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**CHEMKO BUSINESS STRATEGY
DEVELOPMENT**

USAID PHASE ONE - PROJECT PLAN

**ANNEX: REVISED PHASE I
PROGRAM PLAN**

**REFERENCE CONTRACT NO.
EUR-0014-C-00-1058-00**

**DELIVERY ORDER #8
CHEMKO STATE ENTERPRISE**

**FINAL SUBMISSION
APRIL 1993**

Project Summary Chemko Project Phase One

The Chemko Project Phase One involved the development of a detailed workplan for conducting a review of the Chemko plant to prepare it for privatization. At the time that the project was proposed, it was anticipated that the Phase Two implementation would follow shortly thereafter. However, due to the fact that AID was undergoing a review of the use of local nationals under the IQC and C&L could not utilize any local national staff in IQC projects until separate rates for local national staff were negotiated, the implementation of the workplan developed in Phase One was put on hold indefinitely as of September, 1992.

In January 1993, C&L met with the AID Representative in Bratislava, Pat Lerner, and it was agreed that the scope of work as developed in Phase One last year should be updated and reduced. C&L staff therefore met with Chemko management to discuss a revised plan. A draft was subsequently developed and submitted to Pat Lerner in mid-February, with a copy sent to Pat Shapiro in AID Washington on February 24th. Due to a slight further delay, Gary Maher, the new AID Project Officer responsible for the Slovak Republic, requested the C&L revise the proposal to reflect a new time frame for the work. This version was submitted on April 6th. Pending AID's approval of the latest workplan and budget and resolution of the local national staff rates, it is anticipated that the revised Phase Two workplan can begin sometime late May or early June, 1993.

The deliverable for Delivery Order No. 8 was the detailed workplan draft submitted in July, 1992 to Chemko management and AID/Bratislava and Washington. This draft was accepted as a final product in September, 1992 by Chemko and AID. A brief summary of how the Phase One work was carried out is included on the following pages. Since the outcome for Phase Two was not resolved until April of 1993, we are therefore also submitting the revised workplans from February and April, 1993 as additional deliverables for this Delivery Order. These are included in this document.

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- I. Chemko Project Phase One Approach
- II. Draft Revised Work Plan
February 24, 1993 Submission
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I. Chemko Project Phase One Approach

Project Planning

The initial phase of work involved the following

	<u>Days</u>
John Cromack	9
Jeremy Drew	5
Catherine Drayton	6
Bob Friday	5
Interpretation	
Helena Cadanova	
Eva Gollvitzerova	

This work consisted of 3 site visits to discuss with local management the major issues and constraints facing the Company and to assess the level of data and resources available to carry out the project. This interview program was divided as follows:

- Senior Management
- Operations Management
- Administration Management

Senior Management

These discussions focused on clearly identifying the scope of the work, which plants were operating and the general status of the order book. In particular we identified specific issues that impacted on the project such as the:

- a) status of the explosives division;
- b) discussions being held with the possible 3rd party companies;
- c) position of Chemko in relation to long term contracts;
- d) environmental work carried out to date.

In addition we identified within the concern who would work along side the team and provide additional data on analysis and research and agreed on the facilities required by the team to work effectively.

Operation Managers

All the major plant managers where interviewed to:

- a) understand the present operating conditions of the plants;
- b) identify any key issues in terms of equipment manning etc;
- c) assess the level of planning;
- d) assess the level of product integration between plants;
- e) visually assess the structural state of plant and equipment and possible environmental hazards.

Administration Management

This focused on the state of the financial records of the company. The interviews assessed the:

- a) level and state of documentation available;
- b) accounting principles being applied;
- c) general state of major contacts from an accountancy point of view;
- d) accounting controls and responsibilities;
- e) data accuracy;
- f) ability of the functions to provide specific data.

This is vital in understanding the level of work required to restate accounts to international standards.

The deliverable from this phase was a detailed project plan for phase two (already provided).

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II. Draft Revised Work Plan
February 24, 1993 Submission

February 24, 1993

Ms. Pat Shapiro
Agency for International Development
ENE/RME/ED
Room 6923 NS
320 21st Street, N.W.
Washington, D.C.

Ref: Contract No. EUR-0014-C-00-1058

Dear Pat:

As we discussed, I am enclosing for your consideration a revised work plan for the Chemko project in the Slovak Republic. An earlier draft was submitted to Pat Lerner in Bratislava two weeks ago, and the attached copy is an updated version. The work has been significantly reduced from the detailed work plan developed last year under delivery order No. 8 of our referenced contract.

I look forward to your review of the proposal. Budget and staffing details will be submitted when you are ready for us to do so. In the mean time, please call me at (703) 908-1650 if you have any questions.

Sincerely,



Bob Rourke

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Revised Project Plan for Chemko Phase II

This revised Project will focus on the Cyclohexane/hexanone product to establish financial statements to international standards, assess markets and develop a business strategy for these products.

The Cyclohexane/hexanone operation is Chemko's core business and forms the initial stage of a cumbersome supply chain which ultimately produces Nylon 66 at the Chemlon plant 20km from Chemko. Due to the intense competition in these semi-processes chemicals it is vital to Chemko to develop a strong business strategy for these products.

Below we have outlined in this revised plan:

- I. Project Structure
- II. Staffing Timing and Costs
- III. Appendix
 - Task Descriptions

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I. Project Structure

101 In reviewing our Project Plan we suggest the following tasks in Phase II:

- Task 1 - Business Health Check
- Task 2 - Cyclohexane/hexanone Business Review
- Task 3 - Develop Business Strategy for Cyclohexane

Task 1 Business Health Check

102 The aim of this initial review is to carry out a health check both financially and operationally on the Cyclohexane/hexanone business. This would assess the overall position of the business and ensure that further detailed work is not wasted on a fundamentally insolvent business.

Financial Review -- 27 mandays

103 We would discuss the basis for preparing pro-forma divisionalized financial statements for the cyclohexane/hexanone business for the year ended 31 December 1992 and the first quarter of 1993.

104 We would prepare a report of interviews with the Finance Director of the Company, and his team, together with any accountants specifically devoted to this business unit, as to the basis of either separately identifying or allocating part of each balance sheet item, revenues or cost to the Cyclohexane/hexanone business. The non-cyclohexane activities would be split into "other operating activities" and "administration". The latter category would, for example, be allocated ownership of the energy plant.

105 The deliverable would be a report on the interviews, inclusive of an agreed allocation schema.

106 We would reformat, but not restate, the financial statements of the Company for both the year ended 31 December 1991 and the year ended 31 December 1992. We could discuss the nature and composition, in broad terms, of the principal balance sheet and trading items. We would pay particular attention to the global liquidity of the Company at 31 December 1992 and developments during 1992. We would not, however, assess the risks and opportunities which might impact liquidity in the future. All comments, at this stage, would be exclusively based on management representation. The deliverable would be a briefing paper.

107 We would perform the aforementioned work in the first week of March.

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Operational Review -- 10 mandays

108 Vector Associates would carry out a brief review to assess the condition of the operating plant and the state of the product market. This would include discussions with the production managers and engineers on the operating performance of the plant and with the sales department on the market and product prices. We would produce a short working paper on the operational opportunities for the business unit.

109 The total mandays for this task would be approximately 37. At this point in the project, Coopers & Lybrand and Vector, following discussions with Chemko's management team, would agree to carry out the next tasks.

Task 2 Business Review

110 This would basically consist of the subtasks outlined below:

	Mandays
• Subtask A1 - Cyclohexane Manufacturing Review	28
• Subtask A2 (1-6) - Market Assessment	30
• Divisionalization and Restatement	87
• Subtask A4 - Environmental Hazards	15
	<hr/> 160

111 Subtasks A1, A2 and A4 are defined in detail in the Appendix. The Divisionalization and Restatement is discussed in the following paragraphs.

112 Management would have to take the primary responsibility to allocate balances relating to the year ended 31 December 1992 and the first quarter of 1993 to the Cyclohexane/hexanone business. We note that first, the financial statements for the first quarter of 1993 will not be available until the end of April and second, that it will probably take the Company approximately one month to prepare allocation work papers by individual line item.

113 We would work with management to resolve allocation issues arising subsequent to the agreed allocation schema.

114 We would also identify with management any resources used by Cyclohexane/hexanone which are shared with any other business activity comprising Chemko.

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115 We would restate the pro-forma divisionalized statements for the year ended 31 December 1992 and the first quarter of 1993 in accordance with International Accounting Standards ("IAS") and would report on each line item.

116 We would also comment on the approach adopted by the Company to the product costing and pricing of Cyclohexane/hexanone.

117 We would not be able to perform any historical cashflow analysis as the appropriate divisional information does not exist for 1992. In substance the effort connected with the divisionalization of financial statements, together with a review of shared resources and the approach taken to both costing and pricing, replaces time originally allocated to an analysis of historical cashflows.

Task 3 Develop Business Strategy (Cyclohexane/hexanone)

118 This would consist of the following subtasks:

	Mandays
• Subtask B1 - Develop Options	8
• Subtask B2 - Discussion of Strategy Options	11
• Subtask B3 - Develop Strategies	8
	<hr/> 27

119 These would be carried out as per the original tasks although focused on Cyclohexane/hexanone product.

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II. Staffing, Timing and Costs

201 We have attached a revised timetable for this project with a planned start date in the beginning of March.

202 We estimate the assignment mandays as follows:

	Mandays
• Task 1 - Business Health Check	37
• Task 2 - Cyclohexane/hexanone Business Review	160
• Task 3 - Develop Business Strategy	27
	<hr/> 224*

* There is a requirement, in addition to these days, to subcontract work to interpret the existing management accounts and financial statements which can only be carried out effectively using local trained professionals.

203 We have outlined in the attached chart the breakdown of mandays by labor category and task assignment. The individuals for the Industrial Engineering, Marketing/Export, Product Design and Economists will be provided by a specialist consulting firm Vector Associates.

204 We estimate the total cost of this work to be approximately \$233,000, with \$180,000 for professional fees and \$53,000 for other direct costs.

205 Expenses includes estimated costs for secretarial support, translation, communications, interpreting existing management accounts and financial statements and the following air travel:

• Praha	-	Kosice	20 trips
• Houston	-	Kosice	8 trips
• Bratislava	-	Kosice	8 trips

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REVISED CHEMKO PROJECT PLAN

LABOUR SUMMARY

Labour Category	Task 1	Task 2	Task 3	Category Total
Economist		9	1	10
Project Manager/ Financial Planner	22	4	2	28
Industrial engineer	10	38	20	68
Marketing /Export		16	4	20
Product design		10		10
Accountants	5	13		18
TOTAL	37	180	27	224

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APPENDIX

TASK DESCRIPTIONS

- A1 - Manufacturing Review**
- A2 - Market Assessment Cyclohexane/Hexanone**
- A4 - Identification of Potential Environment Hazards and Compliance Issues**
- B1 - Develop Options for Cyclohexane**
- B2 - Discussion of Cyclohexane Strategy Options**
- B3 - Develop Cyclohexane Strategies**

A1 - Manufacturing Review

OBJECTIVES

To assess and compare to international levels the operating rates, product yields, raw materials, energy, labor, maintenance, and other direct operating costs for Chemko's major industrial product lines, which are related to Cyclohexane/hexanone feedstocks.

MAJOR ACTIVITIES

- A.1.1** Develop historic Chemko plant material and energy balances for the following major products:
- a) cyclohexane
 - b) cyclohexanone
- A.1.2** Compare Chemko's major plant utilizations and efficiencies to international levels (Dutch or German) for the products listed in A.1.1.
- A.1.3** Compare Chemko's major plant operating costs to international levels (Dutch or German) for the costs analyzed in A.1.1. The operating costs analysed will include:
- a) raw materials
 - b) energy
 - c) labor
 - d) maintenance
 - e) other direct costs (ie., water, chemicals and catalyst usages)
- A.1.4** Documentation of analysis performed in A.1.1, A.1.2, and A.1.3.
- A.1.5** Review existing contacts and negotiations with new customers/suppliers.

DELIVERABLES

1. Written description of major Chemko facilities and assessment of their conditions.
2. Input/output computer model of major products and their production cost.

A2 - Market Assessment Cyclohexane/Hexanone

OBJECTIVES

1. Assess the short- and long-term market outlook and profitability for Chemko's major product made at Strážske.
2. Identify potential new markets for Chemko's major products that can be economically supplied out of Strážske.

MAJOR ACTIVITIES

- A.2.1** Prepare current and forecasted supply, demand, and price schedules for cyclohexanone in the markets that can be supplied out of Strážske. This will cover the most recent three years as well as forecasts through 1995. This assessment will focus on Western Europe as well as neighbouring former Comecon Countries. The market data will be collected from government agencies, published industry trade journals which will be supplemented where possible with telephone discussion.
- A.2.2** Calculate Strážske cyclohexanone netback prices for markets identified in A.2.1 to determine the most economic disposition.
- A.2.3** Estimate the replacement capital investment for the cyclohexane/cyclohexanone facilities.
- A.2.4** Calculate the profitability for the existing major product manufacturing facilities.
- A.2.5** Estimate the capital investment cost for building new caprolactam facilities at Strážske to directly supply Chemion.
- A.2.6** Calculate the expected profitability for building caprolactam facilities at Strážske.

DELIVERABLES

1. Written assessment of existing and potential new markets for cyclohexane/cyclohexanone that can be supplied from Strážske.
2. Current and forecasted product prices for the production of cyclohexane/cyclohexanone at Strážske.

A4 - Identification of Potential Environment Hazards and Compliance Issues

OBJECTIVES

1. Identify potential sources for air and water pollution that may require a more detailed environmental assessment.

MAJOR ACTIVITIES

A.4.1 Review current manufacturing technology for Chemko's major products for materials that, if released into the air or water, could result in environmental damage.

A.4.2 Review conclusions of recent environmental studies.

DELIVERABLES

1. A list of feedstocks, products and by-products, which are present at Chemko's major production facilities and that are of known environmental concern.
2. A step-by-step analysis of the chemical processing to identify likely or known sources for environmental or safety concerns.

B1 - Develop Options for Cyclohexane

OBJECTIVES

1. Identify for Chemko's management an economically feasible range of programs that will enhance and build upon its existing Cyclohexane business.

MAJOR ACTIVITIES

- B.1.1** Prepare a listing of the internal strengths, weaknesses, and capabilities for Chemko's Cyclohexane business. This listing will be based upon the results of the business reviews completed in Task A.
- B.1.2** Prepare a listing of the external forces to identify the opportunities, threats, and problems facing all the producers in the market. This listing will also be based upon the business review completed in Task A.
- B.1.3** Prepare a list of strategic options based upon the internal and external analysis lists developed in B.1.1 and B.1.1 and B.1.2 above.

DELIVERABLES

1. A written assessment listing Chemko's current business strengths and weaknesses for Cyclohexane.
2. A written assessment listing the external threats, opportunities, and risks associated with Chemko's Cyclohexane business.
3. A list of recommendations to improve Chemko's position for each of its major products.

B2 - Discussion of Cyclohexane Strategy Options

OBJECTIVES

1. Obtain Chemko management approvals on recommended strategy options.

MAJOR ACTIVITIES

- B.2.1** Present business review results to Chemko management.
- B.2.2** Outline possible options for Cyclohexane.
- B.2.3** Document Chemko's input and recommendations on items presented in B.2.1 and B.2.2.
- B.2.4** Make final recommendations on strategy options based on Chemko's input.

DELIVERABLES

1. Provide a list of strategy options which it has identified as a result of its participation in the business review.
2. A workshop with Chemko Senior Management to discuss options and formulate ideas.

B3 - Develop Cyclohexane Strategies

OBJECTIVES

1. Complete a set of strategic plans for Chemko's major products.

MAJOR ACTIVITIES

- B.3.1** Make changes to the business review economics and cases based upon options developed in B.1.1.

DELIVERABLES

1. Documented business plans for the agreed options for Cyclohexane.

III. Final Revised Work Plan

April 6, 1993 Submission

April 6, 1993

Agency for International Development
ENE/RME/ED
Room 6923 NS
320 21st Street, N.W.
Washington, D.C.

Attn: Gary Maher

Reference: Contract No. EUR-0014-C-00-1058/Slovakia, Chemko

Dear Mr. Maher:

Enclosed are two copies of our revised proposal for privatization assistance to the Slovak state enterprise, Chemko. We have updated the draft proposal we submitted on February 24th to reflect the new projected startup time of mid-May. Also, in finalizing the proposed budget, we had to revise the amount slightly higher than the estimate indicated in the draft proposal. This is largely due to the fact that, in the earlier estimate, we had not taken into account the cost of business class travel for proposed consultants from Houston, which they will be entitled to since total travel time for their trips to Bratislava will exceed 14 hours.

Please let me know if you have any questions. I am continuing to follow up on Chemko's situation with our staff in Prague and Bratislava and will report back to you as soon as I have any additional news.

Sincerely,



Sue-Jean Lee

encl.

Revised Project Plan for Chemko Phase II

This revised Project to assist in the privatization of the Slovak state enterprise, Chemko, will focus on the Cyclohexane/hexanone products. Technical assistance will be provided to establish financial statements to international standards, assess markets and develop a business strategy for these products.

The Cyclohexane/hexanone operation is Chemko's core business and forms the initial stage of a cumbersome supply chain which ultimately produces Nylon 66 at the Chemlon plant 20km from Chemko. Due to the intense competition in these semi-processes chemicals it is vital to Chemko to develop a strong business strategy for these products.

Below we have outlined in this revised plan:

- I. Project Structure**
- II. Staffing, Timing and Costs**

Appendices

- A. Proposed Budget**
- B. Task Descriptions**
- C. Proposed Team and Resumes**

I. Project Structure

101 In reviewing our Project Plan we suggest the following tasks in Phase II:

- Task 1 - Business Health Check
- Task 2 - Cyclohexane/hexanone Business Review
- Task 3 - Develop Business Strategy for Cyclohexane

Task 1 Business Health Check

102 The aim of this initial review is to carry out a health check both financially and operationally on the Cyclohexane/hexanone business. This would assess the overall position of the business and ensure that further detailed work is not wasted on a fundamentally insolvent business.

Financial Review -- 27 mandays

103 We would discuss the basis for preparing pro-forma divisionalized financial statements for the cyclohexane/hexanone business for the year ended 31 December 1992 and the first quarter of 1993.

104 We would prepare a report of interviews with the Finance Director of the Company, and his team, together with any accountants specifically devoted to this business unit, as to the basis of either separately identifying or allocating part of each balance sheet item, revenues or cost to the Cyclohexane/hexanone business. The non-cyclohexane activities would be split into "other operating activities" and "administration". The latter category would, for example, be allocated ownership of the energy plant.

105 The deliverable would be a report on the interviews, inclusive of an agreed allocation schema.

106 We would reformat, but not restate, the financial statements of the Company for both the year ended 31 December 1991 and the year ended 31 December 1992. We could discuss the nature and composition, in broad terms, of the principal balance sheet and trading items. We would pay particular attention to the global liquidity of the Company at 31 December 1992 and developments during 1992. We would not, however, assess the risks and opportunities which might impact liquidity in the future. All comments, at this stage, would be exclusively based on management representation. The deliverable would be a briefing paper.

107 We would perform the aforementioned work in the first week of the start of the project.

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Operational Review -- 10 mandays

108 Vector Associates would carry out a brief review to assess the condition of the operating plant and the state of the product market. This would include discussions with the production managers and engineers on the operating performance of the plant and with the sales department on the market and product prices. We would produce a short working paper on the operational opportunities for the business unit.

109 The total mandays for this task would be approximately 37. At this point in the project, Coopers & Lybrand and Vector, following discussions with Chemko's management team, would agree to carry out the next tasks.

Task 2 Business Review

110 This would basically consist of the subtasks outlined below:

	Mandays
• Subtask A1 - Cyclohexane Manufacturing Review	28
• Subtask A2 (1-6) - Market Assessment	30
• Divisionalization and Restatement	87
• Subtask A4 - Environmental Hazards	15
	<hr/> 160

111 Subtasks A1, A2 and A4 are defined in detail in Appendix B. The Divisionalization and Restatement is discussed in the following paragraphs.

112 Management would have to take the primary responsibility to allocate balances relating to the year ended 31 December 1992 and the first quarter of 1993 to the Cyclohexane/hexanone business. We note that first, the financial statements for the first quarter of 1993 will not be available until the end of April and second, that it will probably take the Company approximately one month to prepare allocation work papers by individual line item.

113 We would work with management to resolve allocation issues arising subsequent to the agreed allocation schema.

114 We would also identify with management any resources used by Cyclohexane/hexanone which are shared with any other business activity comprising Chemko.

25

115 We would restate the pro-forma divisionalized statements for the year ended 31 December 1992 and the first quarter of 1993 in accordance with International Accounting Standards ("IAS") and would report on each line item.

116 We would also comment on the approach adopted by the Company to the product costing and pricing of Cyclohexane/hexanone.

117 We would not be able to perform any historical cashflow analysis as the appropriate divisional information does not exist for 1992. In substance the effort connected with the divisionalization of financial statements, together with a review of shared resources and the approach taken to both costing and pricing, replaces time originally allocated to an analysis of historical cashflows.

Task 3 Develop Business Strategy (Cyclohexane/hexanone)

118 This would consist of the following subtasks:

	Months
• Subtask B1 - Develop Options	8
• Subtask B2 - Discussion of Strategy Options	11
• Subtask B3 - Develop Strategies	8
	<hr/> 27

119 These would be carried out as per the original tasks although focused on Cyclohexane/hexanone product.

VI. Staffing, Timing and Costs

201 We have attached a revised timetable for this project with a planned start date of mid-May and projected completion date of mid-August.

202 We estimate the assignment mandays as follows:

	Mandays
• Task 1 - Business Health Check	37
• Task 2 - Cyclohexane/hexanone Business Review	160
• Task 3 - Develop Business Strategy	27
	<hr/> 224*

- * There is a requirement, in addition to these days, to subcontract work to interpret the existing management accounts and financial statements which can only be carried out effectively using local trained professionals.

203 We have outlined in the attached chart the breakdown of mandays by labor category and task assignment. The individuals for the Industrial Engineering, Marketing/Export, Product Design and Economists will be provided by a specialist consulting firm Vector Associates. We have also included a senior partner from Vector Associates on the project management team. A list of the proposed team members and their resumes are attached in Appendix C.

204 We estimate the total cost of this work to be approximately \$247,860, with \$179,684 for professional fees and \$68,176 for other direct costs.

205 Expenses include estimated costs for secretarial support, translation, communications, interpreting existing management accounts and financial statements and the following air travel:

• Praha	-	Kosice	20 trips
• Houston	-	Kosice	6 trips
• Bratislava	-	Kosice	8 trips

A detailed budget is included as Appendix A.

REVISED CHEMKO PROJECT PLAN

LABOUR SUMMARY

Labour Category	Task 1	Task 2	Task 3	Category Total
Economist		9	1	10
Project Manager/ Financial Planner	22	74	2	98
Industrial engineer	10	38	20	68
Marketing /Export		16	4	20
Product design		10		10
Accountants	5	13		18
TOTAL	37	180	27	224

Contract No. Eur-0014-C-00-1058-00

Proposal #20

Chemko State Enterprise Privatization Phase II

Country of Performance: Czechoslovakia

APPENDIX A - PROPOSED BUDGET

Professional Services

Labor Category	Bill Rate	Phase II	
		# of Days	Phase II Billable
Financial Planners and Managers		98	
Economists		10	
Industrial Engineers		68	
Marketing/Export Promo.		20	
Product Design and Q.A. Specialists		10	
Accountant		18	
Total Professional Service		224	\$179,684.00

Travel, Transportation, & Allowance*

	Rate	Phase II	
		Qty.	Total
Airfare, R.T. Prague - Kosice	172	20	3,440.00
Airfare, R.T. Bratislava - Kosice	180	8	1,440.00
Airfare, R.T. Houston, TX - Slovakia	3,266.00	6	19,596.00
Vehicle Rental per day	80.00	30	2,400.00
Local Transportation (taxi, public trans., etc.) per mo.	750.00	2	1,500.00
Total TT&A			\$28,376.00

Other Direct Costs

	Rate	Phase II	
		Qty.	Total
Local Secretarial Support (per month)	400.00	3	1,200.00
Interpretation (1 interpreter @ \$150/day)	150.00	50	7,500.00
Translation (per page)	15.00	300	4,500.00
Interpretation of management accounts & financial statements			23,000.00
Reproduction (per page)	0.60	3,000	1,800.00
Communications (per month)	500.00	3	1,500.00
Miscellaneous Office Supplies (per month)	100.00	3	300.00
Total ODCs			\$39,800.00

TOTAL PROJECT

\$247,860.00

* Airfares based on quotations from travel agents.

Business class was used on Houston-Kosice flight, based on 15.5 hour trip.

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APPENDIX B

TASK DESCRIPTIONS

- A1 - Manufacturing Review**
- A2 - Market Assessment Cyclohexane/Hexanone**
- A4 - Identification of Potential Environment Hazards and Compliance Issues**
- B1 - Develop Options for Cyclohexane**
- B2 - Discussion of Cyclohexane Strategy Options**
- B3 - Develop Cyclohexane Strategies**

A1 - Manufacturing Review

OBJECTIVES

To assess and compare to international levels the operating rates, product yields, raw materials, energy, labor, maintenance, and other direct operating costs for Chemko's major industrial product lines, which are related to Cyclohexane/hexanone feedstocks.

MAJOR ACTIVITIES

- A.1.1** Develop historic Chemko plant material and energy balances for the following major products:
- a) cyclohexane
 - b) cyclohexanone
- A.1.2** Compare Chemko's major plant utilizations and efficiencies to international levels (Dutch or German) for the products listed in A.1.1.
- A.1.3** Compare Chemko's major plant operating costs to international levels (Dutch or German) for the costs analyzed in A.1.1. The operating costs analysed will include:
- a) raw materials
 - b) energy
 - c) labor
 - d) maintenance
 - e) other direct costs (ie., water, chemicals and catalyst usages)
- A.1.4** Documentation of analysis performed in A.1.1, A.1.2, and A.1.3.
- A.1.5** Review existing contacts and negotiations with new customers/suppliers.

DELIVERABLES

1. Written description of major Chemko facilities and assessment of their conditions.
2. Input/output computer model of major products and their production cost.

A2 - Market Assessment Cyclohexane/Hexanone

OBJECTIVES

1. Assess the short- and long-term market outlook and profitability for Chemko's major product made at Strážske.
2. Identify potential new markets for Chemko's major products that can be economically supplied out of Strážske.

MAJOR ACTIVITIES

- A.2.1** Prepare current and forecasted supply, demand, and price schedules for cyclohexanone in the markets that can be supplied out of Strážske. This will cover the most recent three years as well as forecasts through 1995. This assessment will focus on Western Europe as well as neighbouring former Comecon Countries. The market data will be collected from government agencies, published industry trade journals which will be supplemented where possible with telephone discussion.
- A.2.2** Calculate Strážske cyclohexanone netback prices for markets identified in A.2.1 to determine the most economic disposition.
- A.2.3** Estimate the replacement capital investment for the cyclohexane/cyclohexanone facilities.
- A.2.4** Calculate the profitability for the existing major product manufacturing facilities.
- A.2.5** Estimate the capital investment cost for building new caprolactam facilities at Strážske to directly supply Chemion.
- A.2.6** Calculate the expected profitability for building caprolactam facilities at Strážske.

DELIVERABLES

1. Written assessment of existing and potential new markets for cyclohexane/cyclohexanone that can be supplied from Strážske.
2. Current and forecasted product prices for the production of cyclohexane/cyclohexanone at Strážske.

A4 - Identification of Potential Environment Hazards and Compliance Issues

OBJECTIVES

1. Identify potential sources for air and water pollution that may require a more detailed environmental assessment.

MAJOR ACTIVITIES

- A.4.1** Review current manufacturing technology for Chemko's major products for materials that, if released into the air or water, could result in environmental damage.
- A.4.2** Review conclusions of recent environmental studies.

DELIVERABLES

1. A list of feedstocks, products and by-products, which are present at Chemko's major production facilities and that are of known environmental concern.
2. A step-by-step analysis of the chemical processing to identify likely or known sources for environmental or safety concerns.

B1 - Develop Options for Cyclohexane

OBJECTIVES

1. Identify for Chemko's management an economically feasible range of programs that will enhance and build upon its existing Cyclohexane business.

MAJOR ACTIVITIES

- B.1.1** Prepare a listing of the internal strengths, weaknesses, and capabilities for Chemko's Cyclohexane business. This listing will be based upon the results of the business reviews completed in Task A.
- B.1.2** Prepare a listing of the external forces to identify the opportunities, threats, and problems facing all the producers in the market. This listing will also be based upon the business review completed in Task A.
- B.1.3** Prepare a list of strategic options based upon the internal and external analysis lists developed in B.1.1 and B.1.1 and B.1.2 above.

DELIVERABLES

1. A written assessment listing Chemko's current business strengths and weaknesses for Cyclohexane.
2. A written assessment listing the external threats, opportunities, and risks associated with Chemko's Cyclohexane business.
3. A list of recommendations to improve Chemko's position for each of its major products.

B2 - Discussion of Cyclohexane Strategy Options

OBJECTIVES

- 1 Obtain Chemko management approvals on recommended strategy options.

MAJOR ACTIVITIES

- B.2.1** Present business review results to Chemko management.
- B.2.2** Outline possible options for Cyclohexane.
- B.2.3** Document Chemko's input and recommendations on items presented in B.2.1 and B.2.2.
- B.2.4** Make final recommendations on strategy options based on Chemko's input.

DELIVERABLES

- 1 Provide a list of strategy options which it has identified as a result of its participation in the business review.
- 2 A workshop with Chemko Senior Management to discuss options and formulate ideas.

B3 - Develop Cyclohexane Strategies

OBJECTIVES

1. Complete a set of strategic plans for Chemko's major products.

MAJOR ACTIVITIES

- B.3.1** Make changes to the business review economics and cases based upon options developed in B.1.1.

DELIVERABLES

1. Documented business plans for the agreed options for Cyclohexane.

APPENDIX C

Staff Resumes

Project Managers/Financial Planners

John Cromack (Project Management)	C&L
Caroline Woodward (Project Management)	C&L
Bob Klein (Project Management)	Vector Associates
Catherine Drayton	C&L
George Briford	C&L
Zuzana Klein	C&L

Economist

Andrea Moberly	C&L
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Industrial Engineers

Keith Kovacs	Vector Associates
Bob Friday	Vector Associates

Marketing/Export Promotion Specialists

David Beck	Vector Associates
John Lewandowski	Vector Associates

Product Design/Q.A. Specialist

Ray Ory	Vector Associates
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Accountant

Nick Anderson	C&L
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Curriculum vitae

Name: JOHN CROMACK

Current position: Principle Associate

Date of Birth:

Qualifications: Manchester University
B.Sc Metals and Material Technology

Manchester Business School
M.B.Sc Masters Degree
Business Science

Institute of Metals
M.I.M C.Eng
Member and Chartered Engineer

Job history:

1991 to date **Coopers & Lybrand (Czechoslovakia)**

1986 - 1991 **Coopers & Lybrand Deloitte
Management Consultancy Division**

1983 - 1986 **ISC Alloys
Plant Superintendent**

1982 - 1983 **Commonwealth Smelting Limited
Plant Supervisor**

1978 - 1982 **RTZ
Graduate Trainee**

Key experience:

Since joining Coopers & Lybrand, John Cromack has been involved in a broad range of industries with major assignments in plastics, vehicle manufacture, machine tools, ceramics, electronics and steel. The nature of assignments has covered manufacturing strategy, operational improvement, manufacturing control systems, purchasing, warehousing and distribution.

Before joining Coopers & Lybrand, John gained experience in production management in the metal processing industries. This work involved developing production planning systems and instigating operational improvements to reduce stocks and improve quality.

Relevant experience:

With Coopers Deloitte 1986 to date

MANUFACTURING STRATEGY**Vehicle Manufacturer**

This was a manufacturing strategy assignment for a major vehicle manufacturer in India. The work involved a detailed review of the assembly operations including the press paint and machine shops. The work focused on developing a manufacturing strategy that would help to maintain its dominant market position relative to Japanese competition. The review identified opportunities for doubling production from the site with limited labour and capital investment.

Machine Tools

This assignment involved implementing a manufacturing strategy. The work focused on managing a number of project teams, setting targets and monitoring performance. The teams were largely involved in increasing labour efficiency and improving manufacturing schedule adherence. During this period the company introduced a new high volume product and this forced the introduction of new manufacturing control systems. The assignment has achieved substantial improvements in labour productivity (~15%).

Integrated Steel Plant

Responsible for the manufacturing work in developing the business strategy for a large fully integrated Steel works producing 3.0 million tonnes pa. A multidisciplinary team covered marketing, financial and manufacturing issues. The manufacturing work developed a computer model of the facility from which it was benchmarked against world class standards. In addition investment plans were reviewed and assessed and their implications on the product costs calculated.

OPERATIONAL IMPROVEMENT**China and Porcelain**

This initially involved a review of the manufacturing and purchasing operations to identify improvement opportunities in the inventory control, planning and manufacturing functions. This was followed by managing a number of project teams focused on specific problem areas, monitoring their performance and ensuring key operational targets were met. The work resulted in a reduction of overall stock levels from GBP 15m to GBP 9m, a reduction in the order backlog and improved customer service levels.

Telecommunications Equipment

Managed a joint client/consultant team reviewing the manufacturing and order processing lead time if produced for products. The work identified reductions of 50% in lead time from 15 to 7 weeks, of GBP 10m in stock/wip and 100 administrative labour.

Car Components

This assignment reviewed the manufacturing operations, and identified major opportunities to reduce work in progress, improve labour efficiency and increase customer service levels. These improvements would be achieved through revised manufacturing control systems with limited capital investment. Reductions of GBP 3-4 million in working capital was also identified.

Robot Manufacturer

Managed a consultancy team focused on operational improvement, initially working on improving plant layout and stock control systems. The economic climate forced major overhead reductions which were quickly identified and implemented. This led to a 25% reduction in indirects and administrative staff.

MANUFACTURING CONTROL SYSTEMS

Industrial conglomerate based in Turkey

The work involved assessing the business and operational issues, specifically defining the manufacturing and maintenance control needs, of 14 subsidiaries. The role of the firm's central Data processing company was reviewed and a small team of local managers were trained in the business review techniques. The industries studied included, cement, synthetic textiles, margarine, tyres, paper and packaging, plastics, chemicals, vehicle assembly, electronics, precision machinery and carpet manufacturing.

Steel Products

This company produces a range of wire and bar products from two rolling mills which are in turn sourced from a single steel plant. The steel plant converts scrap steel, using electric arc furnaces, into low alloy steel billet. The plant was unable to meet sales demand due to low machine utilisation. To improve output the current maintenance system required major functionality improvements in with links to the inventory control and purchasing packages. The assignment involved specifying in detail these future requirements in order to reduce production downtime and minimise maintenance costs. Work since has included assisting in specifying new operational procedures and monitoring the implementation of the new system.

Plastics

The assignment produced a specification of system requirements for an MRP II system a group of chemical process plants on a single site. The system had to encompass their needs and cater for complex product specifications and bills of material. The specification also included project planning and maintenance systems.

Medical Electronics

This involved a review of a recently installed MRP system for a complex single product assembly line. The project focused on the final assembly shop and how it interfaced with the purchasing and sub-assembly operations. The work also involved updating the system database to meet the latest master schedule requirements.

Steel

This assignment involved a review of the operational systems in use at one of the company's largest manufacturing sites. The site was a fully integrated steelworks producing sheet steel from iron ore, the areas studied included the maintenance, inventory control, purchasing and production planning systems. The study identified the lack of integration between these systems and recommended modifications and outlined revised ways of working.

PURCHASING

Telecommunications

This project management assignment was involved implementing the rationalisation of the Warehousing and distribution operations within a large geographical region following the installation of an MRP system. It involved the creation of a central Warehouse supplying a number of stockpoints on a daily basis. The work involved developing and implementing operating procedures for the Warehouse, stockpoint and transport functions, managing a series of working groups, reviewing the warehouse layout and a study on scrap material outlets.

Vehicle Components

This assignment focused on the supply of Aluminium Die Castings which represented over GBP 6m of total component expenditure. The work reviewed the main suppliers and developed a long term strategy to rationalise supply to three suppliers from thirteen and reduce costs by 15-20%.

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WAREHOUSING AND DISTRIBUTION

Telecommunications

This assignment reviewed the current purchasing and contracting systems being used in seven offices within the UK. From this work a current way of working document and a specification for a future computer controlled system was produced. The latter document is being used to define the company's purchasing system requirements for its operations into the 1990's.

Prior to joining Coopers Deloitte

1983 - 1986 ISC Alloys (RTZ Subsidiary)

Assistant Superintendent Secondary Metals in charge of production and technical development of the Secondary Metals plant.

Superintendent Zinc Products responsible for Zinc Dust, Secondary Metals, Zinc Powder, Zinc Phosphate plants in all aspects of production.

1980 - 1983 Commonwealth Smelting Limited

Initially responsible to the technical manager for monitoring operations on the sinter and acids plants, the work also included responsibility for the detailed maintenance planning for the refurbishment of the sinter and acid plants during the 1981 shutdown.

Shift Supervisor (1981 - 1983) Sinter/Acid plants responsible for shift production and plant maintenance.

1978 - 1980 Rio Tinto Zinc

Graduate Trainee - Assignments:

Anglesey Aluminium

In the casting division on general industrial engineering projects including work study, plant utilisation, furnace efficiency and energy conservation.

Home Insulation Limited

Installation and co-ordinated quality control systems at the three factories manufacturing entrance and patio doors.

Home Insulation Limited

Site Manager responsible for the construction of a glass toughening plant.

Curriculum vitae

Name: CAROLINE WOODWARD

Current position: Senior Manager

Date of Birth:

Qualifications: Associate of the Institute of Chartered Accountants in England and Wales

Job history:

1992 to date	Coopers & Lybrand (Czechoslovakia) Senior Manager
1975 to 1992	Coopers & Lybrand (UK)
1987 to 1992	Senior Manager Corporate Finance Services Division
1979 to 1987	Auditor
1975 to 1979	Articled Clerk

Key experience:

Caroline Woodward joined the Corporate Finance Services division of Coopers & Lybrand in May 1987 and from December 1987 has specialised in business valuations and privatisations.

Caroline has focused mainly on commercial valuations in a variety of industries. She has been particularly involved in the provision of valuation advice in cross-border deals both into and out of the UK. Between 1983 and 1985 Caroline spent 2 years working in Coopers & Lybrand's Training Department devising and presenting courses and seminars, internally and to clients of the firm both within the UK and in Europe and Africa.

Since mid-1990 Caroline has spent most of her time working in Eastern Europe and from early 1992 she has been resident in Bratislava

Relevant experience:

- Valuation of three Czechoslovakian cement companies for joint venture purposes.

- Valuation of a Czechoslovak textile manufacturer
- Valuation and privatisation advice to a Czechoslovak tobacco company.
- Valuation of a ceramics factory in Northern Bohemia for joint venture purposes.
- Valuation of a Hungarian electrical installation company for transformation purposes.
- Valuation advice to a Western investor considering an investment in a Warsaw-based printing and publishing business.
- Valuation and privatisation advice to a Romanian company in the oil industry.
- Valuation of divisions of a UK plc in the machine tool industry to assist in merger talks with overseas company.
- Valuation of UK pharmaceutical company to advise overseas purchaser as to a reasonable price.
- Advice to a UK plc in the oil industry on divestment of their share in a joint venture to a foreign partner.
- Valuation for UK financial institution of their portfolio of investments in Japanese companies to demonstrate rate of return achieved.
- Valuation of patents owned by a major US client to quarterly tax effect of their transfer from the UK to the US.
- Valuation of German subsidiary of UK plc in luxury goods industry for the purposes of a group reorganisation.
- Advice to Korean company considering joint venture with UK private company.
- Valuation and advice to a Finnish client on their proposed joint venture with a UK company.
- Valuation of a French group of companies for the purpose of a group reconstruction.

Caroline has also been extensively involved in the valuation of intangible assets for mergers and acquisitions, balance sheet and tax purposes, including.

- Brand names in the food, drinks and tobacco industries.
- National newspaper titles.

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- Other publishing titles.
- Trademarks in the pharmaceutical industry.
- Patents.
- Hotel chain names.

Caroline also has active involvement in both internal and external training courses on valuations. She regularly presents the firm's internal training programme on valuations and has spoken on external conferences in Czechoslovakia, Yugoslavia, and the United Kingdom.

VECTOR ASSOCIATES

Robert A. Klein

Senior Associate

Dr. Klein has a varied background covering twenty-three years in refining and petrochemicals management. His expertise includes marketing and business management, strategic planning, productivity and quality management and advanced optimal process control.

Prior to joining Vector, Bob's experienced included:

- Chief Operating Officer of Continental Controls, Inc. where Bob was responsible for all day to day operations. CCI is an advanced process control solution firm serving the refining, gas processing, petrochemicals and chemicals industries. CCI develops and builds integrated, on-line, advanced process control systems for refineries, chemical plants, gas processing facilities and pipelines.
- Vice President and Partner of a mid-sized management consulting firm. Here he was responsible for international business development, commercial negotiations and quality management.
- Independent Management Consultant where he executed a \$30 million specialty chemical acquisition and a \$100 million joint venture gas pipeline agreement.
- Business and Marketing Manager at Vista Chemical Corporation where Dr. Klein was responsible for the olefins and aromatics business including marketing, production, pipelines, storage and capital projects. Bob led the successful start-up and marketing for a new one billion pound per year ethylene plant and the negotiation team which bought out his company's joint venture partner. Later he managed marketing and sales for Vista's surfactant intermediates for North America. Bob was active in the establishment of Vista's initial Quality Management Process.
- At Shell Oil Bob was a Research Engineer in gasoline blending, catalytic cracking and hydroprocessing and later Corporate Economist in Shell's Corporate Planning Department.

Dr. Klein has earned a B.S. in chemical engineering from Clarkson University and an M.A. and Ph.D. in economics from Rice University. He is the author of numerous papers in the Quality Management field including a book *Statistical Methods for the Process Industries*.



CURRICULUM VITAE

Catherine Margaret DRAYTON

Age	32
Nationality	New Zealand
Education	Batchelor of Commerce, University of Canterbury, New Zealand Batchelor of Laws, University of Canterbury, New Zealand
Profesional qualifications	Associate member of the New Zealand Society of Accountants Barrister and solicitor of the High Court of New Zealand
Current employment	Corporate finance manager, Coopers & Lybrand, Prague (April 1991 to date)
Previous employment	Corporate finance, Coopers & Lybrand Deloitte, London (4 years) Audit, Coopers & Lybrand Deloitte, New York (1 1/2 years) Audit, Coopers & Lybrand Deloitte, Christchurch (3 years)
Relevant experience	Types of work: <ul style="list-style-type: none">- Acquisition- Disposal- Recovery- Joint venture- Demutualisation- Privatisation- Litigation support (particularly fraud)- Investigation.

Former COMECON countries:**Poland**

- Due diligence and advice on a prospective joint venture
- Reporting accountant for privatisation of EXBUD-KIELCE
 - construction company

Czechoslovakia

- Due diligence and advice on prospective joint ventures:
 - department store
 - ceramics manufacturer
 - petrochemical producer
 - bespoke paper machine manufacturer
 - chocolate manufacturer
 - liquid detergent manufacturer
 - ammunition manufacturer
 - gas equipment manufacturer
 - heavy engineering conglomerate
 - pharmaceutical manufacturer

Large Czechoslovak clients

Škoda Plzeň
 Kaučuk Kralupy
 Figaro Bratislava
 Živnostenská banka

Curriculum vitae

Name: **GEORGE P BRIFORD**

Current position: Management Consultant

Date of Birth: _____

Qualifications: BSc Economics
Lund University

BSc Business Administration
Lund University

Nationality: Swedish

Languages: Czech, Swedish, Danish, Norwegian, English, basic French

Job history:

1991 to date **Coopers & Lybrand (Czechoslovakia)**
Management Consultant

Key experience:

George Briford joined Coopers & Lybrand in September 1991 and has since then worked on a broad range of assignments ranging from feasibility studies to corporate finance. The corporate finance experience includes restatements of Czechoslovak financial statements into international standard and valuation.

Prior to joining Coopers & Lybrand George was a student of business administration and international and financial economics at Lund University, Sweden. His thesis analysed the privatisation of a socialist economy in general and the case of Czechoslovakia in specific using the theories of financial economics (risk and return), principal-agent and property rights.

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Relevant experience:

With Coopers & Lybrand (Czechoslovakia) 1991 to date

1992

International Paper

Took a leading role in carrying out a partial due diligence on behalf of International Paper. The business unit which was the object for the due diligence is an independent division of a major paper manufacturer.

Canadian Food Services Company

Undertook a feasibility study for a major Canadian food services company planning to open restaurants in Prague. The study involved identifying and assessing suitable suppliers of foodstuffs as well as an assessment of likely demand.

Major Food Processing Company

Undertook a reformulation of the financial accounts to Western standards in order to prepare the company for acquisition by a Swedish food processing company.

Major Manufacturer of Nappies and Sanitary Towels

Analyzed the accounting methodology and financial accounts of a Slovak company in order to prepare it for a potential future acquisition by a world wide company. Helped with preliminary negotiations between the Slovak and international company. Provided information on the general economic situation in Czechoslovakia to the inward investor.

EC Commission TEMPUS Programme

Undertook a qualitative evaluation of TEMPUS, an EC funded programme whose objectives are to improve Czechoslovakia's higher education. The evaluation consisted of an evaluation of individual projects' efficiency and effectiveness and what impact they have on institutions of higher education and other sectors (like industry) in society.

Ostrava Free Zone

Assessment of market opportunities for a free trade zone. The study included policy recommendations for attracting foreign investors.

Paper Mill in Slovakia

Carried out a restatement of the financial accounts to International Accounting Standards in order for the company to attract foreign investors.

Pharmaceutical distributors

Carried out a restatement of the financial accounts to International Accounting Standards of two divisions of a state company group of Finnish, Swedish and French investors. The study included an analysis at the divisions profit margins and macro economic situation.

Valuation of a Pharmaceutical Distributor in Brno

Undertook a valuation of a pharmaceutical and medical equipment distributor in Brno. The valuation also included a general assessment of the business viability to function in a competitive market for a potential inward investor.

1991

Škoda Plzeň

Carried out research on the financial, marketing and production status of a large number divisions in the largest heavy engineering company in Czechoslovakia.

UK Atomic Energy Authority

Assessment of market opportunities for nuclear reprocessing in Czech nuclear power industry.

Třeboň State Farm

Provided assistance in the process of formulating a strategy and business plan together with a review of their privatisation project.

Sliver Machine

Assessed the reasonableness of a company's projections of revenues and costs. Evaluated the company's business plan in order to assess its future capability to repay loans from the Czechoslovak American Entrepreneurship Fund.

Curriculum vitae

Name: ZUZANA KLAIN

Current position: Senior Consultant

Date of Birth:

Education: BS (German)
Georgetown University
Minor in Economics

Master of Management
J. L. Kellogg Graduate School of Management
Majors in Finance and Marketing

Nationality: United States

Languages: English, Czech, German

Job history:

1991 to date Coopers & Lybrand (Czechoslovakia)
Senior Consultant

1990 U. S. Overseas Private Investment Corporation
Intern

1985 to 1989 The American Institute for Contemporary German Studies
at the Johns Hopkins University
Associate for Administration

Key experience:

Zuzana Klain joined Coopers and Lybrand, Prague in August 1991. She has been involved in a range of projects including preparation of organisation restructuring and privatisation plans, market valuations of companies preparing for privatisation, and restatement of accounts to International Accounting Standards.

Zuzana completed an internship with the Treasurer's Office of the U.S. Overseas Private Investment Corporation. Prior to this she was business manager of the not-for-profit American Institute for Contemporary German Studies. In this post, Zuzana managed the Institute's annual operating budget, staff issues and marketing projects.

Relevant experience:**Coopers & Lybrand (Czechoslovakia) 1991 to date****Slovak Gas Company (SPP)**

Consultant on team preparing organisation restructuring and privatisation proposals for the Slovak Gas monopoly. Prepared financial model for different corporate structural options.

Škoda Plzeň

Participated in the restatement of financial accounts in accordance with International Accounting Standards (IAS) for this heavy engineering company, the largest such enterprise in Czechoslovakia. Carried out research on the financial, marketing and production status of the company's energy divisions.

ZZ Brno

Lead the team preparing a market valuation of this pharmaceutical and medical equipment wholesaler for a potential foreign investor.

ČSTP

Developed financial and economic model for the market valuation of Slovakia's monopoly cigarette producer. Part of team which developed tender documentation for potential foreign investors.

Elitex

Constructed financial and economic model for a market valuation in preparation for joint venture negotiations for this textile equipment producer.

Textilana

Participated in the market valuation of a textile manufacturing company. Prepared valuation model.

KOLI

Involved in the preparation of a privatisation project for this Czech cannery and distillery.

Prior to joining Coopers & Lybrand (Czechoslovakia)**U.S. Overseas Private Investment Corporation
Summer Intern****1990**

Compiled and analyzed reports related to the finance portfolio. Performed credit reviews of outstanding loans. Determined compliance of proposed projects with credit policies. Contributed to constructing comprehensive model of agency budget.

**The American Institute for Contemporary German Studies 1985 to 1989
at The Johns Hopkins University
Associate for Administration**

Financial: Formulated and managed \$450,000 annual operating budget. Analyzed budget performance. Developed and executed additional special project budgets of up to \$100,000 annually.

Designed and implemented record-keeping and internal control systems. Obtained Institute's tax exempt status. Collaborated with CPA to prepare quarterly financial statements.

Personnel and Management: Directed day-to-day operations. Supervised full- and part-time staff, including recruitment, selection, training, and performance evaluation.

Special Projects: Conducted public relations, arranged press conferences and media coverage. Worked with development officer in preparing project funding proposals. Launched and edited semi-annual newsletter. Coordinated publishing activities.

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ANDREA JEAN MOBERLY

COOPERS & LYBRAND

QUALIFYING EXPERIENCE

Andrea Moberly joined Coopers & Lybrand in September 1992 and has since worked a broad range of assignments ranging from macroeconomic research to corporate finance. The corporate finance assignments have included restatements of Czechoslovak financial statements to meet international standards as well as financial reviews and researching developments in legislation.

RELEVANT EXPERIENCE

With Coopers & Lybrand, Czechoslovakia

- *Balfmy Obchodu, Valasske Mezirici/Jacobs Suchard* - Worked in a due diligence exercise of a coffee and spices trading and processing company.
- *Galena/Gerenrics/Kwizda* - Played a key role in carrying out a comprehensive due diligence and market position review of the primary Czech producer of pharmaceuticals and active chemical substances.
- *Pragolaktos/Unilever* - Took a leading role in performing a due diligence and a divisionalization of a dairy and ice cream producer.
- *Slovpap/Arjo Wiggins* - Undertook a review and restatement of the financial statements of a paper distributor.
- *Brno Diesel/John Deere & Co.* - Took a leading role in carrying out a financial review of this tractor engine manufacturer.
- *European Commission - Investment Climate Analysis* - Performed an extensive analysis of the Czechoslovak investment climate including interviews with relevant business leaders, examination of business legislation and profile of direct foreign investment to date.

PROFESSIONAL EXPERIENCE

- *Coopers & Lybrand, Czechoslovakia* *1992 to Present*
Financial Consultant

- ***Needham & Co. Investment Bankers, New York*** ***1990 to 1991***
Research Analyst
During her period at Needham & Company, Andrea was given responsibility for researching the American semiconductor industry. Activities including computer modelling and forecasting for both industry and companies, including recommendations as well as merger structuring and discussion of shares issues with private companies. In addition, Andrea was involved in particular research for the biomedical and computer disc-drive industries.

- ***Centre for East-West Security Studies, New York*** ***1989 to 1990***
Research Assistant
Andrea's duties at The Centre for East-West Security Studies included liaising with embassies and consulates of former Soviet Bloc countries as well as providing the centre with an ongoing update of the political and economic changes in these countries.

EDUCATION

Series 7 Examination

U.S. Securities & Exchange Commission

B.A. Columbia College, Columbia University, New York, New York

B.S./1 year, London School of Economics, London, England

LANGUAGES

English, Czech, French, German, Spanish

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VECTOR ASSOCIATES

Keith J. Kovacs

Associate

Mr. Kovacs' experience spans more than twenty-five years in the petroleum refining, chemical and gas processing industries. Keith has had direct involvement in project engineering, project management, process design, technical service, refining/chemical plant operations, pipeline and terminal operations, marketing, business development, economics and planning, contract administration as well as acquisitions and divestitures.

Prior to joining Vector, Keith held several executive positions including:

- Vice President of a mid-sized management consulting firm where he was responsible for the natural resources business area.
President of Infrared Scanning Service, Inc., a firm which provided non-destructive testing to refineries and chemical plants.
- Gas Liquids Administration Manager for Tenneco Oil Company.
- Manager of Refinery Long Range Planning for Tenneco Oil Company.

Prior positions also include 10 years with BP Oil as a process engineer, project engineer, and project leader as well as a short-term scheduling coordinator for a distribution system, where he was responsible for supplying 400 thousand barrels per day of product.

Keith Kovacs has specific experience in:

- Optimizing capital expenditure programs and developing strategic plans for a number of organizations.
- Assisting in project management for large refining, chemical, and transportation capital projects.
- Assessing and improving the operations and profitability of refinery, chemicals, and natural gas processing facilities.
- Operating, reviewing, and improving feedstock or product terminalling, storage and transportation systems.

Mr. Kovacs has acted as an expert witness in several cases and has presented testimony before several governmental agencies and congressional committees.

Mr. Kovacs developed the natural gas processing margin series published in the *Oil & Gas Journal*, that serves as an industry performance benchmark. In addition, he has authored several papers on the gas liquids industry.

He has earned his B.S. in Chemical Engineering from Carnegie Mellon and has completed the M.B.A. course work at Cleveland State University as well as attending Tenneco's advanced management program.



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VECTOR ASSOCIATES

J.R. Friday

Senior Associate

Dr. Friday has a broad range of experience in research management, refining technology and chemicals. He has directed research efforts at Lummus Crest, a major engineering and construction company. At Conoco Bob managed their refining and petrochemical product development work. He is a recognized expert in petroleum (needle) coke technology, as well as having extensive experience in commercial development and strategic planning.

His major activities have included:

- General Manager of Vector's Eastern European operations where he is working closely with several recently privatized firms. His consulting includes appraisals; financial negotiation, organizational alignment, accounting and general management advice for substantial chemical companies.
- Vice President and Partner of a mid-sized management consulting firm. Here he was responsible for new refining technology consulting, R & D practice development and strategic business planning, particularly in the international area.
- Vice President for new ventures at Lummus, after serving as Vice President for Research Development. Research interests included heavy oil conversion, olefins production, chemicals process and synthetic fuels development. Bob managed a research staff of 100 professionals and support personnel.
- Management positions with Conoco from 1968 to 1981. He was Manager of Planning and Project Development for Conoco Chemicals. He also held several positions in Conoco Research and Development, including Manager of Petroleum Products Research and Development.
- Contact engineer in the Baytown refinery of Exxon for crude distillation and fuel products deasphalting.

Bob has had many assignments in the heavy oil conversion area, including U.S. refiners, Venezuelan refiners, and patented improvements in the Lummus LC Refining process.

Dr. Friday has earned a B.S. in chemical engineering from Oklahoma State University and a Ph.D. in Chemical Engineering from Purdue University. He is also a graduate of the Advanced Management Program, Harvard Business School.



VECTOR ASSOCIATES

David J. Beck

Associate

Mr. Beck has had fourteen years of experience covering broad sectors of the chemical and petrochemical industries. He has worked for seven years as a senior consultant in a mid-sized management consulting firm, performing engagements dealing with business planning and strategy analysis. Prior to that, he served as a research and process/project engineer within the engineering polymers division of Amoco Chemical Company.

Prior to joining Vector, David's experience included:

- Assessing market valuations and strategic alternatives for numerous chemical, petrochemical and refining businesses pursuant to acquisition and divestiture analyses, joint venture developments, East European business privatizations and financing agreement negotiations.
- Performing competitive assessment and bench marking studies dealing with process economics, marketing strategies, financial structures, and product planning and development programs within a diverse set of chemical and petrochemical markets.
- Providing analytical support focusing on industry economics, competitive positioning, and market structure and forecasting to a number of merger and acquisition and business development efforts involving petrochemicals and downstream chemicals.
- Developing, in conjunction with senior operating management, business plans for various segments for a major trading and transport company pursuant to the organization's successful bankruptcy reorganization.
- Supporting manufacturing plant operations in various capacities, including process design and economics evaluations, production cost analysis, quality management, and product development support.

Mr. Beck has also co-developed an ethylene profitability series published in the *Oil & Gas Journal* that serves as a benchmark for industry performance. He holds a B.S. in Chemical Engineering from Princeton University and an M.B.A. from The University of Chicago.



VECTOR ASSOCIATES

John J. Lewandowski

Associate

Mr. Lewandowski has over the last 12 years developed in-depth experience in the management and marketing of fertilizers, specialty and inorganic chemicals. His expertise includes marketing, business management, personnel training, and organizational development.

Prior to joining Vector, John held a variety of management positions to include:

- Director of Nitrogen Products for Arcadian Corporation, where he was responsible for a \$200 million per year business unit, including negotiation of all major sales and supply agreements.
- Marketing Manager for Phosphates and Industrial Products for Arcadian Corporation, where he held full responsibility for all marketing activities within a \$75 million business unit.
- Marketing Manager and Product Manager for Allied-Signal Corporation, where he led the restructuring of several businesses and designed a market turnaround for a specialty product.
- Supervised organizational development to include manpower planning, recruitment and development for middle management staff, sales, and technical personnel.

Mr. Lewandowski's specific expertise is functionally relevant to:

- The management and development of marketing programs to increase sales and profits for both bulk and specialty chemicals.
- The design and implementation of organizational changes to lower costs, streamline staff roles and focus group effectiveness to improve profits and incentive systems.
- Providing privatization assistance to two of Czechoslovakia's largest chemical/plastics companies. John helped introduce an integrated management system to include strategic business and financial planning, operational and economic procedures, as well as clear lines for authority delegation and responsibility. In these assignments he was especially focused on setting up an interim marketing program to assist in the transition from a command to free market economy.

John earned his B.A. in Psychology - Cum Laude from Wilkes University and his M.B.A. from New York University. He also has attended numerous company sponsored advanced management, planning, and marketing development programs.



VECTOR ASSOCIATES

Raymond E. Ory

Senior Associate

Ray Ory's career has spanned over 25 years in the processing industry. Over the last 18 years, Ray has served as a consultant in a wide variety of capacities with emphasis in advising management of technology dependent companies in areas of market strategy and development, competitive assessment, business valuation, supply/demand and price analysis of energy products and petrochemicals. Ray's activities have included management involvement in the restructuring of refining and marketing businesses for long-term survival or exit from the marketplace. Areas of product expertise include natural gas, natural gas liquids, crude oil, refined products, chemicals and petrochemicals. Prior to joining Vector, Ray's experience included:

- Senior Vice President and Partner of a mid-sized management consulting firm. He was responsible for business development, the coordination of well-founded, consistent industry analysis utilized in the company's overall efforts, and functioned as a senior project manager and mentor to the companies staff of consultants. Developed a refinery and ethylene plant profitability measurement for publication in the *Oil & Gas Journal* which became a standard benchmark for industry comparisons.
- Managing Director and Principal of a multinational petrochemicals and chemicals consulting firm. In that capacity, he was responsible for the marketing of consulting services, management and execution of domestic and international consulting projects, and the development of professional and support staff.
- Manager of market analysis for a Houston based consulting firm specializing in the hydrocarbons industry. In that capacity, Ray had direct management responsibility for 9 professionals and support staff providing consulting services to the energy industries. Direct responsibility for project planning, execution, profit/loss and sales of consulting services.
- Held a number of positions within Celanese Chemical Company in areas which included sales and marketing, quality assurance, process engineering management and project engineering. Chemical company representative to various industry organizations reviewing proposed health, safety and environmental regulation.

Ray has earned a B.S. in Chemical Engineering from Louisiana State University. He has participated in, or directed, hundreds of assignments over his consulting career and has authored numerous papers and articles on the energy and processing industry.



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Curriculum vitae

Name: NICHOLAS G. ANDERSON

Current position: Supervisor

Date of Birth:

Qualification: BA (Hons) History
York University

ACA - Qualified Chartered Accountant of England
and Wales - 1991

Languages: English, French

Job history:

1991 to date **Coopers & Lybrand (Czechoslovakia)**
Supervisor

1987 - 1991 **Coopers & Lybrand (London)**
Audit Division

Key experience:

Nick Anderson joined Coopers & Lybrand (Czechoslovakia) in 1991, and is based in the Corporate Finance Services Division. He has participated in the restatement of financial accounts to International Accounting Standards (IAS) for a range of clients. Nick has also carried out due diligence exercises and audits of CSFR companies.

Nick was based in London for four years as part of the Audit Practice. He has undertaken a wide range of audits and has also undertaken various consultancy and corporate finance projects.

Relevant experience:

With Coopers & Lybrand (Czechoslovakia) 1991 to date

Skoda Plzen

Participated in the restatement of financial accounts to International Accounting Standards (IAS) of this large engineering conglomerate. Supervised and prepared due diligence of the conglomerate's many divisions.

~~NEW EQUIPMENT MANUFACTURE~~

Participated in the restatement of financial accounts to IAS for a potential foreign investor. Drafted follow-up report.

Liquid Detergent Company

Supervised and prepared report on the restatement of financial accounts to IAS for a potential foreign investor.

Sanitary Ware Manufacturer

Supervised the audit of this joint venture company.

Debt Factoring Company

Managed the audit of this joint venture.

Slovak Oil Refinery

Supervised in the restatement of financial accounts to IAS for the only Slovak oil refinery.

Wholesalers of Medical Supply Products

Supervised and prepared report on the restatement of financial accounts to IAS of two medical supply companies for a potential foreign investor.

Corrugated Cardboard Manufacturer

Participated and contributed to the final report on a financial analysis of a cardboard manufacturer for a potential foreign investor.

With Coopers & Lybrand (London) 1987 to 1991

British Broadcasting Corporation

Supervised the audit of one of the BBC directorates.

Testlink Holdings Limited

Supervised the audit of this client which manufactures and sells various types of testing equipment for industry.

Arbuthnot Latham Fund Management

Supervised on the audit of a fund management company.

Argos Distributors PLC

Participated in the audit of a large retailing company. Also participated in the production of the long-form report prior to the public issue of shares.

Guy Salmon Car Rentals

Participated in the audit of a car rental company.

Oracle

Supervised the audit of a media company advertising on television.

Katun UK Limited

Supervised the audit of a company supplying photocopier parts to companies.

British Broadcasting Corporation

Participated in a consultancy project to implement a new computer system at a division of a large media client.

Pearson PLC Pension Fund

Supervised the audit of a pension fund for a multi-national company.

