

*Memorandum*

TO: GKI - Mr. Jonathan Hay (2 copies)  
USAID Moscow - Mr. Talbot Penner (3 copies)  
USAID NIS/TF/PSI, COTR - Mr. Walter Coles (1 copy)  
USAID FA/OP/CC/N, Contracting Officer - Mr. J. J. Kryschal (1 copy)  
USAID POL/CDIE/CI, Acquisitions, Directorate for Policy,  
Center for Development Information and Evaluation (2 copies)

FROM: Michael Obermayer, Director (Senior Partner), Project Director  
McKinsey & Company, Inc., Scandinavia

DATE: April 19, 1993

**Short Action Plans, Contract Number:  
CCN-0005-C-00-3068-00**

**RUSSIAN MASS PRIVATIZATION PROGRAM**

**PRIVATIZATION IMPLEMENTATION IN THE WHOLESALE, TRANSPORT  
AND DISTRIBUTION SECTORS**

**POST-PRIVATIZATION ASSISTANCE TO ENTERPRISES AND  
INSTITUTIONS**

Enclosed, please find short workplans for the project team, which at this stage has been split into two task-forces that started working under this contract on March 22, 1993. Both have been involved – together with the GKI – in preliminary evaluations of which companies to target in this project, and in setting up workplans.

**Task-force I** has been focused on working with management of the St. Petersburg based optical company LOMO to determine how to best assist them in their efforts towards privatization and restructuring.

**Task-force II** has focused on the task of screening and selecting one or two other target companies which would fit the criteria set up by the GKI. On a preliminary basis, the automotive manufacturer ZIL, based in Moscow, has been selected and first talks with management have been held. Probable start-up date of the next phase is May 11, 1993. More detailed workplans (similar to the Task-force I LOMO plan) will be submitted 5 weeks later.

April 19, 1993

In addition to ZIL, Task-force II is also in the process in selecting and visiting a number of other companies in the Moscow are. This is due to the fact that work with LOMO - the current focus of Task-force I - may have to be suspended temporarily if it should turn out that LOMO will not be able to privatize within the next few weeks (obstacles have appeared due to LOMO's partial association with the defense industry). A joint decision between the GKI and McKinsey will be made before May 11. If the work with LOMO is suspended, Task-force I will refocus probably on another automotive producer in the Moscow region. For further details, please refer to Mr. Jonathan Hay of the GKI.

Under all circumstances, LOMO has been deemed to be an excellent company to work with, provided it is privatized; and so Task-force I will, before a possible suspension of its work there, submit a status report which will allow LOMO management to move ahead and another team to pick up the work at some future date.

Should you need further clarification, please do not hesitate to contact us under following address:

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Very truly yours,

McKinsey & Company, Inc.

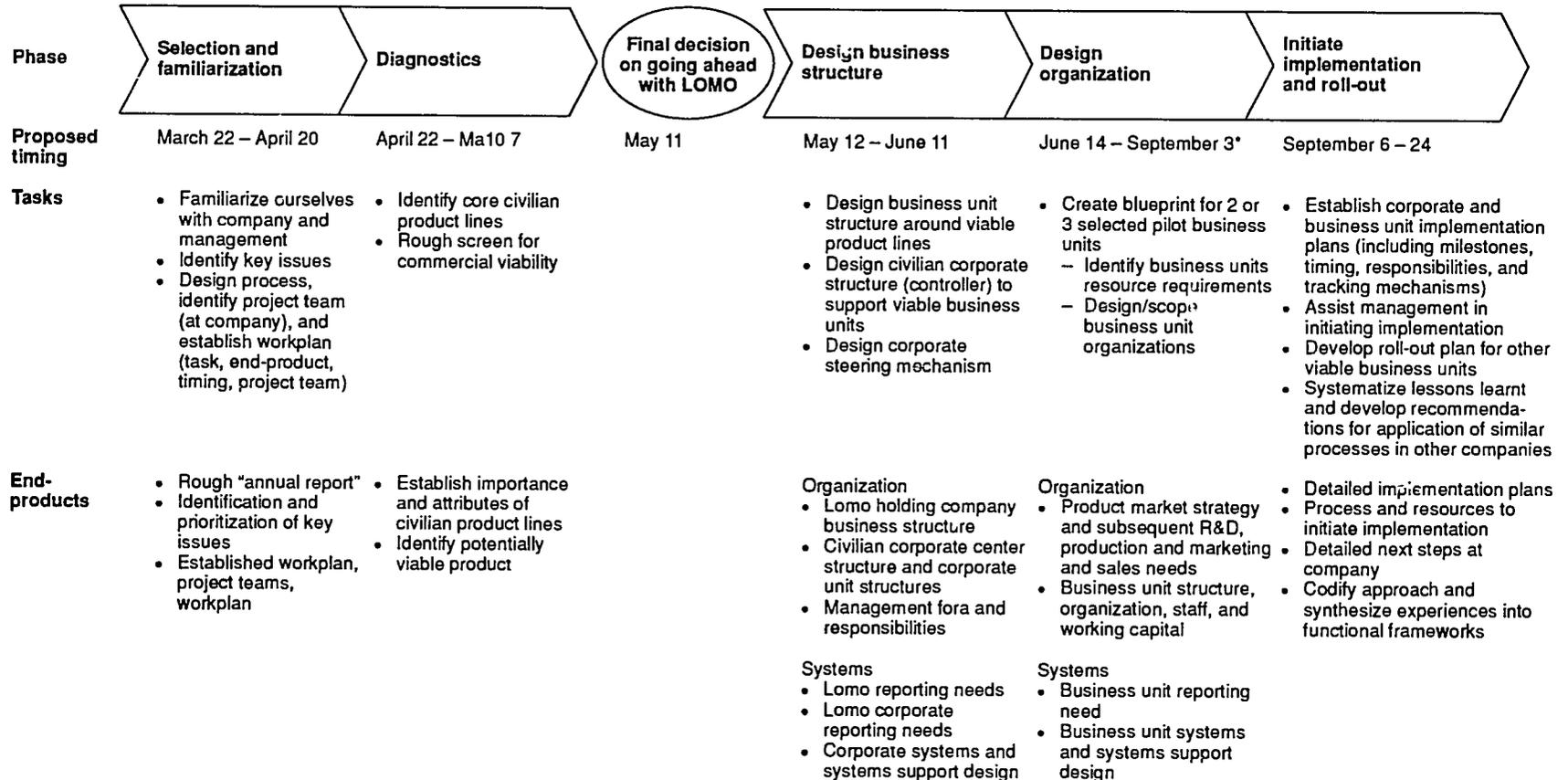


Michael Obermayer  
Director

Attachment:  
LOMO Workplan - Task-force I (1 page)  
Workplan - Task-force II (1 page)

# LOMO WORKPLAN - TASK-FORCE I

CONTRACT NUMBER: CCN-0005-C-00-3068-00



\* Vacation June 28 – July 29

# WORKPLAN - TASK-FORCE II

CONTRACT NUMBER: GCN-0005-C-00-3068-00

