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QUARTERLY PROGRAM PERFORMANCE REPORT
FOURTH 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 fourth quarter 1992 covers: Albania, Bulgaria, Czech and Slovak Federal Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovenia. As of September 1992, the office in Belgrade was closed. Activity in Croatia is on hold due to the political situation and operations have been reactivated in Slovenia.

In November, IESC Stamford hosted a week long Trade and Investment Services Training Workshop for the TIS Country Director Assistants in Central and Eastern Europe. The workshop provided the CDA's an overview of IESC's multiple business services and in-depth training regarding the planning and running an effective TIS program. One day of the workshop was devoted to the Project Officers and respective CDAs visiting businesses and clients involved in the sectors active in their countries.

During 1992, the Defense Conversion Program was established, evidence of IESC's flexibility and ability to respond quickly to the various needs in Central and Eastern Europe. Two IESC teams of advisors are located in Warsaw and Bratislava, and have provided detailed technical assistance, as well as invaluable trade and investment services to many of the defense industries located in their area of assignment. Already one transaction has been recorded in Bratislava and there are several more potential transactions being discussed.

According to current available figures, IESC VEs completed 129 projects (TA and TIS) in Central and Eastern Europe and the Baltics during the fourth quarter 1992. The total number of completed projects since the inception of the program is 560. In addition, there are currently 185 projects in the recruitment or active stages in the region. (This figure does not include the 17 projects that are on hold in Croatia)

IESC's Trade and Investment Services group is actively pursuing leads that will result in transactions (joint ventures, co-ventures, etc.) 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.

Since program activities began, 21 transactions have been completed including 7 during this quarter. Eleven sector surveys have also been completed this year in such diverse areas as food processing, pharmaceuticals and printing distribution. Ninety-three ABLE studies, providing valuable market information to C&EE and Baltic companies, have also been performed by IESC this year.

II. INTRODUCTION

This program performance report is inclusive of all IESC program activity in Central and Eastern Europe and the Baltics from October 1, 1992, through December 31, 1992, and financial considerations for the year. Section III is a description of the financial considerations for the quarter. Section IV describes several typical Technical Assistance projects that took place during the quarter. Section V gives an overview of the Trade and Investment Services activity and Section VI gives a similar overview of Defense Conversion activity in the region, followed by a conclusion to the report.

Attachments include 1) a chart of funding obligations and expenditures and available funds 2) project summaries for Technical Assistance projects completed during previous quarters.

III. FINANCIAL CONSIDERATIONS

This report contains financial information for the end of the year 1992. The information is based on unaudited figures and is our estimation of expenses for the year.

IESC carried out 360 projects in the region in 1992, 321 in C&EE, and 39 in the Baltic States. Transportation costs, including Enroute expenses, for the Volunteers totaled $1,743,179 in CEE and $180,934 in the Baltics. Subsistence for Volunteers was $1,342,556 in CEE and $136,390 in the Baltics. Recruiting costs totaled $586,300 for CEE, and approximately $72,000 for the Baltic States.

Field Support and Country Director expenses totaled $2,202,453 for CEE, and $351,930 for the Baltic States. ABLE report costs totaled $115,454 for CEE, and $4,357 for the Baltics.

The funding provided by AID for the period February 1992 to February 1993 was insufficient, as expected. In November 1992 AID provided an amendment to cover the shortfall of $1,288,700. Attachment 1 shows a summary of the obligated, expended and available amounts, both with and without Defense Industry Conversion.

IV. PROGRAM ACTIVITY - Technical Assistance

IESC Technical Assistance projects continued to grow in number during the fourth quarter, with 118 projects completed in a wide range of industrial and functional areas. Examples of areas in which IESC provided assistance include marketing, privatization, tourism, finance and banking assistance. We include here examples from three countries, and project summaries are enclosed as Attachment 2.

Bulgaria: Sofia Commodity Exchange (SCE)
The SCE established in 1991, is the first and largest commodity exchange in Bulgaria. The client requested assistance in training commodity brokers, providing information and assistance in the fields of futures and options trading, and portfolio analysis. The VE responded by providing the client with numerous publications and training materials as well as training brokers in all aspects of commodity exchanges and clearing houses. Working with the client's legal advisor the VE assisted in the development of systems and rules regarding legal and regulatory problems specific to the market. Extensive assistance was also provided in the area of public relations. The Country Director, Anton Andonov noted that "The project was definitely a success... The SCE, as a pioneer component of the market economy will serve to accelerate Bulgaria's further transition to a market economy." The client commented that, "the literature and discussions provided by the VE have been very beneficial, and have already resulted in a positive contribution to the educational efforts and rules governing the exchange."

Poland: Voivodeship of Gdansk
The client is a group of four governments from a region centrally located in Poland's Gdansk province that have requested the assistance of a team of VEs to perform an in-depth study of the possibilities for regional development, restructuring local industry and developing tourism and recreation in the region. The VE proceeded by touring the region and developed a tourist guide and urban development program for each of the towns. A program to revamp the curriculum at the Hotel and Tourism School in Gydnia was developed, as well as four projects involving the refurbishment of three hotels. A feasibility study was prepared concerning the construction of a world-class, year round, lakeside resort. After the project the Country Director commented "The project was very successful in spite of the broad scope of the assistance requested... and established a work plan for the next VE to come."

Latvia: Lignates Paper Manufactory
A state owned factory that manufactures various types of paper has requested IESC assistance in renewing the production of paper with watermarks. The VE met with officials from the mill, and discussed some of the client's problems and goals. From these discussions, he determined that it would be necessary for the client to develop grades of paper that can be used for currency and/or officia l documents in order to obtain a greater market share and to expand their present business. The VE was able to locate the machinery that makes watermarks and after a number of trials was able to achieve a good quality watermark for the paper. Noting that a good quality paper is a precursor for a good quality watermark, the VE also devoted a good deal of time to improving the overall quality of the client's paper. He provided numerous technical recommendations for each of the client's processing machines, and discussed various quality related topics. Country Director Jurjevs noted " The project was highly successful. The client has already begun to mass produce a paper with watermarks. Due to high demand for watermarked paper....the client will be able to not only survive, but increase their production."

V. PROGRAM ACTIVITY - Trade and Investment Services

IESC's Trade and Investment Service Group for Central and Eastern Europe provides a variety of services and has developed a wide range of clients both in the United States and in Eastern Europe. The offices in Central and Eastern Europe are staffed by nationals, with contact in government and financial circles, and have an understanding of the local business and commercial enviornment. At IESC headquarters in the U.S. the Project Officer, has coutnry specific expertise and the ability to identify and introduce overseas and U.S. clients interested in trade and investment.. Program activities used to generate clients both in the United States and in the various Central and Eastern European Countries include trade show representation, sample distribution and product marketing, industry sector surveys and partner searches.

As mentioned in the executive summary, 20 transactions have taken place since the inception of the program. This quarter, transactions include, a switch gear joint venture in the Czech Republic, and a tractor components joint venture in Poland.

In addition, 11 sector surveys and 151 ABLE studies have also been completed since the beginning of the program. Project Officers in Stamford and their counterparts in Central and Eastern Europe have used information from the ABLE reports and sector surveys to generate clients and eventually facilitate transactions. A substantial portion of the leads however, have been identified by the 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 Eastern European and Baltic States clients follow.

Bulgaria: Survey of Bulgarian Wineries
In November, a sector survey on seventeen Bulgarian wineries was completed. The volunteer executive who conducted the survey assessed the market, as well as each participating company and identified specific company and product opportunities for trade and investment in Bulgaria. The survey findings and recommendations will be used to encourage the export of Bulgarian wines to the U.S. and elsewhere, and to promote U.S. investment in Bulgarian wineries and vineyards. The Project Officer worked with the volunteer to formulate a U.S. follow-up strategy and target three "prime importers" as candidates to import Bulgarian wines.

Czech and Slovak Federal Republic: Switching Gears Joint Venture
In December, 1992, CSFR obtained a joint venture agreement between B.S.G. of Germany and Metra Balnsko of CSFR (a subsidiary of Raytheon, USA). The joint venture is a result of the CSFR Project Officer and Prague office's cooperation in the facilitation of meetings with B.S.G. and four electronic companies in CSFR. B.S.G. selected two of the companies and requested quotes for a variety of equipment. Upon the selection of Metra Blansko, B.S.G. shifted to CSFR the manufacturing of manually

mounted assemblies in the amount of DM 25 million per annum. The shift in production will allow B.S.G. to concentrate on the manufacture of sophisticated large-series production and allow Metra Blansko to assemble printed circuit boards. The total amount of this transaction is estimated at $15.5 million USD and saved 60 Czech and Slovak jobs.

Estonia: American Car Dealership
In October, 1992 the "Baltic-American Auto Company" in Estonia approached IESC for help in establishing a direct dealership. An IESC Volunteer Executive assisted the Estonian company in developing their business plan and strategy. The Stamford based Project Officer then identified an interested U.S. firm, Chrysler, and arranged a visit to Estonia by Chrysler's European representative. The Project Officer assisted in the negotiations between the two parties. As a result Chrysler is in the final stages of signing an exclusive sales agreement with the Baltic-American Auto Company, closure is expected in early January 1993. One hundred and fifty U.S manufactured vehicles are estimated to be sold in the first year ($3,250,000 in cars and $50,625 in parts).

Hungary: Investment in Marble Manufacturer
The Stamford based Project Officer and his TIS counterpart in Budapest have been serving as intermediaries for two foreign companies interested in acquiring an equity stake in an IESC client, a Hungarian marble products manufacturer. The general partner of one of these companies traveled to Hungary in October and met with the Hungarian marble manufacturer; the PO's TIS counterpart accompanied the U.S. businessman to the client enterprise and aided in the negotiations. The IESC TIS representative in Hungary has been working with the consultant overseeing the Hungarian marble company's privatization.

Latvia: Sale of U.S. Pharmaceuticals
During the Fall of 1992, IESC conducted a sector survey in the pharmaceutical/health care sector, assisting multiple clients. The Grindex, the second largest pharmaceutical manufacturer in Latvia, was identified as in preparation for privatization and in need of a Western partner. Through an extensive search in the U.S., a Massachusetts based company, Coply Pharmaceutical, Inc., was located and introduced to the Latvian firm. As a result, Coply Pharmaceutical visited Latvia, and signed a joint manufacturing agreement. As an initial step, the U.S. firm sold aspirin and vitamins ($80,000) for consumption in Latvia and is optimistic about their future cooperation.

Lithuania: Tourism Development
A tourism sector survey was done in Lithuania, following similar surveys in Estonia and Latvia, in order to develop a productive tourism program capable of creating foreign exchange earnings and creating new jobs. IESC volunteer executives designed a marketing/promotion program for the Lithuanian Tourism Board; surveyed Lithuanian

hotels and identified those with potential for development by international chains. The volunteers also wrote a proposal for establishment of a Baltic Airline. In a combined effort the Project Officer and Volunteer Executives are utilizing the sector surveys to provide the tourism industry in the Baltics States with much needed assistance. A familiarization trip for U.S. travel magazine journalists to the Baltic states is being planned for May 1993.

Poland: Joint Venture Tractor Components
Through the efforts of an IESC Volunteer Executive and Project Officer for Poland a letter of intent was signed in October between Polish Company Agromet Kunow and U.S., Sears Manufacturing Co. The Volunteer Executive traveled twice to Poland to assist Agromet and facilitate a meeting with Sears. The negotiated agreement highlights a joint venture partnership entailing the manufacture of tractor components for the Polish market.

Romania: Accessing Agribusiness Funding
The IESC Project Officer for Romania attended a meeting held by members of the World Bank . The meeting focused on the problem of disbursement of funds ($170 million) made available by the World Bank and EBRD to support Romanian agribusiness. IESC foresees doing several projects designed to train both Romanian banks and Romanian firms about the loan application process. For some firms interested in accessing credit, IESC volunteers would help prepare business plans. The World Bank is interested in giving credits to firms that form joint ventures with U.S. and other foreign firms. TIS Romania will take an active role in facilitating contacts on behalf of the Romanian companies.

VI. DEFENSE CONVERSION

IESC's Defense Conversion program was set up in May this year to respond to the need for defense industries in Central and Eastern Europe to change production and find new markets in the west. The program provides two Defense Conversion teams, one in Warsaw and the other in Bratislava on year long assignments in an effort to seek joint ventures or other investments which will result in the conversion of the defense production facilities to civilian private sector production.

Program Summary- Slovakia
Since arriving on site in early May 1992, the IESC Defense Industry Restructuring Team determined that most of their activity would have to be concentrated at the plant level in the regions of Martin, Dubnica and Detva, areas in which there are large concentrations of defense plants.

During the first half of the defense industry restructuring project, the team has worked with 14 businesses and research institutes, affecting 60,000 workers. The team expects to continue its work with these entities and expand to additional locations in the coming months.

The work of the team has resulted in supplemental IESC project activity. Three projects were funded by the program at ZTS Martin and has provided much needed assistance in organization, financial control and marketing areas. In another supplemental project, an IESC, U.S. based Volunteer is pursuing follow-up activity with several U.S. companies interested in forming business relationships with Slovak firms.

The team has identified areas in which additional U.S. assistance would benefit Slovak industry leading to a AID funded survey of the Forge/Foundry sector conducted by KPMG.

TIS Activity Highlights- Slovakia

Specific opportunities for mutually-beneficial business activities between American firms and Slovakian firms have been identified by the Bratislava Team. For example, the team assisted the visit of a Massachusetts trade mission to the Slovak Federal Republic which was chaired by the Governor of Massachusetts. They arranged meetings between representatives of the Raytheon Corporation (who participated in the trade mission) and the management of ZTS Martin, which resulted in the signing of a Memorandum of Understanding for the conversion of Martin's T-72 tank production line into a facility for manufacturing road pavers for the Eastern Europe and Middle East markets.

The IESC team has also been instrumental in assisting in the formation of a business relationship between ZTS Dubnica and Dynapower-Stratopower, a Charleston, South Carolina based firm. Dubnica's hydrostatic transmission equipment is being tested by Dynapower and test results are expected shortly. A continued relationship is envisioned for these two enterprises.

In another effort, the team has assisted PPS Detva in improving its relations with their U.S. licensor, Cannon Engineering Technologies, by advising Detva to accept more equitable terms for their relationship. The IESC effort has also lead to meetings for PPS Detva in Asia. Mr. Anthony Liu, President of Cathay Consolidated, Inc. had been authorized by PPS Detva to represent them in Thailand, Cambodia and the Peoples Republic of China. PPS Detva's participation in an $8.5 billion highway construction program in the Peoples Republic of China is currently under discussion.

Program Summary- Poland

The IESC resident advisors have worked extensively with 10 enterprises, 8 of which have made efforts to undergo privatization. These plants include PZL Wola, Dezamet, Polskie Zaklady Optyczne, Warzawa II, PZL Kalisz, Warel, Kasprzak, Mielec, Zachem-Nitrochem, Unimor and Radmor. The IESC advisors enjoy close relationships with

pertinent staff members of the U.S. embassy and have kept U.S. officials informed of their diverse activities. The defense conversion advisors have reported that many of the changes they have recommended to their Polish clients have been implemented and results have become more and more apparent.

The IESC defense conversion advisors in Poland have worked closely with the Polish Ministry of Industry and Trade and have been asked to concentrate on the PZL Kalisz plant. Therefore, an IESC Volunteer has been recruited to supplement the defense conversion advisors' work at Kalisz. The defense conversion advisors are conducting market analysis and developing a maketing plan to effectively promote Kalisz's aircraft engines. The IESC Volunteer will work to prepare marketing materials for the sale of PZL Kalisz's aircraft engines. The IESC defense conversion advisors have arranged for Kalisz to obtain a $76,500 grant from the Polish American Enterprise Fund which will allow Kalisz to conduct a sales mission to the U.S. Enough funds have been provided for the development and printing of marketing materials and to provide training to Kalisz's management. Potential Western partners have also been identified.

In another activity, the IESC defense conversion advisors have requested a supplemental Volunteer to enhance the work they have done with the Warel firm. The IESC volunteer will work to organize Warel around a Western styled profit/cost center. The advisors have noted that preparation of a 1993 profit plan is a real possibility, especially if the advise of the IESC team to cut costs is heeded.

TIS Activity Highlights- Poland

The defense conversion resident Advisors, with the support of IESC's Stamford-based trade and investment staff, has assisted the Warel communications company in ongoing negotiations with Western firms who have expressed interest in Warel's radio communication equipment. Potential partners include Motorola, Ericson, Kenwood, TransWorld and the BBC. In addition, Fiat has contacted Warel about cooperating in the production of electronic parts for a facility it is planning to build in Poland.

IESC had arranged for representatives of the Zenith Corporation to attend a conference in Warsaw in February in electronic passive components and various meeting have been arranged between the Zenith representatives and the advisors' client firms. Also, IESC is helping to plan a visit by a representative of the Harris Corporation to Poland. The advisors have arranged for the Harris representatives to meet with several electronic firms.

VII. CONCLUSION

IESC's program in Central and Eastern Europe began in October, 1990 and in a short period of time has been able to effectively assist hundreds of businesses, organizations and government entities in a variety of areas, from marketing and production to privatization and regional development. Overall the Trade and Investment Services

Group has generated 20 transactions and 6 of these occured during the fourth quarter; a strong indication of the momentum the program is building. The TIS group anticipates a number of transactions in the future due to the interplay of IESC's Multiple Business Services and numerous "hot leads" in the pipeline.

The technical assistance program has also been gathering strength as reflected in the 327 project starts in 1992. Country Directors have made great strides in marketing IESC's Multiple Business Services in their countires and fulling the needs of clients. The rapid development and implementation of the Defense Industry Conversion program has already proven valuable to the countries involved. The success of the combine efforts of the DIC and TIS programs is exemplified in the $1.5 milllion dollar joint venture between B.S.G and Metra Blasko (for details refer to section V). The staff of the Central and Eastern European Program is hopeful that the enforced slowdown of the program due to audit problems in other areas of IESC will be lifted shortly so that the growth and success of the program is not unduly hampered.

FUNDING OBLIGATIONS AND EXPENDITURES

Quarterly Program Performance Report to AID
Fourth Quarter 1992

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

Obligation Summary

Initial Award: 10/11/90 – 2/20/92	$5,365,600	
Amendment 2: 9/30/91 – 12/31/92 (Baltics only)	$949,000	
Amendment 3: 2/21/92 – 2/20/93	$5,355,000	
Amendment 4: 5/15/92 – 5/31/93, DIC*	$1,200,000	
Amendment 5: 11/24/92 – 2/93	$1,288,700	
Total Obligation excluding DIC		$12,958,300
Total Obligation including DIC		$14,158,300

Expenditures

10/90 – 12/31/91	$4,685,900	
1/1/92 – 12/31/92 (Estimated)	$6,735,553	
1/1/92 – 12/31/92 (Estimated) DIC	$350,000	
Total Expenditures to 12/31/92 excluding DIC		$11,421,453
Total Expenditures to 12/31/92 including DefConv.		$11,771,453

Funds Available

1 Excluding DIC, 1/1/93 – 2/20/93	$1,536,847
2 ONLY DIC, 1/1/93 – 5/15/93	$850,000

*DIC = Defense Industry Conversion Activities.

ALBANIA

SUMMARY OF IESC PROJECT 21806

STARTED: March 5, 1992
COMPLETED: March 23, 1992

CLIENT; ASSISTANCE REQUESTED:
Eksimagra
Tirana, Albania

The client is a government-owned foreign trade organization which deals exclusively in the import/export of agricultural products. They have been operating according to a state-implemented plan which includes fixed prices.
OBJECTIVE: They are in the process of privatization and have requested assistance in learning to operate efficiently and profitably in a market economy.

EMPLOYEES: 76

IESC VOLUNTEER EXECUTIVE:
Harold W. Young
Greenville, Florida

VE Young has extensive experience in the fields of agricultural and horticultural science. He holds a Ph.D. from Ohio State University and has been employed as an assistant horticulturalist at both the **University of Georgia** and the **University of Florida**, where he rose through various positions to become director of the **Agricultural Research Center at Gainesville.** Additionally, VE Young spent two years at the **Institute Agronomique et Veterinaire Hassan II** in Rabat, Morocco, and served as program specialist on a World Bank project in Indoneisia. **This is VE Young's second IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Young found that the client was already operating as a private company. He observed that although they are presently experiencing a dramatic decrease in sales due to the upheaval caused by the privatization of farms, the staff is very experienced and dedicated to the company's success. Because of a time shortage, the client and the VE agreed that the client's interests would be served best by concentrating on the diagnostic aspects of the client's operations, primarily the development of an in-depth rationale for this enterprise's present and future organization and operation.

Consequently, VE Young prepared a comprehensive feasibility study, to be used in applications for foreign and local credit assistance. He also provided the following observations:

- The decline in farm production is a direct consequence of the lack of money for inputs such as seed and fertilizer.
- The decline in imports is due to the inability of the populus to buy consumer goods.
- The past use of rented refrigerated trucks has resulted in high costs, excessive damages and waste. Funds which are urgently needed for the purchase of these trucks may be obtained through the formation of a joint venture with a foreign company or a credit purchase of the needed vehicles.
- As Albania presently imports American goods, and produces goods suitable for export to American markets, a new trade agreement should be negotiated.
- The current level of Albanian agricultural technology is good, but Eksimagra must continue to assist the farmers who are under their contract, in obtaining the best available agricultural technology.
- Increased agricultural production is needed in Albania to supply present export demand.

Country Director Sino commented, "The VE worked to come to a full understanding of the client's present organization... He advised the client's board of directors on how to start working independently, and on how to create good relationships with the producers. The reorganization of Eksimagra will enable the independent agricultural producers to buy, sell, and export goods."

HAYES 9/4/92 PUBLICITY PERMITTED RCTR: BLAIN CODE "0"
2066E

SUMMARY OF IESC PROJECT 21875

STARTED: April 14, 1992
COMPLETED: May 12, 1992

CLIENT: ASSISTANCE REQUESTED:
Mechanical Workshop of Farm "17 Nentori"
Tirana, Albania

The client repairs mechanical agricultural machinery and equipment such as tractors, motocultivators, and combines. They are presently a division of a state-owned farm, which will soon be dissolved. In addition to having no experience with operations in a service-oriented economy, most of the client-farm's equipment is obsolete, having been used or imported from the former Soviet Union, GDR, and China.

OBJECTIVE: To reorganize and streamline operations in preparation for privatization and function in a market economy. EMPLOYEES: 168

IESC VOLUNTEER EXECUTIVE:
Harlan W. Van Gerpen
Cedar Falls, Iowa

VE Van Gerpen is highly experienced in the design and manufacture of farm equipment. He was employed with **John Deere and Co.** for over 35 years, specializing in updating old-fashioned farm equipment into usable modern equipment. He has experience in both factory line and engineering design jobs and currently holds seven patents.

IESC ASSISTANCE RENDERED:

On his day of arrival in Albania, VE Van Gerpen found that the recently elected democratic government had taken office the previous day. He noted that no laws were in place and that it would be at least a year before legislation relevant to the privatization of the client's activities was finalized. Nevertheless, the VE spent the first two weeks reviewing the overall operation and maintenance records of the mechanics section. From these studies, he prepared a business plan which embodies the principal assistance rendered. VE Van Gerpen commented, "This will be useful in obtaining financing when privatization occurs, and also to provide some assurance that the business may operate with some profit." The plan is written to suggest a number of options on how the client may proceed in areas such as marketing, organization, sales promotion and warranties. The appropriate option can be selected when the initiative is implemented.

The VE also rendered assistance/recommendations in the following areas:

- Streamlining operations by reducing employment from 168 to less than 50.
- Increasing salaries as profitability increases.
- Enlarging work areas for tractor repair and service.
- Acquisition of more equipment for the tractor repair/service area.
- Established a training program for mechanics and drivers to be used in daily servicing capacities.
- Reviewed equipment repair records to determine currently needed repairs.
- Increased overall efficiency by reviewing and comparing records of "busy" versus "slack" seasons.
- Established the need for new tractors, and studied the feasibility of obtaining and selling or renting new tractors.

Country Director Sino commented, "The VE managed to change the mentality of the people at the mechanical center so that they could establish a successful business and assist in Tirana's agricultural development... This project will also benefit the factories that produce spare parts for tractors and combines. The farm president commented, 'I have never heard such practical suggestions and advice... I will always be grateful to Mr. Van Gerpen for his help, and to IESC for sending us an expert."

HAYES 9/22/92 PUBLICITY PERMITTED RCTR: OTT CODE "0"
2160E

SUMMARY OF IESC PROJECT 21876

STARTED: May 5, 1992
COMPLETED: May 28, 1992

CLIENT: ASSISTANCE REQUESTED:
Savings Bank of Albania
Tirana, Albania

The client is a newly created savings bank which holds deposits for its customers in 27 branches located throughout the country. Currently, Albania is in transition to an open economic and political system, a process which necesitates numerous changes in its banking institutions.
OBJECTIVE: To assist the client in its conversion to a universal banking system through the implementation of various strategies used in a market economy.
EMPLOYEES: 700

IESC VOLUNTEER EXECUTIVE:
Jerald C. Newman
North Woodmere, New York

VE Newman has 20 years of experience in the field of banking. He began his career with **National Westminster Bank** as assistant to the president and director of personnel. Subsequently, the VE was employed at **Bank Leumi Trust Company** as executive vice president. He then moved on to **Bowery Savings Bank** as president, chief administrative officer, and trustee. Through his work in these positions VE Newman has gained essential experience in banking organization, commercial lending, branch administration restructuring, organization of commercial services and the development of new income producing services. His responsibilities included the recruitment and training of officers, establishment and expansion of branch systems, product development, and strategic planning and execution. **This was VE Newman's second IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival in Albania, VE Newman found that the bank was in the start-up stage. Such conditions require the training of employees in various functions, creation of appropriate controls, and acquisition of timely information for management. Consequently, he provided the following assistance:

- Prepared an organization chart and reported the proposed changes to the chief executive officer and headquarters personnel.
- Counselled department managers on their functions and the division of duties. He also proposed the creation of new departments.
- Established credit criteria for interest rates, terms and approval processes.
- Set-up the procedures and equipment required for dealing with counterfeit currency.
- Contacted U.S. banks to initiate correspondent relationships and promised to follow-up on this activity upon his return to the U.S.
- Discussed with bank management several new market opportunities in foreign exchange operations which are available in Albania.

VE Newman feels confident that this project will guide the Savings Bank of Albania in their expansion of customer services while protecting their own assets. Properly trained employees and constructed procedures could **save at least 1,000,000 USD** in probable loan losses **and an additional 50,000 USD** in losses due to acceptance of counterfeit currency.

Country Director Sino commented, "This project was successful in preparing the documents and processes which are necessary to start-up a new bank. Altering banking operations according to market economy practices will contribute greatly to the Albanian economy. The client added, 'VE Newman helped us change our bank system from that of a centralized market to a free market. He also prepared documents which will allow us to expand our operations.'"

HARKLESS 1/29/93 PUBLICITY PERMITTED RCTR: St. John CODE "O"
2584E

SUMMARY OF IESC PROJECT 21931

STARTED: June 9, 1992
COMPLETED: June 20, 1992

CLIENT; ASSISTANCE REQUESTED:
Ministry of Foreign Economic Relations
Tirana, Albania

The Ministry's main activity is the coordination of trade agreements with foreign countries.
OBJECTIVE: The client requests IESC assistance in reorganizing the Ministry to function in accordance with a market economy.

EMPLOYEES: 70

IESC VOLUNTEER EXECUTIVE:
Thomas R. Byrne
Palm Coast, Florida

VE Byrne retired as a U.S. Ambassador after having spent 23 years in foreign service with the **U.S. Department of State.** Since retirement he has remained active, forming **Byrne International Associates,** a consulting firm, and then joining a non-profit organization called **Private Agencies Collaborating Together** (PACT). This organization worked to promote micro-economic development by focusing on small business formation and reorganization, credit programs, education and training, and by working through programs funded by member companies, USAID, the United Nations, the EEC, and local and national governments.

IESC ASSISTANCE RENDERED:

VE Byrne gained a clearer understanding of the Ministry's structure and responsibilities under the former centralized economy through extensive discussions with the Minister, Vice Minister, and senior staff. These discussions also provided a forum in which the VE could introduce the staff to market economy concepts and approaches, and gave the client and the VE ideas for further adaptations to be considered in the restructuring.

The fact that much legislation related to privatization is still pending has caused much uncertainty as to what shape and responsibilities the Ministry will take on. A special concern was the potential overlap of duties with other ministries (i.e. investment and export authorities). Nevertheless, VE Byrne did provide a plan for reorganization with an organizational chart and staffing suggestions He felt that implementation of his recommendations would enable the Ministry to carry out its responsibilities in a market economy.

The VE noted that implementation of the plan would take a considerable amount of time, but listed achievements which would indicate the project's success: effective operation of trade and related legislation; an increased rate of privatization; improvements in exports; obtainment of desired investments; implementation of an economic development plan; reorganization of commercial foreign service; and operation of a business advisory service.

Country Director Sino commented, "VE Thomas Byrne explained to the Minister and Vice Minister the new concepts on which the restructuring of the Ministry is based. The final discussion was very important and both parties agreed with the VE's proposals. The client added, 'We are so satisfied with the VE's help, especially his preparation of a strategy for the Ministry's reorganization.'"

REIMER 10/21/92 PUBLICITY PERMITTED RCTR: MOYER CODE "0"
2237E

SUMMARY OF IESC PROJECT 22036

STARTED: April 23, 1992
COMPLETED: May 20, 1992

CLIENT: ASSISTANCE REQUESTED:
Albanian Television
Tirana, Albania

The client is a non-profit station founded by the Albanian government in 1964 as a tool to spread Communist propaganda. Now their goal is to foster the development of independent television in Albania, and thus advance the cause of democracy. However, they still rely on state funding.
OBJECTIVE: To assist in the transformation of a government-controlled television station to an independent broadcaster.

EMPLOYEES: 380

IESC VOLUNTEER EXECUTIVE:
Homer Lane
Phoenix, Arizona

VE Lane spent his entire 38-year career in the broadcasting industry. Prior to his retirement, he worked as station manager of KOOL-TV, a station affiliated with **CBS**, in Phoenix, Arizona. He also served as the general manager, executive vice president and treasurer of the parent company which owned several radio and television stations in Arizona, but his primary responsibility remained managing KOOL-TV. He has been a member of several broadcasting committees and is highly respected with a national reputation.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Lane found that as the client was accustomed to receiving all direction from the government, they needed basic instruction in nearly all aspects of running a television station. In order to address these very basic needs, he rendered the following assistance:

- Drafted a new staff structure with an organizational chart.
- Established a system for audience research.
- Suggested several methods to improve the news presentation, including commentary, editorial opinion, and an extra hour of **CNN** broadcasting each day.
- Arranged for the acquisition of demonstration tapes of the **Oprah Winfrey Show** and **Donahue** to be used as examples of local productions.
- **Established contact with an American company** to represent the client in the U.S. for the sale of commercial time on Albanian television.
- Explained the functions of a sales department and left the client books on the subject.
- Discussed the philosophy involved in negotiating with trade unions and all other employees.

The VE addressed each item on the work plan except for reviewing the station's equipment, which he thought should be left to a technical expert. He also suggested that the client **apply to IESC for assistance with technical equipment, television sales and television journalism.**

Country Director Sino commented, "The client wanted to be independent but did not know where to start. The VE was successful in developing a new strategy so that the client could work independently, and in suggesting ways to improve the news and other programs."

REIMER 9/24/92 PUBLICITY PERMITTED RCTR: THURSTON CODE "O"
2173E

16

SUMMARY OF IESC PROJECT 22686

STARTED: September 18, 1992
COMPLETED: October 19, 1992

CLIENT: ASSISTANCE REQUESTED:
Polytechnic University of Tirana
Tirana, Albania

The client is a technical university which has recently begun reorganization according to modern educational concepts.

OBJECTIVE: To include new concepts in teaching technical courses, the client has requested assistance for their teachers in the form of short seminars on computer aided design (CAD) and engineering concepts and perspectives. **They have received prior IESC assistance in project 21873.**

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
William F. Luebbert
Hanover, New Hampshire

Since his semi-retirement, VE Luebbert has been executive director of the **Computer Literacy Institute.** He assisted in developing a computer curriculum for the School of Lifelong Learning at the **University of New Hampshire.** VE Luebbert has also been involved in setting up and training senior personnel for the **United States Army's** audiovisual/instructional technology and computer-aided design engineering programs. Additionally, he taught at **Dartmouth College** for several years and worked as chief of technical staff for management information systems for the Army Signal Laboratories. From 1961 to 1975, VE Luebbert worked as **West Point's** director of computing and educational technology. **This is VE Luebbert's second project for IESC.**

IESC ASSISTANCE RENDERED:

Prior to VE Luebbert's departure for Albania, the project scope was broadened to include evaluations of introductory engineering courses in the first two years of the curriculum, the computer curriculum, and computer support for the total curriculum.

Upon arrival in Tirana, VE Luebbert met with the University deans and discussed the changes in the project. Originally, he had planned to teach a two-week seminar on CAD, but the project was extended to a month to include other faculty seminars for their regular four-year curriculum.

The VE noted that whereas in the past, the students had been assigned a major, they were now allowed to choose their own field of study. He recommended that this change should be accompanied by the implementation of a strong, general two-year core curriculum. Such a program would produce well-rounded engineers rather than strict specialists who, in the coming years might find employment increasingly difficult in a rapidly changing Albanian market. Further, VE Luebbert found that the use of computers at the University was completely new, and that in order to provide adequate facilities to teach CAD and other important computer skills, 600 computers would be needed. Despite difficulties such as bureaucratic resistance, he developed an agreement with **IBM** to provide computers and general faculty instruction on using and teaching computer graphics methods.

VE Luebbert also provided the following additional assistance:

- Proposed a program for all engineering students in the first two years of study and developed a course to introduce students to the nature of engineering.
- Discussed overall computer support for the entire University including assistance with the informatics curriculum; advised on computer resources, particularly for the informatics and CAD courses; the best way to adapt existing grants to obtain needed equipment; minimum functional capabilities needed to meet their specific needs; and advised on how to obtain the maximum utility from a limited amount of equipment.
- Advised on the informatic and information systems, general/industrial engineering, engineering economics, and "goal-oriented approaches to engineering" curricula.
- Recommended ways to encourage the faculty to hold a more positive attitude toward their role as educators.

Country Director Sino commented, "VE Luebbert completed this project very successfully, providing much more assistance than was expected from the client. The client added, 'VE Luebbert was very well prepared. As a result, within a very short period of time he forwarded a program beyond our expectations... Having strong confidence in him, we gave him complete authority to perform technical discussions/negotiations with with IBM on the computerization of the University... We want to once again thank IESC for the very qualified experts.'"

HAYES 1/5/93 PUBLICITY PERMITTED RCTR: HAZLEHURST CODE "0"
2479F

BULGARIA

SUMMARY OF IESC PROJECT 21596

STARTED: November 11, 1991
COMPLETED: November 23, 1991

CLIENT; ASSISTANCE REQUESTED:
Center for the Study of Democracy (CSD)
Sofia, Bulgaria

The client is an independent research and policy analysis organization which carries out educational and publication services, opinion polling, and various specialized research programs.
OBJECTIVE: The center would like to establish a new multimedia center to serve Bulgaria, Albania, Romania and Yugoslavia. The request for assistance includes broad conceptual development recommendations for the center and its draft proposal.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
B. Dale Davis
Cape May, New Jersey

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

IESC ASSISTANCE RENDERED:

Upon VE Davis' arrival, it appeared that plans for the proposed multimedia center would consist of training and broadcast facilities for radio and television, as well as training and shop facilities for the print media. It would serve as a facilitating organization for access to existing international electronic data and news services.

VE Davis worked with the center's director, key staff and another IESC volunteer, Harrie Lewis (of IESC project #21056) whose role overlapped his own. VE Davis proposed staffing for the center (i.e. executive director, advisory board, etc.) and a separate fundraising concept and the directions with which to proceed. He visited the five-acre site where the media center is to be constructed and informally surveyed architectual possibilties. VE Davis also discussed the the Media Center project with major U.S. communicators and the U.S. Ambassador, whose reactions were enthusiastic. As an observer and participant, VE Davis attended a major multi-nation communications conference, co-sponsored by CSD and the Center for Strategic Studies in Washington, D.C. Afterwards, VE Davis stated that he felt the CSD media center project has inspired other Balkan countries to plan meetings in their own countries.

Country Director Andonov commented, "Very successful project; the VE did his best. The multimedia center (will provide) great value to the economy. Bulgaria has just started to reconstruct its telecommunications system which is very important to Bulgaria's economy, trade and policy."

RYAN 02/05/92 PUBLICITY PERMITTED RCTR: Thurston CODE "O"
1387E

19

SUMMARY OF IESC PROJECT 21631

STARTED: April 14, 1992
COMPLETED: April 27, 1992

CLIENT; ASSISTANCE REQUESTED:
Center for the Study of Democracy (CSD)
Sofia, Bulgaria

The client is an independent organization involved in research and policy analysis. The center carries out educational and publication services, opinion polling and various specialized research programs. The overriding goal of these services is to assist in the transition and stabilization of democracy in Bulgaria.
OBJECTIVE: The client is preparing plans for a politically independent multimedia center to serve Bulgaria, Albania, Romania, and Yugoslavia. They have requested the assistance of a VE to assess the technical, organizational, and financial feasibility of such a multimedia center, and if appropriate, to form a draft proposal for it. **This client has received previous IESC assistance in projects 21048 and 21056.**

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Bernard S. Redmont
Brookline, Massachusetts

VE Redmont is an award-winning former foreign correspondent, broadcaster and news executive with more than 40 years of experience. He has worked in 55 countries for newspapers, news agencies, magazines, radio and television, including several years with **CBS**. He currently serves as Dean Emeritus of the **Boston University College of Communication** after serving there for seven years as an active dean and professor.

IESC ASSISTANCE RENDERED:

VE Redmont advised the client on its plans for the establishment of a multi-media center to serve Bulgaria, Romania, Albania and Yugoslavia, concentrating on providing organizational, technical and managerial assistance for radio transmission. Specifically, he rendered the following assistance:

- Prepared a concept paper giving form to the media center plan.
- Suggested programming ideas as well as organization and market strategies for a radio station.
- Wrote five contact letters to U.S. media and journalism education centers to establish contact, exchange information, and begin networking.
- Discussed media coverage of U.S. presidential campaigns, organization, psychology and polling with media center experts.
- Participated as a consultant in negotiations with the Hotel Vitosha managing director about a contract for radio studio space.
- Provided questions for a questionnaire to be used as part of a survey to determine journalists' attitudes and ideas.

Additionally, VE Redmont gave interviews, in which **he promoted IESC's programs and the Center for the Study of Democracy, to Radio Sofia; the daily newspaper, "Continent"; and the weekly publication, "168 Hours".** He also established contact with the American University in Bulgaria at Blagoevgrad. The VE felt that the client/VE relationship was excellent.

Country Director Assistant Kopanarov commented, "The client really appreciated the VE's assistance. The consultancy extended beyond the scope of the agreement. The client added, 'Mr. Redmont's work was most effective, and his advice was vitally important for the development of CSD's radio program.'"

REIMER 10/27/92 PUBLICITY PERMITTED RCTR: THURSTON CODE "0"
2250E

20

SUMMARY OF IESC PROJECT 21727

REVISION
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 an independent, non-profit group, which was formed in 1990 after the dissolution of government trade associations. Their purpose is 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, lobbying efforts, finance and basic management.

EMPLOYEES: 2

IESC VOLUNTEER EXECUTIVE:
Ernest Bolduc
Armonk, New York

Upon early retirement, 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:

In his attempt to prepare the BBCC to help its members go through the privatization process more smoothly, VE Bolduc identified major problems facing the industry, provided a library of information, made contacts with other national construction industry chambers in Europe, held management workshops, and made suggestions to help the client organization function more effectively. He observed that the Bulgarian construction industry suffered in a number of ways from the dissolution of the Eastern Bloc. The privatization process itself disrupted day-to-day operations, especially while key legislation regarding privatization had yet to be implemented or even agreed upon. Additionally, the loss of its major market, the former Soviet Union, has resulted in a considerable surplus of skilled labor, professional and construction management personnel; as well as a large inventory of unused construction equipment and manufacturing facilities, all compounded by a lack of marketing expertise in the construction industry.

VE Bolduc also observed a lack of association management programs sponsored by the Chamber. He felt that the Chamber should have programs to assist with financial management and control systems, member services and benefits, communications programs (newsletters, etc.), and membership development and retention programs. Working under the assumption that the privatization issue, as was being debated in the legislature would be enacted, the VE made a number observations and recommendations. These included recommendations to bid for contracts to rebuild Kuwait after the Gulf War (as Bulgarian companies had worked in Kuwait in the past), to offer the services of the Bulgarian construction industry as sub-contractors for the **U.S. Army Corps of Engineers**, and to develop contacts with Botswana, which "is in an ever-expanding program of construction." The VE also provided the client with information about contract bidding procedures, public and government relations, an association management library and suggestions for financing Chamber activities.

Country Director Assistant Vassilev commented, "This project was very successful and highly publicized; it was good for the client as well as IESC. The client commented, 'The project helped improve the Chamber's work and services which will be favorable for its member companies.'"

Garbarino 6/10/92 PUBLICITY PERMITTED RCTR: Clements CODE "0"
1959E **REVISED 10/16/92**

21

SUMMARY OF IESC PROJECT 21834

PIGGYBACK
STARTED: April 28, 1992
SUSPENDED: April 29, 1992
RESUMED: May 11, 1992
COMPLETED: June 19, 1992

CLIENT; ASSISTANCE REQUESTED:
Municipality of Velingrad
Velingrad, Bulgaria

The client develops municipal economic policy and strategies, and works to attract investors. Through the allocation of accumulated funds, tax policy, and guidance of municipal companies, they pursue set goals. Due to the recent legislative changes in Bulgaria, municipal governments have attained full authority over the management of local natural and industrial resources. OBJECTIVE: To fully develop the local economy, inventory the range of touristic resources, analyze local resources with a view towards attracting Bulgarian and foreign partners, and prepare a strategic business plan outlining methods of resource development. Additionally, to identify areas where the client would need specialized assistance, and make recommendations for marketing the potential investments and identified opportunities. **This project was a piggyback to project 21855.**

EMPLOYEES: 25,000

IESC VOLUNTEER EXECUTIVE:
Donna Steiger
Paradise, California

For the past 30 years, VE Steiger has been a consultant for the 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 **Tuolomne County, Yosemite Park** in California; development of in-house travel offices for the **American Broadcasting Company (ABC)**, including management of all aspects of travel/tourism/accommodations related to the 1984 summer and winter Olympic Games; and development of a comprehensive employee training program in sales, customer service, and package tours for **Mexicana Airlines. This was VE Steiger's fourth IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Steiger met with the client, and reviewed their current situation. She rendered the following assistance:

- Provided an inventory of hotels, resthouses, sanatoriums, restaurants, and tourist attractions. From this study, she developed a summary of available tourist resources and their needs.
- Started the 'Trade School for Tourism Project' with the Mayor and the Minister of Education.
- Assisted with the establishment of the office of mayor for the "Union of Mineral Spas" organization, for the purpose of further developing the health and fitness spa trade in Bulgaria.
- Assisted with fund raising for the conceptual, vocational school tourism project.
- Assessed the souvenir cottage industry in the Velingrad region.

Country Director Andonov commented, "The project was successful. It will help the municipality to push privatization ahead, and attract foreign investment and tour operations which will generate jobs and income for the municipality. The VE's report will have a major impact on the strategy for the future development of the municipality... The environmental impact of VE Steiger's work may be significant and positive if traditional heat and energy sources (coal, wood) are replaced by geothermal energy. The client added, 'VE Steiger's reports will be of great use to us as a prefeasibility study, as well as to attract investors, develop projects, and to point out a development strategy.'"

HAYES 12/29/92 **PUBLICITY NOT PERMITTED** RCTR: OTT CODE "0"
1754E

22

SUMMARY OF IESC PROJECT 21924

STARTED: September 21, 1992
COMPLETED: October 24, 1992

CLIENT: ASSISTANCE REQUESTED:
Business Center - Bulgaria
Sofia, Bulgaria

The client works to promote Bulgaria's international trade and business contacts. These efforts include coordination of business programs for visitors in Bulgaria, and organization of trade fairs, exhibitions, training courses and seminars, and INVESTNET, the database for investment searches and offers.

OBJECTIVE: The client has requested assistance in the form of a lecture course on basic funds evaluation for future privatization. The focus of this course is toward employees of small private firms that have little or no experience in this area.

EMPLOYEES: 8

IESC VOLUNTEER EXECUTIVE:
John O. Painter
Belmont, California

Four years prior to his retirement, VE Painter formed and managed the **Novato Linen Service** which serves the hotel industry in the San Francisco Bay area. After retirement, he assumed part-time teaching positions in finance and strategic management and policy for small business at **Chapman College** and **College of Notre Dame**, both in California. Prior to this, VE Painter was employed by **Means Services Inc.**, a supplier of uniforms and linens to hospitals and hotels. He also served as manager of sales training at **Sylvania Electric Products** and the **Carolina Overall Corporation. This was VE Painter's third IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Painter found that the client had already organized the format for this six-week project, and was ready for the VE to present the seminars.

Almost immediately, the VE began the presentation of seminars in Bourgas and Sofia, each designed to provide private business managers and employees with the requisite skills of business valuation. The skills he taught are based on the relevant recommendations of the American Association of Appraisers.

VE Painter noted that the large size of the group (72 people in Sofia) made the original plan of seminar presentation somewhat difficult. Nevertheless, the presentations received very favorable reviews from the attendees. Further, the test results in Bourgas were above average.

Given the success of this project, the client has sought to receive approval for the accreditation of this program through the Bulgarian Agency for Privatization. They have submitted a complete package, including the programme, the lecture materials and the tests to the agency, and expect a decision in favor of licensing the students who have completed this course successfully.

The VE commented that the working conditions as well as the client relations "were exemplary".

Country Director Andonov commented, "The VE was highly qualified and very eager to render assistance. The people whom VE Painter trained will be appraisers involved in the current privatization efforts, and will consequently contribute to the conversion to a market-based economy. The client added, 'This was one of the first courses in Bulgaria on business valuation taught and organized on a professional level. We expect that the dissemination of this information will be further multiplied by the trainees, as they came from a variety of different companies.'"

HAYES 12/4/92 PUBLICITY PERMITTED RCTR: MOYER CODE "0"

23

SUMMARY OF IESC PROJECT 21929

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

CLIENT; ASSISTANCE REQUESTED:
Strongil Agency
Varna, Bulgaria

Strongil Agency was established in 1990 as a real estate development firm. They are involved in urban design, building design, equipment installation, investment research, and construction as a contractor or sub-contractor. The client is eager to expand in real estate development and housing construction, but they are unfamiliar with the industry's business and market practices.

OBJECTIVE: The client has requested a VE to assist the company in adopting the business techniques and practices appropriate to the real estate industry, and to teach client personnel how to conduct feasibility studies for future real estate development projects. The VE should address the following areas: market evaluation, marketing, financial practices, American building regulations, government and public relations, and company organization.

EMPLOYEES: 21

IESC VOLUNTEER EXECUTIVE:
Chester N. Winter
Boulder, Colorado

VE Winter has a broad background in the real estate industry with experience in market evaluation, financial practices, marketing, regulations, organization and structure. He is currently active as a consultant in the real estate industry and has recently been involved in the planning and development of a 275-room, $30 million Sheraton Hotel in Boulder, Colorado. Prior to working as a consultant, VE Winter served as vice chairman of **Genro Corp.**, a company with subsidiaries engaged in hotel development and management and in specialized financial services to the stock brokerage industry. He has also been involved in real estate development activities as vice president of **Sno-Engineering**, and as an associate of **Sasaki Associates** in Boston, Massachusetts. **This was VE Winter's fifth IESC project.**

IESC ASSISTANCE RENDERED:

In order to learn all he needed to know about the company and the business environment in Bulgaria, VE Winter conducted several formal and informal meetings and work sessions with client personnel. To the same end, he interviewed individuals such as bankers and municipal officials with whom the client company interacts on a regular basis and who have a direct effect on the client's business.

Upon familiarizing himself with the company and its situation, VE Winter prepared a business plan to guide the company's progress over the next year. His plan included the following operating ideas and recommendations for client action:

- Establish a real estate sales department.
- Hire a construction manager.
- Seek a joint venture partner such as a bank or contracting firm.
- Adopt a mission statement and principles to guide the company, as well as formal job descriptions and performance reviews.
- Initiate an advertising and promotion program.

VE Winter felt that the immediate success of the project could be gauged by a new attitude among the company's principals, but that the majority of his recommendations would take time to implement and show results.

Country Director Andonov commented, "This was a successful project done by an excellent VE. Real estate development is a new activity and new business for the country. The project will help the client to adapt to market mechanisms and procedures in this field. The client commented, 'VE Winter's assistance was comprehensive and effective, and covered a broad range of topics. His advice will help the company develop in the real estate development business.'"

REIMER 10/28/92 PUBLICITY PERMITTED RCTR: HAZLEHURST CODE "0"
2257E

24

SUMMARY OF IESC PROJECT 21930

STARTED: February 24, 1992
COMPLETED: March 8, 1992

CLIENT: ASSISTANCE REQUESTED:
First Bulgarian Stock Exchange (FBSE)
Sofia, Bulgaria

The stock exchange was established in October 1991 as a private sector initiative to support the overall development of Bulgaria's conversion to a market economy. They plan to begin operation in 1992 and will trade securities, attempt to establish a capital market in Bulgaria, and help restructure the national economy by attracting foreign investments.

OBJECTIVE: To advise on the rules and regulations of operating a stock exchange, make recommendations on facilities and layout for the exchange, explain types of related financial institutions, and develop an automated information system. Also, to make suggestions regarding the establishment of a trade association with educational and lobbying responsibilities, as well as to identify and define possible future IESC projects.

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
John L. Kinnaman
Chatham, New Jersey

VE Kinnaman has been an active financial management consultant since 1989, involved in the establishment and development of stock exchanges, clearing and deposit operations, financial regulation, and diversified financial services. In 1987, VE Kinnaman became the director of equity securities operations for **Country Natwest Limited** in London, where he was responsible for equity settlement operations and systems. From 1980-1981, VE Kinnaman acted as vice president of the **New York Stock Exchange**, where he coordinated the expansion of member firms operations and systems.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Kinnaman reviewed the client's needs and held several discussions regarding their initial draft rules. He made a number of technical suggestions for additions, and a general suggestion to redraft the rules into a format similar to those of major western stock exchanges. The VE also provided many general recommendations for other areas, including a plan for constructive co-development between the private sector and the government. This plan would enable the establishment of a secondary capital market that would provide a basis for greater public and governmental confidence.

The VE provided comprehensive advice and technical assistance in the areas of trading and systems, government and private sector developments, and exchange organization and staffing. He also made general suggestions on areas outside the specific scope of the project work plan, but which deal with important concepts for stock exchange operation. These include recommendations for: a board of directors comprised of both shareholders and the interested public; the establishment of a strong self-regulatory, as well as a governmental-supervisory body; consideration of the listing of government T-bills; and the possible development of a central depository. VE Kinnaman also discussed the nomination of a senior official of the National Bank for membership, which would help establish a good working relationship with the National Bank on all issues dealing with the listing, trading, clearing and settling of trades in government securities.

Additionally, VE Kinnaman developed an extensive series of rules for the stock exchange. Sections regarding membership, listing of securities, trading, and clearance and settlement were immediately accepted by the client, while sections on qualification, supervision and control, discipline, and arbitration were developed as models for rules to be implemented when practical.

Country Director Assistant Kopanarov commented, "The client shared with us his 'outstanding' evaluation and full satisfaction with the work done by the VE. Now, FBSE is operating successfully and to a great extent, due to IESC assistance. The client added, 'Mr. John Kinnaman was most helpful due to his vast experience and willingness to assist us in revising the draft rules of the First Bulgarian Stock Exchange.'"

HAYES 7/20/92 PUBLICITY PERMITTED RCTR: HAZLEHURST CODE "O"

25

SUMMARY OF IESC PROJECT 21943

STARTED: April 7, 1992
COMPLETED: April 24, 1992

CLIENT: ASSISTANCE REQUESTED:
Denitsa Producer's Cooperative for the Disabled
Plovdiv, Bulgaria

The client employs disabled individuals in the production of metal-pressed articles for the clothing and footwear industries; all types of wrapping (paper, cardboard, PVC foil, etc.); plastic toys and household articles; and in the packaging of powdered, semi-finished foodstuffs.

OBJECTIVE: To find foreign markets for the client's products or partners for co-production of plastic articles and packaging. Specifically, the client is looking for a partner for the co-production of vacuum thermos bottles. Also, the client has requested assistance in restructuring production according to market demand and in establishing contact and cooperation with similar organizations for the disabled in the U.S.

EMPLOYEES: 1800

IESC VOLUNTEER EXECUTIVE:
Cyrus D. Shoffit
Capistrano Beach, California

VE Shoffit has a great deal of hands-on experience in the flexible packaging industry. For 20 years, he was superintendent in charge of production and quality control at **Dixico, Inc.**, a producer of flexible packaging with a sales volume of $15 million USD annually. In his last seven years with the company, he was in charge of budgets, planning, technical sales, and customer relations.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Shoffit made several observations about the political and economic climate in Bulgaria, and about the client's operation. He found that economic and social problems were mounting as the economy declined. Much of the decline was due to the loss of markets in the transition from a planned economy to a free market. On the micro level, the VE discovered that the client had very old, obsolete factory equipment and a demoralized work force despite the efforts of a capable and determined management team.

Consequently, his recommendations were tailored toward survival for the company rather than expansion. He suggested that the client concentrate its efforts toward custom and handmade products until they could implement a long-term equipment replacement plan. He felt that the client should take full advantage of its greatest asset, the extensive supply of cheap labor, until they can replace their obsolete equipment.

Accordingly, he made the following recommendations:

- Explore all possible avenues to outside markets through IESC and business contacts.
- Continue to perform market surveys for marketable, profitable products.
- Decide on a product line, develop a marketing plan, and organize the sales and marketing departments.
- Review all company goals, yearly operating budgets, capital expenditure requirements and pricing structures.
- Redefine job descriptions and responsibilities and make an organizational chart if needed.
- Provide continuing worker training programs to improve morale and mutual understanding.
- Label the products "Made in Bulgaria" to increase awareness of the country and its products.

Country Director Assistant Vassilev commented, "The client is in a difficult situation which frustrated the VE. He provided general recommendations, while the client needs more concrete and specifically targeted assistance. The VE will follow-up by talking with American companies interested in developing relations in the field of labor intensive products."

REIMER 1/13/93 PUBLICITY NOT PERMITTED RCTR: McINTIRE CODE "7*"
***Partially successful** due to miscellaneous **reasons (see CD comment).**

26

SUMMARY OF IESC PROJECT 22111

STARTED: May 19, 1992
COMPLETED: June 25, 1992

CLIENT; ASSISTANCE REQUESTED:
Grand Hotel Varna Co.
Drushba, Bulgaria

The client company owns and operates the Grand Hotel Varna, the only five-star hotel on Bulgaria's Black Sea coast, and two other hotels in Bulgaria.
OBJECTIVE: To renovate the three hotels and construct the St. Constantine Marina. The client needs VE assistance to prepare feasibility studies for potential foreign investors, locate and attract potential interested partners and investors, and work out terms and conditions of future joint ventures.
EMPLOYEES: 650

IESC VOLUNTEER EXECUTIVE:
Jorgen Viltoft
Wayzata, Minnesota

VE Viltoft has 45 years experience in hotel operations with a strong finance and investment background. He served as president and CEO of the **Carlson Company's Radisson Hotel Corporation.** The VE was involved in the development of that organization's annual sales volume from $18 million to $500 million. He has also been employed in top management positions with the **Marriot Hotel Corporation.**

IESC ASSISTANCE RENDERED:

Upon arrival in Bulgaria, VE Viltoft extensively researched into the background of the local area in order to familiarize himself with what the area had to offer potential tourists and investors. He also attended meetings with the client and prospective investors. Upon conducting this preliminary research, VE Viltoft rendered the following assistance:

- Evaluated food service at the Grand Hotel Varna and made recommendations for improvement.
- Specified the requirements for a "club" type hotel conversion.
- Specified requirements for a "time-share" addition, including a feasibility study.
- Outlined important information for future expansion into a hotel management and consulting company.
- Made recommendations for organizational charts and personnel management.
- Conducted a feasibility study for the new marina complex, including projected costs and returns on investment.
- Made recommendations for the construction of a 220-room hotel with rooms that would be larger than those in other area hotels.

VE Viltoft remarked that the heavy taxes and privatization laws in Bulgaria make it difficult to finance the operation, but predicted that **the construction of the new marina and hotel would create 580 new jobs and prevent the erosion of the shoreline, which currently occurs at the rate of 25 cm per year.**

Country Director Andonov commented, "A very successful project. The client added, 'Mr. Viltoft has been very helpful in many areas apart from the feasibility study for the marina and hotel project.'"

REIMER 09/30/92 PUBLICITY PERMITTED RCTR: AASEN CODE "0"
2190E

21

SUMMARY OF IESC PROJECT 22185

STARTED: May 25, 1992
COMPLETED: June 5, 1992

CLIENT; ASSISTANCE REQUESTED:
Hotel Vitosha AD
Sofia, Bulgaria

The client provides all hotel services typical of five-star hotels. Its clientele consists mainly of foreign businesspeople and dignitaries. OBJECTIVE: To evaluate the current security system and make recommendations for ensuring guest safety and security. Specifically, the VE should suggest measures to prevent people involved in illegal activities such as prostitution and illegal gambling from coming into contact with hotel guests, and to prevent hotel break-ins, car theft from hotel parking lots, and the theft of hotel stock by employees.

EMPLOYEES: 620

IESC VOLUNTEER EXECUTIVE:
Roger G. Battie
New York, New York

VE Battie has over 20 years experience as a major executive of **Burns International Security Services.** While at Burns, he was responsible for servicing of their full line of security services, marketing, consulting and international security. Prior to joining this firm, VE Battie served in the **U.S. Army** as a radio and radar officer. He has also worked for the **Sylvania Company** in electronic defense surveillance and security systems. **This was his third IESC project.**

IESC ASSISTANCE RENDERED:

VE Battie analyzed the security threats and vulnerabilities of the hotel in terms of waste, accidents, errors, crime and unethical practices, with emphasis on accidents, errors and crime prevention as related to hotel operations. The hotel's general manager was very helpful in arranging interviews with a number of executives and employees for the VE. The VE also met with local police and Bulgarian organized crime and counter-terrorist units.

Based on his observations, VE Battie suggested a number of countermeasures to improve the security and safety of the hotel guests and physical assets. He provided hotel personnel with written materials outlining the procedures he suggested, technical equipment and training outlines. The VE also suggested that the number of entrances and exits in the front of the building be reduced and an exterior patrol of the building be added to the security regimen to reduce the presence of unwanted "guests" and criminal activity in and around the hotel. Additionally, VE Battie made recommendations concerning the rear entrances to the hotel, and suggested organizational changes to improve command and control of the security and safety department. Implementation of his recommendations have already resulted in a quieter, safer atmosphere.

The VE brought with him six training videos promoted by the **American Hotel and Motel Association** to introduce the concept of security and safety as every employee's job. The client plans to acquire copies of these videos for use in training their personnel.

Assistant Country Director Vassilev commented, "The project is a success. The client's operation was analyzed and given practical recommendations, some of which were implemented immediately and have already shown results. The client is very satisfied."

REIMER 09/30/92 PUBLICITY PERMITTED RCTR: AASEN CODE "0"
2192E

28

SUMMARY OF IESC PROJECT 22224

PIGGYBACK
STARTED: April 4, 1992
COMPLETED: April 10, 1992

CLIENT: ASSISTANCE REQUESTED:
Municipality of Mihailovgrad
Mihailovgrad, Bulgaria

Mihailovgrad is a town with a population of 70,000, which depends on agriculture, textiles, machine building and construction industries for its economy. In the transition to a market economy, these businesses need foreign and domestic market information and business services to help them find new markets and partners.
OBJECTIVE: The municipality has requested IESC assistance in establishing a regional business center to meet these needs. More specifically, the VE should work out membership relations, information services, service development, a plan for domestic and international networking, effective domestic and international lobbying efforts, financial management procedures, and a business plan. The VE should also assist in establishing a regional exchange for building and construction materials and services. **This project was a piggyback to project 21727.**

EMPLOYEES: 50

IESC VOLUNTEER EXECUTIVE:
Ernest J. Bolduc
Armonk, New York

Upon early retirement, 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 third IESC project.**

IESC ASSISTANCE RENDERED:

Full information on the region's industry and economic base, tourism and educational institutions, etc. was provided, and served as the basis from which VE Bolduc prepared his reports. He provided recommendations and commentary on the following topics:

- Organization structure and format: by using information from the Bulgarian Chamber of Commerce and Industry (BCCI) and the US Chamber of Commerce, the VE was able to assemble and present appropriate model documents for the formation of a regional chamber operation.
- Fundamentals of association management: the VE presented an array of information covering the basics of association management, including membership development, with a target list of potential member companies and individuals; income structure, both dues and non-dues; promotion of the former Communist party building as a conference center or executive retreat; and operation and financial management.
- International networking: the VE urged the client to consider interfacing with international organizations, professional societies and agencies; consider area-wide tourism possibilities as well as educational opportunities for the regionally supported college through contact with other schools.

Assistant Country Director Vassilev commented, "Short, but successful. This project should contribute to better coordination of local businesses."

REIMER 12/14/92 PUBLICITY PERMITTED RCTR: CLEMENTS CODE "O"
2275E

SUMMARY OF IESC PROJECT 22228

STARTED: September 7, 1992
COMPLETED: September 18, 1992

CLIENT; ASSISTANCE REQUESTED:
Pamporovo Company
Pamporovo, Bulgaria

The client operates seven hotels, a village of chalets, a ski school, and provides the necessary lifts and equipment for skiing in the mountains. OBJECTIVE: In the wake of the shift from a planned economy to a free market system, the client has requested advice on adapting their system of management to the changing Bulgarian economy.

EMPLOYEES: 950

IESC VOLUNTEER EXECUTIVE:
Herbert S. Valentine
Colorado Springs, Colorado

VE Valentine was founder and president of the **Valentine-Radford Advertising Agency**, where for 28 years, he was involved in all aspects of the advertising business. **This was VE Valentine's ninth IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Valentine met with Pamporovo's top management and interviewed each of the client's department heads. After meeting with the key individuals a second time to refine his impressions from the first meeting, he briefed the managers on his findings and began work on his final report. He chose to complete his report upon his return to the U.S. as the client's general manager, to whom it was addressed, had gone away on vacation. The VE's report included recommendations on the following topics:

- Initiation of a full cost accounting system when the client installs their new centralized computer system. He felt that their current system did not provide management with enough information to make good decisions about the allocation of funds within the organization.
- Inclusion of the department heads and other individuals who run the complex day-to-day in the making of important decisions about how Pamporovo is run. Currently these decisions are made by outsiders who know little or nothing about tourism and the hotel/resort business.
- The importance of support services provided by the marketing, maintenance, personnel, and other departments. The VE stressed that Pamporovo's profit centers would not be able to function and make money without such services.
- The role of the marketing department in developing programs and publicity to attract crowds in the off-season. He suggested that they hold an Octoberfest and sponsor nature hikes during the off-season.

The VE also made a number of specific suggestions for the improvement of Pamporovo's largest hotel, Perelik, which he considered to be the weakest part of the client's operation.

Assistant Country Director Kopanarov commented, "The project was successful, but could have been better if better information had been available for proper recruiting. The client added, 'The VE was not exactly a hotel management expert as the project demanded, but rather a marketing expert. His great experience however, contributed to the successful outcome of the assignment. The VE's assistance was fruitful in general, still a new project geared particularly to hotel management and executed by former hotel managers might be needed.'"

REIMER 12/04/92 PUBLICITY PERMITTED RCTR: PEYSER CODE "0"
2403E

30

SUMMARY OF IESC PROJECT 22230

STARTED: August 3, 1992
COMPLETED: August 15, 1992

CLIENT: ASSISTANCE REQUESTED:
Company "Pamporovo"
Pamparovo, Bulgaria

The client is a large resort and the largest ski center in Bulgaria. Visited by a large number of foreign travellers, they boast three and four-star hotels, and other ski and mountain tourism related services.

OBJECTIVE: The client has requested assistance in developing their own, independent marketing program. EMPLOYEES: 950

IESC VOLUNTEER EXECUTIVE:
Herman Vogel
Scottsdale, Arizona

VE Vogel has over 40-years experience in the field of tourism and travel. He is the founder of **Ski Bird Tours Inc.** which, in its 16 years under his direction, grew to a multi-million dollar business with 15 offices and 40,000 customers annually. After selling Ski Bird, he worked as general manager for sales and operations of **Intercity Transport Company**. In 1970, he was appointed general manager of transit systems for the city of **Washington D.C.** Subsequently, he left this position to form **D.C. Tours, Inc.** and was appointed director of tourism development for the **State of Maryland. This was VE Vogel's second IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Vogel met with the head of marketing and all of the responsible department heads. After an inspection of the client's facilities and an analysis of their customers, he provided extensive information and advice on improving profits without major expenditure. He commented that the client would be well served by increasing the level of personal service given to each guest by undertaking minor accommodation improvements with a 25% increase in rates, and by gradually decreasing bookings of organized tours in favor of individual clients (who generally pay more for such accommodations). Additionally, he provided the following assistance:

- Lectured on principles and procedures of marketing.
- Outlined the potential markets in Bulgaria, all of Europe, and the U.S.
- Analyzed current client lists and outlined additional sources for marketing contracts.
- Provided recommendations on summer tourism marketing and the various ways that customers can be attracted to this resort, (i.e. through promotions, festivals, special entertainment and recreational activities etc.)
- Provided recommendations on the improvement of the client's transportation services.
- Provided strong marketing analysis including recommendations for pricing functions, contracts, computerization of records, and definition of job responsibilities, etc.

VE Vogel commented that the majority of the assistance was undertaken in marketing and meeting rooms, 90% of which was on a one-to-one basis. He stated, "The responsible parties I worked with were most cooperative and interested in new methods and working arrangements. One could not ask for a nicer group."

Country Director Andonov commented, "The project was a success, and the assistance timely... Tourism is one of the priorities of Bulgarian development. The client added, 'The VE and his actions exceeded our expectations. We greatly appreciate this high quality, practical assistance. Because discussions were straight-to-the-point, little time was wasted on mere theory. The marketing staff reported that VE Vogel's assistance is of great importance for the further development of the department's functions: the other management level staff appreciated the VE's great experience and his discussion of their problems as well. Implementation of the VE's recommendations will inevitably increase our revenues, particularly those of the summer season. Because most of these recommendations do not concern big investments, they will be easy to implement in a short period of time.'"

HAYES 11/9/92 PUBLICITY PERMITTED RCTR: PEYSER CODE "0"
23135

SUMMARY OF IESC PROJECT 22232

STARTED: June 1, 1992
COMPLETED: June 14, 1992

CLIENT: ASSISTANCE REQUESTED:
Foundation "Justice"
Sofia, Bulgaria

The client is attempting to reform the Bulgarian judicial system in the midst of the transition to a market economy and ensuing legislative changes. It plans to attract young, promising jurists; modernize the working conditions of the judiciary; and stimulate creative theoretical work in the field of law. OBJECTIVE: The client has requested the assistance of a VE to outline the basic principles of antitrust legislation; define the state's role in protecting competition; delineate the power of the judiciary in upholding antitrust law; and discuss trends in the development of law and judicial practice. **This project was conducted at the same time and by the same VE as project 22725.**

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Thomas P. Griesa
New York, New York

VE Griesa has spent 20 years as a federal district court judge, adjudicating a wide range of cases including antitrust and competition litigation. Prior to his appointment as a judge, VE Griesa worked with the prestigious law firm of **Davis, Polk and Wardwell** in New York City, where he rose to the position of partner in the firm. His experience as a lawyer centered around antitrust cases and utility and securities law cases. He has also served on the Antitrust Committee of the New York City Bar Association for several years.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Griesa studied the legislation which directly governs Bulgarian antitrust cases; these included the 1991 Bulgarian Constitution, the Law on the Protection of Competition, and the Statute on the Organization and Activities of the Commission for the Protection of Competition. He observed that there were many similarities between Bulgarian and U.S. antitrust law.

Subsequently, VE Griesa attended several meetings with members of the foundation and a local economist with whom he discussed his experience as a federal district judge in antitrust and unfair competition cases. He shared the details of specific cases which brought up issues relevant to the judiciary in its transitional stages. The VE also attended a session of the Sofia City Court to view the judiciary system in action.

As the main purpose of this project was to provide information for the client rather than implement any changes in the system, VE Griesa made sure that he was available to answer any questions that lawyers or members of the judiciary might have had for him. Overall, he attempted to provide the commission with his insight and all pertinent information so that it could best determine its own focus and organize its activities accordingly.

Country Director Andonov commented, "Outstanding! VE Thomas Griesa proved to be a very good expert and a nice person. He was able to help our judges and lawyers a lot. The client added, 'The project was extremely well organized. Client/VE relations were excellent, we would like to work with the same VE again.'"

REIMER 11/05/92 PUBLICITY PERMITTED RCTR: CLAUDY CODE "O"
2202E

72

SUMMARY OF IESC PROJECT 22234

STARTED: May 20, 1992
COMPLETED: June 5, 1992

CLIENT: ASSISTANCE REQUESTED:
Sopharma Ltd.
Sofia, Bulgaria

The client is involved in the research, development, and production of pharmaceutical substances and pharmaceuticals.
OBJECTIVE: To build new production facilities for syrup, tablet and suppository lines; carry out reconstruction of the production facilities to increase production and comply with worldwide good manufacturing practice (GMP) regulations; and evaluate and make recommendations on construction proposals made by Western European companies.

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Louis J. Ferrise
Havertown, Pennsylvania

VE Ferrise began his career with the **Merck Company**, where he worked for nine years in the field of process development. This was followed by work as a pilot plant engineer and as a design engineer with the **Cardinal Company**. Subsequently, he spent the next 28 years with **Wyeth International** as a process, project and design engineer in India, Germany, the Philippines, Turkey, England, Mexico, Venezuela, and Peru. He then held a number of management positions including vice president of international technical and manufacturing operations. Following his retirement, he served as an operations consultant with **Wyeth-Ayerst**.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Ferrise made a thorough tour and investigation of each of the client's existing production areas to observe the client's facilities, environmental conditions and processing equipment. He also spoke with each of the managers, all of whom he found to be capable and dedicated.

Next, he rendered the following assistance:

- Reviewed the operations of the liquid and tablet departments with their respective production managers.
- Studied the two final proposals and tenders submitted by "Orion" of Finland and "Pharmaplan" of Germany.
- Critiqued each proposal for critical design features which have a direct bearing on GMPs and efficient production operations. Specifically, he reviewed process and material flow through the plant; plant capacity, storage and warehousing; construction materials; wall surfaces; floor finishes; sanitary facilities; service and utilities; environmental control; and aesthetics.

Assistant Country Director Vassilev commented, "An excellent VE. The project was completely successful with good client/VE relations. The client received the expertise he needed, and was impressed by the high quality of the VE. The client added, 'Mr. Ferrise assisted us in the evaluations of the construction proposals, and gave us recommendations on investment projects... Positive environmental impact is expected from the construction of new facilities.'"

HAYES 10/30/92 PUBLICITY PERMITTED RCTR: KAPLAN CODE "0"
2276E

33

SUMMARY OF IESC PROJECT 22290

TEAM PROJECT
STARTED: July 28, 1992
COMPLETED: September 9, 1992

CLIENT: ASSISTANCE REQUESTED:
American University in Bulgaria (AUBG)
Blagoevgrad, Bulgaria

AUBG is the first Western university to be established in **Eastern Europe**. It is a four-year liberal arts institution with accreditation through the **University of Maine**. AUBG enrolled its first students and began classes in September, 1991. OBJECTIVE: To conduct a needs assessment and determine priorities for development of publicity programs including the hiring and training of staff, development of policy and procedure literature, the planning of a publicity campaign to increase the University's visibility in Bulgaria, the U.S. and Western Europe, and to develop strategies for the development office.

EMPLOYEES: 135

IESC VOLUNTEER EXECUTIVE:
Lawrence and Martha Aasen
Westport, Connecticut

Martha Aasen is currently an executive recruiter at **IESC**, and Lawrence is an adjunct professor working part-time, teaching mass communication media. Martha recently retired from the **United Nations Secretariat**, where she was chief of non-governmental organizations and institutional relations in the UN department of public information. Her responsibilities included public relations, information, media and outreach activities. She has also worked in the editorial and publishing field.

Lawrence Aasen retired as executive director/CEO of the **Better Vision Institute**, a non-profit public relations organization for the optical industry. His responsibilities included targeted public relations, management and fundraising. He also has served several other employers and institutions in various public relations positions. **This was VEC Aasen's third IESC project.**

IESC ASSISTANCE RENDERED:

Shortly after VEC Aasen's arrival in Blagoevgrad, the president of the University, their client counterpart, took ill and was forced to return to the U.S. Before he left however, he briefed the VEC on the establishment of the University and the public relations problems they had encountered. The VEC continued to learn what they could about the University through meetings with faculty, students, and staff, and by studying press clippings, AUBG's implementation plan, student essays, and survey comments.

Since there was no public relations staff in place at the University, the VEC worked as such for the duration of the project. In this capacity, they wrote press releases, produced a newsletter, and finished a Conference Center Brochure. They also advised the student radio station (Radio AURA) on marketing and public service ads, and participated in a seminar arranged by the BBC World Service for Radio AURA.

Additionally, the VEC made several recommendations for the creation of a public relations office; publication of informational material; distribution of newsletters; use of Radio AURA, videos, and slide shows to promote the school; fundraising strategies; and the importance of a good library to a University.

Country Director Andonov commented, "Extremely successful. The VEC proved to be very competent. Things are beginning to move forward on the establishment of a public affairs office. The client added, 'The expectations were clearly fulfilled and applications for the public affairs position are being reviewed for interview at this very moment...'"

REIMER 1/15/93 PUBLICITY PERMITTED RCTR: MARQUARDT CODE "O"
2524E

34

SUMMARY OF IESC PROJECT 22337

STARTED: April 27, 1992
COMPLETED: May 19, 1992

CLIENT; ASSISTANCE REQUESTED:
First Bulgarian Stock Exchange (FBSE)
Sofia, Bulgaria

The client, 15% of which is owned by the Bulgarian government, was founded in 1991 to try to establish a capital market in Bulgaria. They are involved in trading securities and attracting foreign investments.

OBJECTIVE: To develop a compliance process for the FBSE; a process for member firm audits; application of an arbitration process within the structure of FBSE for members and the public; review all other rules and procedures in conjunction with developments in the Bulgarian capital market; review staffing requirements; advise on the maintenance of records of trading floor activity; public distribution of information; and provide whatever assistance possible for initial startup of the FBSE and its first year of operation. **This client has received previous IESC assistance in project 21930.**

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Robert M. Bishop
Scotch Plains, New Jersey

VE Bishop spent 31 years with the **New York Stock Exchange**, 23 of which he spent 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 seventh IESC project.**

IESC ASSISTANCE RENDERED:

During the first week of the project, VE Bishop oriented himself to the new stock exchange and constructed several forms for use in exchange trading and communication between brokers and clients. He reviewed existing FBSE rules and found that they were limited to topics in organization, listing, trading and settlement, largely derived from a textbook left by a previous VE. Consequently, VE Bishop suggested many amendments and additions to the existing rules for application to Bulgarian conditions.

The VE also prepared text for several more regulations to govern ethical conduct, supervision and control, financial and operational responsibility, discipline and arbitration, as well as additional rules which will become necessary as the exchange grows. These rules were edited and presented to the CEO of the exchange for review.

Additionally, as part of a 5-day training program for new brokers, VE Bishop completed three half-days of dialogue with designated floor brokers who will represent their members at trading sessions. Video-tape footage of ten other stock exchanges, prepared by the VE, was also used as part of the broker training to illustrate a variety of trading environments using common methods.

During the last week of the project, the first trading session opened, and five trades were executed.

Over the course of completing the project, the VE was interviewed by one newspaper, met the official in charge of World Bank projects in Bulgaria, taped two radio interviews, and briefed the First Secretary of the U.S. Embassy on this project.

Country Director Associate Kopanarov commented, "The project proved a success due to the VE's qualifications and the timing, as the project coincided with the opening of the Exchange."

REIMER 9/28/92 PUBLICITY PERMITTED RCTR: HAZLEHURST CODE "O"
2177E

SUMMARY OF IESC PROJECT 22338

STARTED: July 20, 1992
COMPLETED: August 17, 1992

CLIENT: ASSISTANCE REQUESTED:
"Rodina" Company
Stara Zagora, Bulgaria

The client is a government-owned company whose principal activity is the production of home lighting fixtures for sale on the local market through wholesale trading companies.
OBJECTIVE: To assist the Rodina company by setting up a marketing department, planning strategic development and restructuring initiatives, and improving its production organization and management practices.

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Jerome S. Raskin
Wyncote, Pennsylvania

VE Raskin spent his entire 43-year career in the lighting and other related industries. The VE's experience in sales and marketing began at **Lightolier** and continued with his employment at **Lighting Associates, Inc.**, where VE Raskin marketed residential and commercial lighting fixtures and equipment. The VE spent the next seven years in general manufacturing management, responsible for the production of commercial lighting, aluminum castings, die cast metal parts, and picture frames. Subsequently, he worked at **Progress Lighting** and eventually became a senior vice president in charge of product development, market research, and advertising/sales promotion. VE Raskin remains active in this field through consultation.

IESC ASSISTANCE RENDERED:

Upon arrival in Bulgaria, VE Raskin spent the first week reviewing the client's operations in terms of current business activity and future possibilities. He classified Rodina's lighting fixtures as an "economical combination of style and function." Subsequently, the VE highlighted the key differences between the manufacturing and installation processes and the parts utilized in the U.S. versus those in Bulgaria.

VE Raskin presented in detail several procedures which might benefit the client, such as the collection of information regarding home furnishing styles, lighting style, market responses, and exhibition attendance. The VE also demonstrated step-by-step methods for the design, sampling, critique, and pricing of a product. Finally, he suggested areas which the client should target in order to upgrade the safety standards in their factory: the use of goggles and work gloves, air make-up, cleanliness, and washroom maintainence.

VE Raskin is confident that through the implementation of his recommendations, the client will gain a clear definition of its goals and recognize the need for continuous monitoring and creativity in such a style-conscious business. Furthermore, by creating a fixed responsibility for making key decisions and forming critical business strategies, the VE demonstrated several ways in which the client can improve upon its organizational structure.

Country Director Andonov commented, "The project was successful. The managing staff of the company learned a great deal which will **contribute to the local economy and save hundreds of jobs.** The client added, 'This was a very critical period for the company. VE Raskin's recommendations helped us organize our design, distribution, and production procedures.'"

HARKLESS 1/12/1993 PUBLICITY PERMITTED RCTR: MINER CODE "O"
2506E

36

SUMMARY OF IESC PROJECT 22341

STARTED: August 19, 1992
COMPLETED: September 18, 1992

CLIENT; ASSISTANCE REQUESTED:
Robotica Company
Velingrad, Bulgaria

The client produces laboratory equipment, optic-mechanical appliances for military use, packing machines for syringe needles and blood transfusion systems, and physio-therapeutic appliances for heat massage.
OBJECTIVE: To evaluate the current product line as it compares with Western equivalents, to make recommendations for improvement of product quality, and to assist in setting-up a marketing department and promotion program.

EMPLOYEES: 340

IESC VOLUNTEER EXECUTIVE:
Barry G. Cohen
Berkeley Heights, New Jersey

VE Cohen has spent his entire career developing methods for testing, testing equipment, and electro-optical instruments for industrial applications. He has served as an adjunct professor at the **New Jersey Institute of Technology**, and as a Fulbright fellow visiting professor at Technicon in Israel. In 1969, he started his own company, **Research Devices, Inc.**, an internationally recognized designer and builder of electro-optical instruments and infrared microscopes. Later, he sold the company to the American Optical Company, and has since continued to work as an independent consultant, specializing in the development and design of electronic and electro-mechanical equipment with a focus on electron beam lithography.

IESC ASSISTANCE RENDERED:

VE Cohen was surprised to find the client business nearly bankrupt. He observed that although the people were extremely literate and intelligent, the company was poorly organized and management was overwhelmed by the awesome task of converting the business to fit into a free-market economy. VE Cohen also noted that the objectives and the description of the client's situation as written-up in the project agreement were inappropriate.

Next, the VE set to work organizing the company to help it survive. He rendered the following assistance:

- Completed a four-year business plan which projects a profitable operation if the VE's recommendations are followed.
- Installed a functioning sales department at the client plant, and recommended a methodology for finding customers, doing market studies, determining payment methods, and particularly for capturing market share in a competitive market.
- Prepared Western-style balance sheets and profit and loss statements for use in the client's discussions with banks and investors.
- Advised production and design teams working on a new project.

Country Director Assistant Vassilev commented, "VE Cohen successfully accomplished the project despite many difficulties. The client added, 'Mr. and Mrs. Cohen gave us practical and methodological help in connection with market study and establishing contacts with clients from the health field. The business plan was widened and completed. It projects operations for survival and growth of Robotica in the fiscal years 1993-1995. This business plan will be our methodological guidebook for future operations.'"

REIMER 1/18/93 PUBLICITY PERMITTED RCTR: BALAS CODE "O"
2527E

37

SUMMARY OF IESC PROJECT 22342

STARTED: July 18, 1992
COMPLETED: August 20, 1992

CLIENT: ASSISTANCE REQUESTED:
"Robotica" Company
Velingrad, Bulgaria

The client currently produces laboratory equipment, optic-mechanical appliances for military use, packing machines for syringe needles and blood transfusion systems, and physiotherapeutic appliances for heat massage. Prior to 1988 however, the client specialized in optic-mechanical appliances for guns and anti-aircraft weapons.

OBJECTIVE: Due to the disarmament process, the production of military appliances has dropped sharply, and management is seeking ways to convert to civil production. Specifically, they have requested assistance in evaluating their current products, equipment, and facilities; developing recommendations for conversion to civil production; restructuring the company; providing a business plan; and creating a marketing department.

EMPLOYEES: 340

IESC VOLUNTEER EXECUTIVE:
Gerald Bell
Somers, New York

VE Bell is retired from the **Lumex** company, which he started and built from three to over one-thousand employees in a period of nearly 40 years. Lumex manufactures and markets a full line of patient aids as well as rehabilitation and health and fitness club exercise equipment. Throughout his working career, VE Bell devoted his efforts to the marketing, sales, product development, and administrative aspects of the business. At the time of his retirement, he was company chairman.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Bell found that the client's most serious problems stem from the external political and economic difficulties which have faced Bulgaria since the breakdown of the Soviet-bloc nations. Prior to the collapse of the U.S.S.R., they borrowed money to produce and ship a large amount of equipment to the U.S.S.R. for which they have not yet been paid. As a result, they have not been able to make payments on their loans or pay their employees. Because all of Bulgaria is experiencing the same sort of financial difficulties, there is little money for customers to pay for products. Consequently, the VE noted that steps for survival and operating plans should be developed only for the immediate future.

Nevertheless, VE Bell provided the following assistance:

- Provided a report on the general economic situation in Bulgaria and particularly, the situation at Robotica.
- Visited the corporate headquarters and offices in Sofia to assess the availability of funds and markets.
- Personally interviewed all management-level personnel, marketing personnel, and research and development personnel.
- Reorganized their marketing department.
- Arranged a two-week in-plant training session.
- Assisted with the creation of research and development protocol.
- Provided numerous recommendations for improving all phases of the business.
- Worked with the assistant director on preparations for a business plan, and with all management personnel in creating the business plan.

VE Bell commented, "Client/VE relations were excellent at all times... Working with the client was a pleasant and rewarding experience."

Country Director Assistant Vassilev commented, "VE Bell's efforts provided the ground and guidance for the client to survive. Efforts were made to promote the client's needs before the needs of state entities. The VE and the client agreed to maintain contact, and **the VE agreed to provide contact with American companies potentially interested in (a business arrangement) with the client.** The client added, 'We received wise advice in the marketing field, the organization of manufacturing, and management... (Additionally,) the business plan will be of great support for our future work.'"

HAYES 1/6/93 PUBLICITY PERMITTED RCTR: BALAS CODE "O"

SUMMARY OF IESC PROJECT 22365

PIGGYBACK
STARTED: June 22, 1992
COMPLETED: July 3, 1992

CLIENT: ASSISTANCE REQUESTED:
Grand Hotel Varna
Drushba, Bulgaria

The client operates a five-star hotel with 330 rooms and two smaller hotels with 85 rooms each. The larger hotel is open year-round and caters to Scandinavian, German and British tourists, while the smaller hotels operate seasonally.
OBJECTIVE: The hotel management has requested advice on how to prevent acts of theft and prostitution in and around the hotel, and on how to improve their fire prevention systems. **This was a piggyback to project 22112.**

EMPLOYEES: 650

IESC VOLUNTEER EXECUTIVE:
Roger G. Battie
New York, New York

VE Battie has over 20-years experience as a major executive of **Burns International Security Services.** While at Burns, he was responsible for servicing their full line of security services, marketing, consulting and international security. Prior to joining this firm, VE Battie served in the **U.S. Army** as a radio and radar officer. He has also worked for the **Sylvania Company** in electronic defense surveillance and security systems. **This was his fifth IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Battie analyzed the hotel and its grounds, finding several vulnerable areas. He emphasized that security in the hotel is everybody's business, and not the responsibility of the security guards alone. Consequently, he proposed an organizational structure with job descriptions for the key people involved and outlines of the training that he felt would be necessary to improve security and safety at the hotel.

He pointed out several fire hazards and potential threats to the guests, and attempted to make some changes on the spot. The VE proposed a fire system which integrated all three of the hotels in the Grand Varna Complex, including a layout for a closed circuit television system, along with suggestions for automating patrols, etc. He also provided the client with a number of documents, with the further recommendation that the hotel staff participate in programs on safety, security, and other subjects, sponsored by the Educational Institute of the American Hotel and Motel Association.

VE Battie felt that the project would have been more effective had he been able to show a number of videotapes which he had brought with him: however, he had left one set of the tapes with a previous client, and the second set could not be used on the client's equipment.

Country Director Andonov commented, "The project was successful."

REIMER 11/19/92 PUBLICITY PERMITTED RCTR: AASEN CODE "0"
2366E

SUMMARY OF IESC PROJECT 22395

STARTED: September 21, 1992
COMPLETED: October 3, 1992

CLIENT: ASSISTANCE REQUESTED:
Sofia Commodity Exchange (SCE)
Sofia, Bulgaria

The client is the first and the largest commodity exchange in Bulgaria. OBJECTIVE: To train commodity brokers and provide information and assistance in the fields of futures and options trading, portfolio analysis, and on the psychological profile of the brokers.

EMPLOYEES: 7

IESC VOLUNTEER EXECUTIVE:
Joseph M. Miller
Flat Rock, North Carolina

For ten years, VE Miller was a governor of the **Chicago Mercantile Exchange**, where he was extensively involved in future and options trading. He has also served there in the positions of president and vice president. Most recently, he has acted as a consultant to the futures industry.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Miller found that the SCE is a new operation (established in 1991) operating with a limited budget in a difficult business climate which is changing rapidly from a planned to a market economy. The VE met with his clients each day, studied their problems and greatest areas of need, and provided assistance in a number of areas, of which he concentrated on the following:

1. Broker training in futures trading: the principles behind U.S. commody exchanges, how commodity exchanges operate, how a clearing house works, how futures trading fits into the free market, and how market forces create prices. He discussed the value of changing the client's structure to allow members to own a share of the exchange, and recommended consideration of a committee system for governing the SCE.
2. Development of systems and rules: working with the client's legal advisor, VE Miller discussed legal and regulatory problems regarding contract specifications, clearing operations, committee functions, and broker arbitration.
3. Public relations: in an effort to gain a wider audience for the exchange, the VE arranged two press interviews, a radio interview, and a T.V. session which he taped for their future reference. He also taped an audio session with Radio Free Europe and held a joint press conference with the SCE.

VE Miller provided a number of publications to the client concerning the rules, products and functions of a futures market; and training materials which can be adapted to their needs. He also arranged interviews with various business leaders and government officals. (One interview was with defense officials who wanted to know how to procure the materials and services they need in a free market economy.) In addition, he gave a presentation at a trade fair in Plovdiv, where he discussed IESC and other U.S. assistance programs.

Country Director Andonov commented, "This project was definitely successful. Excellent cooperation between the client and the VE led to excellent results... The SCE, as a pioneer component of the market economy will serve to accelerate Bulgaria's further transition to a market economy. The client commented that the literature and discussions provided by the VE have been very beneficial, and have already resulted in a positive contribution to the educational efforts and rules governing the exchange. Also, the fruitful efforts of the VE have enabled the SCE to build-up a clear concept of their own place in the economic life of the country."

HAYES 12/09/92 PUBLICITY PERMITTED RCTR: ROSTAIN CODE "O"
0421F

40

SUMMARY OF IESC PROJECT 22541

STARTED: September 1, 1992
COMPLETED: September 24, 1992

CLIENT: ASSISTANCE REQUESTED:
Municipality of Pazardjik
Pazardjik, Bulgaria

The client elaborates municipal tax policies; tries to guide municipal companies, and provides an investment climate through the allocation of an accumulated funds tax policy.

OBJECTIVE: To assist in establishing a market for the wholesale trade and export of agricultural products in order to generate revenue for the municipality.

EMPLOYEES: 40,000

IESC VOLUNTEER EXECUTIVE:
John W. Martin
Rancho Bernardo, California

As president of **Farmco Enterprises Ltd.**, a produce consulting and brokerage firm operating several farms, VE Martin has advised a Mexican fresh fruit and vegetable association on marketing their products in the U.S. He has also advised a firm which farms 5,000 acres of vegetables, on production and marketing. In addition, VE Martin has conducted a world-wide survey on food. Prior to that he owned and operated **Martin Produce Inc.**, a vegetable producing company with operations in three states and two packing plants.

IESC ASSISTANCE RENDERED:

The municipality of Pazardjik is in the process of privatizing former state farms. It is interested in establishing an export and wholesale trade market. VE Martin assisted in performing a feasibility study for the proposed market, covering land use, architectural design, transportation, refrigeration, and financial alternatives. To accomplish this, he visited farms and greenhouses, and had conferences with the mayors of six villages. In addition, he visited the School of Agriculture and inspected processing, cannery, and packing plants. Next, he distributed reading materials and gave a lecture to the Agricultural Department. The areas covered were as follows:

- Comments on the industry itself; its potential for successful export practices due to the richness of the land, climate, availability of water, industrious people, and central location.
- They found a potential site for the market, with access to road and rail transportation. The existing building should suit the client's needs after repairs have been completed. The VE provided the head of the Agricultural Department with the plans from an existing building which can be adapted to the client's needs when the market expands and new buildings are needed. He also provided the names of a designer and a refrigeration expert, **Interglobal Architects Designers and Consulting Engineers and General Refrigeration and Air Conditioning. Co.**, whom the client may contact in the future.
- **The VE planned on making contacts for the purchasing of specialized refrigeration equipment at the Produce Marketing Convention in Denver**, on the client's behalf.
- They discussed different ownership arrangements for the market, including municipal, public authority, private/public partnership, and private ownership.

VE Martin feels a new Food Terminal Market is feasible. It should be started on as large a scale as financing permits, but the profits should be on a small scale. Advertising should also be a high priority because the excellent quality of the products is not yet well known. In addition, once the process of privatization is complete, they will need to obtain financing. The Municipality also requests the assistance of the **U.S. Government, World Bank, AID, and private foundations** with the dissemination of information regarding the client's willingness to supply many food products to Russia and other countries for humanitarian reasons, at a reasonable price, over the next two years.

Country Director Andonov commented, "The project was successful. The VE presented a feasibility study for establishing a wholesale and export market for agricultural fresh products in Pazardjik. The client added, 'The information we got from Mr. Martin will be very helpful in developing our free market - especially for vegetables and fruit.'"

Milewski 01/19/93 PUBLICITY PERMITTED RCTR: Wharton CODE "0"
2533E

41

SUMMARY OF IESC PROJECT 22542

STARTED: August 11, 1992
COMPLETED: September 18, 1992

CLIENT: ASSISTANCE REQUESTED:
Municipality of Pazardjik
Pazardjik, Bulgaria

The government of Pazardjic believes that the functions of the municipality include elaboration of economic policy and strategies, as well as guiding municipal companies and providing an investment climate through the allocation of accumulated funds tax policy.
OBJECTIVE: To improve the city's municipal management techniques, especially in encouraging local businesses and attracting foreign investment.

EMPLOYEES: 40,000

IESC VOLUNTEER EXECUTIVE:
George F. Anast
Costa Mesa, California

VE Anast served as a consultant to business and municipalities for two years before his retirement. Prior to working as a consultant, he served for five years as executive director of the **Southern California Joint Powers Insurance Authority**, an organization providing public liability, workers' compensation, employee benefits, property and special events insurance coverage for 52 California towns. Previously, he held several positions in municipal management, including city manager for the city of Wasco, California, and later for the larger city of Antioch, California.

IESC ASSISTANCE RENDERED:

Although the client's request for assistance was somewhat unclear to VE Anast prior to his arrival, he and the client developed a quick rapport which aided them in the completion of the project. After his initial meeting with the client, the goals of the project became clearer to the VE. The mayor of the city expressed that he needed help in prioritizing the city's problems during the period of rapid political and economic change, and the city's secretary/manager sought guidance in employee selection procedures. In addition, the President of the Municipal Council wanted the VE's input on the organization of an Association of Municipalities.

The VE immediately set to work preparing forms, directions, etc. to be translated. He created and implemented systems to aid in the management of the municipality, and prepared proposals for amendments to the Code of Municipalities. He provided the city manager with a complete employee selection process and organized an employee evaluation system to be eased into place a few months later.

Additionally, VE Anast implemented a priority program for the mayor, reducing the 60 issues originally advanced to 36, which were, in turn, rated and put into order of priority by the staff and top elected officials. He noted that the mayor has committed himself to adopting these 36 items as his objectives for the balance of his term.

While in Bulgaria, the VE offered his advice to several business people who approached him. He also explained IESC's programs and services in three newspaper interviews and on Radio Sofia.

Country Director Andonov commented, "The VEC actively assisted the client to improve municipal management and the administrative practices of the municipality. The client received assistance in many aspects beyond the scope of the project. The client added, 'I am exceptionally satisfied with all of the help which was given in the areas of my responsibility... Mr. Anast's notes on city business contracts almost immediately gave results.'"

REIMER 12/02/92 PUBLICITY PERMITTED RCTR: WHARTON CODE "0"
2396E

42

SUMMARY OF IESC PROJECT 22718

STARTED: June 19, 1992
COMPLETED: July 8, 1992

CLIENT: ASSISTANCE REQUESTED:
Eztour Pravetz
Pravetz, Bulgaria

The client is a hotel complex which sponsors local and foreign tours, transportation services, foreign economic activity, information services, sports, etc.
OBJECTIVE: The client has requested the assistance of an IESC VE to assess hotel properties with future privatization in mind, prepare a marketing plan for hotel and residence properties, lay-out promotional material for the resort complex, and hold a customer service seminar for hotel staff.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Donna Steiger
Paradise, California

For the past 30 years, VE Steiger has been a consultant for the 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; development of in-house travel offices for the **American Broadcasting Company** including management of all aspects of travel/tourism/accommodations related to the 1984 summer and winter Olympic games; and development of a comprehensive employee training program in sales, customer service, product knowledge and package tours for **Mexicana Airlines. This was VE Steiger's fourth IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Steiger toured the Hotel Pravetz Complex to become familiar with its facilities and operations. After making her initial evaluations, she provide. the following assistance:

- Took inventory of the facilities, listed areas which needed to be improved, and obtained cost estimates for the needed repairs.
- Translated the Complex's budget according to Western accounting methods in order to facilitate financial analysis.
- Prepared a marketing plan to help attract foreign investments.
- Performed a business analysis for 1991 and the first six months of 1992.
- Prepared a business plan for future privatization.
- Held a customer service seminar for all hotel staff.
- Advised hotel management to contact an ecological organization for suggestions to prevent swallows from nesting on hotel balconies, but keep them in the area (perhaps closer to the lake in birdhouses) so they continue to keep the mosquito population in check.

While the client cooperated fully with the VE and seemed eager to implement her suggestions, VE Steiger felt that Bulgarian interest rates (as high as 62%) would stand in the way of acquiring funds for the needed repairs and marketing efforts. Uncertainties about privatization laws will also complicate planning and implementation of the VE's recommendations.

Country Director Sino commented, "The project was completed entirely according to the client's request. Material results will be evident in the future. The client added, 'Miss Steiger has developed an outstanding report which will enable us to attract investors to our properties.'"

REIMER 10/21/92 PUBLICITY PERMITTED RCTR: AASEN CODE "O"
2235E

SUMMARY OF IESC PROJECT 22725

PIGGYBACK
STARTED: June 11, 1992
COMPLETED: June 14, 1992

CLIENT: ASSISTANCE REQUESTED:
Government Commission for the Protection of Competition
Sofia, Bulgaria

The Commission was established in May, 1991 for the purpose of preventing unfair competition and the advent of monopolistic enterprises in Bulgaria's new market economy.
OBJECTIVE: The Commission has requested assistance in outlining the basic principles of antitrust legislation; defining the state's role in protecting competition; and to provide insight into the development of laws and judiciary practices. **This project was a piggyback to project 22232.**

EMPLOYEES: 70

IESC VOLUNTEER EXECUTIVE:
Thomas P. Griesa
New York, New York

VE Griesa has spent 20 years as a federal district court judge, adjudicating a wide range of cases including antitrust and competition litigation. Prior to his appointment as a judge, VE Griesa worked with the law firm of **Davis, Polk and Wardwell** in New York City, where he rose to the position of partner in the firm. His experience as a lawyer centered around antitrust cases and utility and securities law cases. He has also served on the Antitrust Committee of the New York City Bar Association for several years. **This was VE Griesa's second IESC project.**

IESC ASSISTANCE RENDERED:
Upon arrival, VE Griesa studied the pieces of legislation which directly governed antitrust cases; these included the 1991 Bulgarian Constitution, the Law on the Protection of Competition, and the Statute on the Organization and Activities of the Commission for the Protection of Competition. He observed that there were many similarities between Bulgarian and U.S. antitrust laws.

Subsequently, VE Griesa attended several meetings with members of the Commission and a local economist in which he discussed his experience as a federal district judge in antitrust and unfair competition cases. He shared the details of specific cases which brought up issues relevant to the Bulgarian judiciary in its transitional stages. The VE also attended a session of the Sofia City Court to view the judiciary system in action.

As the main purpose of this project was to provide information for the client rather than implement any changes in the system, VE Griesa made sure that he was available to answer any questions that lawyers or members of the judiciary might have had for him. Overall, he attempted to provide the commission with his insight and all pertinent information so that it could best determine its own focus and organize its activities accordingly.

Country Director Andonov commented, "Very successful. VE Thomas Griesa explained in detail the subjects which interested the client. The Commission for the Protection of Competition is playing a pivotal role in the transition of Bulgaria to a market economy. The client added, 'The VE is a good expert; it was a pleasure to work with him.'"

REIMER 11/13/92 PUBLICITY PERMITTED RCTR: CLAUDY CODE "0"
2300E

SUMMARY OF IESC PROJECT 22798

STARTED: September 9, 1992
COMPLETED: October 8, 1992

CLIENT: ASSISTANCE REQUESTED:
Pirel, Limited
Gotze Delchev, Bulgaria

The client produces FM installations and controller systems for radio communications in a range from 27 to 350 MHz and sells nickel-cadmium batteries. They are interested in obtaining licenses for modern radio and telephone systems and hope to work cooperatively with other firms.

OBJECTIVE: Pirel has requested assistance in developing a marketing strategy on the basis of their technical and technological expertise, evaluating the adaptablility of current production for civilian use, and proposing a strategy for conversion to civil production.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Robert B. Hansen
Duluth, Minnesota

VE Hansen retired in 1990 as president of the consumer products group for **Zenith Electronics Corporation.** In this capacity, he was responsible for all aspects of design and development, manufacturing, engineering and marketing of TV and audio products. He began his career in the consumer products division of the **RCA Company**, where he worked for twenty years. VE Hansen is a patent holder in the audio and TV fields and is well known and respected in the industry.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Hansen learned that the Pirel plant had been out of production for about six months, and even those employees who had continued to work had not been paid during that period. After touring the factory departments and becoming familiar with Pirel's capabilities, the VE came to the conclusion that the best solution to their short-term problem would be to find contract manufacturing jobs. Contract work seemed to be the best alternative since there was no capital available to make investments in normal product development or in production of licensed products.

When Pirel's president returned from business in Moscow (where he was trying to secure payment on delivered goods), he and the VE agreed on a work plan in which VE Hansen was to help develop a sales portfolio with prime emphasis on contract manufacturing. To this end, he wrote sample pages for all sections of the portfolio, and supplied them to the people responsible for preparing each section. By the end of the project, the portfolio had been sent to Sophia to be printed.

The VE also helped the client develop a customer list, by providing them with contacts at **Zenith Electronics, Motorola, and ATT** of the U.S., as well as Groupe Bull of France and JVC of Japan. He noted that Zenith had expressed interest in possible tooling and contract manufacturing with Pirel, while JVC and Groupe Bull had little interest, but agreed to review the portfolio. Such communications were complicated by poor telephone lines which hampered their attempts to make direct international calls and faxes, and the expense of DHL delivery.

Additionally, the VE wrote a letter to Motorola requesting that it include Pirel in the upcoming phone project in Bulgaria should Motorola becomes the project's prime contractor. He also opened relations between Pirel and Motorola in the hope that they could share technical information or initiate a licensing agreement in the future.

Country Director Assistant Kopanarov commented, "The VE has done enormous work to study the preliminary information, the situation of Pirel, and its potential. Success, if any, will be in two months at the earliest, but all done by VE is already a success as Pirel knows what it needs and how to achieve it. The client added, 'We believe the portfolio that results from this project will be important to our future and we will try very hard to follow the advice and mailing list that Mr. Hansen has provided.'"

REIMER 12/15/92 PUBLICITY PERMITTED RCTR: LEET CODE "0"
2436E

Czech and Slovak Federal Republic

SUMMARY OF IESC PROJECT 21270

STARTED: April 14, 1992
COMPLETED: April 30, 1992

CLIENT; ASSISTANCE REQUESTED:
Hydrometalurgicke Zavody Bruntal s.p.
Bruntal, CSFR

The client is a new facility that was intended to treat polymetallic concentrates to produce different non-ferrous metals. Construction on this very costly investment was halted after only part of the equipment was installed, due to a reduction in mining and metallurgical activities in the CSFR.

OBJECTIVE: To salvage their investment and preserve employment in the region by finding an appropriate use and possible areas of further development for the equipment and facilities of this new metallurgical plant.

EMPLOYEES: 250

IESC VOLUNTEER EXECUTIVE:
Horst E. Hirsch
Spokane, Washington

VE Hirsch, with a Ph.D. in chemical technology, has over 23-years experience in chemical and metallurgical processes, including the extraction and refining of common metals, as well as a wide variety of minor metals. He has been employed with **COMINCO Ltd.** for over 21 years in a variety of capacities, including head of mineral processing research, manager of technical research, and general manager of electronic materials. Subsequently, VE Hirsch was transferred to **COMINCO American Inc.**, where he was appointed president. Most recently, he has served as president of **Johnson Matthey Electronics North America.** He is a member of several technical societies; a holder of a number of U.S., Canadian, and German patents; and the author of numerous technical publications.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Hirsch reviewed the client's corporate history, strategy and relationships. His assistance consisted of a comprehensive examination of the client's technological capabilities and their economic potential given the CSFR's full participation in a free market economy. He commented that the embryonic specialty metals and chemicals business is in a precarious position because it faces the task of having to develop an international clientele in markets which are already well supplied in a stagnating world economy.

Specifically, the VE addressed the following topics:

- Efforts to find an international joint venture partner for zinc production should be abandoned, as the potential to make a profit in that area is nearly zero. Concurrently, any equipment related to the production of zinc should be quickly disposed of, and equipment currently under order should be cancelled.
- The potential of a steam plant should be explored as an economically and environmentally attractive asset.
- Improvements needed in labor, maintenance, construction, and administrative efficiency, and implementation of an employment target.
- Increase marketing efforts in all areas using 6-12% of revenues as a minimum amount that should be spent on these activities.
- Suggested a joint venture, merger or acquisition with the other metal fabricating company in the CSFR. This could benefit both companies and the overall metal fabricating industry in the CSFR.

VE Hirsch commented that the client was highly capable and very cooperative throughout the duration of this project.

Assistant Country Director Cervinka commented, "This was one of our most successful projects. The client was very pleased with the results as well as the collaboration with the VE... This project will also reap benefits for the electrical/electronic, mechanical and chemical industries."

HAYES 9/23/92 PUBLICITY PERMITTED RCTR: HYMAN CODE "2"
2163E

47

SUMMARY OF IESC PROJECT 21274

STARTED: February 18, 1992
COMPLETED: March 23, 1992

CLIENT; ASSISTANCE REQUESTED:
Sedlcanske Strojirny, s.p.
Sedlcany, CSFR

The client is a specialized manufacturing facility for light, prefabricated metallic products for civil engineering purposes, such as roof and wall lining, heating radiation panels, hoists, and elevation scaffolding panels.

OBJECTIVE: Due to the present recession in the civil engineering industry in the CSFR, the client is seeking new markets, and has requested the following assistance: develop and explain a marketing strategy for the expected market conditions; set-up a financial planning and control system based on cash-flow, and train management in using it; explain the principle procedures of market value evaluation for privatization; and help the management adopt a modern and appropriate system of incentive renumeration.

EMPLOYEES: 930

IESC VOLUNTEER EXECUTIVE:
Wilson H. Ray
Kennebunkport, Maine

VE Ray has devoted his career of over 30 years to the **Aluminum Company of America (ALCOA)**, where he served in a variety of capacities and developed extensive experience in international marketing and management. Starting as a sales engineer, he was promoted through positions in corporate and international market research and marketing to become ALCOA CEO for six years in Japan.

Subsequently, he worked with the **Pittsburg Non-Profit Rehabilitiation Center for Physically Disabled People** as director of marketing and vice president for marketing and public relations, for eight years until his second retirement.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Ray met with the deputy directors and selected staff members of each of the client's two manufacturing facilities. He found that one of the plants manufactures industrial machinery and equipment (30% of their annual sales revenue) while the other manufactures non-residential building products (70% of their annual sales revenue). Following a pre-determined work schedule, he rendered assistance in the areas of financial matters, organizational structure, developing international standards, instituting team-work efforts and appropriate employee incentives and compensation, and demonstrated procedures to evaluate market value and the development of possible new products.

The VE also focused on marketing matters and strategies, a new concept and endeavor for this company. He made numerous recommendations and discussed key elements such as knowing one's customer and competition, market research, agents, etc. Additionally, VE Ray explained American approaches and business procedures, and provided supportive reference documents.

The VE commented that he shared an excellent working relationship with the client.

Country Director Kosman commented, "The client is fully satisfied with the performance of the VE and the assistance rendered on this successful project... Increasing the client's production will have a positive effect on the economy and political stability."

HAYES 7/19/92 PUBLICITY PERMITTED RCTR: MOYER CODE "D"
2044E

SUMMARY OF IESC PROJECT 21360

STARTED: November 19, 1991
COMPLETED: December 13, 1991

CLIENT: ASSISTANCE REQUESTED:
Sberne Suroviny A.S.
Pardubice, CSFR

The client collects and processes recyclable waste in an area of dense chemical industry and chemical agglomerations.
OBJECTIVE: To upgrade equipment, improve management skills, find new fields of activity, and a partner for a joint venture. They also wish to focus this project on the ecological facets of waste management, which are presently a prime concern in the CSFR. EMPLOYEES: 50

IESC VOLUNTEER EXECUTIVE:
Gerald B. Fairbanks
Shelton, Washington

VE Fairbanks has extensive experience in the field of waste management. From 1964 to 1981, he was director of the solid waste utility for the **City of Seattle, Washington.** From 1981 to 1983, under contract for **The Wehran Engineering Company**, he served as director of the inspection unit in Buenos Aires, Argentina, administering solid waste collection, street cleaning, and catch basin maintenance. VE Fairbanks is also a former international president of **The Governmental Refuse Collection and Disposal Association. This was his second IESC project.**

IESC ASSISTANCE RENDERED:

VE Fairbanks found that the client is presently government-owned, but is slated for privatization in 1992. Consequently, with the proposal of a number of recommendations, he commented that significant capital outlays should be deferred until privatization plans are concretized. The VE also discussed operation and management of U.S. waste management companies, reviewed the client's paper and hard plastics processing operations, provided opinions on the feasibility of specific products and operations, and analyzed the feasibility of the client's proposal to the Ministry of Privatization. Additionally, he made the following recommendations:

- Continue to expand existing waste processing operations for those materials having ready markets, and negotiate fixed term contracts to insure material supply and eliminate competition.
- Add personnel support to strengthen the financial management section of the company.
- Commence a public information and advertising program that will permit the client to comment on and propose private sector solutions to environmental problems.
- Expand public buying programs by lengthening business hours.
- Set-up a computerized information service to increase management efficiency, materials inventory, and operating costs.
- Continue the pursuit of new product opportunities with the use of equipment available in Europe and the U.S.
- Continue joint-venture talks with Saubermacher of Austria.
- Join trade organizations that permit for exchange on common problems, alert members to proposed legislation, and provide contacts which can lead to further business opportunities in this field.

Country Director Kosman commented, "This project contributed to the client's ability to set-up a business and privatization plan. The client considers this project successful, but commented, 'the results would certainly have been better if the VE had come from Austria, Switzerland or Germany, because the conditions and regulations in the U.S. are very different from ours.'"

HAYES 9/8/92 PUBLICITY PERMITTED RCTR: FROTHINGHAM CODE "O"
2121E

41

SUMMARY OF IESC PROJECT 21383

STARTED: October 17, 1991
COMPLETED: December 12, 1991

CLIENT/ ASSISTANCE REQUESTED:
Sigma Dolni Benesov
Dolni Benesov, CSFR

The client manufactures large-size pumps and fittings such as slide valves for industrial purposes. Until recently, they sold these products to COMECON nations and to many of the domestic nuclear power plants presently under construction. With the breakdown of their export market however, they have been facing marketing difficulties. OBJECTIVE: To introduce a new marketing strategy, they have requested an IESC volunteer to perform the following tasks:

- Judge the present production range of the company.
- Analyze product quality and recommend changes to help the company succeed in the new market structure.
- Suggest a marketing strategy and trading contacts in order to find new markets.

EMPLOYEES: 2400

IESC VOLUNTEER EXECUTIVE:
Gilbert L. Feltel
Jacksonville, Florida

VE Feltel has over 30-years experience in the pumps, fittings, and related fluid mechanics industry. He started his career with the **Interlake** company's steel and pipe division, where he was involved in project management, methods and standards, engineering, productivity improvement, and effective operations. Subsequently, he was appointed as vice president of manufacturing, where he directed all production functions and related disciplines in addition to strategic planning. Most recently, he has been president and CEO of the **Glow** corporation, where he was responsible for all aspects of the business, including domestic and overseas sales.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Feltel provided an initial analysis of the client's operations, including a list of their weak and strong points. He emphasized that their upper-level managerial work overload was due to the lack of delegation of responsibility and its ensuing accountability. Further, he commented on the need to begin thinking in terms of strategic planning for a market economy. Consequently, the VE demonstrated organization techniques to make the company more efficient, restructured various inter-mixed departments, and established specific marketing strategies to increase their exports to the U.S. He provided a series of lectures and seminars and made a number of specific recommendations including the following:

- Develop a brief mission statement, specifically describing what the company is and what it will become.
- Needed managerial skills and contacts can be attained through attendance of a top-level executive seminar.
- Retain material management functions for cooperative efforts such as coordinating manufactured and purchased materials supplies.
- Review production results daily to avoid month-end delays.
- Implement a broad three-year plan so that the manufacturing department can identify capacity concerns and capital equipment needs.

Additionally, the VE drew-up an organizational diagram, from which he outlined specific elements that could be adapted to the market economy system. VE Feltel also made various recommendations on human resources, organization, status reports on specific subjects, cost accounting, meeting delivery dates, and executive problem solving.

VE Feltel commented that the client was very cooperative and responsive, and has requested his return for a follow-up project.

HAYES 9/17/92 PUBLICITY PERMITTED RCTR: BARCH CODE "0"
2144E

50

SUMMARY OF IESC PROJECT 21377

REVISION

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

CLIENT: ASSISTANCE REQUESTED:

MEDITES a.s.
Pardubice, 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**. 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 for 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 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 Managing Director of Medites commented: "The VE held personal meetings with people from production, technical, sales, quality and financial departments. This we consider the greatest contribution to the whole project. We can say that the practical observation of our enterprise, information, advice and proposals of Mr. Berk exceeded the usual level of services.

HAYES 7/8/92 PUBLICITY PERMITTED RCTR: COOKE CODE "O"
12975 REVISED 10/19/92

SUMMARY OF IESC PROJECT 21465

STARTED: January 21, 1992
COMPLETED: February 10, 1992

CLIENT; ASSISTANCE REQUESTED:
Cestovni A Obchodni Agentura VIA (VIA Agency)
Prague, CSFR

The client is starting-up a private travel agency. This activity was, until recently, a monopoly of the giant state enterprise which virtually killed the travel industry in CSFR. At present, there are an abundant amount of new small agencies, most of which suffer from lack of skill and experience. The tourism industry is considered strategically important for the CSFR economy.

VIA Agency has been involved in organizing business courses in Belgium, in cooperation with a Belgian company specialized in professional education, and which provides accounting and tax advisory services for other private entrepreneurs, and organizes tourist bus trips.

OBJECTIVE: To analyze the present performance of the company and suggest methods for upgrading their marketing methods, suggest possible diversified services in the Prague region and the strategy for starting travel services abroad, and link the company with foreign partner travel agencies and international organizations.

EMPLOYEES: 6

IESC VOLUNTEER EXECUTIVE:
Sally A. McKean
Reston, Virginia

VE McKean has 15 years of experience in the travel industry. She has managed travel agencies in New York City and Washington, D.C., and in the suburbs of both cities. VE McKean has experience in office management, marketing and sales development, training and evaluating employees, and budgeting and sales forecasting. She was manager of **Thomas Cook Travel Agency** where she completed a three-week management training program in the United Kingdom. VE McKean has also attended other various classes relating to the travel business, such as international tariff classes, Sabre computer course, and Apollo computer training.

IESC ASSISTANCE RENDERED:

VE McKean discussed the travel agency operations which they wanted to expand in the future. The client stated that they wanted to widen their motor coach transport services, open a full-service travel agency, add travel training to their accounting school, expand incoming travel services, and later expand their outgoing travel services. VE McKean reported that the client possessed top of the line motor coaches; they also were successfully operating their school for accounting. She discussed marketing methods used in the U.S. and stated that marketing strategies were different all over. VE McKean stressed that the client choose a marketing strategy, keep a continous flow of activities, and provide an adequate amount of follow-up. She also noted that the client should keep abreast of world and in-country travel developments, especially if other companies were attempting to expand into the client's markets. VE McKean provided the client with contacts for **Budget Rent-a-Car** in order to allow the client to add another service for their customers. She also contacted the **Black Sea Shipping Company** for cruise ship brochures, as well as to make contact with this cruise line. VE McKean also left the 1990 U.S. Directory for Businesses for future business contacts in the U.S. Information on how to apply for membership into the International Air Transport Association was also provided to the client.

Nowak 05/05/92 PUBLICITY PERMITTED RCTR: Thurston CODE "O"
1752E

SUMMARY OF IESC PROJECT 21487

STARTED: April 3, 1992
COMPLETED: June 1, 1992

CLIENT; ASSISTANCE REQUESTED:
Istrochem
Bratislava, CSFR

Istrochem produces chemical fibers, fertilizers, pesticides, herbicides, rubber additives, industrial explosives and pure chemicals. As the client relied on the USSR and Poland as primary markets for its products, the breakdown of the Eastern Bloc and the ensuing transition to a market economy, combined with new environmental concerns have forced them to adjust to the changing Eastern European market structure. OBJECTIVE: The client has requested assistance in replacing its current bookkeeping practices with a Western accounting system and in training its finance department to work according to Western methods of financial management, investment policy, and decision making. Also, they would like the VE to elaborate on the documentation necessary for joint ventures. **This project was conducted at the same time and for the same client as project 21488.**

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Thomas Casadevall
Wilmington, Delaware

VE Casadevall spent his entire 35-year career with **E.I. DuPont**, where he was involved in financial management. Over the years, he served as director of finance for Ducilo, the company's operation in Buenos Aires, and later as financial director for all of DuPont's subsidiaries and affiliated companies in Europe. Prior to retirement, he also served as DuPont's director of international finance and assistant treasurer.

IESC ASSISTANCE RENDERED:

VE Casadevall prepared several papers and reports in accordance with the client's requests. He discussed the following topics in these reports and in verbal dialogue with client personnel:

- Organizational structure and functions of various groups in a joint stock company.
- A review of the VE's own experiences which might be helpful to the client in pursuing joint venture discussions with potential foreign partners.
- Financial planning and control tools used by U.S. companies.
- The cash management concept as applied to Istrochem Intra Bank, including the VE's concerns about the direction in which the company was heading.
- Short term cash management.
- Istrochem's company history, plants, products, environmental matters and future developments (this report was prepared in English for distribution among foreign firms interested in Istrochem).
- Calculation of various operating performance measures, joint venture negotiations, and expansion projects.
- Various organization, finance and accounting matters.

In addition to providing information on the above topics, VE Casadevall aided the client in presenting a seminar to its managers and employees, discussing joint venture partner selection, negotiations, agreements, etc., and financial planning and control. He also participated in a seminar for financial experts sponsored by the Education Institute of the Ministry of Industry.

VE Casadevall noted that the project would have been facilitated if there had been a clearer understanding between the client and IESC as to the role of the VE, if the client's management and information had been more readily accessible to the VE, and had adequate oral translation services been provided.

Country Director Molnar commented, "If the recommendations made by the VE have a positive influence on the financial situation of the client company, it will also influence the country's economy. The client added, 'We will use the documents left by the VE as methodological material in the development of a privatized joint-stock company.'"

REIMER 10/26/92 PUBLICITY PERMITTED RCTR: HUTCHINSON CODE "C"
2246E

SUMMARY OF IESC PROJECT 21488

STARTED: April 2, 1992
COMPLETED: June 1, 1992

CLIENT; ASSISTANCE REQUESTED:
Istrochem
Bratislava, CSFR

Istrochem produces chemical fibers, fertilizers, pesticides, herbicides, rubber additives, industrial explosives and pure chemicals. As the client relied on the USSR and Poland as primary markets for its products, the breakdown of the Eastern Bloc and the ensuing transition to a market economy with new environmental regulations have forced them to seek ways to transform their product line and adjust to the changing market structure in Eastern Europe.
OBJECTIVE: The client has decided to establish a strategic marketing department, and has requested IESC assistance in designing the internal structure of the department, determining its position in the enterprise, and training employees in market forecasting so they can make suggestions regarding product development and marketing. **This project was conducted at the same time and for the same client as project 21487.**

EMPLOYEES: 5,131

IESC VOLUNTEER EXECUTIVE:
Charles Z. Keresztes
Wilmington, Delaware

VE Keresztes has over 33-years experience in the textile fiber industry. He spent all but the first five years of his professional career with **DuPont** in various capacities. He retired as technical marketing manager in Wilmington, Delaware, where he worked closely with the manufacturing and research departments. He has also held several international positions, including product planning and international sales manager in Sao Paulo, Brazil, and director of DuPont service centers in England, Germany and Switzerland. VE Keresztes began his career in Canada, working as a chemist for the **CIBA Company** and the **Duplan Company. This was his second project for IESC.**

IESC ASSISTANCE RENDERED:

Upon review of the client's needs and desired future direction, VE Keresztes rendered the following assistance:

- Trained the Department of Strategic Marketing personnel to prepare and execute 3 to 5-year business plans for each profit center.
- Taught marketing personnel how to plan for possible geographic extension for marketing territories.
- Explained how the business plans should effect present and future production, marketing and distribution of fibers.
- Defined the criteria for potential joint venture or strategic alliance partners who are interested in investing in the CSFR as a base for evaluation of markets in Eastern Europe.
- Outlined the criteria for selection of multi-discipline consultancy teams.

The VE felt that his work could have been more effective had better translation services been provided.

Country Director Molnar commented, "VE Charles Keresztes trained the employees in the Department of Strategic Marketing how to prepare business plans and how to extend market territories. All tasks were fulfilled. The result could have been better if there had been better knowledge of English for oral communication. The client commented, 'Given the present conditions of the client organization, the project has been optimally effective.'"

REIMER 10/21/92 PUBLICITY PERMITTED RCTR: HUTCHINSON CODE "0"
2239E

SUMMARY OF IESC PROJECT 21524

STARTED: January 10, 1992
COMPLETED: February 14, 1992

CLIENT: ASSISTANCE REQUESTED:
Cottex Hronov s.p.
Hronov, CSFR

The client is a textile factory which has recently divested from a large textile conglomerate and is currently undergoing privatization. They produce blouses from imported American cotton. Forty percent of their products are exported to western Europe, but they are currently experiencing problems in their domestic market due to current economic restructuring in the CSFR. OBJECTIVE: To restructure the firm according to international financial standards, develop a privatization plan that will help them to find a foreign partner, and work with a VE from an overlapping TIS project which will focus on locating potential joint venture partners. **They have received prior IESC assistance in T.A. project 21113 and ABLE project A1179.**

EMPLOYEES: 1,600

IESC VOLUNTEER EXECUTIVE:
Frank Wallace
Fort Mill, South Carolina

VE Wallace has over 35-years experience in garment and other sewn goods costing and standard cost systems. Most recently, he served as director of corporate cost accounting for the **M. Lowenstein Corp.** where he designed, implemented and managed their corporate cost accounting system. Prior to that he was employed with **J.P. Stevens** as a cost engineer/accountant, and was later promoted to plant cost accountant. VE Wallace began his career with **Springs Industry**, where he progressed through positions of increasing responsibility as an industrial engineer, industrial engineering supervisor, and cost accountant. **This was VE Wallace's second IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Wallace examined the client's financial accounting and cost accounting practices, and found that each manufacturing operation was measured on a profit and loss basis. Consequently, he recommended that the client work toward changing from a "free profit" concept to a "one profit" method using operating statements to measure each manufacturing plant against standard costs. To clarify this process, the VE provided examples of the proposed financial and operating statements. He also gave them detailed instructions and an example for the development of a manual cost accounting system based on "engineered standards".

Next, VE Wallace rendered a computerized version of the cost accounting system which is now installed on the Cottex computer, and provided them with an updated version using their spinning budget and production data.

The VE commented that he ran out of time because there was no interpreter or English speaking counterpart to meet with for the first two weeks of this project. Nevertheless, VE Wallace agreed to complete the cost system upon his return to the U.S.

Country Director Assistant Cervinka commented, "The VE had the opportunity to utilize fully his excellent skills in accounting. He introduced modern cost accounting methods and explained their use to the management. He also gave the client his own computerized system of cost accounting and other valuable assistance to key staff members. The client added, 'The client/VE relationship was good. Everything now depends on the management of the newly formed joint-stock company.'"

HAYES 12/3/92 PUBLICITY PERMITTED RCTR: FROTHINGHAM CODE "0"
2399E

SUMMARY OF IESC PROJECT 21580

STARTED: February 24, 1992
COMPLETED: March 20, 1992

CLIENT: ASSISTANCE REQUESTED:
Tesla Piestany, s.p.
Piestany, CSFR

Tesla is a manufacturer of semiconductor and electronic components such as diodes, transistors, and integrated circuits. They have operated as a state enterprise for 30 years and must now adjust to the new, free market economy. Traditionally, most of their production is consumed in the Czechoslovakian market, with only 15% exported to COMECON countries; however in 1991, over 15% of production was exported to the former U.S.S.R. alone.

OBJECTIVE: The client would like the VE to recommend a production strategy to determine expected trends in production, as well as provide sufficient marketing assistance for expansion of their market outside of the Eastern Bloc. Finally, the client has requested that the VE help them to locate partners who will assist then in the most expedient utilization of their recently expanded plant.

EMPLOYEES: 2,767

IESC VOLUNTEER EXECUTIVE:
David D. Doran
South Sutton, New Hampshire

VE Doran has over 30 years of experience in a variety of positions in the field of high technology. For the past 16 years, he has been owner and president of a company which is engaged in the manufacture and sale of special industrial X-ray equipment. He has extensive experience in the introduction of new products and manufacturing, as well as in marketing reorganization and improvement. **This was VE Doran's second IESC project.**

IESC ASSISTANCE RENDERED:

After an initial study of the client's operation, VE Doran and the client counterpart determined the client's most pressing short and long-term problems and formulated a work plan.

The VE recommended that a marketing plan, a budget plan and a sales estimate be prepared to inform management of the cost of market expansion, and to help them determine how best to utilize their capital for a maximum increase in sales. The VE recommended focusing marketing efforts on the U.S. and countries within driving distance of the CSFR. He suggested that they solicit business through technical articles, software catalogs, direct sales, country agents, trade shows, and advertising. The VE also promised to send the client a list of manufacturers and distributors upon his return to the U.S.

VE Doran felt that Tesla should develop a long-term marketing strategy. After comparing Tesla's prices to the U.S. distributer's prices, the VE determined that Tesla is very competitive in diodes and transistors, mildly competitive with older computer chips, and uncompetitive in Cmos 4000 chips. Given these observations, the VE and client decided that Tesla must continue producing the current product line, as cash limitations prohibit the immediate purchase of new equipment.

While Tesla has a sufficient variety of products to sell in the short-run, they must develop new products in order to remain competitive in the long-run. For this reason, the VE suggested that the client seek a joint venture partner. Tesla could offer its partner the plant, property and labor necessary for production, while the foreign investor could supply the newer technology, modern equipment and a market. The VE offered to initiate the search by sending a form letter to several semiconductor manufacturers in the U.S.

Country Director Molnar commented, "Very successful. More was completed than was asked or expected. The client added, 'We expect that our marketing efforts will improve sales and we hope that a suitable joint venture partner will be found in that time.'"

LEESON 11/04/92 PUBLICITY PERMITTED RCTR: MINER CODE "O"
2290E **REVISED (REIMER) 12/31/92**

56

SUMMARY OF IESC PROJECT 21699

STARTED: March 2, 1992
COMPLETED: March 15, 1992

CLIENT: ASSISTANCE REQUESTED:
Credo Prostejov
Prostejov, CSFR

The client, a cooperative owned by thirty of its employees, is involved in a number of unrelated businesses. They operate five very small retail businesses: a snack bar in a hospital, a gravestone polishing operation, contract drilling, and construction of water wells. They also sell 28 types of medical devices developed by an orthopedic surgeon who is a member of the cooperative.
OBJECTIVE: They have requested the assitance of a VE to assist management with organization and control, marketing and financial issues, and possible manufacturing and commercial collaboration with foreign partners.

EMPLOYEES: 45

IESC VOLUNTEER EXECUTIVE:
John M. Barbas
South Pasadena, Florida

VE Barbas holds an MBA from Harvard Business School and is highly experienced in business administration. From 1956 to 1966 he owned and operated his own business which manufactured and distributed potato chips and other snack foods. Subsequently, he sold this business to become a private consultant to small businesses. Following eight years as a private consultant, he became deputy regional administrator to the **U.S. Small Business Administration**, where he supervised 350 employees in six district offices and a regional office, and advised small businesses on management and financial matters. **This was his third IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Barbas evaluated the cooperative's organizational structure and found that it was adequate to perform the necessary functions and controls.

The VE commented that overall, the retail stores are profitable. He noted however, that the key to their profitability is their small size: Consequently, they generate cash, but do not have a great growth potential. Nevertheless, he provided a number of specific recommendations to increase their profits. He recommended that the funds provided by these stores be used to expand other enterprises with greater potential. In addition to a number of specific recommendations, he also provided several aids from the U.S. Small Business Adminisatration including a business plan and marketing checklist for small retailers, and used a traffic study to select retail store locations.

Regarding their well drilling service, the VE devised a program to increase their backlog through the use of advertising by direct mail, telephone follow-ups, and preparation of a portfolio of their previous work. He commented that when volume increases, profits should increase.

For their tombstone division, VE Barbas commented that sales must be increased to utilize the available facilities in order to cover the bank payments for this newly purchased division. The VE emphasized advertising in good taste through several venues such as church-related publications, and discussed the need for a sales agent. He also warned against expanding the stone polishing business too quickly, as the the equipment is expensive in relation to its returns.

VE Barbas made additional suggestions for the marketing of their medical devices, as well as in the areas of finance/control, and budgeting. He also provided publications on breakeven analysis, cash flow, and a checklist for profit watching to aid in the cooperatives' financial management.

Assistant Country Director Cervinka commented, "VE Barbas established excellent personal contact with his counterpart and performed a very good job. The project was a definite success and the client expressed his complete satisfaction with the assistance rendered. Due to the VE's great zeal, the project was completed earlier than expected."

HAYES 9/22/92 PUBLICITY PERMITTED RCTR: THUNEM CODE "O"
20525

51

SUMMARY OF IESC PROJECT 21784

STARTED: March 3, 1992
COMPLETED: May 28, 1992

CLIENT; ASSISTANCE REQUESTED:
SLOVNAFT s.p., Bratislava
Bratislava, CSFR

The client is a producer and supplier of petrochemical products, refinery products and plastics which are sold domestically and exported.
OBJECTIVE: The client is experiencing difficulties in the transition from a planned-economy to a free market economy. Specifically, they have requested IESC assistance to: establish and structure a marketing department, find market niches for their products, train marketing department employees, synthesize pre-sale activities, recommend a sales and marketing strategy and selling costs, implement computer and operational marketing data pocessing, and provide recommendations for top management responsibilities.

EMPLOYEES: 7,160

IESC VOLUNTEER EXECUTIVE:
Harry M. Matthews
Stuart, Florida

VE Matthews has extensive experience in the fields of marketing and refining. He has spent his entire 41-year career with **Texaco**, in positions such as district manager in charge of all marketing, retail, wholesale, and reseller activity; regional manager; manager for Texaco Europe; vice president and general manager in charge of refining and marketing of oil products in twelve European countries; and most recently, as managing director of Texaco in England, responsible for all manufacturing and marketing.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Matthews found that the upper management of the company was still dominated by members of the "old guard" regime, who were not anxious for change. Nevertheless, the VE rendered a series of four proposals, from which the client, following consultations with the VE, chose those aspects which were most relevant to their needs.

Specifically, VE Matthews rendered the following assistance:

- Provided a plan for the centralized organization of the company, including marketing and manufacturing line organization, marketing staff, corporate staff, field sales groups, and implementation of business unit and profit center concepts.
- Established a new marketing organization, per specific recommendations made by the VE and agreed upon by the client. Some of these recommendations included the selection of suitable employees, a means of interdepartmental cooperation among the refinery departments and the commercial group.
- Directly trained selected refinery employees in a number of areas including marketing and business English.

Country Director Molnar commented, "This is one of the most important projects in the field of chemistry. VE Matthews fulfilled all tasks in an outstanding manner. The client added, 'We hope that VE Matthews will visit our company again in one year to evaluate the results of his contribution to our modernization.'"

HAYES 9/17/92 PUBLICITY PERMITTED RCTR: MARQUARDT CODE "O"
2142E

SUMMARY OF IESC PROJECT 21787

STARTED: January 8, 1992
COMPLETED: April 3, 1992

CLIENT; ASSISTANCE REQUESTED:
Ministry of Privatization #7
Prague, CSFR

The Ministry of Privatization is responsible for the basic concept, time schedule, and implementation of the process of privatization in the CSFR. The Minister has formed a team of experts to advise his staff on specific problems concerning individual branches of economic activity.

OBJECTIVE: To consult with representatives of industrial enterprises regarding the realization of their privatization plans, and to provide expert assistance to the staff of the Ministry in the process of evaluating and approving the enterprise plans. Specifically, to perform strategic evaluations and feasibility studies of business and marketing directions, organizational and management structures, and collaborative relationships of heavy industry, machining, and electronic industry companies. This project is part of a program of continuing IESC assistance to the Ministry. **They have received prior assistance in seven IESC projects including 20962 and 21234.**

EMPLOYEES: 50-150

IESC VOLUNTEER EXECUTIVE:
George J. Kvidera
Incline Village, Nevada

VE Kvidera has extensive business experience in the areas of financial analysis, general management, mergers/acquisitions, and in management information systems and computer technology. From 1974 to 1989 he was employed with a utility company in Hawaii as vice president of information technology. From 1980 through 1988, he also served as a professor of business at the **University of Hawaii.** VE Kvidera speaks Czech fluently.

IESC ASSISTANCE RENDERED:

VE Kvidera noted that while the project agreement called for evaluations of business plans and the restructuring of enterprises to be privatized, his actual work on this project included many additional activities such as direct negotiations with potential foreign investors and their consultants and attorneys. In a number of cases, he was able to improve the price and acquisition terms significantly in a number of cases.

The VE's primary areas of activity included the following:

- Participation in 76 meetings with client companies, foreign investors, consultants, attorneys, ministry officials, and other participants in the privatization process.
- Provision of 45 review and analysis work segments in preparation for negotiations and recomendations.
- Preparation of seven final reports with conclusions and recommendations for companies such as a scrap metals processor, a department store, and a hydraulic motor/lubricating systems company.
- Numerous short sessions with translators, helping them daily.

Per VP Sawtelle's request, VE Kvidera also spent a good deal of time actively searching for trade and investment opportunities between companies in the U.S. and the CSFR. With CD Kosman's support and assistance, he initiated, organized, presented or attended 5 public presentations, university lectures and Academy of Science meetings; 58 contacts with potential client organizations; 26 IESC meetings, orientations and social functions; and 12 local rotary meetings. During this time, the VE also received three verbal requests from potential IESC clients.

Additionally, VE Kvidera noted that "this privatization process which seems so excruciatingly slow, represents a major transformation without historic precedent."

Country Director Kosman (Prague) commented, "VE Kvidera performed a valuable service to the process of Czech privatization, working under complicated circumstances. Committed to fast economic reform, the Czech government pushes privatization projects through in a somewhat chaotic manner. George Kvidera helped to process close to 60 privatization projects of Czech enterprises involving the entry of foreign capital."

HAYES 12/30/92 PUBLICITY PERMITTED RCTR: MOYER CODE "0"
2111E

59

SUMMARY OF IESC PROJECT 21798

STARTED: March 3, 1992
COMPLETED: April 16, 1992

CLIENT; ASSISTANCE REQUESTED:
Vyskumny Ustav Lieciv Modra
(Modra Drug Research Institute)
Modra, CSFR

The client is a government-owned drug research group, which provides services in the field of complex drug research, such as synthetic and analytical chemistry, pharmacology, and toxicology.

OBJECTIVE: To evaluate and improve operations in the areas of organizational structure, personnel and managerial optimization, economics and research effectiveness. They have also requested working advice for the privatization of the institute.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Marvin Gorman
Seattle, Washington

VE Gorman has extensive experience in the field of pharmaceutical research. After receiving his PhD in 1954, he spent 25 years in various research capacities with **Lilly Research Laboratories** in Indianapolis, Indiana. Subsequently, he was employed with the **Bristol-Meyers Company** of New York as vice president and senior vice president of their infectious disease research departments. Presently, he is general manager/executive vice president of the **Bristol-Meyers Squibb Company** in Seattle, Washington.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Gorman analyzed the client's operations by visiting all of their research and development sections and by interviewing key managerial staff.

Through a comprehensive series of written and oral reports, the VE assessed the quality of the overall enterprise, including their laboratories and equipment. Commenting on the strengths and weaknesses of the organization, he provided both technical and organizational advice to increase the enterprise's efficiency. He also visited a number of potential as well as current clients and evaluated these relationships. To create greater awareness of the institute and its future needs, VE Gorman visited the Vice Minister of Industry of the Slovak Republic, and presented him with information from both the written and oral reports.

Additionally, VE Gorman made contact with several university scientists to promote further cooperative research with the institute, provided consultations and advice on specific research and development projects, and introduced the client to a Swiss pharmaceutical company which could result in additional research jobs for the institute. Although he was very anxious to assist in "building bridges" to the West, the VE found that very poor communications systems rendered these efforts nearly useless.

The VE commented that working conditions were conducive to carrying out the assignment efficiently, and that the client/VE relationship was excellent.

Country Director Molnar commented, "This was an outstanding project, and much more was accomplished than the agreement included. The client added, 'All the planned steps were fulfilled, and a friendly relationship was established with VE Gorman.'"

HAYES 9/1/92 PUBLICITY PERMITTED RCTR: LEET CODE "O"
2109E

60

SUMMARY OF IESC PROJECT 21801

STARTED: March 3, 1992
COMPLETED: May 28, 1992

CLIENT; ASSISTANCE REQUESTED:
ZVL s.p. Presov
Presov, CSFR

The client, a manufacturer of conical bearings, is undergoing the transition from a state-run operation to a joint-stock company.
OBJECTIVE: The client wishes to change its bookkeeping system in accordance with western accounting methods. They have requested the assistance of a VE to evaluate their current bookkeeping system and to propose ways to simplify it, elaborate on the form and functions of an annual report, analyze the company's financial resources, and regulate liquidity (install a payment calendar).

EMPLOYEES: 1,894

IESC VOLUNTEER EXECUTIVE:
Jack W. Mackey
Richardson, Texas

VE Mackey spent most of his 40-year career with Garland Manufacturing Company, a division of **LTV Energy Company**, formerly Continental Emsco Company. Garland manufactures oil field equipment with annual sales of $6 million. While at Garland, VE Mackey held positions of increasing responsibility and prestige ranging from accounting manager to division controller; his responsibilities included generation and analysis of monthly and quarterly reports, and preparation and monthly review of the five-year business plan.

IESC ASSISTANCE RENDERED:

Upon reviewing the client's operation, VE Winter observed several areas in which improvements would quickly pay for themselves. He noted that on-time delivery would significantly decrease the inventory, and that replacement of the existing computer system would increase the accuracy and speed of reporting while reducing labor costs. He also suggested that the grace-period allowed for ZVL's customers to make payment should be shortened from 180 days to 30 or 60 days, and emphasized the importance of direct dealings with export customers to improve service and delivery.

As per client request, the VE provided several written reports covering the following topics:

- Sample financial reports in formats used by private industries.
- Economic conditions and problems in the United States.
- Process of declaring bankruptcy, proxy materials for shareholder meetings, right of veto on 34% holding, and other related topics.
- The major problems in the client's business.

Additionally, he recommended that the client sell or lease equipment not currently in use and apply the income to pay off long-term debts. The VE also provided the client with contacts in London and Utrect, Holland with whom they could discuss the possibility of a new waste management program that could have a substantial positive impact on the local environment.

The VE felt that if his recommendations were implemented, they would simplify the client's operation considerably, while reducing the incidence of cash flow problems, reducing long-term debt, and increasing the client's level of exports.

Country Director Molnar commented, "The client is very satisfied and has already expressed interest in future IESC - TA support."

REIMER 10/28/92 PUBLICITY PERMITTED RCTR: BULMAN CODE "O"
2252E

61

SUMMARY OF IESC PROJECT 21891

STARTED: March 31, 1992
COMPLETED: June 24, 1992

CLIENT: ASSISTANCE REQUESTED:
Nastrojarna Roznov
Roznov, CSFR

The client manufactures precision cutting tools for integrated circuits, special jigs, fixtures and single-purpose machines. This company was formerly a division of the TESLA semiconductor manufacturing group, and has only recently become an independent company. Now working on an ad-hoc basis, contracting for about 100 customers, the company hopes to develop a new line of products, preferably in cooperation with a well-established foreign partner. OBJECTIVE: To develop new products using existing equipment, and advise on restructuring the company and its management system.

EMPLOYEES: 375

IESC VOLUNTEER EXECUTIVE:
Louis J. Jamroz
Land O Lakes, Florida

VE Jamroz retired as a design engineer from **Capitol Tooling Inc.**, a specialist designer and manufacturer of tools, dies, and automatic machines. Prior to this, he spent seven years with **Adams Engineering Inc.**, also a designer and builder for tools, dies, special and automation machines. He was responsible for the processing sequence of operations and origination of the design of special automation tools and machines for both of these companies. Earlier in his career, he worked for **Switches, Inc.**, a manufacturer of electrical switches and automotive equipment. **This was VE Jamroz' second IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Jamroz reviewed the client's operation and identified the areas which needed improvement most. In his opinion, the client's biggest problem was that, like most state-owned enterprises, it employed more people than it needed. Such overstaffing has resulted in a less efficient work force which has impeded the company's ability to make a profit.

VE Jamroz provided the client with the following assistance:

- Submitted a revised organizational chart.
- Described the duties of department heads in marketing, production, engineering and accounting.
- Described in detail the methods and importance of cost control.
- Listed ways to cut overhead costs, especially through trimming the staff.
- Emphasized the value of providing employee incentives to increase productivity and improve performance.

The VE also made suggestions concerning topics ranging from management philosophy to the physical layout of the offices in order to increase the efficiency of the client's workforce.

Country Director Assistant Linkesch commented, "The VE established a good relationship with the client, and his assistance covered all of the requirements. The client was fully satisfied with the project."

REIMER 12/30/92 PUBLICITY PERMITTED RCTR: BULMAN CODE "0"
2460E

62

SUMMARY OF IESC PROJECT 21979

STARTED: April 7, 1992
COMPLETED: May 22, 1992

CLIENT: ASSISTANCE REQUESTED:
Ceskoslovenska Obchodni Banka a.s. (CSOB)
Prague, CSFR

CSOB, a bank with foundation capital of USD 30 million and assets worth USD 7 billion, had a monopoly over all of Czechoslovakia's foriegn trade operations until 1989. Since 1990, CSOB has extended its realm of activity to include capital assets investments.
OBJECTIVE: To teach the client's personnel to manage and organize investment funds, create the best portfolio, minimize risk, and evaluate potential investments, etc.

EMPLOYEES: approx. 2,000

IESC VOLUNTEER EXECUTIVE:
C. Reed Parker, Jr.
Northfield, Illinois

After 32 years of service, VE Parker retired as executive vice president and director of **Duff and Phelps**, a well known ratings firm in Chicago, Illinois. Some of his responsibilities included directing industrial/financial research services, testifying as an expert witness on valuation and rate matters, as well as on commercial paper and certificate of deposit ratings. Prior to this, he spent seven years as an investment analyst with **Harris Trust.** In addition, VE Parker has received numerous awards, authored many articles and given several speeches. He also has taught at **Keller Graduate School of Management. This was VE Parker's third IESC project.**

IESC ASSISTANCE RENDERED:

VE Parker, upon reviewing the client's current business practices, rendered the following assistance:

- Provided the client with sample statistics by arranging translation of summary financial statement account titles, key investment analytical ratios, and per share ratios.
- Discussed the above materials and their place in investment research and portfolio management.
- Reviewed the importance of acquiring qualitative information on companies, methods of gathering such information, and who should be involved in the gathering process.
- Suggested normal duties for research and portfolio management staff when initial portfolios are formed, and as securities markets develop.
- Arranged translation of Duff and Phelps Utilities Fund shareholder communications (annual report and proxy statement/call to annual meeting).
- Discussed shareholder financial statements and shareholder relations with management and staff.
- Attended meetings of the client's investment and steering committees.
- Discussed with management first-wave bidding and portfolio formation policy.

The VE noted that his work was facilitated by the services of an excellent interpreter.

Assistant Country Director Cervinka commented, "The VE succeeded in teaching the client's staff the basic premises of investment fund management. The client commented, 'We received some very important information that will help us run the business,' and further mentioned that they would like to continue working with IESC."

REIMER 09/23/92 PUBLICITY PERMITTED RCTR: MICHEL CODE "0"
2164E

67

SUMMARY OF IESC PROJECT 21980

STARTED: May 14, 1992
COMPLETED: August 14, 1992

CLIENT; ASSISTANCE REQUESTED:
Letov a.s.
Letnany, CSFR

The client has been a producer of military planes since 1918. At present, they are a member of a state-owned holding company which is slated for privatization in the spring of 1992. Since the dissolution of the former Soviet Union, they have suffered the loss of virtually all of their customers and have had to cease production. They have hired an English chief marketing officer who has defined a strategy to reclaim a market share by diversifying production, cooperating or subcontracting with foreign manufacturers, and by converting part of their research institute and factory to a technological park as a base for foreign companies who intend to start business in Central Europe.

OBJECTIVE: To suggest an appropriate organizational structure and identify future principal and ancillary product lines. Also, if time permits, to investigate the possibilities for a technological park and how to finance it.

EMPLOYEES: 2,200

IESC VOLUNTEER EXECUTIVE:
Dan Burns
Los Angeles, California

VE Burns is currently the chairman of **Arlington Industries**, and has served as a director of **Dover Technologies.** Prior to 1984, he served as president and CEO of **Sargent Industries** for twenty years, and was instrumental in the merger between Sargent and the Dover Corporation. He has also held positions with **Menasco Manufacturing Company** of Burbank, California and **Lear Siegler**, where he was responsible for defense systems operations and central research and development.

IESC ASSISTANCE RENDERED:

The scope of this project was to determine Letov's place in the world's aircraft industry, and to help the client orient themselves accordingly so that they can make qualified decisions. VE Burns explained that the industry was in a state of decline worldwide after having experienced incredible growth during the cold war period. He then proceded to inspect each of the client's product lines as to ascertain whether they could be adapted to the Western market. He determined that while their products are of good quality, their technological level is at least ten years behind that of the West.

The VE also noted that while Letov is a highly respected manufacturer in Eastern Europe, they are not well known in the West. He suggested that they pursue the possibility of gaining quality control certification from **Boeing** as a first step toward gaining the respect and acknowledgement of the Western aircraft industry. VE Burns also made several recommendations with regard to the company's internal structure. He advised that they separate their sales and marketing departments and concentrate on bringing in new customers. He also suggested that they do what they could to reduce their inventory and staff.

When informed that the company had considered dividing into several entities, VE Burns warned that each of the smaller companies would then take on all of the fixed costs (insurance, facility maintenence, etc.) which had been paid by Letov in the past. Such costs would make it nearly impossible for them to turn any profit. Hence, he recommended that the departments remain a part of Letov, but exercise greater autonomy within the organization. His final recommendation was that Letov merge with Vodochody (an aircraft assembly plant) and Let (another aircraft manufacturer) so that all three of these operations would be consolidated into one factory capable of producing complete aircraft according to market demand. VE Burns felt that such consolidation would broaden their range of services, and perhaps reduce the cost of sub-assemblies manufactured for other aircraft manufacturers.

Country Director Assistant Cervinka commented, "The VE analyzed the client company and suggested specific steps to cure the present situation of Letov."

REIMER 1/18/93 PUBLICITY PERMITTED RCTR: LEET CODE "O"
2528E

SUMMARY OF IESC PROJECT 21888

STARTED: March 4, 1992
COMPLETED: March 17, 1992

CLIENT; ASSISTANCE REQUESTED:
Czech and Slovak American Enterprise Fund (CSAEF)
Washington, D.C.

CSAEF is a private, non-profit corporation founded pursuant to the SEED (Support for East European Democracy) Act of 1989. Their principle activity is investment in commercially viable private enterprises in the CSFR. The client is funded by a grant from USAID.

OBJECTIVE: To determine the viability and investment potential of OLIGO, a private, limited Slovak partnership which is developing a process to extract marketable substances (i.e. low-calorie sweetener) from corn cobs. Specifically, CSAEF has requested technical assistance to determine the uniqueness and patentability of their processes outside of the CSFR, to determine the potential products, and to identify prospective foreign partners. **This project was conducted jointly with project 21935.**

EMPLOYEES: 20

IESC VOLUNTEER EXECUTIVE:
Martin Seidman
Decatur, Illinois

VE Seidman has a PhD in Chemistry and 35-years experience in research and development including patents, laboratory, pilot plant, and commercial scale processes in relevant technology. He began his career in 1950 with the **Visking Corporation** as a research chemist in cellulose and viscose processes, later becoming supervisor of technical service for food casings. Subsequently, he joined the **A.E. Stanley Manufacturing Company**, where he held a variety of supervisory roles, including group leader of syrups and fermentation labs, and senior scientist in industrial products research. He is also a member of the American Chemical Society, the American Institute of Chemists, and the Royal Society of Chemists. **This was VE Seidman's second IESC project.**

IESC ASSISTANCE RENDERED:

Throughout the duration of this project, VE Seidman worked with VE Schwandt, who was working for CSAEF/OLIGO on project 21935.

Upon arrival, VE Seidman found that OLIGO's processes were well developed, had a higher purity level than those of their competitors, and maintained low material and equipment costs. The client also had sales assurances from CHEMAPOL of Bratislava and CHEMIPOL of London, (which he recommended be renewed).

Nevertheless, the VE noted that the theory behind the process of xylose extraction is well-known and that several other companies world-wide have similar commercial extraction processes for the same product, including extraction from other sources. He also commented that the raw product xylose has little commercial value per se until it is hydrolyzed into a derivative, xylitol, which is used as a sugar substitute in diabetic food preparations.

Additionally, VE Seidman explored the uses for the chemical by-products of xylose production which can be used as fertilizer and cattle feed.

Despite his confidence in the company's competence, VE Seidman concluded that until the necessary financing could be found for the start-up of an extensive extraction plant, and until they can more clearly define their extraction processes (in order to avoid possible infringement by competitors), patents in the U.S. should not be sought. Instead, he suggested that selling the raw product (xylose) to other, larger xylitol producers (such as **Finn Sugar, U.S.A.**) who are currently working to expand the sweetener's market usage and acceptance, would be the company's best option for growth in the near future.

Country Director Molnar commented, "The project was successfully completed... Realization of xylose production will create additional jobs and increase profits and sales of exports to Western Europe. The client (CSAEF) added, 'The time with OLIGO was well spent, although we would have preferred that more time was spent researching the market situation and potential competitors.'"

HAYES 3/27/92 PUBLICITY PERMITTED RCTR: MOYER CODE "0"
2099E

65

SUMMARY OF IESC PROJECT 21981

STARTED: April 1, 1992
COMPLETED: May 25, 1992

CLIENT: ASSISTANCE REQUESTED:
SKODA Koncern Plzen
Plzen, CSFR

The client manufactures heavy mechanical and electrical engineering equipment.
OBJECTIVE: To develop a new plant layout for the client's machine tool division in order to optimize space and increase productivity, set up a schedule of the required moves and costs of the new layout, and explain the changes to the staff. **The client has received previous IESC assistance in project 21141.**

EMPLOYEES: 35,000

IESC VOLUNTEER EXECUTIVE:
Alfred T. Parrella
Newtown, Connecticut

VE Parrella worked for the **Farrell Company**, an established producer of heavy machine tools, grinders and similar products, for more than 25 years. As director of engineering, he was responsible for a 100-person department involved in machine design and plant activities such as layout. He also made frequent trips overseas to consult with clients and assist them in start-ups.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Parrella became familiar with the client's plant and operation by touring the facilities and interviewing key supervisors. He then submitted a preliminary work plan to the machine tool division (MTD) management, at which point he learned that the physical plant was to be down-sized considerably to comply realistically with sales forecasts. Consequently, the direction of the project changed, but the emphasis remained on optimization of space and productivity.

The new plan called for the reduction of the physical plant by 33% and the disposal of approximately 51 machine tools, eliminating fringe operations such as galvanizing and plating. MTD would also move out of spaces it leased from other divisions of SKODA. To optimize space and increase productivity, VE Parrella made the following recommendations:

- Arrange machines into machine cells where possible.
- Repair and upgrade each machine while it is out of service during the move.
- Arrange machines to allow for maximum aisle space in anticipation of possible future installation of a floor wire guided automatic material delivery system.
- Set up a computer database system for active machine tools to trace the travel of a workpiece through the manufacturing process.
- Extend the database to allow for the investigation of any type of shop order.
- Implement the planned manufacturing resource planning (MRP) training program as soon as practicable.
- Evaluate whether the planned revisions for the material storage facility are fiscally justified.

The VE enjoyed working with the client's personnel, and commented, "It is difficult to recommend any way this could have been made a more effective project. A copy of my final report was submitted to and discussed with the client's Machine Tool Director, Mr. Bakule. He agreed with the findings and noted some points for his further action. He did not offer any written comments."

REIMER 09/24/92 PUBLICITY PERMITTED RCTR: MICHEL CODE "O"
2167E

66

SUMMARY OF IESC PROJECT 21982

STARTED: May 12, 1992
COMPLETED: July 10, 1992

CLIENT; ASSISTANCE REQUESTED:
Skoda Koncern a.s.
Plzen, CSFR

The client is involved in heavy mechanical and electrical engineering projects for the transportation, power generation and distribution, and machine tools industries.
OBJECTIVE: To build a marketing and sales organization for the client's machine tool division. They have requested full assistance in all aspects of this project, from developing an organizational structure to hiring, and if time permits, training new employees. **This client has received previous IESC assistance on project 22141 as well as on two simultaneous projects.**

EMPLOYEES: 35,000

IESC VOLUNTEER EXECUTIVE:
Philip J. Pressler
John's Island, South Carolina

VE Pressler has 35-years experience in the machine tool industry including marketing, sales, and application of metal cutting and assembly processes. For 20 years, he was manager of marketing and regional manager of the **Kingsbury Machine Tool Corporation.** During his tenure at Kingsbury, he established their operations in Argentina and Brazil, and managed the manufacturing operations in Brazil. Previously, he was employed by the **Micromatic Hone Corporation** for 15 years as regional manager. **This was VE Pressler's third IESC project.**

IESC ASSISTANCE RENDERED:

VE Pressler found that the most difficult part of this project was condensing forty years of marketing development into a two month period. It was necessary for him to take a very basic approach to the subject as the client had been virtually cut off from the rest of the world while under Communist control. The VE did his best to explain the opportunities that exist in the free market, but realized that comprehension of such concepts would require a complete reversal in the client's thinking.

VE Pressler provided written outlines, observations and recommendations to the client, along with a marketing plan for their products. He felt however, that it was more important to try to help the client understand the basic business practices in a free market than to recommend changes that they could not understand. To this end, he spent time discussing the importance of a structured business organization and well-defined job responsibilities and procedures. Despite the VE's efforts, the client still did not seem to understand the need to compete; they could not accept that they would have to find their own market niche and fight to keep it.

Assistant Country Director Cervinka commented, "This project was one of three simultaneous projects at Skoda's machine tools division and was focused on marketing. It was very successful and as such, highly appreciated by the client."

REIMER 11/23/92 PUBLICITY PERMITTED RCTR: MOYER CODE "O"
2355E

67

SUMMARY OF IESC PROJECT 21983

STARTED: May 5, 1992
COMPLETED: July 4, 1992

CLIENT: ASSISTANCE REQUESTED:
Skoda Koncern a.s.
Plzen, CSFR

The client is involved in heavy mechanical and electrical engineering projects in the transport, power generation, and nuclear equipment industries.

OBJECTIVE: The client's machine tools division has requested a VE to help them review lead time for raw materials and components; evaluate their systems for material and resource planning and suggest more modern methods, including computerization if economically justified; overhaul the production scheduling to reduce the finished goods inventory and optimize work in progress; and to develop a plan to implement a "just-in-time" system for starting work. **They have received previous assistance in project 21141.**

EMPLOYEES: 35,000

IESC VOLUNTEER EXECUTIVE:
Robert A. Schnubel
Port Richey, Florida

VE Schnubel has over 20-years executive experience in the machine tool industry and has remained active as a consultant to the industry since his retirement. He has held the position of vice president with overall responsibility for manufacturing and support operations with **Jones and Lamson**, a leading machine tool builder. VE Schnubel has also been employed by the **Van Norman Machine Company**, where he directed market analysis, established marketing strategies, and was involved in advertizing and export sales. **This was his second IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Schnubel learned that Skoda had purchased a complete manufacturing resource planning (MRP) software system in October, 1991, and had contracted with Telesystemes of France for system training and implementation assistance. Although they had purchased suitable services for installation and implementation of the system, Skoda needed assistance in developing a comprehensive plan for using those services. They had appointed a "master scheduler" to work with Telesystemes, but that individual left Skoda soon after he completed his training. At that point, the implementation plan stalled, and no attempt was made to revive it until the start of this project.

The VE recommended that the department managers be trained and that a new master scheduler be appointed immediately. He also urged that Skoda appoint a full-time project leader, a project team for implementation of the system, and a project review committee. VE Schnubel then spent 13 days preparing a detailed training and implementation plan based on his past experience. As some individuals still opposed the change to the MRP system, he held several two-hour seminars for engineering, manufacturing, and inventory control personnel to explain in detail the system and the benefits to be gained from using it.

In addition to assisting the client in planning the implementation of the MRP system, VE Schnubel submitted a revised organizational chart for the client's consideration to establish accountablilty and facilitate management of the company using MRP. He also introduced a simplified product identification system and made recommendations for the organization and reduction of Skoda's overstocked inventory. The new inventory control system also facilitated shipping and billing procedures and made the invoices easier to understand. Finally, the VE helped Skoda's machine tool division form its own purchasing department so that it could do its ordering directly rather than through Skoda's central purchasing control.

Country Director Assistant Cervinka commented, "The VE did a very good job and contributed considerably to upgrading the MRP system which is critical for the client. The client added. 'We expect to achieve easier and faster transfer of control information, the decrease of inventory and employees, and faster solution of commercial matters.'"

REIMER 12/08/92 PUBLICITY PERMITTED RCTR: MOYER CODE "C"
[illegible]

SUMMARY OF IESC PROJECT 22009

STARTED: September 3, 1992
COMPLETED: September 18, 1992

CLIENT: ASSISTANCE REQUESTED:
Sandrik s.p.
Stos, CSFR

The client is the principal manufacturer of knives in the CSFR. This operation has recently split from the Sandrik chain of factories and is undergoing privatization.

OBJECTIVE: The client has requested that a VE evaluate their production process and technical capability; advise on new industry trends; recommend ways to increase production, and improve management and product quality; discuss new designs and technologies; advise on modernization of production and protocol with U.S. trade partners; and assist in formulating a marketing and business strategy.

EMPLOYEES: 190

IESC VOLUNTEER EXECUTIVE:
Frank E. Stepanek
Indian Head Park, Illinois

VE Stepanek has 23-years manufacturing and engineering experience with **Ecko Housewares Inc.** As manager of product engineering, he was responsible for design/cost/facility procurement and pilot production of product lines. VE Stepanek also worked for 17 years with **General Electric's** Hot Point division, where he was senior process engineer and senior manufacturing engineer responsible for process development, facility procurement and installation, and process pilot production. **This was VE Stepanek's fourth IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival at the project site, VE Stepanek held an introductory meeting with the client principals and then toured the facility. His initial evaluation of the client operation revealed that Sandrik has the basic facilities and technical expertise necessary to compete successfully in the cutlery market.

The VE observed that the client could expand its product range to include a line of aluminum or stainless steel cookware with relatively little capital outlay. **Such expansion would require the purchase of an automated polishing carousel: a good, slightly used unit could be acquired in the U.S. at a reasonable price.**

The remainder of the project was devoted to exploring options for expansion of the client's cutlery business. This portion of the project will be completed by the VE upon his return to the U.S., where he will make initial contact with a number of companies on the client's behalf. To this end, VE Stepanek collected information on the client's material, labor and overhead costs, as well as a number of product samples. He noted that successful market entry could result in a 200-300% increase in the client's cutlery manufacturing volume.

Country Director Molnar commented, "Very successful project. Bridges were built between people, businesses, and an industry expert. The client added, 'The VE worked out a detailed analysis of technical equipment, management, and product and design quality... Cost rates of domestic and foreign products were also compared.'"

REIMER 12/31/92 PUBLICITY PERMITTED RCTR: ROSTAIN CODE "0"
2244E

69

SUMMARY OF IESC PROJECT 22010

STARTED: May 12, 1992
COMPLETED: May 20, 1992

CLIENT; ASSISTANCE REQUESTED:
Market Slovakia Co., Ltd.
Bratislava, CSFR

The client plans to establish a new satellite-based information service system for economic and non-economic information such as stock exchange and weather reports.
OBJECTIVE: To develop a business plan, set basic rules for such a service, and suggest the optimal personnel organization.

EMPLOYEES: 1

IESC VOLUNTEER EXECUTIVE:
Irving L. Thode
Greenwich, Connecticut

VE Thode spent the last six years of his professional career as regional vice president of **Quotron Systems, Inc.**, a subsidiary of **Citicorp.** This company distributed data to 50,000 terminals worldwide. His previous experience includes senior management positions with **Control Data Corp.** and various sales and management postions with **IBM.**

IESC ASSISTANCE RENDERED:

VE Thode worked with the client to develop a business plan for submission to the Czech and Slovak American Enterprise Fund as part of a request for start-up financing. To evaluate the client's planned business and develop a business plan, the VE rendered the following assistance:

- Determined the market segment to be targeted.
- Established the approximate size of the market.
- Prepared a business plan including a business description, market size and penetration, strategy, risk assessment, financial requirements, benefits, pro forma profit and loss statements, marketing documents, and resumes of the company's principles.
- Made calls on selected exchanges and banks.

Country Director Molnar commented, "The project was extremely successful due to the client's clear definition of the assistance requested, and the selection of VE Thode, the best specialist in the client's needs."

REIMER 09/28/92 PUBLICITY PERMITTED RCTR: BULMAN CODE "0"
2178E

SUMMARY OF IESC PROJECT 22011

STARTED: May 18, 1992
COMPLETED: June 5, 1992

CLIENT; ASSISTANCE REQUESTED:
Obecny urad Unin
Unin, CSFR

The client is the government of a small, rural village.
OBJECTIVE: To develop and refine plans for the town's 600th anniversary celebration, develop fund raising programs to defray the out-of-pocket expenses of the festival, develop a promotion plan for local services and traditions, and set-up correspondence with potential sponsors. The entire process should be aimed at the longer-term goal of enhancing the image of Unin and contributing to its economic development.

EMPLOYEES: 2

IESC VOLUNTEER EXECUTIVE:
Mark Egan
San Francisco, California

VE Egan has over 40 years experience in tourism administration. After gaining experience in sales and marketing for hotels and municipal convention facilities, he organized the **Hawaii Visitors Bureau** and served as its executive director. Subsequently, he provided marketing consulting services for **Japan Airlines** and spent over 20 years as a self-employed management consultant specializing in marketing for travel and tourism. As a consultant, he spent four years in Turkey as an advising minister of tourism. He has also been involved in tourism consulting in Africa, Asia, Central America and the Caribbean. **This was VE Egan's 13th IESC project.**

IESC ASSISTANCE RENDERED:

When he arrived in Unin, VE Egan learned all he could about the town through his contact, Mayor John Stepanik. Together they toured the village and interviewed town leaders and local entrepreneurs. The mayor saw Unin's 600th anniversary not only as a cause for celebration, but as a chance to display the town's resources and assets, ultimately to attract tourists and businesses to the area.

VE Egan observed that Unin has an excellent location, about 90 km from Bratislava, with a reliable public transportation system and good roads. Another essential support service is already present in the form of the town's hospital, which has an internist, a pediatrician and a dentist. The area also is home to a sports stadium, local theatre groups, and a rich cultural heritage. The VE thought that additional infrastructure such as restaurants, hostels, bed and breakfasts, etc. should be added gradually, as tourism develops, so as not to waste scarce funds by investing too much, too fast.

In addition to tourism, the VE saw business potential in formerly state-owned structures, such as an old flour mill which could be restored and opened as a bakery and mill; old brick factories; and cottage industries involving local handicrafts. Also, **Kmart**, an American retail chain, has been active in purchasing parts of several stores in the Czech Republic. The mayor plans to look into selling local handicrafts to this retailer for distribution through its stores around the world.

Additionally, VE Egan suggested that Unin concentrate on building up local tourism through the festival, by distributing brochures and maps throughout the surrounding villages to stimulate interest in the festival. Such gradual development of tourism will allow Unin to grow along with the industry, and build up its support services as needed. The VE noted that Unin has a great deal of potential, and the current mayor has the entrepreneurial ability and instinct to implement his plans for development during his five-year term in office.

Country Director Molnar commented, "Great success! The VE presented a good way to support entrepreneurial behavior in small and medium-sized Slovakian communities."

REIMER 09/30/92 PUBLICITY PERMITTED RCTR: BULMAN CODE "O"
2187E

SUMMARY OF IESC PROJECT 22021

STARTED: September 7, 1992
COMPLETED: September 25, 1992

CLIENT: ASSISTANCE REQUESTED:
ZDA Partizanske
Partizanske, CSFR

The client is a machinery plant which is currently part of the 11,000-employee ZDA shoe manufacturing business. They aim to become an autonomous business by January 1, 1993.
OBJECTIVE: The client has requested a VE to assist in gathering information and surveying the plant's technological and production capacity limitations, and to consult with the directors about the possibilities for increased production, exports, new markets and potential partners. The client has also requested that the VE attempt to find possible business partners upon his return to the U.S., and/or continue the project under the TIS or ABLE program.

EMPLOYEES: 900

IESC VOLUNTEER EXECUTIVE:
Hans W. Deutsch
West Hartford, Connecticut

Most recently, VE Deutsch has served as a consultant to small businesses through his own company, **Transition Management**, in the areas of strategy, planning and analysis, particularly as they relate to merger restructuring and related changes. He spent much of his business career in the ball and bearing industry as president of two small companies, and as vice president for international operations of the Fafnir division of **Textron.** His responsibilities included manufacturing, marketing, and distribution, as well as general management. **This was VE Deutsch's fourth IESC project.**

IESC ASSISTANCE RENDERED:

As the machinery plant plans to become independent of the shoe-manufacturing parent company, it follows that the management of the machinery plant must be prepared to be responsible for all of the general management functions now performed by the main enterprise. However, the client was not familiar with the financial aspects of running a business, so the VE concentrated his efforts on teaching the client the basic principles of financial management and analysis.

VE Deutsch discussed the following topics with the director/general manager of the machinery plant:

- Financial and cost accounting.
- Internal organization and control.
- Marketing and sales channels.
- Governmental controls.
- Competition.
- Product planning.
- Staffing and organizational requirements.

He noted that while the above concerns were not yet the client's responsibility, they were areas in which client personnel must become fully immersed. The VE also prepared a pro-forma break-even chart to illustrate the profit/loss effect of various cost components. VE Deutsch observed that while the client had no previous exposure to business management, "The talented management must be respected for their accomplishments in a difficult environment. The ultimate success of the business can be achieved only after it has been privatized with an injection of capital."

Country Director Molnar commented, "This project was very successful for the ZDA plant and the Czecho-Slovak economy."

REIMER 11/19/92 PUBLICITY PERMITTED RCTR: MOYER CODE "O"
2351E

SUMMARY OF IESC PROJECT 22456

STARTED: May 18, 1992
COMPLETED: May 30, 1992

CLIENT: ASSISTANCE REQUESTED:
Federal Ministry of Control #1 (FMK)
Prague, CSFR

The FMK has the mandate to audit all entities that hold state assets, receive state funds, or collect money for the state budget.
OBJECTIVE: The FMK will organize a one-week seminar and workshop to be conducted by the VE for state financial officers, auditors, controllers, and accountants. The workshop should include lessons, discussions, and practical case studies.

EMPLOYEES: 250

IESC VOLUNTEER EXECUTIVE:
Albert A. Hrabak
Lexington, Kentucky

VE Hrabak is currently employed by the **National Assiciation of State Auditors, Comptrollers, and Treasurers (NASACT)**, where as projects manager, he is responsible for 170 government officials and the organization, control, and review of special projects. While with NASACT, VE Hrabak has been involved in several finance-related projects including work in Poland, Indonesia, and the CSFR. He has also served as an adjunct instructor at the **University of Kentucky**, and as a financial consultant with various firms.

IESC ASSISTANCE RENDERED:

During the first week of the project, the VE helped the client to provide a week-long workshop in government financial administration and control. He presented materials and discussed policies, procedures, and implementation techniques. The VE conducted small group discussions on internal controls and financial flows in U.S. state and local governments. In these discussions, he discussed specific scenarios and left materials concerning financial administration with the workshop participants.

After completing the week-long workshop, VE Hrabak worked with FMK staff to develop a proposal for continuing the training programs over a three-year period. The VE and the FMK held meetings with the U.S. Agency for International Development, the CSFR Ministry of Foreign Affairs, the Office of the Prime Minister, and others. In these meetings, they discussed a proposal to provide workshops administered through the FMK and NASACT. The Ministry of Foreign Affairs and AID requested that a structural analysis of governmental financial administration and control in the CSFR be performed as part of the proposal, along with comparisions to the systems used by Germany and the United States.

Country Director Assistant Bernat commented, "This project was successful and fulfilled the expectations of the client and this office. The client added, "[This project afforded us] the possibility of utilizing American experience in the area of state financial accountability in solving issues in connection with activity of state financial administration.'"

REIMER 12/01/92 PUBLICITY PERMITTED RCTR: HAZLEHURST CODE "0"
2391E

SUMMARY OF IESC PROJECT 22519

STARTED: August 18, 1992
COMPLETED: September 10, 1992

CLIENT; ASSISTANCE REQUESTED:
Novodrevenik
Zehra, CSFR

The client wishes to set up a facility for the production of doors and windows.
OBJECTIVE: They have requested the assistance of a VE in developing a wood waste processing system. Novodrevenik also requested the VE's advice in finding a joint venture partner in the U.S.

EMPLOYEES: 3

IESC VOLUNTEER EXECUTIVE:
George T. Utzig
DuBuque, Iowa

VE Utzig spent his entire 46-year career in the woodworking business. He retired from the Caradco division of the **Scovill Manufacturing Co.**, where his positions included manager, manager of manufacturing, vice president, and general manager. He has been involved in all phases of the manufacturing and administration of woodworking operations, and is especially familiar with the production of kitchen cabinets. **This was VE Utzig's 24th project for IESC.**

IESC ASSISTANCE RENDERED:

Soon after VE Utzig arrived in Bulgaria, he realized that the client needed assistance in more areas than they had requested. Consequently, he provided the following assistance:

- Suggested the construction of a separate tool room to keep the client's expensive equipment in a clean and secure place.
- Introduced ways to maximize kiln use. He suggested trimming the rough edges off the wood before putting it in the kiln, and cooling the wood outside of the kiln to shorten the drying cycle and reduce associated costs. He also recommended the purchase of a solar kiln to build up inventories for the winter months.
- Assisted in the design, selection and detailing of the product, and advised the client on technical aspects of door and window production.
- Provided the client with a sample material flow chart, and suggested that they produce one so that the employees could visualize and understand the entire sequence of operations.
- Studied weather patterns to determine the feasibility of drying wood naturally in closed buildings.
- Submitted an organizational chart, urged the client to determine job titles and descriptions, and provided a sample list of factory rules and regulations.
- Worked with the client to determine the plant's equipment requirements, and to locate and select equipment.
- Assisted the client in designing a sawmill.

At the end of the project, VE Utzig presented all of his recommendations in the form of a manual for the client's business. In addition to the items listed above, the manual included recommendations for quality control, maintenance, inventory control, product specifications, and virtually every aspect of operating a window and door production facility.

Country Director Molnar commented, "Following the VE's advice will help the client to be successful in this business... "

REIMER 12/04/92 PUBLICITY PERMITTED RCTR: JINISHIAN CODE "O"
2410E

14

HUNGARY

SUMMARY OF IESC PROJECT 22047

TIS Project
STARTED: February 11, 1992
COMPLETED: February 24, 1992

CLIENT: ASSISTANCE REQUESTED:
TIS/Hungary
Stamford, CT

The Trade and Investment program in Hungary develops business opportunities between U.S. and Hungarian companies.

OBJECTIVE: To survey selected agricultural enterprises, especially fruit juice, processing facilities (mostly apple), and identify promising export and investment opportunities.

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Marcus Nevacoff
Metachen, New Jersey

From 1976 through the present, VE Nevacoff has worked for **Nature's Bounty**, as president, seafood development, and trade development in the areas of canned vegetables, fruit production, and beef processing. Before this, VE Nevacoff was employed by **R.W. Frookies**, and with **Estee Corporation**, both in the area of international trade development.

IESC ASSISTANCE RENDERED:

Developing agricultural export opportunities was the objective for three of the large cooperative farms in Csongrad County in Hungary. Products available for export included milk and cheese products, poultry, apples, agricultural feeds and grains, and pre-seasonal produce (i.e. tomatoes, lettuce, cucumbers and peppers) grown in glass hothouses. Prior to this project, IESC VEs Bogyo and Bork spent time on these cooperative farms, and rated them as outstanding investment oppotunities.

VE Nevacoff's original concept for the ARPAD Agricultural Cooperative was to use the area's dairy resources to produce dried milk and non-fat dried milk for sale in Eastern Europe and Eastern and Central Asia. After reviewing ARPAD's operations, he found that the price paid for the raw milk by the processor created a negative cash flow situation. Therefore, VE Nevacoff proposed using the raw milk to manufacture value-added products. VE Nevacoff recommeded that two other local operations work in cooperation with ARPAD to manufacture a line of cheeses for sale in Hungary and abroad. The extra equipment needed could be installed easily, with a minimum of renovation.

A distribution contract was offered to a Hungarian mushroom grower, Agarica, by a client of the U.S. company, **Nature's Bounty**, for the purchase of containers of canned mushrooms monthly. However, the agreement was not finalized due to the reluctance of Agarica to ship the product in tin cans, as required for the U.S. market. Agarica insisted on shipping the mushrooms in glass jars. The cost of shipping in glass containers is prohibitive for the U.S. mass market.

Upon VE Nevacoff's return, product samples that he brought back were distributed to potential importers. These products involved a variety of juice concentrates, including cherry, apple, and grape, as well as other products such as essential oils and mushrooms. In general, U.S. importers indicated that the quality of the Hungarian products were good and could be sold in the U.S. However, the price in all instances was too high, and thus, was a major obstacle to completing a transaction. This information was conveyed to the TIS Project Officer (P.O.), Peter Korzenik, in Stamford, who relayed the information to his counterpart in Hungary, Ference Toth. Mr. Toth conveyed this information to Hungarian suppliers, and attempted to negotiate lower prices. Unfortunately, due to the lack of vertical integration in Hungarian agriculture, individual food processing facilities have very little flexibility to alter prices; therefore, they were unable to lower them to meet U.S. market prices. Thus, no import agreements were ever reached.

Project Officer Korzenik commented, "The VE did exactly what was expected of him. He brought back many samples, distributed them to potential buyers, and followed-up for their response. There is significant demand for Hungarian products and no lack of willing buyers, but prices are simply too high and Hungarians are inflexible about lowering them to world market levels."

RYAN 01/20/93 PUBLICITY PERMITTED RCTR: Leet CODE "O"
2450E

16

SUMMARY OF IESC PROJECT 21075

REVISION

STARTED: January 21, 1992
COMPLETED: February 28, 1992

CLIENT: ASSISTANCE REQUESTED:
Computer Aided Learning Foundation (CALF)
Pecs, Hungary

The client is a foundation that supplies computer hardware and software to schools for the introduction of computer programming and operation into educational curricula and institutions. The organization is non-profit oriented: fees collected from organized computer courses are channeled back into the Foundation for the purchase of additional computers and teaching services.

OBJECTIVE: To connect with an international database. As there are very few computer experts in Hungary, CALF sought IESC assistance specifically to obtain specialized information about the relevant hardware and software conditions, descriptions of the algorithm of communication, and information about the software and hardware necessary for this project.

EMPLOYEES: 2

IESC VOLUNTEER EXECUTIVE:
Neil Clark
Minneapolis, Minnesota

VE Clark's educational and professional background is in the field of electrical engineering, where he has been involved in technical research and development for several employers over the past 30 years. Most recently, he has been self-employed as a consultant, and as such, has authored papers and publications, and has made numerous professional association affiliations in his field. Prior to this time, he worked with **Norwest Information Services**, in Minneapolis, as a staff consultant and manager. Subsequently, he founded **Data Tran Group Inc.**, where he provided consulting services to the communications industry, including design of networks, and associated control and management systems.

IESC ASSISTANCE RENDERED:

Upon arrival in Hungary, VE Clark conducted a study of the Hungarian telecommunications systems. As a result of this study and meetings with the client, all of the initial objectives of the project, with the exception of the implementation of a Bulletin Board System (BBS), were cancelled. Consequently, he rendered the following assistance:

- Helped install a BBS, and worked to familiarize the client with the capabilities of High Computer (HC: an entity which supports CALF) in order to isolate those areas where support could be improved by the use of digital communications networks using personal computers.
- Reviewed the major business activities of the present systems.
- Visited several local schools to see the laboratory facilities available to the students.

Following the completion of familiarization with the capabilities of HC, the VE concluded that there was no lack of expertise or experience with PC hardware or software, as it pertains to CALF and its relevant systems. He also noted that there was no real interest or relevance for the client to learn about the connection to international data bases as the their clientele were not yet sophisticated enough to utilize it. VE Clark commented, "In retrospect, CALF and HC probably did not need a communications technologist for this project. The engineering and programming staff show adequate expertise for these needs and possess the skills necessary for implementation and attachment of school PCs to the networks when they become available."

Country Director Budai commented, "VE Clark did his best to help the client. The experience of the VE proved to be much wider than was necessary to complete the project successfully... As a result of this project, the number of people trained to use computers and access databases will constantly increase, and it could contribute indirectly to the country's economy."

HAYES 6/4/92 PUBLICITY PERMITTED RCTR: MOYER CODE "0"
1879E **REVISED - LAMKE - 12/7/92**

SUMMARY OF IESC PROJECT 21413

STARTED: November 10, 1992
COMPLETED: November 24, 1992

CLIENT: ASSISTANCE REQUESTED:
BOOM Ltd.
Budapest, Hungary

The client is a private, woman-owned operation, which edits and publishes a monthly business magazine similar to "Forbes." This publication supplies information to private entrepreneurs, with an emphasis toward those who are in the process of privatization.
OBJECTIVE: The client requests that an experienced editor assist them with new methods of circulation, marketing, and American editing methods.
EMPLOYEES: 4

IESC VOLUNTEER EXECUTIVE:
Sheldon Zalaznick
Bronx, New York

VE Zalaznick is a career magazine editor with experience as a writing and an executive editor. Most recently, he was managing editor of **"Forbes" Magazine.** He was responsible for editorial planning, coordination of copy, copy flow, art, illustration, fact checking, and closing for this bi-weekly magazine. Prior to that he was editorial director for **"New York Magazine"**, a weekly general interest magazine.

IESC ASSISTANCE RENDERED:

VE Zalaznick examined past issues of "BOOM," editorial procedures used to produce the magazine, and spent much time with the editor discussing her goals and strategies. However, the VE felt that he provide very little additional expertise, as "BOOM" was already an excellent magazine. Nonetheless, there was one chronic, yet understandable problem; the scarcity of solid and timely data in Budapest on trade, investment, and related matters. Therefore, VE Zalaznick connected the client to data resources available at no cost through the **United States Information Service in Budapest.** The VE also suggested contacting the **Federal Reserve Bank of New York** among other sources, when seeking additional data.

VE Zalaznick made a major impact in the form of morale building. The client was reassured by the VE's favorable comments regarding their product and their plans. According to the VE, the increased resources of information should result in an increase in circulation and in advertising pages sold.

Country Director Budai commented, "The client has been a professionally edited and very well managed, high quality, monthly business magazine, published for Hungary's establishment. Mr. Zalaznick, being an extremely experienced, intelligent and adaptable expert, quickly recognized that BOOM, being a very high quality paper, needs specific advice rather than some general guidelines. The client added, 'VE Zalaznick has rendered valuable assistance to our magazine by identifying important data resources that are available in Budapest, of which we were unaware. Besides these tangible results, the brilliant personality of Mr. Zalaznick made a great impact on our colleagues.'"

Milewski 1/20/93 PUBLICITY PERMITTED RCTR: Jinishian CODE "O"
2546E

SUMMARY OF IESC PROJECT 21739

STARTED: October 29, 1992
COMPLETED: November 11, 1992

CLIENT; ASSISTANCE REQUESTED:
Agricultural Producers' Association for the
Protection of Common Interests in Csongrad County
Szeged, Hungary

The client is a non-profit organization which provides services to further their members' common interests. Their membership is two-thirds agricultural and one-third industrial.

OBJECTIVE: They seek advice on the types of services, specifically in fundraising and advertising, that they can provide to their members.

EMPLOYEES: 10

IESC VOLUNTEER EXECUTIVE:
Hilton L. Bracey
Portageville, Missouri

VE Bracey has spent his entire career in the agricultural field, and has experience in both trade association and cooperative executive management. He began his career with the **United States Department of Agriculture (USDA)**. Subsequently, he was associated with the Missouri Cotton Producers Association for 14 years, from which he retired as executive vice president and manager. He then spent 14 years with the Delta division of the **Agricultural Co-op, MFA** from which he retired as vice president and general manager. In addition, he has worked in Hungary with the American orgainzation **VOCA**, with the National Council of Farm Cooperatives.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Bracey found that the client is a local division of a larger, national organization. He commenced this project by conducting interviews with various officials and observing the organization's operations. He provided the following recommendations:

- Define the organization's mission and objective, as well as its functions and goals, as concisely as possible. Such a written description will be an invaluable tool for staff member guidance and as a promotional device. Furthermore, this description could be incorporated into a strategic planning exercise for both short and long-range plans.
- Incorporate a strategic plan as soon as feasible. Following appropriate personnel training, the client should offer these same type of planning services to its members for a small fee (monetary or in kind).
- Initiate a marketing service coordinated with the National Federation of Agricultural Cooperatives and Producers (Mosz) to coordinate the efforts of local cooperatives in pooling products to provide the required volume and quality to meet market demands. Such services could develop and promote new packaging and expanded uses for produce, as well as to organize a self-supporting computerized marketing service to provide marketing information.
- Develop a democratically operated farm policy to satisfy member demands and improve their own effectiveness. This policy could be presented to the general public, parliament, national and local government bodies, as well as to business, consumer and other groups.
- Establish a public relations program for agriculture, possibly in coordination with Mosz, to promote the contribution of agriculture to the economy and welfare of the nation.
- Explore all possibilities whereby the agricultural bank or some other institution and financial cooperatives could obtain the required authorities and guarantees for assistance from the World Bank and other outside investors that would allow and encourage outside capital at acceptance risks and costs for agricultural cooperatives.

Country Director Budai commented, "The key points of significant advancement are the acceleration of the privatization procedure, the liberalization of trade, and the support of home agricultural products by governmental regulations... Other local unions may find that the results of this project are worthy of their consideration. The client added, 'The majority of the objectives and tasks proposed by the VE has already been initiated. Organization of the union's future activity according to the above-mentioned guidelines will result in a profitable and efficient operating system.'"

HAYES 12/21/92 PUBLICITY PERMITTED RCTR: WHARTON CODE "0"

19

SUMMARY OF IESC PROJECT 21766

STARTED: August 4, 1992
COMPLETED: September 30, 1992

CLIENT; ASSISTANCE REQUESTED:
Hungarian-American Enterprise Fund (HAEF)
Washington, D.C.-Budapest, Hungary

The HAEF was established for the purpose of developing Hungary's business infrastructure and expanding its capital markets.
OBJECTIVE: To train the HAEF staff to analyze effectively the various industries in which they are considering investment; to work with the staff to develop an effective due diligence program which would satisfy the HAEF's investment requirements while remaining sensitive to the mores of the Hungarian business community; and finally, to work with a senior associate of the Fund to design and implement a computer model which would provide a comprehensive analysis of the current HAEF portfolio in terms of risk factors, industry concentration and rate of return. **This client has received previous IESC assistance in project 21158.**

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Robert A. Larsen
Edina, Minnesota

Since 1987, VE Larsen has had a consulting alliance with **Nordberg Capital Inc.**, a firm that provides domestic and international banking services. From 1963 until 1987, he was employed by **IDS Financial Services**, a large financial corporation where he was the chief investment officer and vice president in charge of stocks, bonds, administration, portfolio management, and sales. Before becoming involved in finance, he was director of research for the **Pillsbury Company. This was VE Larsen's second IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Larsen found the client to be in a position typical of venture capital investors: several of their investments were not working out as planned, and it had become necessary for HAEF to work closely with the management of the problem companies to correct the difficulties and thereby save the investment. The VE called such investments "workouts".

After appraising the situation, the VE developed a plan to save one of the companies in which HAEF had invested. He then implemented the first part of the plan by arranging a merger between the problem company and another company. To this end, he met with investors to create a set of pre-merger documents upon which all investors could agree, and set a date to sign the pre-merger agreement. After the merger has been completed, the HAEF will act as "lead-investor".

VE Larsen also recommended that the HAEF join the European Venture Capital Association (EVCA), which serves as a source of contacts with other private placement investors in Europe. He provided the HAEF with an EVCA handbook so that they could decide whether or not to join the venture capital group. Additionally, the VE recommended a new system of organization for the HAEF so that it could better address its dual purpose: to make new investments and to follow through on the investments it had already made. Lastly, he organized lectures in the areas of valuation techniques and analytical techniques to give the professional staff at HAEF insight on how to approach investment opportunities.

Country Director Budai commented, "VE Larsen is an outstanding expert with a wide range of experience in the client's type of activity."

REIMER 11/16/92 PUBLICITY PERMITTED RCTR: MICHEL CODE "0"
2352E

LATVIA

SUMMARY OF IESC PROJECT 19924

STARTED: September 17, 1990
COMPLETED: December 14, 1990

CLIENT: ASSISTANCE REQUESTED:
Ministry of Finance- Republic of Latvia
Riga, Republic of Latvia, USSR

The Ministry of Finance is an organization with the purpose of providing government service.
OBJECTIVE: In the midst of a declaration of independence from the Soviet Union, the government of Latvia requested assistance in structuring laws that would lead to the establishment of a central bank and a western-style banking system.

EMPLOYEES: 50

IESC VOLUNTEER EXECUTIVE:
Samuel H. Talley
McLean, Virginia

VE Talley is an economist with broad experience with the Federal Reserve Board and the World Bank. VE Talley was an investment officer with **Marine Midland** for two years. He then taught economics at the **University of Maine** for several years before joining the staff of the Federal Reserve Board in Washington in 1970, as a senior economist in the research division. At the time of his retirement, he was assistant director of banking supervision and regulation, with particular responsibility for research and policy-related projects concerning bank finance and supervisory policy. Since his retirement, VE Talley has functioned as an educator and a consultant, principally with the **World Bank** on assignments in Brazil and Africa. **This was VE Talley's third IESC project.**

IESC ASSISTANCE RENDERED:

VE Talley worked with the newly created central bank in Latvia in primarily two areas: (1) the evaluation of the Republic's banking laws; and (2) the formulation of policies and procedures for carrying out certain statutory responsibilities of the central bank. Concerning the banking laws, he prepared a paper that evaluated the Law on Banks (the statute governing commercial banks), and made a number of recommendations designed to bring this law into conformity with the banking laws existing in other countries. Furthermore, VE Talley prepared a paper which proposed amendments to the Statutes of the Bank of Latvia, the law governing the central bank. With regard to central bank operating policies and procedures, VE Talley prepared four papers dealing with: licensing new banks; the supervision and examination of banks; handling future bank failures; and lending to commercial banks. In addition to preparing the aformentioned papers, the VE held numerous consultations with members of the council of the central bank and other government officials, and gave lectures on banking to local bankers and students at Latvia State University.

Arsitids Lambergs, president of the World Federation of Free Latvians Task Force on Economics and contact person for the government of the Republic of Latvia commented that he received laudatory telexes from both the bank chairman and the foreign ministry.

Hanlon 06/26/1991 PUBLICITY PERMITTED RCTR: Michel CODE "O"
9818E

STARTED: March 16, 1992
COMPLETED: April 13, 1992

CLIENT: ASSISTANCE REQUESTED:
Bank of Latvia (BOL)
Riga, Latvia

The client is a central bank whose activities include commercial banking. OBJECTIVE: To assist client in modernizing operations and improving efficiency by developing a plan for a modern payment and clearing system. The assistance given will be a crucial step toward the transition from a planned economy to a free market system. **This client received prior IESC assistance in project 19924.** EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Irving M. Auerbach
Livingston, New Jersey

VE Auerbach has over 40-years experience in banking and economic policy. He began his career with the **Federal Reserve Bank**, where he worked for 25 years in economic and statistical research, and in buying and selling of U.S. government securities to effect monetary policy. Subsequently, he spent 17 years with **Aubrey G. Langston and Co.**, a major dealer in U.S. government securities. VE Auerbach's responsibilities there included forecasting Federal Reserve policy, actions and cash needs, and advising clients on interest rates.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Auerbach met with the president and various representatives from the bank. He found that their current financial structure still largely reflected the state-controlled organization which existed prior to Latvian independence. The VE commenced this project by providing recommendations for the resolution of a number of problems, including those of starting a bank from the "ground up".

Initially, the project request consisted of developing a plan for a modern payment and clearing system, but the objective was changed slightly, to include the preparation of an additional two studies focusing on operational procedures and financial reporting.

The first report proposed a payment and clearing system for the central bank. VE Auerbach proposed that the bank introduce checks to allow the remitter to send payment directly to the payee. The VE proposed establishing a central clearing house in Riga for in-town payments and setting-up BOL to serve as a clearing agent for out-of-town payments. He then demonstrated how this system should operate with regard to payment orders, credits and debits. VE Auerbach also discussed different types of devices that could be used to effect payment transfers through clearing arrangements. To further improve efficiency, he advised the Latvian banks to acquire the equipment needed to produce magnetic tapes on which data for payment orders could be encoded.

The additional reports prepared by the VE dealt with financial reporting and with operating procedures for the client to achieve its monetary policy objectives. The first of the above mentioned projects outlined in detail the operating procedures which would increase efficiency of the central bank. The VE discussed at length: bank credit ceilings, discount window borrowings, open market operations, reserve requirements, moderating seasonal reserve flows, and operating cash balances. The latter report comprehensively discussed the key financial statistics which should be obtained to set monetary policy guidelines. His report included information on: BOL balance sheets, bank balance sheets, deposit reports and interest rates.

The VE shortened his stay to one month due to a number of problems related to the present condition of the country. According to the VE, much depends on the extent to which parliament is willing to grant the bank the powers needed to function effectively as a central bank. He commented, "If the client can obtain the necessary legislative authority, hire the needed staff, adopt the proposed procedures, and establish the recommended clearing house, it will have the basis for operating as an efficient central bank.

Country Director Jerjevs commented, "During the project Mr. Auerbach submitted three reports to the Bank of Latvia which could be used in the future establishment of a payment and clearing system and working out of independent monetary policy. The client added, 'VE Auerbach's reports will be analyzed and used in future actions when the legislative process has been completed.'"

POWERS 6/1/92 PUBLICITY PERMITTED RCTR: ST. JOHN CODE "O"
10625 REVISED (HAYES) 11/20/92

SUMMARY OF IESC PROJECT 22245

STARTED: June 19, 1992
COMPLETED: June 23, 1992

CLIENT; ASSISTANCE REQUESTED:
Municipal Enterprise Turiba
Balvi, Latvia

The client, who is already involved in several enterprises in Balvi, wishes to open a fast-food restaurant.

OBJECTIVE: The client has requested assistance with the development of a fast-food business, especially with respect to food processing and preparation. The client also requested that the VE provide recipes and advise on different ways to cook and serve fast-food.

EMPLOYEES: 35

IESC VOLUNTEER EXECUTIVE:
Leon H. Gottlieb
Tarzana, California

VE Gottlieb has over 30-years experience in the restaurant and food service business, including fast food enterprises and franchising. For the past 20 years, he has been semi-retired, but continues to work as a consultant to all types of restaurants and non-food retail enterprises. He worked for the **International House of Pancakes** for 10 years in various management positions including division president, and has owned and operated his own 210-seat restaurant. VE Gottlieb has authored three books on restaurants and food service and has written for several food service trade publications. **This was his second IESC project.**

IESC ASSISTANCE RENDERED;

Upon arrival, VE Gottlieb encountered several problems, the most serious of which had to do with the accommodations chosen for the VEC. The VE attempted to resolve these problems by moving to an apartment, but still, there was no hot water, and only very limited access to cold water. Due to the VEC's extreme dissatisfaction with the available living conditions, the client and the CD agreed to shorten the project from the planned three weeks to only five working days. In spite of this situation, the project was successful.

During his remaining time in Latvia, the VE addressed the client's requests for assistance. He found that they already had several food service establishments set up, and wanted to expand into the fast-food business. The VE felt that the client's plan was viable, but noted that there was little or no capital or equipment available. Consequently, the VE suggested that the client develop a fast-food concept around the "Zemo" sandwich, as sandwich preparation requires only a refrigerated table and open preparation area. This plan would also allow for the addition of hot menu items when the necessary equipment could be acquired.

The VE supplied the client with some 500 pages of technical manuals, equipment layouts and ideas that he felt would help immediately and well into the future. He also identified and prioritized the client's problems and offered solutions, reviewed the written material, and created a "game plan" to develop a privatization business plan.

Due to the abbreviated nature of this project, the VE prepared a model for the client's business plan upon his return to the U.S., and has forwarded it to them through IESC headquarters. VE Gottlieb indicated that he had developed a personal relationship with the client and promised to assist where possible (i.e. to help weed out potential investors, trade representatives and equipment brokers).

Country Director Jerjevs commented, "At present it is very difficult to evaluate the project... Success in the future depends on circumstances as follows: legislation concerning privatization; potential joint ventures; and opportunities to buy equipment. The client added, "I highly appreciate the opportunity given to me to meet Mr. and Mrs Gottlieb on this project. In the short time the VE spent in Balvi we did a lot. I received qualified consultation on how to start and run a fast food restaurant profitably."

REIMER 11/18/92 PUBLICITY PERMITTED RCTR: DIXON CODE "9"
2261F

94

SUMMARY OF IESC PROJECT 22356

STARTED: September 18, 1992
COMPLETED: October 18, 1992

CLIENT; ASSISTANCE REQUESTED:
Dailride
Riga, Latvia

Dailrade produces folk handicrafts and souvenirs such as amber jewelry, leather haberdashery, clay ceramics, national dolls and toys, textiles, linen tableclothes, and metal pins. These items are sold primarily in Latvia and the former Soviet Union.
OBJECTIVE: The client has requested assistance in improving the quality of their wood and leather artisanal products with small capital investments. They would also like the VE to help them find hard currency markets for their products, preferably in the U.S.

EMPLOYEES: 6,000

IESC VOLUNTEER EXECUTIVE:
Jerome E. Garrity
Branford, Connecticut

VE Garrity has devoted his business career to the development and marketing of consumer products in the import-export field. He began his career with the **W. T. Grant Company**, a large retail chain, and became a senior buyer for the company's import team eight years later. In this capacity, he traveled to Europe and the Far East to purchase a wide range of consumer products. He left Grant in 1970 to start his own company, **General Import Services**, based in Barcelona, Spain. He built this into a 28 million USD operation, researching availability of consumer products in Europe for import into the U.S. In 1975, VE Garrity became corporate vice president of merchandising for duty-free shoppers out of Hong Kong. Here he was responsible for all goods imported and sold internationally in company-owned duty-free shops and other tourist gift shops. Since retirement, he has run his own consulting agency, **Major Markets, Ltd.**, assisting clients in the development of products for import into the U.S and for sale in tourist and gift shops.

IESC ASSISTANCE RENDERED:

Upon arrival and subsequent review of the client's operation, VE Garrity rendered the following assistance:
- Made recommendations and prepared personnel for entry into the hard currency market.
- Outlined distribution channels and provided written background material to aid in implementation.
- **Identified specific U.S. companies as potential joint venture partners,** but left it to the client to initiate contact with these companies.
- Devised one and five-year plans and reviewed them with management.
- Simplified the accounting system.
- Devised a straight-line leather production line.
- Wrote a job description and operations manual for the position of export director and urged that the position be filled as soon as possible.
- Advised the client to develop the Dailrade name and reputation for quality through its packaging, advertising, and logo.

Country Director Jurjevs commented, "The project was highly successful. An export program was developed in addition to a marketing plan for different types of products, including recommendations on packaging and quality."

SUMMARY OF IESC PROJECT 22427

STARTED: July 16, 1992
COMPLETED: August 13, 1992

CLIENT; ASSISTANCE REQUESTED:
Ministry of Social Welfare
Riga, Latvia

The client is a government agency which administers health and welfare programs for the Republic of Latvia. These include administration of hospitals and clinics, and the manufacture and distribution of medicines and other medical products.

OBJECTIVE: The government is in the process of privatizing the pharmaceutical industry, and consequently requests assistance to devise a system/criteria to evaluate each pharmacy, establish the value of each pharmacy, and to develop a "plan of action" to privatize the pharmacies. **The client simultaneously received IESC assistance in projects 22428 and 22433.**

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Gary D. Cooper
Rockport, Texas

VE Cooper spent his entire carreer in the set-up and support of retail pharmacies, selling to hospital and nursing home pharmacies, and creating procedures for the administration and management of such facilities. His work experience includes 30 years with the **Drug Package Inc.**, which covered sales in St. Louis and Dallas. He then spent six years with the **3D Orthopedic Company** in Dallas, where he was involved in "off the shelf products". **His wife worked on project 22433 simultaneously.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Cooper met with ministry staff and pharmaceutical personnel who briefed him on the pharmacy system in Latvia. He conducted several site visits to hospitals, pharmacies and wholesalers so that he could better understand their systems. The VE found that their current operations were inefficient "left-overs" from the old Soviet system (i.e. they were overstaffed, oversized, had the wrong sort of inventories, and had little or no system of controls). He commented that a great deal of work needed to be done to improve these problems before a new system of distribution and privatization could be implemented successfully. Nevertheless, the client was very cooperative and showed a strong desire to work to improve the system.

Consequently, VE Cooper rendered the following assistance:

- Stressed the necessity that national regulations for pharmacies be written and enacted into laws that will define the practice of pharmacy as a business.
- Outlined an internal operating system for Latvian pharmacies, and proposed numerous changes in individual pharmacy operations.
- Revised procedures for handling and dispensing a prescription.
- Strongly urged the institution of a national medication program. Initially targeting basic medicines, he recommended establishing price controls, and forbidding the sale of medications in hard currency stores to aid the transition to privatization.
- Advised implementation of a national computerized system of drug identification and distribution to provide pharmacists with total product information.
- Recommended national health care education at every level as a national priority.

Country Director Jerjevs commented, "This project was outstanding. VE Cooper demonstrated a high level of professionalism and worked out a plan of action as to how the pharmacies would be privatized... This project will impact the state-owned wholesale system, state-owned retail trade, and private pharmacies. The client added, 'We are pleased with all of VE Cooper's work, which was very helpful to us.'"

HAYES 11/11/92 PUBLICITY PERMITTED RCTR: KAPLAN CODE "O"
2324F

SUMMARY OF IESC PROJECT 22428

STARTED: July 14, 1992
COMPLETED: August 16, 1992

CLIENT: ASSISTANCE REQUESTED:
Ministry of Social Welfare
Riga, Latvia

The client is a government agency which administers health and welfare programs for the Republic of Latvia. These include the administration of hospitals and clinics as well as the manufacture and distribution of medicines and other medical products.

OBJECTIVE: The government wishes to privatize the wholesale distribution system, including all warehouses and pharmacies. To do so, they have requested IESC assistance to review the existing wholesale distribution system and facilities, and establish their value; to develop a "plan of action" to privatize the wholesale distribution system of medicines and pharmaceuticals; and to make recommendations for the establishment of a modern and efficient system of medicines, pharmaceuticls and medical supplies in Latvia. **The client simultaneously received IESC assistance on projects 22427 and 22433.**

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Robert H. Horn
Madison, Connecticut

As an industrial engineer, VE Horn's principal areas of expertise have been cost reduction, productivity improvement, and facilities planning and design. Prior to his retirement, he spent 16 years with **Chesebrough Ponds.** It was here that he became involved with the development and supervision of the Ragu Foods Division that produces tomato-based products and packages them in glass jars. Prior to that, he worked for two other major firms, **Johnson & Johnson** and **Ciba-Geigy. This was VE Horn's fifth project for IESC.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Horn reviewed the existing pharmaceutical wholesale distribution system and visited several pharmaceutical warehouses to gain a greater understanding of the variables involved in the privatization of this industry. He analyzed in detail the wholesale distribution system, and consequently developed a suggested plan of action for privatization. In this plan, the VE outlined the following initiatives:

- Specific steps and procedures to follow.
- Pitfalls to avoid.
- A suggested time frame and sequence for implementing his various recommendations.

In addition, VE Horn reviewed the industry's financial history and records, and recommended guidelines and methods to use to develop a fair rouble value of the business and its assets. Per the request of the client, he also suggested ways to improve and modernize their wholesale distribution function and operation in order to render it more competitive and profitable. The VE also provided some general observations on other related topics.

The VE commented that working conditions and relations with the client were good, but more frequent interaction would have been desirable.

Country Director Jerjevs commented, "A very good project. The VE evaluated the real situation in wholesale distribution, and provided a list of recommendations on how to improve services, management, increase profits, and finally, proposed ways to privatize the enterprise. The client added, 'The VE made a detailed analysis of the wholesale distribution system in Latvia, particularly in our wholesale center. Mr. Horn worked out recommendations how to increase profits, improve management, and improve the quality of services provided. The 'privatization plan of action' was also worked out.'"

HAYES 11/11/92 PUBLICITY PERMITTED RCTR: KAPLAN CODE "0"

SUMMARY OF IESC PROJECT 22433

STARTED: July 16, 1992
COMPLETED: August 13, 1992

CLIENT; ASSISTANCE REQUESTED:
Ministry of Social Welfare
Riga, Latvia

The client is a government agency which administers health and welfare programs for the Republic of Latvia. These include administration of hospitals and clinics, and the manufacture and distribution of medicines and other medical products.

OBJECTIVE: The Latvian government is in the process of privatizing their medical and pharmaceutical industry. To bring medical care up to western standards, they need to privatize their hospitals, clinics and outpatient facilities. Specifically, they have requested assistance to evaluate existing administrative and medical procedures at their 383 outpatient facilities, recommend new streamlined administrative and medical procedures, and to evaluate the feasibility of privatization. **The client simultaneously received IESC assistance in projects 22427 and 22428.**

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Nancy E. Cooper
Rockport, Texas

VE Cooper's entire working career has been in the field of medical facility out-management. She has been employed as director of a medical unit at **Kansas City Correction Institution;** administrator of a private, women's health care facility; administrative director for **Texas Emergency Room Services;** and as partner and founder of **Primacare, Inc.**, a ten million USD company which owns and operates 15 free standing ambulatory care centers in the Dallas/Fort Worth area. **Her husband has worked on project 22427 concurrently.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Cooper observed a number of health facilities and met with the people responsible for their operation. She found that many of the facilities were in poor repair. Additionally, the medical equipment was unreliable and medicines and medical supplies were in short supply. She also noted that while the care appeared to be very good under the circumstances, there were far too many doctors and nurses. Because patients were not charged for their medical services, the system was overused/abused by the patients. The VE provided a number of general recommendations including:

- Computerization to expedite their record keeping systems.
- Promotion of the "family physician" model of polyclinics to reduce the inappropriate use of specialists.
- Encourage communication between the directors of the clinics.
- Allow clinics to develop new "for pay" services.
- Charge a fee for emergency ambulance use after two inappropriate/ non-emergency calls.
- Re-evaluate demographics of regions and the people's medical needs, as government funding is based on regional per capita statistics.
- Conversion of inessential clinics to long-term chronic care facilities.

In addition, the VE outlined operational procedures for a typical polyclinic, provided numerous recommendations on priorities to precede the actual privatization of the clinics, and advised on the overall feasibility of privatization.

Country Director Jerjevs commented, "This project was completed successfully. The VE rendered a number of general recommendations and a list of priorities on how to privatize the polyclinic facilities. The client added, 'We showed VE Cooper different polyclinics and hospitals. Members of the department worked with her and were very pleased with her work.'"

SUMMARY OF IESC PROJECT 22493

STARTED: August 26, 1992
COMPLETED: September 26, 1992

CLIENT; ASSISTANCE REQUESTED:
Ministry of Social Welfare
Riga, Latvia

The client is a government agency which administers health and welfare programs in the Republic of Latvia. Their responsibilities include the administration of hospitals and clinics as well as the manufacture and distribution of medicines and other medical products. The government of Latvia plans to privatize the pharmaceutical industry and then the hospitals, clinics and other facilities, in order to bring medical care in Latvia up to Western standards.
OBJECTIVE: The ministry has requested the assistance of a VE to evaluate its existing administrative and medical procedures at the hospitals and sanitary stations, recommend new administrative procedures, and evaluate the feasibility of privatizing such facilities.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Fred H. Smith
El Dorado, Arkansas

VE Smith has spent his entire career working in hospital administration. He has served as the president and chief executive officer for the **Warner Brown Foundation.** This foundation provided non-hospital services such as corporate health services, linen service, and home medical equipment services for the Warner Brown Hospital. Prior to working with the foundation, he spent 13 years as president and administrator of the **Warner Brown Hospital,** after having worked as assistant administrator for several years. Under his administration, the hospital's range of services expanded considerably.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Smith surveyed hospitals, polyclinics, and emergency facilities in Riga and the Ogre district. In doing so, he interviewed doctors, nurses, dietary, purchasing and accounting personnel and reviewed the financial structure of the health care system. He estimated that the quality of Latvian health care lagged 30 years behind Western standards. The VE attributed some of this disparity to the lack of building codes, absence of patient care standards, and poor documentation of patient care. He also noted that the health care system had no reliable accounting system, and did not bill foreigners for health care received in Latvia.

After evaluating the existing administrative and medical procedures, VE Smith made recommendations for improving procedures and advancing the process of privatization of medical care and facilities. He pointed out several hazards to which health care workers were exposed, and suggested ways to decrease the risk of such exposure. Additionally, the VE formulated a temporary system for billing foreigners who use Latvian health care facilities. VE Smith felt that the income generated from selling health care services to foreigners would help to improve the cost and quality of the medical services provided to the Latvian people.

Country Director Jerjevs commented, "VE Smith worked out the recommendations for improving procedures and advancing the process of privatization of medical care... His work will lead, eventually, to the establishment of private health care facilities and the creation of private health insurance companies."

REIMER 12/01/92 PUBLICITY PERMITTED RCTR: KAPLAN CODE "0"
2393F

SUMMARY OF IESC PROJECT 22721

STARTED: October 2, 1992
COMPLETED: October 26, 1992

CLIENT: ASSISTANCE REQUESTED:
Lignates Paper Manufactory
Lignate, Latvia

The client, established in 1815, is a state-owned factory which manufactures various different types of paper including drawing, typing, and cigarette paper. Their products are sold throughout the Baltic countries as well as in Ukraine, Russia, and Byelorussia.

OBJECTIVE: To renew production of paper with watermarks. The client produced this type of paper prior to 1944. Today however, little technical documentation survives at the factory to support this process.

EMPLOYEES: 460

IESC VOLUNTEER EXECUTIVE:
Emil A. Warnez
Plainwell, Michigan

VE Warnez has spent his entire career with the **Plainwell Paper Company**, of Plainwell, Michigan, and is thoroughly experienced in the manufacture of fine papers including watermarked stock. He is a graduate of the University of Michigan Paper Technical School, and has lectured at several paper manufacturing conferences.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Warnez met with officials from the mill, and discussed some of the client's problems and goals. From these discussions, he determined that it would be necessary for the client to develop grades of paper that can be used for currency and/or official documents in order to obtain a greater market share and to expand their present business. VE Warnez also toured the client's production facilities and found that their equipment was relatively old, but still in good condition. He noted that since this equipment was not running at full capacity, it would be easily adaptable to a greater production load.

The VE located old dandies (machinery used to make watermarks) that the client had kept in storage since their discontinuation of a watermarked production line, and found that they were compatible with the present machinery. Consequently, after numerous trials, he managed to achieve a good quality watermark for their paper. He emphasized that the key to success with the dandies is to keep them clean. To this end, he developed a cleaning pan for them, and diagrammed the proper procedures for cleaning the machinery. The VE also set-up an additional vacuum box on one of the paper machines to stabilize the water pressure for the marking process.

Noting that a good quality paper is a precursor for a good quality watermark, VE Warnez also devoted a good deal of his time to improving the overall quality of the client's paper. He provided numerous technical recommendations for each of the client's processing machines, and discussed various quality-related topics such as pH, consistency maintenance, furnishing and refining, weight and fiber of currency-type paper, and paper smoothness.

VE Warnez commented that the relations with the client were very good, and that "everyone was very cooperative."

Country Director Jerjevs commented, "The project was highly successful. The client has already begun to mass produce a paper with watermarks. Due to the high demand for a watermarked paper in Latvia and its neighboring countries, the client will be able to not only survive, but also increase their production."

HAYES 12/22/92 PUBLICITY PERMITTED RCTR: OTT CODE "0"

LITHUANIA

SUMMARY OF IESC PROJECT 22082

STARTED: April 21, 1992
COMPLETED: April 26, 1992

CLIENT; ASSISTANCE REQUESTED:
Lithuanian Textile Institute
Kaunas, Lithuania

The client is a research organization which has recently inherited a nonwoven fabric manufacturing plant which previously belonged to the Soviet military complex.
OBJECTIVE: To determine the plant's manufacturing capability given its change in ownership and the change from military to civilian products.

EMPLOYEES: 150

IESC VOLUNTEER EXECUTIVE:
Donatas Satas
Warwick, Rhode Island

VE Satas has extensive experience in the field of chemical engineering, most recently as an independent technical consultant. He has also been employed with the **Amour Research Foundation** as a research engineer, with **The Kendell Company** as group leader of research and development, and with **Whitman Products Ltd.** as technical director. In addition, he is the author of numerous papers on various aspects of adhesive and coating technology, 12 U.S. patents, and four related books.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Satas researched the history of the Textile Institute and the prospects for the Lithuanian textile industry. He observed that the Institute had access to high-tech textiles such as polyaramide, polyimide, graphite, and experience in processing such fibers into woven and nonwoven fabrics. The VE also noted that while there were numerous suppliers of flax, wool and cotton in the region, polyester production was limited to one plant. Consequently, he suggested that the Institute should produce polyester in its new plant. He felt that polyester production would add to Lithuania's raw material and export base by providing inputs for mills processing polyester-blend fabrics, both locally and in other former Soviet republics.

The VE set up a consortium of six or eight companies to engage in the production of polyester. He contacted Dehages AG, a large Swiss investment firm who agreed to manage the consortium's finances and help it get the capital loans necessary to set-up the operation. Dehages promised that they could find commercial banks to back the company if its application for a loan from the European Bank of Reconstruction and Development were approved. All felt that the prospects for loan approval were good, as the polyester production operation would bring hard currency into the country in excess of the amount of the loan; hence, the risk to the bank would be negligible.

VE Satas felt that if the loans were approved, the operation would need extensive assistance from IESC in starting up the operation. The Lithuanian textile executives had convinced him that there is a need for a local manufacturer of polyester sewing yarns to service the sizable garment manufacturing industry; he thought that if the Lithuanians could raise ample investment capital, they would need additional technical assistance to start up the plant. VE Satas promised to seek U.S. markets for products such as bullet-proof vests and sail cloth, which the client plant currently has the capability of producing while the decisions are being made about the polyester plant.

The client commented, "The discussions and information provided on nonwoven fabrics were useful. In addition to the main project, we also had an important discussion on the manufacturing of polyester fibers."

REIMER 10/29/92 PUBLICITY PERMITTED RCTR: THUNEM CODE "O"

SUMMARY OF IESC PROJECT 22084

PIGGYBACK
STARTED: April 30, 1992
COMPLETED: May 2, 1992

CLIENT: ASSISTANCE REQUESTED:
Ekranas
Panevezys, Lithuania

The client is a manufacturer of television screens and other electronic equipment. Formerly, they sold most of their output to the Soviet Union; since the break-up of the USSR and the Eastern Bloc however, the client has been forced to diversify its product line in order to become independent of the Soviet market.
OBJECTIVE: Given the client's experience with vacuum deposition techniques, a possible direction for diversification is the production of coatings for packaging or other uses. They have requested the assistance of a VE to provide information on the types of coatings required for various applications. **This project was a piggyback to project 22083.**

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Donatas Satas
Warwick, Rhode Island

VE Satas has extensive experience in the field of chemical engineering, most recently as an independent technical consultant. He has also been employed with the **Amour Research Foundation** as a research engineer, with **The Kendell Company** as group leader of research and development, and with **Whitman Products Ltd.** as technical director. In addition, he is the author of numerous papers on various aspects of adhesive and coating technology, 12 U.S. patents, and four related books. **This was VE Satas' third IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Satas studied the client's operation and level of expertise as well as their ideas for diversification. He then provided the client with information about the production and sale of sophisticated film coatings to be applied to home and automobile windows for solar and radiation control purposes. Although the sputtering technology used in the production process of such coatings is quite sophisticated, there was a local expert available to guide the client through the start-up of the operation. Professor Pranevicius of the Kaunas Polytechnical University has up-to-date processing and equipment know-how in the field as he recently installed such equipment at Laval University in Quebec City, Canada.

VE Satas noted that even with the professor's assistance, it would take at least a year before their plant would have the capability and equipment set-up to produce more than sample amounts of the high-tech coatings. On the other hand, the VE pointed out that there were only three other firms worldwide pursuing the development of similar products. The client would have relatively little competition if they could indeed develop and produce a quality product. In fact, VE Satas had already located a company in Florida that was interested in testing and perhaps purchasing the client's products.

The client commented, "Mr. Satas' help on solar film coatings was useful and appreciated. We will supply him with samples for evaluation soon. Professor Pranevicius also appreciates his short presentation on flexible packaging during the seminar conducted at Kaunas Polytechnical University."

REIMER 10/29/92 PUBLICITY PERMITTED RCTR: THUNEM CODE "D"
2259F

POLAND

SUMMARY OF IESC PROJECT 19689

REVISION
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 the 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 also 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 99-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, and prepared 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 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 that 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 to IESC's American Business Linkage Enterprise (ABLE) program. He contacted and involved the ABLE service 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.**

Country Director Wisniewski commented, "Extremely successful - Upgrading of quality and output of the main paper making machine without major planned capital expenditures, just by repairs and adjustment of the machine **saved no less than USD $30,000,000 (in the VE's opinion and confirmed by the client.)** The client wants to continue with IESC to reorganize management, improve maintenance services and organize sales and marketing services. **The ABLE Project will assist in the promotion of MYSZKOW's potential with 12 U.S. companies."**

RYAN 10/04/91 PUBLICITY PERMITTED RCTR: VOS CODE "0"
1103E **REVISED 10/09/92**

SUMMARY OF IESC PROJECT 20794

STARTED: August 15, 1991
COMPLETED: September 28, 1991

CLIENT; ASSISTANCE REQUESTED:
The 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 new markets to replace the traditional Soviet Union markets after January 1, 1991. Specifically, to prepare a business plan for an electrical manufacturing company called **Apena.**

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Robert P. Backderf
Pinehurst, North Carolina

Prior to retirement, VE Backderf was director of the Development Engineering Division for **Electrical Science Inc.** His career includes association with Square D and other substantial high volume manufacturers of a wide range of electrical components. He also served as general manager of **Lexington Switch. This was VE Backderf's fourth IESC project.**

IESC ASSISTANCE RENDERED:

VE Backderf worked with a team of Volunteer Executives which evaluated a Polish electrical manufacturing company - Apena. The team prepared an overall business plan for Apena which evaluated their present and future operations. They presented a financial analysis of the company's condition analyzing their investments and assets. The team also explained that the future market conditions for low voltage circuit breakers would most likely be flat. However, the group stated that the most competitive markets would be found in South America and Central America, but it could be difficult for Apena to become established in those regions. The IESC VEs then recommended that Apena expand their marketing staff to include support offices and a field staff in order to expand sales in new markets. With regard to manufacturing, the team visited Apena's three production factories and found that these areas needed much upgrading. They explained that the factories were not set-up efficiently and needed improved technology.

In order to receive new technology that would help Apena become more competitive in a free market, it was suggested that the client look for a joint venture. The team reacquainted Apena with **GEC Alsthom**, who in the past, had expressed a desire to engage in a joint venture with the company. Additionally, the team helped bring **Westinghouse** to Apena for another possible joint venture. According to the VE team, Apena needed a joint venture with a Western company in order to receive new technology and to better compete in a free market. The team left the decision up to Apena as to whether or not they would link up with one of these companies for a joint venture arrangement.

Nowak 03/18/92 PUBLICITY PERMITTED RCTR: Miner CODE "0"
1557E

SUMMARY OF IESC PROJECT 21183

FOLLOW-UP
STARTED: July 11, 1991
COMPLETED: July 19, 1991

CLIENT: ASSISTANCE REQUESTED:
Company Assistance Limited (Formally known as the ITCA)
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 assist a garment manufacturing company -Prochnik-, one of the first five privatized companies in Poland. Specifically, to refine and improve their cost accounting system and develop appropriate management information reports for top management. **They have previously received IESC assistance in a substantial number of projects (as the ITCA), including 19701 and 19707.**

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Karl F. Slacik
Jupiter, Florida

VE Slacik has a wealth of experience in cost accounting for several industries, retiring from **Levi Strauss** 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. **This was VE Slacik's second project for IESC and this client.**

IESC ASSISTANCE RENDERED:

After inspecting the garment manufacturing company, VE Slacik noted that the client had a problem computing labor cost. They were using a system based on time which included non-manufacturing costs such as capacity, sales, marketing and general administration. He explained that there were no distinctions between fixed and variable cost elements which meant that they could not employ managerial costing strategies in competitive situations. VE Slacik was able to break the labor cost down into variable and fixed components.

The VE then commented on the client's proposed computer system. He noted that Prochnik was computerizing their cost and control systems without updating the old, inefficient methods. VE Slacik made some recommendations to be incorporated into their new computer system. For instance, he suggested that the chart of accounts be systemically structured so that the accounts had numerical significance and would lend themselves to competitive control and analysis. Additionally, he stated that an overhead control system should be implemented with reports for different levels of management and suggested that the client obtain a computer system that could be integrated into their current system. VE Slacik added that the client should hire a competent accountant with costing and management experience.

Nowak 03/30/92 PUBLICITY PERMITTED RCTR: Sawtelle CODE "0"
1615E

97

SUMMARY OF IESC PROJECT 21359

STARTED: April 22, 1992
COMPLETED: May 18, 1992

CLIENT; ASSISTANCE REQUESTED:
Elektromontaz - Export Ltd.
Warsaw, Poland

The client is an electrical and mechanical contracting company which performs numerous trade and contracting services. Some of their services include design, delivery, erection, and set-up of industrial, civil and structural works, as well as assembly and installation of technological equipment, and all associated civil and structural works, primarily in foreign nations.
OBJECTIVE: The client has requested assistance with obtaining financial help from both national credit lines and international funds for individual investment projects in Poland. They have also requested assistance in overall marketing, organizational, and functional activities, especially in the area of performing markets studies. EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Leo H. Ellis
Berkeley, California

VE Ellis is an electrical engineer with 35 years of experience in construction and engineering. He spent 17 years with **Kaiser Engineers**, eventually leaving them as manager of engineering for the primary metals industries. In this capacity, he conducted feasibility studies and supervised field engineering and maintenance. VE Ellis then joined the **Betchel Corporation** where he worked for 18 years. He retired from Betchel as vice president in-residence for Argentina, Brazil, Paraguay, and Uruguay. Since retiring in 1985, VE Ellis has been a self-employed consultant conducting market research, feasibility studies, and economic and financial studies. **This was his third IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Ellis found that the client was "really a labor broker, furnishing Polish electricians to Libya, Iraq and Iran." As the client had lost the guidance of their Soviet mentors, they could no longer provide these services. Consequently, VE Ellis recommended that they make a transition into construction work, commencing with the set-up of several warehouses. Toward that goal, the VE provided the following assistance:

- Developed a business plan for the manufacture of medium voltage switchgear at the Electromontaz-Lodz plant under a recently obtained license.
- Demonstrated various approaches to obtain the financial resources for upgrading the workshop to manufacture the switchgear.
- Identified items that required the attention of Electromontaz-Export management, through interviews with their employees. He also provided specific recommendations for developing a Western-style management plan which included information on privatization, business planning, operational planning, strategic planning and marketing, as well as a financing policy with specific approaches to obtain critical financial resources to upgrade their manufacturing facilities.

Country Director Wisniewski commented, "A great performance by VE Ellis- in less than one month he reviewed the operations of three Elecromontaz plants and prepared detailed plans for the operations of each department. In addition to providing plans of reorganization and future development, he also sought financing for the client's activities through organizations such as the World Bank. A very successful project... the client asked for additional assistance in a follow-up project next year."

HAYES 9/18/92 PUBLICITY PERMITTED RCTR: THURSTON CODE "O"
2141E

98

SUMMARY OF IESC PROJECT 21363

STARTED: January 8, 1992
COMPLETED: January 31, 1992

CLIENT; ASSISTANCE REQUESTED:
Bipromet, S.A.
Katowice, Poland

The client is a non-ferrous metals engineering and construction company. Since privatization, they have also entered the trading business and are presently computerizing their accounting functions and personnel records, using UNYSIS personal computers.
OBJECTIVE: To install a computer-aided design (CAD) system for use in technical design work. Specifically, they have requested assistance in reviewing their technical requirements and specifying the best hardware, software, and auxiliary equipment for the job. They have also requested information on how workstations should be installed, and on preparing their engineers for computer installation to help alleviate probable resistance.

EMPLOYEES: 350

IESC VOLUNTEER EXECUTIVE:
Anton D. Van Es
Camarillo, California

VE Van Es has 30-years experience in electronics design activities and computer technology, most recently employed with **V.S.E. Corporation**, as technical director and manager of the engineering facilities, supporting development activities at the naval air station at Point Mgu, California. There, he was responsible for all electrical design products which were implemented by utilizing CAD/CAM database work stations. He was also employed with **Vitro Laboratories** as senior vice president, the **3M Company** as a senior electronics engineer, the **UNISYS Corporation** as senior project engineer, as well as with the **Hughes Aircraft Company**, and **NASA.**

IESC ASSISTANCE RENDERED:

Upon an initial review of the client's requirements, VE Van Es suggested the purchase of a CAD/CAM system as a basic component of the design offices. However, he found that the equipment was not readily available, and would **require procurement from the U.S.**, necessitating a second visit by the VE to provide the further technical support necessary to implement the system.

On this first visit, VE Van Es provided a general master plan to set-up CAD/PC Engineering work design stations for the various technical departments. He also developed ideas to facilitate a modern computer network system which could be utilized by all the departments, and expandable in the future. Additionally, he developed a list of items to be purchased, their purchase contracts, methods and locations of equipment purchase, and financing (bank credit).

The VE also established a work plan for the follow-up visit, including receipt, installation, set-up, and testing, as well as instructions, training, usage, and final acceptance of the system.

Country Director Wisniewski commented, "The first part of this assignment was successful. The implementation of the CAD/CAM system is to take place in the second part of this project, enabling the client to upgrade their skills and ennance their ability to obtain foreign orders."

HAYES 6/12/92 PUBLICITY PERMITTED RCTR: HYMAN CODE "O"
1925E

99

SUMMARY OF IESC PROJECT 21366

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

CLIENT; ASSISTANCE REQUESTED:
All-Con
Bielsko-Biala, Poland

All-Con is a small design, engineering and construction company specializing in water purification, waste water treatment and urban planning, with some experience in civil engineering projects. They plan to expand their operations to become a general contractor, performing turn-key jobs from design to construction and start-up.
OBJECTIVE: To review All-Con's plans for expansion, company organization and business plan and to make recommendations for improvements to ensure a smooth and successful expansion. The client also requested a VE's advice on the potential use of branch offices.

EMPLOYEES: 35

IESC VOLUNTEER EXECUTIVE:
Tirso W. Presmanes
Atlanta, Georgia

VE Presmanes has remained active as a chief engineer and construction manager on a number of projects since his retirement in 1983. For seven years prior to his retirement, he ran his own general construction and engineering firm which supplied consulting services on project development, management and control. Prior to establishing his own company, VE Presmanes served as chief mechanical engineer for the **J.J. Harte Company** of Atlanta, Georgia, and as president of the Columbia Engineering Corporation, a subsidiary of **Abrams Industries, Inc. This was his third project for IESC.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Presmanes was introduced to key executives in the client organization and taken on tours of a few of the client's sewage treatment and water purification plants. Although he found these facilities to be in excellent condition with state-of-the-art quality control, he felt that the operations would benefit from chlorination facilities and improvements in effluent piping.

The VE met with the director of the client operation on several occasions to discuss the prospects for the company's future general contracting efforts. They recognized that it would be necessary to expand All-Con's marketing efforts to publicize its new "turnkey" engineering services locally, and to develop contact with Polish consuls in other countries to promote All-Con abroad in its search for a foreign joint venture partner.

VE Presmanes also considered the possibility of initiating contact with American fast-food chains, and if they are interested in starting a branch in the area, All-Con could work as an agent for the company and locate appropriate sites for the franchise. Additionally, he held several meetings with the engineering staff to study the processes of competitive bidding and cost estimation, using a local plant which had recently been the subject of bidding as an example.

Country Director Wisniewski commented, "All-Con wanted to learn how to become a contractor after being primarily a design office, and VE Presmanes was the best teacher imaginable. The time assigned for the project would have been too short even if another month had been assigned, but the project was completed to everybody's satisfaction."

REIMER 10/27/92 PUBLICITY PERMITTED RCTR: BLAIN CODE "0"
2247E

SUMMARY OF IESC PROJECT 21375

STARTED: October 16, 1991
COMPLETED: October 31, 1991

CLIENT; ASSISTANCE REQUESTED:
Przedsiebiorstwo Transportowo-Sprzetowe Budownictwa (Transbud)
Chelm, Poland

The client's main activity is the transportation of large quantities of cement and other building materials from factories to construction locations. They operate three self-sustained and independently organized, equipped and maintained bases. In 1991 Transbud changed from governmental to private ownership through an employee buyout.
OBJECTIVE: To achieve the optimum feasible level of efficiency and profitability for their diversified transport operation. They have requested that the VE appraise their present economic situation and provide guidance on available business opportunities.

EMPLOYEES: 170

IESC VOLUNTEER EXECUTIVE:
James D. Burke
Minden, Nevada

VE Burke has devoted his entire career to the development and operation of profitable trucking transport systems. Having started two of his own trucking businesses, he has extensive hands-on experience in all phases involved in the start-up, management, and growth of a transport company. The company presently under his direction is one of the leading transport firms in California, and is known for its up-to-date procedures and its use of the latest equipment.

IESC ASSISTANCE RENDERED:

Upon arrival in Poland, VE Burke met with Transbud directors in order to review the company's current situation. The VE found that the majority of the client's problems have resulted from the profound economic and social changes which have occurred since the dissolution of the Soviet bloc. These changes have slowed all types of business activity in Poland. Construction volume for transport has dropped by 30% which, in turn, lessens Transbud's volume by 50% since their major business activity is the transport of construction materials. Due to these circumstances, the client has been forced to lay-off workers.

VE Burke concentrated his efforts on the improvement of organization and services within Transbud. He advised the client on preparing a proposal to be submitted to Poland's government, requesting the reduction of loan payments and interest by one-third over the ten-year purchase agreement. Subsequently, the VE inspected the client's equipment and found that only half of the diesel tractors they own are currently needed. Also, many of the units are old and in need of modernization, which is not possible due to the present economic situation.

Although VE Burke found many areas in need of improvement within Transbud, employee motivation and capability were exceptional. A transport driver, whose views reflected the majority opinion at Transbud, assured him that the employees are working hard for the success of the company. The VE pointed out that such loyalty benefits all companies but is especially essential for the survival of Transbud, which is privately owned by its employees.

Country Director Wisniewski commented, "This project was a success. VE Burke provided the client with an appraisal of its situation, assisted them in their application to ministry for a relaxation of payment terms, and introduced some improvements in organization of services."

HARKLESS 1/26/93 PUBLICITY PERMITTED RCTR: GAREY CODE "O"

SUMMARY OF IESC PROJECT 21428

STARTED: January 8, 1992
COMPLETED: February 1, 1992

CLIENT; ASSISTANCE REQUESTED:
NCE, S.A.
Wroclaw, Poland

NCE is a privately owned company which designs, assembles, and installs waste purification units and waste water treatment plants for rural co-ops, villages, industry, and towns of up to 100,000 in population. Presently, the client has ownership in seven small companies which provide related services and products to NCE as well as to outside companies.

OBJECTIVE: To remain current on the latest technology, and to form a group responsible for technological strategic planning. NCE has specifically requested a VE to establish and organize such a group and to perform the following tasks:

- Prepare organization charts for the new group for initial and future operation.
- Prepare job descriptions and necessary qualifications for key personnel.
- Recommend to whom the group should report to, and at what level.
- Establish group operations and reporting procedures.
- Recommend procedures and demonstrate how technical information should be gathered.
- Prepare a preliminary operating budget.
- Recommend how the group should relate and communicate with NCE's design group.

EMPLOYEES: 150

IESC VOLUNTEER EXECUTIVE:
Arthur J. Van Vleet
New Britain, Connecticut

VE Van Vleet possesses a wide range of both top management and hands-on manufacturing experience. For over fifteen years, VE Van Vleet was vice president of operations of the **New Britain Machine Tool Company**, where he was responsible for business planning, organization, engineering, finance, and marketing planning. Prior to that time, he served for nearly ten years as vice president of manufacturing for **National Automatic Tool Company**, where his responsibilities included production planning, purchasing, plant engineering and quality control.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Van Vleet met with Mr. Lejman and NCE personnel, and helped them re-examine their company objectives. He determined that they needed to initiate strategic planning and technical development functions in order to remain ahead of their competition in water purification and waste water treatment. VE Van Vleet also rendered the following related proposals:

- Create a holding company in addition to the present company.
- Create job description outlines.
- Determine strategic planning focus.
- Diversify to include a trading company, housing resource and bottled water production for consumer consumption.

Additionally, VE Van Vleet also created and demonstrated new reporting and budgeting procedures, and provided recommendations for dealing with local economic and financial problems.

Country Director Wisniewski commented, "VE Van Vleet prepared a detailed list of recommendations for strategic planning, a future development program, and a proposed holding organization. A sales department and strategic planning group were formed to strengthen the present organization... Moreover, the survival of this company, as a counterbalance to similar administration-heavy state owned companies, should be a good example and model for other organizations. The client also commented that the project was highly successful; 'Many of VE Van Vleet's recommendations have been implemented, and have measurably improved the company's operation.'"

Hayes 4/1/92 PUBLICITY PERMITTED RCTR: Ott CODE "O"
1610E

SUMMARY OF IESC PROJECT 21449

TIS USVE
STARTED: February 17, 1991
COMPLETED: February 7, 1992

CLIENT; ASSISTANCE REQUESTED:
Task Force on Company Assistance (TFCA)
Warsaw, Poland

The TFCA is a non-profit organization providing management services to Polish companies. Also, TFCA assists the Polish government in its efforts to privatize Polish businesses.
OBJECTIVE: To show samples from Polish garment manufacturers to U.S. importers, sales representatives, distributors, wholesalers, and retail/department stores. The ultimate goal of the project is to generate export sales for Polish garment manufacturers.

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Harry Riker
Waynesboro, 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. Since 1980, he has managed **Harbour Town Clothiers**, a small retail clothing store in South Carolina. **This was VE Riker's fourth IESC project.**

IESC ASSISTANCE RENDERED:

This project in the U.S. followed IESC Technical Assistance **Project 19706**, where VE Riker conducted a garment industry survey. While in Poland, VE Riker visited several garment manufacturers and obtained samples. Upon his return, VE Riker was to show the samples to potential buyers, and then return to Poland with the buyers to re-visit the manufacturers and obtain some orders.

Due to the Gulf war, VE Riker's visit to Poland was cut short. However, he did obtain some samples, and upon his return visited or talked with a small number of potential buyers, including most notably Sears Roebuck in Chicago, Illinois. Several factors hindered the success of this project: VE Riker's experience and background were not the most appropriate for this project, the client was going through significant organizational turmoil, and the TIS Project Officer was new to the position, as was the entire IESC Warsaw office.

Although this particular project ended unsuccessfully, Project Officer (P.O.) Jim Coon and his TIS counterpart in Poland, Waldek Wierzbicki, continue to actively seek out the original Polish manufacturers involved with the project to assess their interest in continuing a search for U.S. buyers. If enough interest exists, P.O. Coon will develop another TIS USVE project, with recruitment for another VE to show the samples to U.S. importers/buyers.

RYAN 03/11/92 **PUBLICITY NOT PERMITTED** RCTR: Loewkowitz **CODE "3*"**
1520E
***Unsuccessful due to miscellaneous reasons as described above.**

10

SUMMARY OF IESC PROJECT 21510

STARTED: September 29, 1992
COMPLETED: October 28, 1992

CLIENT; ASSISTANCE REQUESTED:
Energopol S.A.
Szczecin, Poland

The client is a civil engineering contracting firm that specializes in marine hydrotechniques. They work mainly in pile driving, sewage treatment and water supply systems, which they do locally and in Russia.

OBJECTIVE: To upgrade all aspects of company management and to advise on updating various aspects of their technical systems.

EMPLOYEES: 590

IESC VOLUNTEER EXECUTIVE:
J. Robert Moore
Memphis, Tennessee

VE Moore has extensive experience in the construction industry, and is a licensed professional engineer in 17 states. His career experience includes designing and building waste water facilities in Hawaii for the **U.S. Navy**, and designing and erecting bridges and tunnels in a number of states and overseas countries. He has also been involved in numerous environmental design and construction services for municipal and military installations. Most recently, he has been the CEO, president, and chairman of the board of **N. Harland**, a top U.S. engineering design firm, where he was intimately involved in all management, business development, financial and operating aspects of the firm.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Moore met with the client and observed their organization and operations. Having found that their management and support services were tremendously inefficient, the VE concentrated on reorganizing their managerial structure. He discussed the set-up of various departments and redefined the responsibilities of their personnel. The VE suggested that each construction center be treated as a profit center, while maintaining their ever-growing support services in a subsidiary role. To further expedite management functions, he streamlined these various operations into five separate departments, each with a manager who reports directly to the director of the company. To illustrate these suggestions, he provided the client with an organizational chart. He noted that this new organizational structure should result in a more definitive reporting of operations and a reduction in overhead, personnel and costs.

VE Moore also initiated a marketing department. He provided a detailed analysis of activities that would provide the client with a greater firm-wide marketing program, and a brief report on recommended marketing measures. The VE also formulated an outline for their annual business plan which provided advice on a policy statement, finance/accounting/budgeting, a marketing program, and personnel.

In addition, VE Moore held many discussions on current practices and procedures in the U.S. construction industry, and demonstrated how they differ from the practices in Poland.

The VE commented that his working conditions were excellent and his "relations with client personnel could not have been better."

Country Director Wisniewski commented, "The VE performed exactly what was expected - not by transplanting the management techniques of a U.S. organization, but by adapting whatever was applicable to this situation. He discussed changes and improvements for the present and the future, stressing the need for establishing strong marketing and convincing the client that their future depends on it... Because this is one of many construction firms in the same situation, improvement in operations may serve as a good example to other companies. Survival of this company, now fully owned by its employees, in a region of much unemployment will contribute to the regional economy. This company also now has a strong chance of being included in the planned 'Pomerania' Polish-German common economy zone. The client considers that the project was an outstanding success, and will probably request follow-up assistance in 6-8 months."

HAYES 12/9/92 PUBLICITY PERMITTED RCTR: BERMAN CODE "O"
2419E

104

SUMMARY OF IESC PROJECT 21513

STARTED: November 13, 1991
COMPLETED: December 13, 1991

CLIENT: ASSISTANCE REQUESTED:
SPOMAZ
Bydgoszcz, Poland

The client manufactures and maintains bakery equipment in Poland. OBJECTIVE: In order to prepare for privatization, the client wished to restructure their antiquated management practices, especially with regard to delegating authority; modernize all aspects of the operation in order to become more competitive; and identify other problems not apparent to the director.

EMPLOYEES: 560

IESC VOLUNTEER EXECUTIVE:
Donald E. Rutherford
Lake Delton, Wisconsin

VE Rutherford was general manager and executive vice president of **Walker Stainless Equipment Company**, where he was responsible for manufacturing sales and marketing, quality assurance, human resources, and purchasing. Prior to holding this position, VE Rutherford was general manufacturing manager of the Food Equipment Division of **The St. Regis Paper Company.** There, he increased sales volume, implemented a new inventory control system, and initiated a new computerized purchasing system.

IESC ASSISTANCE RENDERED:

VE Rutherford worked with his wife, VE Marilyn Rutherford, who was on project 21515 for this client. VE Donald Rutherford assisted the client with their management structure, whereas VE Marilyn Rutherford addressed the client's personnel problems.

VE Donald Rutherford noted that Poland's laws were hindering the client's ability to make improvements and transform into a privatized industry. He held meetings with deputy directors, managers, foremen and officials of the trade unions to determine what level of training the client would need to become effective in a free market. VE Rutherford stated that the client needed a human resources development program and should have their managers participate in an off-site professional management training program. He also discussed successful managerial practices, styles and goals for the client's managers. VE Rutherford explained that the client's managers needed to work more towards making profits and less on production. The VE provided a variety of suggestions for profit improvement projects and techniques which were accepted by the department managers who indicated plans to proceed when funds, time and equipment become available.

VE Rutherford also paid particular attention to sales and marketing by explaining to the client how they should organize a national and international distributor/representative network. He reported that both the national and international sales networks should be independent business entities. VE Rutherford also noted that the client should begin to contact businesses in Asia, Central and South America, in order to expand their sales operations. He supplied the client with a list of favorable attributes that their sales employees should possess, such as a knowledge of bakery machines and being customer-oriented. VE Rutherford also provided the client with some example sales reports which could be contained on personal computers.

Nowak 03/23/92 PUBLICITY PERMITTED RCTR: Thunem CODE "O"
1582E

SUMMARY OF IESC PROJECT 21515

STARTED: November 13, 1991
COMPLETED: December 13, 1991

CLIENT: ASSISTANCE REQUESTED:
SPOMASZ
Bydgoszcz, Poland

The client manufactures and maintains bakery equipment in Poland. OBJECTIVE: To provide a method for evaluating the client's employees and their performance, suggest changes for their personnel department that would make it comparable to U.S. personnel departments, and to set-up a human resources department which would allow department heads to evaluate and motivate their workers.

EMPLOYEES: 560

IESC VOLUNTEER EXECUTIVE:
Marilyn F. Rutherford
Lake Delton, Wisconsin

VE Rutherford has recently owned and operated her own consulting business for human resources management. She has worked with job analysis, career development, performance management, recruitment and selection, and training. From 1976 to 1982, VE Rutherford was manager of employee and personnel development for **Airco Inc.**, a medical products manufacturer. VE Rutherford has also held human resource positions with the **State of Wisconsin, National College of Education** and **Underwriters Laboratories.**

IESC ASSISTANCE RENDERED:

VE Marilyn Rutherford worked along with her husband, VE Donald Rutherford, who was working for the same client on project 21513. VE Marilyn Rutherford assisted the client with their personnel management needs, whereas VE Donald Rutherford advised on management and sales.

VE Marilyn Rutherford held meetings with groups of employees, personnel and deputy personnel managers. She explained that the client would have to change the mentality of their workers in order to fully transform from a state-owned institution to a free market company. VE Rutherford also stated that the client should have training sessions in order to educate their employees on how to work in a free market system.

She then explained many theories, as well as the two most commonly used methods for motivating workers. VE Rutherford stated that many employers use either the "KITA", or the "carrot on the string" methods for employee motivation. The "KITA" method relies on punishment, or as VE Rutherford stated, "bullying the employee." The "carrot on the string", or as it is called in Poland, "the sausage on a string", involves a reward or bribe to motivate the workers. VE Rutherford explained that both of these methods only provide movement and no self-motivation. According to the VE, self-motivated employees were the most desired. VE Rutherford noted that factors like achievement, recognition, responsibility and advancement help self-motivate workers. Also, the VE stated that communicating company goals allows the workers to motivate themselves in reaching those goals. She also explained to the client how to install a compensating system based on personal achievement and performance, along with profit sharing and other cash incentives. In addition, VE Rutherford supplied the client with an organizational structure for their new human resources department which they could use in developing their personnel department.

Nowak 03/23/92 PUBLICITY PERMITTED RCTR: Thunem CODE "O"
1583E

106

SUMMARY OF IESC PROJECT 21543

STARTED: March 17, 1992
COMPLETED: April 4, 1992

CLIENT: ASSISTANCE REQUESTED:
Regional Survey Enterprise (OPGK)
Gdansk, Poland

The client is a surveying and cartography firm. Currently, they are expanding into the real estate market. The company was state-owned until 1990, when it was privatized and sold to its employees.
OBJECTIVE: To assist the client in replacing any existing state-owned managerial practices with more modern procedures.

EMPLOYEES: 170

IESC VOLUNTEER EXECUTIVE:
Donald D. Brauer
Edina, Minnesota

VE Brauer has over 30 years of extensive experience in all areas of management. Most recently, he was president and chairperson of **Brauer and Associates**, a consulting, planning, engineering, architecture, environmental science, and construction management firm. Prior to establishing Brauer and Associates, VE Brauer held various management positions including chief engineer and director of marketing for **Harrison, Brauer and Reppel**, and project engineer at **Pittsburg-Des Moines Steel Co.** In addition, he has managed professional surveyors and participated in the establishment of two banks. **This was VE Brauer's second project for IESC.**

IESC ASSISTANCE RENDERED:

Upon arrival in Poland, VE Brauer began this project by reviewing the history of the firm and attending meetings with each unit of OPGK in order to outline the specific assistance needed. The VE stressed the worldwide "Age of Change" that is even more extensive in Poland due to the conversion of society from a collectively-based, publicly managed economic system, to a privately-based, publicly regulated economic system. Using this perspective, VE Brauer provided the following analysis and recommendations:

- Organization: Related but separate businesses should be organized as distinct legal and operational units divided on the basis of common activities including administration, support services, and production units.
- Compensation: Productivity and profit must be tied to compensation. VE Brauer recommended a salary program in which any manager must be paid at least 125% of the base pay of the highest paid person, each higher level 125% of the next lower level, while the multiple between management levels should not be more than 2.0.
- Ownership/Stockholders: Minimum requirements for stock ownership should be established. The VE recommended that OPGK investigate the legal status of an Employee Stock ownership Plan (ESOP) which, in the U.S., offers such benefits as tax shelters and redemption on demand.
- Acquisitions/Mergers: OPGK should consider the acquisition option if its objective is to acquire a client list, add specific people with special skills to the staff, or to buy out a competitor. If OPGK's purpose is to add new skills or grow larger to compete with other regions, a merger is the best option.
- Marketing: VE Brauer recommended ways to utilize three key ideas for marketing professional services: contacts, communications, and credibility.
- Office Furniture/Equipment: Professional offices and work stations must be functional, contemporary, and business-like. The contemporary professional office will require a computer at every work station, a printer for every third work station, and a modem for every unit. Additional equipment such as a fax, portable phones, and a pager system are also necessary for the office.

Country Director Wisniewski commented, "VE Brauer answered to all of the client's organizational problems, offering descriptions in positions, interrelations, compensation, marketing program, accounting, costing, pricing, and future activities."

HARKLESS 11/20/92 PUBLICITY PERMITTED RCTR: MOYER CODE "0"
2372E

107

SUMMARY OF IESC PROJECT 21544

STARTED: September 1, 1992
COMPLETED: September 15, 1992

CLIENT; ASSISTANCE REQUESTED:
Neptun Starogard
Starogard, Poland

Neptun produces shoes for men and boys, including sandals and boots. OBJECTIVE: The client has requested the assistance of a marketing expert to help them prepare their product for export to the U.S. They would like information about the U.S. market, including companies to approach and methods of contact, as well as information on advertising and packaging so that they can create a credible image for their products. Also, they would like the VE to compare their production process with the U.S. equivalent and help them prepare samples for shoe exhibits and trade shows.

EMPLOYEES: 1,500

IESC VOLUNTEER EXECUTIVE:
Sam Adelman
Bradenton, Florida

VE Adelman has 45-years experience in all phases of marketing in the shoe industry. He has operated a consulting business since his retirement from **Commonwealth Shoe and Leather Company**, where he spent his entire career. For 14 years, he served as their marketing vice president, and among his responsibilities were the reorganization of the wholesaling department to broaden its coverage of additional markets, and the expansion of the retail shoe store division. Prior to that, he was in charge of merchandising, purchasing, advertising and budgeting for 30 of the company's retail locations. He began his career as a salesman in one of their retail stores. **This was VE Adelman's 11th IESC project.**

IESC ASSISTANCE RENDERED:

VE Adelman prepared a complete marketing and sales program for the client, focusing on exporting Neptun's products to the United States. He also provided the client with detailed reports on the following topics:

- Recommended style ranges for the U.S. market.
- General history of footwear marketing in the U.S.
- Demographic considerations.
- U.S. selling seasons.
- Advertising, packaging and distribution.
- Size ranges for the U.S. market.
- Quality control standards.
- Marketing plan and market research.
- Product development.
- Dynamics of the U.S. market.
- Trade fairs in the U.S.

Additionally, the VE conducted seminars for the client's domestic sales force and for Neptun directors. VE Adelman commented that his relations with the client were excellent, as were working conditions.

Country Director Wisniewski commented, "Neptun is extremely satisfied with VE performance--it will certainly improve their sales not only for export, but also on the Polish market, where local competition from other shoe manufacturers and importers is growing quickly."

REIMER 12/30/92 PUBLICITY PERMITTED RCTR: EISENBERG CODE "0"
2466E

105

SUMMARY OF IESC PROJECT 21551

STARTED: November 12, 1991
COMPLETED: December 12, 1991

CLIENT; ASSISTANCE REQUESTED:
"Mikroma"
Wrzesnia, Poland

The client is a recently privatized manufacturer of small electric motors. They make approximately 40 varieties of motors for export and domestic sales. Due to economic instability in the former Eastern Bloc countries however, Mikroma has lost nearly 50% of their export market in the past year.

OBJECTIVE: To improve their export market, they realize that they will have to invest in new equipment. Consequently, they have requested assistance in the areas of organization, new technology, production efficiency, development of new products, quality control, pollution control and environmental concerns, marketing and distribution, and the preparation of business plans.

EMPLOYEES: 250

IESC VOLUNTEER EXECUTIVE:
William F. Schreiber
Greendale, Wisconsin

VE Schreiber has 44-years experience in the field of electronics. He began his career as a naval officer on an aircraft carrier. He then worked for the **Louis Allis** company, a manufacturer of electric motors, drives, and controls. He progressed through various positions in manufacturing and marketing to vice president of corporate planning, and was responsible for establishing licensees in Europe and Japan. After 23 years, he left Louis Allis to found and operate **Schreiber-Arterburn, Inc.**, a manufacturer's representative firm handling motors, transformers and other electrical products.

IESC ASSISTANCE RENDERED:

VE Schreiber commenced this project by reviewing Mikroma's entire operation, including their marketing, finance, engineering, and manufacturing functions. From these studies he made numerous recommendations in all of the areas intially requested by the client. His assistance includes, but is not limited to the following specifics:

- Recommended a campaign to obtain new business from the U.S.
- Completed a market research study in Warsaw and Poznan to locate 45 prospective clients.
- Wrote sample letters to solicit new business from air conditioning, heating, electric outboard motor and subcontracting concerns.
- Wrote a facilities bulletin to assist in obtaining subcontracting and tooling business.
- Advised on and wrote out an application for **ABLE** assistance.
- Designed various planning and budgetary procedures.
- Reviewed manufacturing procedures and made suggestions for cost reductions and process improvements, including the establishment of a team to work on cost reduction and product improvement.
- Held discussions on capital costs and suggested ways to reduce their overhead.
- Reviewed and edited their English-language company literature and bulletins.
- Met with management and staff to review the above suggestions, and attended a workers' council meeting.
- Attended a trade show in Poznan with the client's management team.

SUMMARY OF IESC PROJECT 21557

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

CLIENT: ASSISTANCE REQUESTED:
SPISE Szczecin
Szczecin, Poland

The client is a contractor and subcontractor for the installation of electricity, water, gas heating, sewerage, air conditioning, and communications services in buildings in Szczecin and its environs. Although they were fully privatized in December 1990 (the stock is entirely employee owned), neither the shareholders nor management has any knowledge of how a private company operates.
OBJECTIVE: To assess the overall structure (including organizational) of the enterprise, and assist the newly appointed manager, who is an engineer with no previous experience in business management, to implement the reforms deemed necessary by the VE. EMPLOYEES: 360

IESC VOLUNTEER EXECUTIVE:
William B. Allin
Tucson, Arizona

VE Allin has spent his entire career with the **Sundt Corporation**, a medium-sized construction company in Tucson, Arizona, from which he retired as secretary-treasurer. He has served in a variety of positions including cost accountant, project manager, vice president and controller of the building division, and group vice president for the building division. He has also served as vice president and managing partner of **Arabian-Sundt Ltd.**, a joint venture in Saudi Arabia. VE Allin is familiar with management stock bonus plans, insurance programs, and budgets, and has travelled abroad extensively as vice president of finance.

IESC ASSISTANCE RENDERED:

Upon arrival, VE Allin found that due to the relatively recent privatization of this company, he had to spend a great deal of time explaining the definition of a corporation and how it functions. Concurrently, he developed a comprehensive organizational schema for the corporation, and created an organizational chart, which he used to describe and explain each detail of the plan.

The VE also provided related assistance in the following areas:

- Discussed cash-flow problems and provided recommendations for improvement on a continuing basis.
- Provided recommendations on how to improve the company's capitalization.
- Made suggestions which improved employee ethics.

VE Allin noted that the director was very dedicated and eager to learn, and that they enjoyed an excellent working relationship.

Country Director Wisniewski commented, "This was a very successful project. VE Allin assisted SPISE in restructuring their present organization and operations, thus improving their performance. The new organizational divisions will be implemented, which will greatly affect performance and profitability... The management of SPISE was impressed with the assistance they received, and commented that they will implement the recommendations in their daily operations. The client added, 'I think I can now envision the new organization of my company... The fact that I received much information, as well as the VE's views on all the questions that I had been interested in, is of great inportance to me.'"

HAYES 9/1/92 PUBLICITY PERMITTED RCTR: LEET CODE "0"
2112E

ROMANIA

SUMMARY OF IESC PROJECT 21560

STARTED: January 16, 1991
COMPLETED: February 14, 1991

CLIENT; ASSISTANCE REQUESTED:
Espebepe S.A.
Szczecin, Poland

The client is a construction firm which has over 40 years activity in building industrial buildings, nuclear power plants, pumping stations, chemical works, corn elevators and cold storage facilities. They work as subcontractors in Germany and NIS. OBJECTIVE: To review their internal operations and suggest which departments should be computerized, and to locate outside consultants that could provide programming software. Also, to improve their management structure and explain how management can better evaluate their employees.

Employees: 1,300(Poland)
300(Abroad)

IESC VOLUNTEER EXECUTIVE
Harold O. Kester
Loveland, Colorado

VE Kester served as an officer in the **U.S. Army**, where he was involved in restoration work on utilities, bridges and railroads. Upon leaving the service, he undertook employment in the construction industry. Four years later, VE Kester and a partner bought the **Flora Construction Corporation** and renamed it **Eagle Construction Corporation.** VE Kester served as president of this firm until its liquidation in 1987. The VE has also served as president of **Loveland Ready-Mix Co.** and he currently retains this position.

IESC ASSISTANCE RENDERED:

VE Kester interviewed the client's managers and department heads and observed their overall operations. He noted that the client was involved in the construction of many major projects for Poland, but since the country entered a depression there has been little state money for new and unfinished projects. Since privatization, there have been over 130 construction proposals submitted, but only a few resulted in small contracts. The client also has an annual fixed payment to the state for the privatization buy-out. VE Kester explained that this cost was based on a volume of work the the client had on-hand at the time of the buy-out. However, this volume of work no longer exists and the company was paying unfair sums to the state for privatization costs. VE Kester recommended that the client renegotiate the terms for privatization with the government.

Additionally, to cut costs further, VE Kester recommended that the client reduce their personnel drastically. He explained that the staff people should not exceed 10% of the field work force, while the client's staff was about 23% of the field force. VE Kester provided the client with an organization chart from his construction company in the U.S. According to VE Kester, much of the work was being duplicated by the staff and this duplication could be prevented if there were less personnel. Also, a mainframe computer system would stop much of the work duplication. With regard to construction technology, VE Kester recommended that the client purchase more power tools and update their methods along lines used in the U.S.

The project was only partially successful. The client was not very receptive to VE Kester's drastic recommendations, such as the large cuts in personnel. VE Kester remarked that the client was still a communist and had a hard time trying to change over to capitalistic business practices.

Country Director Wisniewski commented, "The project can be rated as partially successful. VE Kester suggested too many unpopular decisions to be made if the company is to survive. All his remarks and proposed course of action are true but considering circumstances can not be introduced instantly. The management did not accept proposed changes easily."

Nowak 04/21/92 **PUBLICITY NOT PERMITTED** RCTR: Hyman **CODE "7*"**
***Partially successful due to miscellaneous reasons.**
1708E

112

STARTED: February 27, 1992
COMPLETED: March 6, 1992

CLIENT: ASSISTANCE REQUESTED:
Ambasador, S.A.
Bucharest, Romania

The client provides hotel and restaurant services throughout Bucharest. They control three of Bucharest's major hotels which are under joint management.
OBJECTIVE: To perform a comprehensive needs assessment for the three hotels. Based on the results of this mission, the VE will recommend a series of longer term projects for the hotels, i.e., future IESC projects. The client has expressed immediate concern for the following areas: front office management, restaurant/bar management, and human resource management.

EMPLOYEES: 637

IESC VOLUNTEER EXECUTIVE:
Ernest H. Furstner
Naples, Florida

VE Furstner has extensive experience in hotel management. Currently, he is employed as project/general manager with **Nikko Hotels International**, where he is responsible for planning, construction, equipment, staffing and the opening of a 460-room, five-star hotel in Hong Kong which has seven food and beverage outlets. Prior to this, he was vice president of planning for **Hilton International**, and the vice president of development for the **Fairmont Hotel Co.**

IESC ASSISTANCE RENDERED:

VE Furstner spent his first two weeks in Romania inspecting the Hotel Ambasador and Dorobanti Hotel, as well as interviewing the staff and "hoteliers" of other properties in the city. The hotels, all of which are still state-owned, are in poor condition as most of their revenue has been turned over to the State and used for purposes other than repairs and maintenance. Due to this lack of maintenance, the hotels have extensive damage, especially with respect to electrical problems and water damage to the ceilings and walls. To repair the water damage, VE Furstner recommended trying to rotor drill the pipes out and replace them with flexible PVC piping; a very costly exercise with no guarantees. Therefore, the client and the VE agreed that only a complete refurbishing program could transform these hotels into internationally acceptable entities.

To finance the refurbishing program, VE Furstner noted that a joint venture with an international hotel chain would be ideal as the chain would manage the Romanian hotels in accordance with up-to-date management systems and would provide international advertising. However, until such a venture is formed, the VE noted that the client could attempt to secure a line of credit from a local bank and proceed with the plan.

As an alternative, VE Furstner noted that since the client has already engaged a concept architect who has produced a set of concept schematics for review, phase one has been completed. Therefore, the client should now engage a project architect to progress the drawings to the final schematics stage, prepare specifications for the drawings, and send them to general contractors for bidding. The bid returns would establish a budget for the construction. Subsequently, the client should locate an interior decorator to submit preliminary design drawings and a budget for furniture and fixtures, while the hotel staff would prepare a master list for operating equipment. At this point, a budget for the project will be established and financing can be arranged realistically.

Additionally, the VE recommended that a second tower be added onto the hotels if it was structurally feasible. The advantages would be an increase in rooms, no loss of revenue during construction, and no inconvenience to hotel guests. After the completion of the new tower, refurbishment of the old tower would begin. VE Furstner also submitted a proposed organization table, a volume of job descriptions and an operation manual to help the client revamp their management structure. (The VE's recommendations for the Ambasador Hotel are equally applicable to the Dorobanti Hotel since their problems are essentially the same.) It has not yet been decided if the National Hotel, part of which is being demolished, will remain a hotel or be transformed into an office building.

Country Director Ionescu commented, "All targets were successfully fulfilled. The VE brought a suitcase full of guide lines and industry specific recommendations. He made long-term, very good recommendations, which were widely embraced by the client."

LAMKE 11/19/92 PUBLICITY PERMITTED RCTR: THUNEM CODE "0"
2367E

SUMMARY OF IESC PROJECT 21628

STARTED: March 17, 1992
COMPLETED: May 19, 1992

CLIENT: ASSISTANCE REQUESTED:
Starogardzkie Zaklady Przemyslu Zblozowo-Mlyoarskiega (PZZ)
Starogardzie, Poland

The client mills flour and grain products for bakeries and pasta producers throughout Poland. Currently undergoing privatization, the client is experiencing difficulties in meeting the costs charged by grain wholesalers for their raw materials.

OBJECTIVE: To enter the wholesale grain trade in order to save on their acquisition prices. This would also enable PZZ to expand sales by offering lower prices for finished products than their competitors who purchase materials through the current costly marketing structure.

EMPLOYEES: 360

IESC VOLUNTEER EXECUTIVE:
Silas L. Matthies
Pomeroy, Wisconsin

VE Matthies has spent 36 years with **General Mills** where he began as a grain buyer. Following his subsequent appointment as General Mills principle buyer of durham wheat, he progressed into top management positions, managing various domestic regions, as well as directing buying operations in Guatemala, Panama, Nicaragua, and Venezuela. In 1972, he became director of worldwide operations, where his work included buying for both General Mills' own use and for resale. Since his retirement in 1990, he has worked as a consultant in commodity trading. Until recently, he was on the board of directors of the Chicago Board of Trade and The Minneapolis Grain Exchange. He has also served as president of the Terminal Elevator Grain Merchants Association, and The National Grain and Feed Association.

IESC ASSISTANCE RENDERED:

Per the client's request, VE Matthies assisted with the set-up and organization of a wholesale grain trading department. He also proposed a new organizational structure and defined the department's mission. In addition, the VE addressed the following issues:

- Investigated the sourcing and importation of durham wheat for the manufacture of semolina, and the establishment of greater direct participation in the purchasing process.
- Established direct contact with five grain importers, **including U.S. Wheat Associates.**
- Critiqued the client's current method of commodity price risk management.
- Established five sources of market information.
- Assisted the client with investigating the potential for a local industry association.
- Worked on greater formalized price discovery mechanisms.
- Provided a contract mechanism for relations with farmers-customers.
- Expanded the potential use of a grain elevator to improve storage handling and grain merchandising.

Country Director Wisniewski commented, "Until recently, the procurement of grain has been performed by the government purchasing and sales agency. As Poland is one of the largest grain producers in Europe, elimination of the centrally controlled government functions required the development of the skills necessary to assure competitive wholesale grain operations. In addition to providing this assistance, VE Matthies reorganized the wholesale grain department, the sourcing and importation of wheat, and the establishment of contacts with import/export companies in the U.S. The client added, 'This project, which was completed concurrently with a project for VOCA (Volunteer Overseas Cooperative Assistance), was the highlight of my career. The client was eager, dynamic, and very responsive to VE recommendations.'"

HAYES 9/15/92 PUBLICITY PERMITTED RCTR: GALLAGHER CODE "0"
2129E

114

SUMMARY OF IESC PROJECT 21730

PIGGY-BACK
STARTED: March 10, 1992
COMPLETED: June 24, 1992

CLIENT: ASSISTANCE REQUESTED:
Foundation for Privatization
Warsaw, Poland

The Foundation for Privatization, in cooperation with IESC, has completed a project which has brought 50 Volunteer Executives to Poland. They plan to continue their work with IESC by arranging future projects and maximizing project effectiveness by helping VEs adjust to the current conditions in Poland.

OBJECTIVE: The client has requested VE Marian Dobrowolski, who has assisted this client in project 21131, to serve as a "Volunteer Executive Advisor". In this capacity, he would coordinate the second phase of the aforementioned project, brief and update all arriving IESC teams on the current Polish economic and business environment, assist the IESC teams and the IESC Country Director to achieve their objectives, and visit privatized or commercialized companies at the request of the Foundation. **This project was a piggy-back to project 21556.**

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Marian Dobrowolski
Naperville, Illinois

VE Dobrowolski has 20-years experience with the **McDonalds Corporation**, largely in international activities in both developing and developed countries. VE Dobrowolski was also employed by the **Everett I. Brown Architect and Engineering Firm and Stainless Steel Equipment Maker** before his career with the McDonalds Corporation began. He served with the **Polish and Allied Armed Forces** for 10 years, and is fluent in Polish. **This was his fourth project for IESC.**

IESC ASSISTANCE RENDERED:

Due to changes within the Foundation for Privatization between January, 1991, (when the agreement was signed), and the time the project was slated to begin, the original project agreement was anulled. Since VE Dobrowolski was already in Poland working on **project 21556** (and to avoid cancelling the piggyback project), CD Wisniewski reassigned the VE to the Agency for Industrial Development (IDA), which was interested in IESC assistance. IDA requested the assistance of a VE to perform diagnostic studies of state companies earmarked for restructuring and to assist the companies in acquiring foreign assistance, if needed.

Upon arrival, VE Dobrowolski outlined a work plan in accordance with the new client's requests for assistance and then set to work. The VE participated in the preparation of IDA's specific enterprise assistance program, which incorporated the participation of foreign consultants. He also visited several state-owned companies to diagnose their business activities and performance and to establish the extent of assistance required to make them profitable.

In addition to the items listed in the Work Plan, VE Dobrowolski prepared a draft of an export-oriented restructuring plan for Polish enterprises (in compliance with the Geneva round UNCTAD/GATT agreements); this plan was in the initial stage of implementation at the project completion. The VE also aided the department head with routine office work and assisted in several translations between Polish and English. He noted that his relations with the client were outstanding.

Country Director Wisniewski commented, "In the course of his assignment, Mr. Dobrowolski not only visited a number of companies, rendering direct assistance, but also participated actively in the preparation of general policies, guidelines, procedures, making contacts with foreign institutions involved in restructurization programs - acting as IDA representative and policy maker. **Some of the companies he contacted asked for IESC assistance in the form of TA or ABLE projects.** The VE's command of the Polish language, tact and experience was a great help in this endeavor. Mr. Dobrowolski's brief report reflects his modesty more than the actual amount of work he has carried out during his long assignment."

REIMER 10/27/92 PUBLICITY PERMITTED RCTR: MOYER CODE "0"
2253E

115

SUMMARY OF IESC PROJECT 21663

STARTED: April 14, 1992
COMPLETED: May 12, 1992

CLIENT; ASSISTANCE REQUESTED:
Industria Aeronautica Romana (IAR)
Brasov, Romania

The client designs and manufactures gliders and light aircraft, and manufactures PUMA helicopters under license from Aerospatiale of France. Due to political and economic difficulties, their sales have fallen sharply and they produce at only thirty percent of their capacity. To counteract these problems, IAR is initiating a strategy for new product development.

OBJECTIVE: To recommend overall strategic development areas needing improvement; and to provide assistance in marketing, finance, inventory, and general management.

EMPLOYEES: 3,400

IESC VOLUNTEER EXECUTIVE:
Harry G. Tobey
Princeton, New Jersey

VE Tobey began his career as an engineer with the Vertol division of the **Boeing Company**, where he eventually progressed to the position of chief structural engineer and deputy project manager, responsible for major helicopter programs. He then spent several years at **Columbia University**, where he taught graduate courses in operations research, systems analysis, and production management. Subsequently, he founded a management consulting company which provides services in financial management, inventory management, and control systems.

IESC ASSISTANCE RENDERED:

Upon arrival in Budapest, VE Tobey found that the situation at IAR had changed significantly since the initial evaluation, undertaken at the time the Project Agreement was signed. He noted that IAR was among the first companies in Romania to experience free market conditions, and was reducing its work force by forty percent. Additionally, access to certain information was made difficult due to the upheaval in their organizational structure, resulting from the changing business environment.

Consequently, VE Tobey initiated a series of conferences with individual executive managers and/or staff personnel in order to review the currrent procedures and capabilities of IAR. The VE then evaluated the conference findings, and created an overall analysis of the types of future assistance to be prioritized by the client. He divided the objective of the study into the following three categories:

- Strategic planning: VE Tobey stated that the internal factors such as the company's personal objectives, and external factors such as societal restraints and market environment had to be viewed separately. Company objectives include the planning of organizational structure and creation of personnel, financial, marketing, research, and production policies.
- Management control: The VE provided advice on the formulation of budgets, personnel practices, market research, publicity, and sales programs to improve these operations. He also advised the client to set staff levels, working capital requirements, research projects, product characteristics, and facilities arrangements.
- Operational control: VE Tobey pointed out that the activities at this level flow directly from management control elements. The establishment of decision rules and of a management information system for gathering and distributing data is essential. Additionally, the measurement, appraisal, and improvement of management effectiveness will add to the client's operational control.

VE Tobey is confident that the client will benefit from his analysis of IAR's priorities for development, including the future assistance of IESC.

Country Director Ionescu commented, "This project obviously benefitted all participating companies in the aeronautical sector, as well as the client. VE Tobey was able to provide advice in time of crisis and to make recommendations to people that really wanted to use them. The client added, 'The main purpose of the project, to know the realities of IAR, was accomplished.'"

HARKLESS 1/12/1993 PUBLICITY PERMITTED RCTR: HYMAN CODE "0"
2501E

116

SUMMARY OF IESC PROJECT 22301

STARTED: June 16, 1992
COMPLETED: June 26, 1992

CLIENT: ASSISTANCE REQUESTED:
PPM Czerniewice
Czerniewice, Poland

The client runs a meat processing operation in an area where the supply of hogs and cattle is plentiful.

OBJECTIVE: The client wishes to expand its operation and has requested assistance in appraising the company's organizational structure and financial standing, raw material sources, production quality, and computerization/automation. They would also like the VE to analyze the market for the client's products and propose directions for further development.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Ritchey T. Porter
Ormond Beach, Florida

VE Porter retired as manager of the largest sausage processing plant in the world after a long career with **Oscar Mayer**. He worked his way from a hands-on supervisor of curing, boning and further processing through several positions, until he became supervisor of the 120 people who managed 2,000 employees in the production of 5 million pounds of sausage weekly. VE Porter has experience in training personnel, formulating new products, and in performing operational evaluations. **This was his second IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Porter met with the director of the client business. They agreed that during the project, the VE would concentrate on recommending new computer applications, suggest directions for marketing expansion, and review plant operations. Consequently, VE Porter met with each of the department heads to become familiar with their problems and discuss their ideas for solutions before making his final analysis.

After speaking with head of the computer/bookkeeping department, the VE observed that it was nearly impossible to determine an accurate product cost under the client's existing system, as much of the information being used was over a year old. He urged the client to make cost determination a priority, recommending that the client add another computer and purchase or develop a suitable program to organize data. He suggested that after they had acquired such basic equipment, the company should consider adding high priority programs such as sales forecasting, budgeting, production planning, and inventory control. He also warned that at some point, the company would outgrow its current desktop computer set-up, at which point the client would have to invest in a small mainframe.

VE Porter also made specific recommendations in the marketing department. He suggested that the client concentrate on developing a domestic market for its product rather than trying to export. The VE felt that the plant's central location would allow the company to set-up a distribution network and build a reputation throughout Poland. He pointed out that domestic marketing would be considerably less expensive than starting an international campaign to sell its product. The money saved could be put toward plant expansion and the purchase of new equipment.

He made several recommendations in the area of sanitation, and discussed formula and spice optimization. He also suggested that the company develop a low cost formula for chili or animal food to use up the fat and waste trimmings left-over from the production of its other products. Overall, the VE was favorably impressed with the client's operation, and remarked that it would become even more efficient if his recommendations are implemented.

Country Director Wisniewski commented, "A very successful project in spite of its short duration. The client added, 'We developed a new, expanded marketing strategy, discussed computerization of our plant, and improved the organization of the work in some sections.'"

REIMER 11/20/92 PUBLICITY PERMITTED RCTR: WHARTON CODE "0"
2371E

117

SUMMARY OF IESC PROJECT 22675

PIGGYBACK
STARTED: July 13, 1992
COMPLETED: July 31, 1992

CLIENT: ASSISTANCE REQUESTED:
U.S. Peace Corps in Poland
Warszawa, Poland

Peace Corps Volunteers in southeastern Poland assist local enterprises through the Peace Corps' Small Business Development program. IESC is in constant contact with the Peace Corps and the two organizations have cooperated on several projects. OBJECTIVE: To advise on the development of tourism in southeastern Poland. **This was a piggyback to project 22718.**

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Donna Steiger
Paradise, California

For the past 30 years, VE Steiger has been a consultant for the 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 **Tuolomne County, Yosemite Park** in California; development of in-house travel offices for the **American Broadcasting Company**, including management of all aspects of travel/tourism/accommodations related to the 1984 summer and winter Olympic games; and development of a comprehensive employee training program in sales, customer service, product knowledge and package tours for **Mexicana Airlines. This was VE Steiger's fifth IESC project.**

IESC ASSISTANCE RENDERED:

During her stay in Poland, VE Steiger stayed in different lodgings each night and visited a wide variety of eateries in order to identify problem areas, target markets and promotional items to aid in the development of tourism in southeastern Poland. She based her assessments on her observations of the hotels, restaurants, and tourist attractions in four cities: Zamosc, Lublin, Pulawy, and Sandomierz. In each city, she met with local government officials to discuss the economic benefits of tourism in their regions, present oral reports on her findings, and answer questions.

Upon her return to the United States, VE Steiger developed a marketing plan which she forwarded to the U.S. Peace Corps in Poland for translation and distribution. She felt that the tourism report and marketing plan, if followed, could create a new economic market which would have a positive effect, both directly and indirectly, on all existing businesses in the region, and could result in the establishment of a new souvenir industry.

She noted that while some officials were eager to privatize and lease hotels and restaurants, others were more cautious, especially since Polish privatization laws were still unclear.

Country Director Wisniewski commented, "I believe that VE Steiger's full report containing the marketing plan for the region will serve as a handbook for the local authorities with whom she met and established good working relations. The project was a great success--cooperation with the Peace Corps made it much easier as there was no language barrier between the client and the VE. The client commented, 'Tourism development is viewed by local government officials as the highest priority economic initiative within the region. The project report will provide the framework for moving forward...and spreading substantial economic benefits throughout the community.'"

REIMER 10/20/92 PUBLICITY PERMITTED RCTR: PEYSER CODE "O"
2236E

SUMMARY OF IESC PROJECT 22321

TIS Project/Diagnostic
STARTED: August 3, 1992
COMPLETED: August 5, 1992

CLIENT; ASSISTANCE FEQUESTED:
SETO/TIS-Poland
Stamford, Connecticut

SETO is a private consulting, designing and construction organization acting in the area of municipal, rural, and environmental protection. Specifically, their focus with this project is on recuperation of power and heat from bio-gas received by the anaerobic treatment of farm manure or other organic liquid wastes, particularly, pig manure.
OBJECTIVE: To conduct a diagnostic review to determine if the technology which has worked so successfully in the U.S. has a high probability of being successfully transplanted to Poland in a cost-effective manner. If this is confirmed, the following action would include a feasibility study under a separate activity (not under an IESC project).

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Leroy Sharp
Tulare, California

For thirty years, VE Sharp was co-owner of **Sharp Ranch**, where he raised 400 sows and cultivated 40 acres of plums. Before that, VE Sharp was an entrepreneur with **Roy Sharp Livestock**, as a cattle order buyer; **Sharp Cattle Feeders**, where he operated 5,000 head of commercial feedlot, 900 cow and calf leased pasture, and operated computerized feed mill which fed 20,000 hogs; and **Roy Sharp, Inc.**, where he was president of livestock and swine operations. Previously, VE Sharp worked with sow and hog operations for **Royal Farms** and **D.R. Ranch**, where he was operator, manager and partner.

IESC ASSISTANCE RENDERED:

Having owned his own pig farm, VE Sharp compared his own knowledge and experience with several prospective Polish enterprises, which he observed with SETO representatives. VE Sharp discussed the viability of joint ventures with American enterprises, as well as solutions for waste management development. VE Sharp felt that utilization of the American system of **waste management and energy utilization could increase the Polish system by 30 percent, and at a cost savings of over 25 percent.** These possibilities lie in cleaner water discharge, developing energy production that could eliminate utility costs for the farm, and possibly develop additional income.

VE Sharp also met with an experimental project located on one of the larger dairies, 40 kilometers from Warsaw. Though the system was small, it was a good example of the use of biogas from cows. The biogas was used to heat the fermentation tank, and also provided gas for cooking stoves in the farmer's two houses. TIS Project Officer, Jim Coon, will assist VE Sharp in the U.S. with answers to technical questions on the fermenter and sources of U.S. enzymes used at this farm. Together they will also locate American sources to assist these Polish enterprises with capital investment to put these companies into operation. VE Sharp felt that secure investments would turn into future profit.

Project Officer Coon commented, "Given the short time available, assistance provided was excellent. There is significant potential for effectively creating a new industry in Poland."

RYAN 01/20/93 PUBLICITY PERMITTED RCTR: Welsh CODE "O"
2545E

119

SUMMARY OF IESC PROJECT 22769

STARTED: August 25, 1992
COMPLETED: October 5, 1992

CLIENT: ASSISTANCE REQUESTED:
Family Firm "Graf" Limited
Gdansk, Poland

The client is a family considering the purchase of a dilapidated castle and a large tract of land for conversion into a tourist resort.
OBJECTIVE: They have requested assistance in determining the feasibility of their plan and in drawing up a comprehensive business plan for the refurbishment of the buildings and opening of a resort.

EMPLOYEES: n/a

IESC VOLUNTEER EXECUTIVE:
Roy W. Potter
La Jolla, California

VE Potter retired in 1989 from a 17-year career as executive vice president of **San Diegans, Inc.**, a non-profit association of private interests devoted to the revitalization of downtown San Diego. His earlier posts include planning director for the **Maryland National Park and Planning Commission**, and director of technological services in the international affairs office of the **U.S. Department of Housing and Urban Development**. He has also served in numerous missions to Egypt, Nigeria, Panama, Ghana, and the Soviet Union. VE Potter is still active as a consultant on urban development strategies and problem solving. **This was his second IESC project.**

IESC ASSISTANCE RENDERED:

Upon visiting the project site and discussing the client's plans, VE Potter provided the following assistance:

- Reported his thoughts concerning the property's potential. He also wrote a report on potential financial sources and contacts for the client to pursue.
- Developed a conceptual business and marketing plan.
- Prepared a site utilization plan and alternatives.
- Suggested that vacation villas be considered as part of the plan to increase resort activity and revenue.
- Submitted a paper on different types of ownership patterns which may be used if vacation villas are included, along with their potential revenue flows.
- Prepared drafts on size, functions and costs suggested for each existing building on the property.
- Helped the client's son to obtain a U.S. visa which may enable him to attend an American university and obtain a degree in business administration and marketing. He also wrote letters of recommendation to several American universities for the client's son.

Country Director Wisniewski commented, "VE Potter did more than could be expected from the full team of engineers, architects, surveyors... He attacked the task, preparing various options of modernization, reconstruction, development of land and present facilities, trying even to find local financing possibilities, visiting various institutions in Warsaw on behalf of the owner. The client is extremely satisfied with VE Potter's assistance."

REIMER 12/08/92 PUBLICITY PERMITTED RCTR: WELSH CODE "0"
2414E

VBO

SUMMARY OF IESC PROJECT 22828

STARTED: September 14, 1992
COMPLETED: October 2, 1992

CLIENT; ASSISTANCE REQUESTED:
ELBA S.A.
Timisoara, Romania

ELBA is a long established manufacturer of industrial and domestic lighting fixtures. Their production is comprised of products for the automotive industry, other industrial use, and for some outdoor fittings. Present structure includes two large manufacturing divisions (automotive industry linked and domestic), one small section producing the necessary tools and devices, and another for maintaining the whole lot of manufacturing equipment.

OBJECTIVE: To restructure ELBA into a holding company consisting of 7 small, loosely coordinated enterprises, each having the managerial and financial independence to operate efficiently.

EMPLOYEES: 3,500

IESC VOLUNTEER EXECUTIVE:
Maurice G. Fey
Pittsburgh, Pennsylvania

VE Fey has spent his entire 26-year career with **Westinghouse Electric Corporation** of Pittsburgh, Pennsylvania. He began his career as a laboratory technician in the Westinghouse research labs, where he worked on the development of MHD power generators including design, fabrication, and operation of ultra high temperature apparatus. He progressed through several management positions with increasing responsibility, and retired as manager of special projects. In this capacity, he was responsible for screening potential candidates for acquisition, business planning, and international projects such as worldwide business development planning and joint ventures.

IESC ASSISTANCE RENDERED:

As VE Fey received background information on the client's situation, he was able to accomplish some preparatory work before leaving for Romania. Upon arrival, he provided an overview and analysis of ELBA's business which were incorporated into a strategic business plan for the company. This would allow for reorganization into a privatized corporation in a competitive market. The VE included the following items in the plan: a business objective; ELBA's background information; business segmentation (automotive, lighting fixtures, tooling/maintenance and internal operations); segment analysis; a recommended strategy for success; an implementation schedule and expected results; and an organizational chart to support the strategy.

VE Fey also rendered the following assistance:

- While emphasizing customer satisfaction, he provided information and printed material regarding the conversion of ELBA to an overall total quality organization required to compete in the market.
- Taught two young ELBA professionals the strategic planning process so that the business plan could be modified as needed.
- Visited a Westinghouse-Electric subsidiary in England to witness first-hand their total quality and just-on-time manufacturing methodology and to discuss a possible arrangement for the production of power panelboards.

VE Fey reported that if the elements of the business plan were successfully implemented, sales, price realization and product costs would be favorably impacted.

Country Director Ionescu commented, "The project is outstandingly successful as the VE not only provided the client with his recommendations regarding organization, but also created a business plan and actively linked the client with a Westinghouse subsidiary-UK (VE former connection) and with Bright Star (Project Officer connection). The VE also left the client with insight for the beginning phase of modern management technologies, total quality and just-on-time manufacturing. The client added, 'One year from now, we expect a 25% growth rate for the business.'"

LAMKE 1/5/93 PUBLICITY PERMITTED RCTR: SHAROFF CODE "0"
2478E

121

SUMMARY OF IESC PROJECT 23098

PIGGYBACK
STARTED: October 5, 1992
COMPLETED: October 17, 1992

CLIENT; ASSISTANCE REQUESTED:
Share Trading Company A.E.M.-S.A.
Timisoara, Romania

AEM was established by the state in 1972 as a manufacturer of electric and electronic measuring instruments. Traditionally, most of the plant's output has been sold domestically, with some exports to Comecon countries.
OBJECTIVE: AEM has requested assistance in identifying its problems and developing a strategy to restructure the company's management and organization along Western lines. Specifically, AEM has requested advice on implementing a new organizational structure with lines of command, improving interdepartmental communications, and developing general job descriptions. **They plan to implement the VE's recommendations in a future project. This project was a piggyback to project 22828.**

EMPLOYEES: 3,900

IESC VOLUNTEER EXECUTIVE:
Maurice G. Fey
Pittsburgh, Pennsylvania

VE Fey has spent his entire 26-year career with **Westinghouse Electric Corporation** of Pittsburgh, Pennsylvania. He began his career as a laboratory technician in the Westinghouse research labs, where he worked on the development of MHD power generators including design, fabrication, and operation of ultra high temperature apparatus. He progressed through several management positions with increasing responsibility, and retired as manager of special projects. In this capacity, he was responsible for screening potential candidates for acquisition, business planning, and international projects such as worldwide business development planning and joint ventures. **This was his second project for IESC.**

IESC ASSISTANCE RENDERED:

During this short project, VE Fey prepared a business and organization plan for AEM's operation as a privatized company. This plan included the following items: a business objective, AEM's business background and assumptions for the plan, business segmentation and segment analysis, recommended and alternative strategies, strategic imperatives, an implementation program and expected results, and a recommended organization to support the strategy.

VE Fey emphasized the importance of total quality and customer satisfaction to AEM's management, and trained a young manager in the planning methodology. The VE also provided copies of instructional information on total quality, customer satisfaction, just-on-time manufacturing, and product planning to back up his recommendations and to be used as references after the completion of the project.

Additionally, VE Fey organized a visit to Westinghouse-Ottermill, Ltd., in Ottery, St. Mary, England for a delegation from AEM and Elba, the client from project 22828. He felt that it would help these clients to see total quality and just-on-time manufacturing programs in action. He noted that there was also the possibility that Westinghouse might purchase meters from AEM or be willing to trade advisory assistance in advanced methodology.

Country Director Ionescu commented, "The scope of the project was an initial orientation of their strategy towards a free market environment. It also provided the client with additional managerial know-how and a business plan. The client added, 'The work done by the VE was of very high quality, and in our present situation, we think that the program and the projects that were presented and detailed will allow us to improve our activity dramatically and obtain better results.'"

REIMER 1/4/93 PUBLICITY PERMITTED RCTR: FROTHINGHAM CODE "O"
2477E

SUMMARY OF IESC PROJECT 22509

STARTED: October 6, 1992
COMPLETED: November 19, 1992

CLIENT: ASSISTANCE REQUESTED:
Best Eastern Plaza Hotels, Hotel Park
Poznan, Poland

Hotel Park is a restaurant and cafe operation which was commissioned in 1991 on Lake Malta. Catering to both hotel guests and outside patrons, the client operates a restaurant which seats 130 people and a cafe/bar which seats 30.
OBJECTIVE: The client has requested assistance in waitstaff training and food preparation, including menu planning and optimal use of kitchen equipment.
EMPLOYEES: 60

IESC VOLUNTEER EXECUTIVE:
Armin H. Wurth
Saratoga, California

VE Wurth has 33 years of experience on the administrative and executive levels in food service, catering, hotel operation, and travel services in the U.S., Canada, and Europe. From 1969 to 1985, VE Wurth was the director of food services for the Western Division of **United Airlines**, where he directed all flight kitchen, commissary, cafeteria, dining room, and leased vending machine operations. **This was his fourth IESC project.**

IESC ASSISTANCE RENDERED:

Upon arrival, VE Wurth observed that the hotel was fully-booked, but under-staffed. As a result of the understaffing and owners who did not want to reinvest their profits to improve the hotel, the staff was unmotivated. VE Wurth concentrated his efforts on instilling a spirit of hospitality and teamwork in the hotel staff. He provided the following recommendations:

- Give the supervisors more authority and hold them responsible for staffing and service.
- Add a station near the door for the hostess to greet guests, take reservations, and say good-bye to guests.
- Emphasize hospitality and teamwork among the service staff.
- Provide accurate translations of menu descriptions in German and English.
- Extend cafe hours later into the evening.

The VE also provided the client with several training manuals and videotapes, and made several specific recommendations for menu additions, the breakfast buffet, and facility changes. He suggested that the client extend the kitchen area to provide more storage space, add a recreational area for small business discussions, and install a small indoor pool and jacuzzi under the greenhouse cover. In addition, VE Wurth recommended that the hotel install an exercise room, provide CNN for business guests, and provide minibus service to town and the airport for the convenience of the guests and to insure the safety of employees who work late at night.

Country Director Wisniewski commented, "Mr. Wurth trained service and kitchen staff in proper service procedures, redesigned the menu format, trained supervisory personnel to train new employees, and rendered assistance in numerous hotel operational problems like storage, inventory, sanitation, management, etc. Service in this hotel improved - the undersigned could see the difference before and after the project: smiling waiters, fast service, and a general atmosphere of hospitality."

REIMER 1/28/93 PUBLICITY PERMITTED RCTR: LEET CODE "0"
2565E

SUMMARY OF IESC PROJECT 21599

TIS Project
STARTED: October 28, 1991
COMPLETED: December 13, 1991

CLIENT; ASSISTANCE REQUESTED:
Polish Management Development Services (PMDS)
Krakow, Poland
c/o IESC/TIS, Stamford, CT

PMDS is a management training and assistance program designed to teach Polish companies the basics of American business management techniques, i.e. marketing, management, accounting, and production. PMDS is a collaboration between IESC, the American Management Association (AMA), and the Care Small Business Assistance Corporation (CARESBAC).
OBJECTIVE: For a selected VE to attend a five-day PMDS seminar in Krakow, Poland to assess the market and production needs of the participant companies, and to then to provide follow-up assistance for the participating companies.

EMPLOYEES: N/A

IESC VOLUNTEER EXECUTIVE:
Ludwik Faryaszewski
Magagnosc, France

VE Faryaszewski worked with **Mobil Oil**, primarily in Africa, in a series of marketing positions. His most recent position with Mobil was District Manager for Northern Nigeria. Subsequently, VE Faryaszewski was employed with **Gombert** in Brussels and with **UIE** in Paris, where his principal activities involved marketing in the Middle East, Eastern Europe, and western Africa. He also has a substantial amount of experience in joint ventures, technical assistance agreements, and coordination of projects sponsored by the World Bank and the European Development Bank. **This was his second IESC project.**

IESC ASSISTANCE RENDERED:

The principle focus of the PMDS program was to organize basic management training programs for Polish entrepreneurs and business executives. VE Faryaszewski's role in the seminars was to meet with the participants and understand their specific company needs, rather than "teach" during the seminar. The first cycle of program activity centered around a five-day training effort held in Warsaw, May, 1991. The participants were given a basic curriculum in marketing, finance, general management and production control. VE Faryaszewski and CARESBAC executives attended the seminar. Afterward, the VE rendered specific assistance to assist the client in implementing lessons learned by the participants.

In November of 1991, this project, the reorganized second cycle of the program, took place in Krakow. Four concurrent sessions were planned, two in marketing and two in finance. The shortened length of time in the second cycle of the program was due to the fact that many Polish entrepreneurs and business executives could invest only limited time in training. Sixty-five people participated, and among them, approximately 60% of those were from private enterprises, while the others were academicians, consultants and representatives from state enterprises. The participants received practical training from PMDS, utilizing relevant case study examples. In addition, VE Faryszewski and the CARESBAC executives provided follow-up and implementation of lessons learned in the areas of international marketing, production, and sales management. VE Faryszewski personally conducted follow-up visits and planning meetings with 39 companies, and generated 34 further initiatives (some utilizing IESC services) for continuing support.

Program Manager Jay Pati commented, "The success of the program is a direct result of a combined effort of specific talents featuring the impact created by Mr. Faryszewski's professionalism and personal interest and commitment."

RYAN 5/27/92 PUBLICITY PERMITTED RCTR: OTT CODE "O"
1823E

124

SUMMARY OF IESC PROJECT 23022

STARTED: November 16, 1992
COMPLETED: November 27, 1992

CLIENT: ASSISTANCE REQUESTED:
Cetech Spolka Z.O.O.
Lodz, Poland

The client produces a full range of spinning, twisting and wider bobbins from plastic and cardboard. They also produce cardboard tubes for the packaging of loose products. The recession in the Polish textile industry has forced the client to put a greater emphasis on the production of bobbins for use in other industries.
OBJECTIVE: To organize the finance and accounting department in accordance with the company's reorganization plan, and to improve the current accounting, record keeping, and marketing systems.

EMPLOYEES: 150

IESC VOLUNTEER EXECUTIVE:
Alexander Luckevich
Rancho Palos Verdes, California

VE Luckevich retired in 1989, as vice president and chief financial officer of the **Garret Corporation**, a manufacturer of electrical and electronic devices. He was responsible for cost reporting and accounting, data processing, internal audit, credit, collections and other treasury functions. The VE also served as comptroller/treasurer of their Canadian company and worked as a chartered accountant. In addition, he speaks, reads, and writes Polish fluently. **This was VE Luckevich's third IESC project.**

IESC ASSISTANCE RENDERED:

Upon his initial evaluation of the client's existing accounting system, VE Luckevich noted that the department fulfilled only a bookkeeping role, with little or no responsibility for data analysis, cost control or information processing for management. The bookkeeping system simply followed a government mandated chart of accounts and the locally accepted recording and reporting procedures. The VE noted that the department would require a good deal of restructuring to function effectively in the new market economy, where management would depend on the accountants to provide accurate and appropriate information to expedite financial decision making.

VE Luckevich used the available records to prepare a quarterly profit and loss statement, and explained how such reports could be used to improve projections and facilitate cost control. He worked with the client's chief accountant to prepare a cost-flow worksheet from existing data, which summarized direct and indirect costs and accumulated the total of incurred and allocated costs by product lines. They also constructed a break-even chart for the business as a whole and for each individual product. The VE then showed the chief accountant how to compare the two balance sheets to produce a historical statement of cash flows.

Finally, he discussed their accomplishments with Stanislav Graczyk, the president of the company, who was surprised that so much could be determined from the data collected under their existing recordkeeping system. At Mr. Graczyk's request, the VE prepared a functional organization chart similar to those used by U.S. companies, and discussed its applications at CETECH.

Country Director Wisniewski commented, "VE Luckevich did everything that was expected... With the VE's assistance, management will now implement a U.S.-style operational analysis system which will enable quick decision making. The client added, 'I am convinced that new types of analysis will improve the effectiveness of our company's accounting department.'"

REIMER 1/27/93 PUBLICITY PERMITTED RCTR: MINER CODE "0"
2567E

125