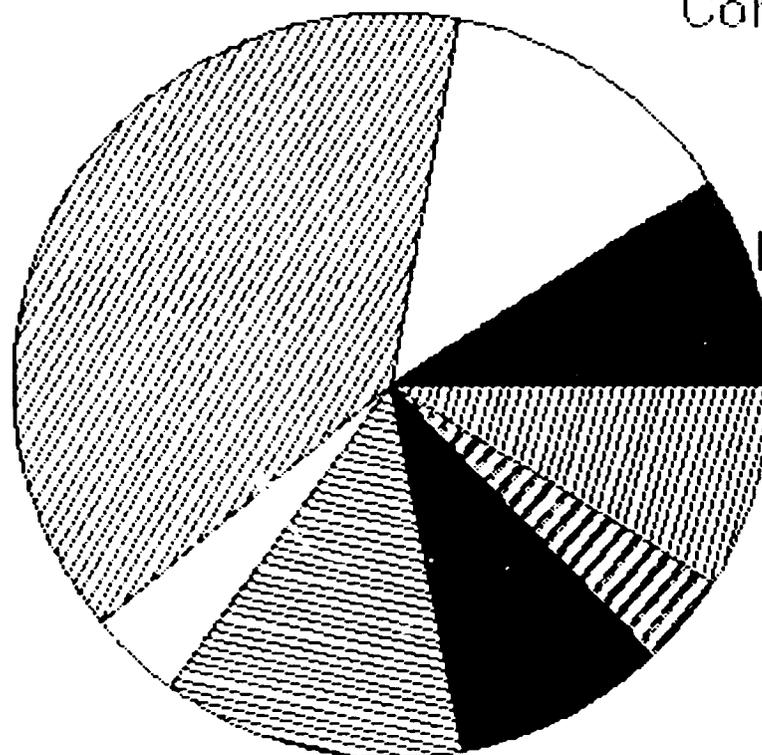


145

# ROMANIA INDUSTRIAL/COMMERCIAL SECTOR

Com.& Util. 39%

Construction 13%



Mach.& Mech. Eq. 9%

Miscellaneous 9%

Gov't Adm. 4%

Chemical 4%

Financial Inst. 13%

Paper & Pub. 9%

14/16

# SLOVAKIA

## INDUSTRIAL/COMMERCIAL SECTOR

Construction 3%

Textiles, Gar. 16%

Mach.& Mech. Eq 22%

Marketing Org. 6%

Agr.& Food Pro. 6%

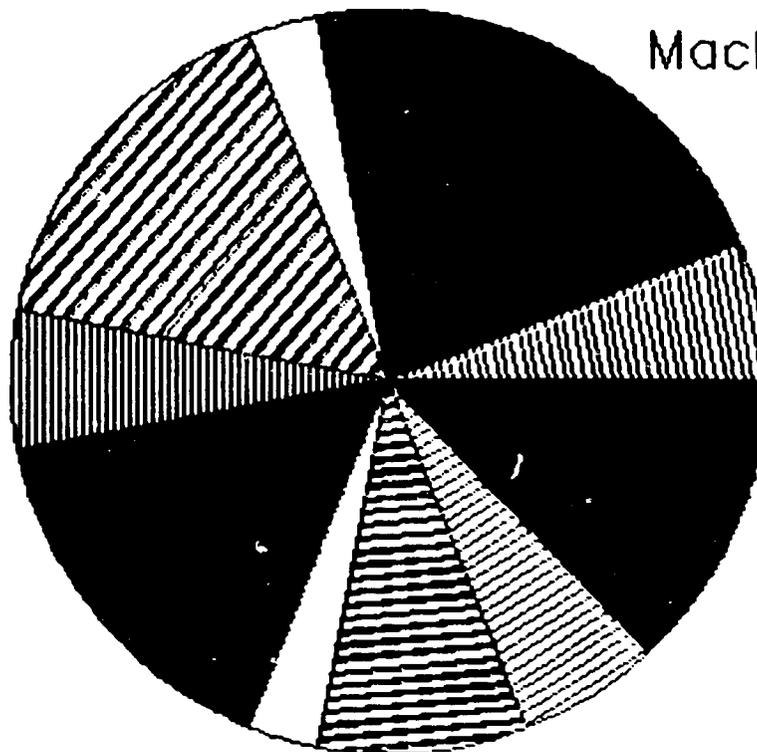
Chemical 16%

Miscellaneous 13%

Min.& Metal 3%

Gov't Adm. 6%

Health, Ed. 9%



# YUGOSLAVIA INDUSTRIAL/COMMERCIAL SECTOR

