PROJECT FREE ENTERPRISE

II

HOUSTON

WARSAW

WROCLAW

KATOWICE

ROTARY INFORMATION TEAM PROJECT

"A NEW IDEA FOR ROTARY SERVICE"

1992

THE KOSCIUSZKO FOUNDATION

Sends Congratulations and Best Wishes to
All Participants and Seminar Instructors of

PROJECT FREE ENTERPRISE

The Kosciuszko Foundation
An American Center of Polish Culture
is Dedicated to Maintaining Continuous
Cultural and Educational Ties Between
Poland and the United States.

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Fundacja Kosciuszkowska
Gratuluje Uczestnikom i Organizatorom Seminarium

PROJECT FREE ENTERPRISE

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Amerykanskie Centrum Kultury Polskiej
Zostala Powolana Celem Krzewienia Dziedzicta
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The Kosciuszko Foundation
15 East 65th Street
New York, NY 10021-6595
(212) 734 - 2130

Fundacja Kosciuszkowska
Nowy Swiat 4/118
00-497 Warszawa
21 - 70 - 67

ROTARY CLUB WARSZAWA CITY

00-950 Warszawa, P.O. Box 703, POLAND

For the second time Rotarians of District 5890 (Greater Houston) and the Warsaw City Rotary Club are organizing the Free Enterprise Seminar. In 1991 a group of over 400 Poles were given a chance to listen to 10 prominent executives from Texas and to share their experience in management, accounting, preparation of business planning and financing. This was a Rotary contribution to the rapid change of the social and economic systems in Poland. Seeing the excitement of the audience and the feeling of satisfying the real needs of the people, Rotarians from Houston and Warzawa decided to repeat the seminar this year in Warszawa, Katowice and Wroclaw. We believe that with our effort we can help people take control of their lives. I would like thank Rotarians from Texas and Poland for their work in preparation for this project and wish all participants success in executing their plans and dreams.

Aleksander Szwarc
President 1991-92
Warszawa City Rotary Club

Dear Rotarian Friends from Houston,

Let me express my sincere appreciation for the effort you have extended to execute project Free Enterprise for the second time. It's a real contribution to the change of mentality towards a free market economy. This seminar also provides a perfect opportunity to present the Rotary spirit to the Polish community. It also reflects this year's motto of the President of Rotary International, Mr. Rajendra Saboo "LOOK BEYOND YOURSELF".

Andrzej Radziminski
Governor's Group Representative
Rotary District 2390

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SEMINAR SCHEDULE

DAY ONE

8:00	Registration
8:30	Local Rotary Remarks
9:00	Introduction Start-Up Considerations The Case Study: New Horizons Management Marketing Bookkeeping
12:00	Break for Lunch
1:00	Visiting Rotary Remarks
1:15	Accounting Finance Cash Management Business Law Formal Business Plan
5:15	Closing Comments

DAY TWO

8:30	Questions and Answers: Panel
9:15	Manufacturing Global marketing Free Market Economy
12:00	Break for Lunch
1:00	Workshop by each speaker
4:00	Seminar Over

CONTENTS OF A TYPICAL BUSINESS PLAN

1. Executive Summary
2. The Situation and The Opportunity
3. The Management Team
4. Market Research and Analysis
5. Marketing Plan
6. Design and Development Plan
7. Manufacturing Plan
8. Financial Plan
9. Schedule
10. Risks

PROJECT FREE ENTERPRISE

PURPOSE AND GOALS

The Rotary spirit of international cooperation has motivated development of this seminar to share free enterprise ideas, experience, and practical advice with the newly emerging free economies of the 1990's. This seminar presents the principles of a free market and follows with a practical step by step road map for developing your own business enterprise.

Presentations will be made by practicing, successful business people using audio visual material developed from authoritative business, academic and government sources.

The seminars will be conducted in English.

The seminar structure will allow for extensive question and answer interaction after each speaker.

The first 1 1/2 days will be formal presentations with slides and lectures followed by discussions.

The second day will have workshops in the afternoon. Smaller groups will be created with each speaker able to discuss in detail his main topic, or answer your questions and concerns. The people attending the workshops can go to any speaker they want to spend time with.

These speakers were interviewed and selected for their abilities and none of them are here to promote themselves or do business. Their mission is to share their experience in a free enterprise economy in the hope that the world will be a better place for us all.

This is the second Rotary Information Team of free enterprise speakers that Rotary International has ever had. It is the dream of the Rotarians in Houston that this idea will be adopted by other Rotary Districts around the world - thereby sharing principles and experience with emerging economies and other third world countries. They call this a Rotary Information Team. It's seminar topic is free enterprise but other Information Teams might speak on different topics - such as environment, agriculture or public health.

The fees paid to attend this seminar are low, and designed merely to cover the local expenses of putting on this seminar and hosting the speakers. The speakers paid their own way to travel here, and the cost of their presentation, by fundraising in Houston. They speak for free. They stay in Rotary sponsored homes.

Your local Rotary club is comprised of outstanding leaders and business people in your community and this seminar is just one small service they provide in an attempt to improve the community for everyone.

PURPOSE OF THE CASE STUDY

To facilitate illustration of the economic, business, and management principles using a possibly real enterprise.

To provide an example of the different components of a business enterprise and illustrate how they relate to each other.

To facilitate questions, answers and discussion of principles presented by providing a framework of organization, products, services and management concepts and definitions.

OVERVIEW OF THE NEW HORIZONS COMPANY

New Horizons is in the manufacturing business. It began as a small retail store and a machine shop which manufactured the products it sold. It expanded into a larger manufacturing plant which made additional products, with a warehouse to ship its goods elsewhere.

Its owner, Lech Kowalski, used to work for his uncle's business, "Proven Products." Proven Products manufactured and sold wooden nesting dolls and painted boxes. When his uncle decided to retire, Lech bought Proven Products primarily for the potential of its woodworking equipment and formed his own business, "New Horizons."

New Horizons continued manufacturing wooden nesting dolls and boxes, and then expanded into making wooden bird houses for export to the United States.

The company leased certain metalworking machines to try making metal bird houses for export to the U.S. This added new machinists to do metal manufacturing, and allowed the company to confidently bid on a contract to make decorative metal containers for bakery goods distributed throughout Poland. To meet production goals the company purchased additional metal manufacturing equipment and added several more employees. In addition, Mr. Kowalski experimented with producing an electric accent lamp.

Unlike his uncle, who was pretty much a craftsman and a shopkeeper, Mr. Kowalski became an entrepreneur; a business man who looks for opportunity and profits. A man who uses one of the most basic principles of free enterprise - Find a need, and fill it.

New Horizons

Balance Sheet

As of December 31, 1991

Assets

Current assets:		
Cash	$ 6,500	
Inventory	8,300	
Total current assets		$ 14,800
Long-lived assets:		
Equipment	12,000	
Total long-lived assets		12,000
Total assets		26,800

Liabilities and Owner's Capital

Current Liabilities:		
Accounts payable-suppliers	5,400	
Current portion, long-term debt	3,600	
Total current liabilities		9,000
Long-term liabilities:		
Note payable-bank (less current portion)		1,800
Total liabilities		10,800
Owner's capital:		
Owner's contribution	15,000	
Net profit	13,000	
Owner's withdrawals	(12,000)	
Total owner's capital		16,000
Total liabilities and owner's capital		$ 26,800

New Horizons

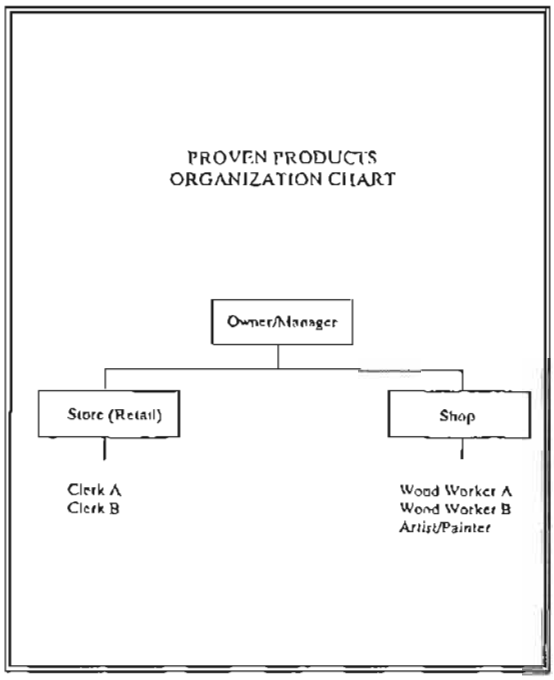
Income Statement

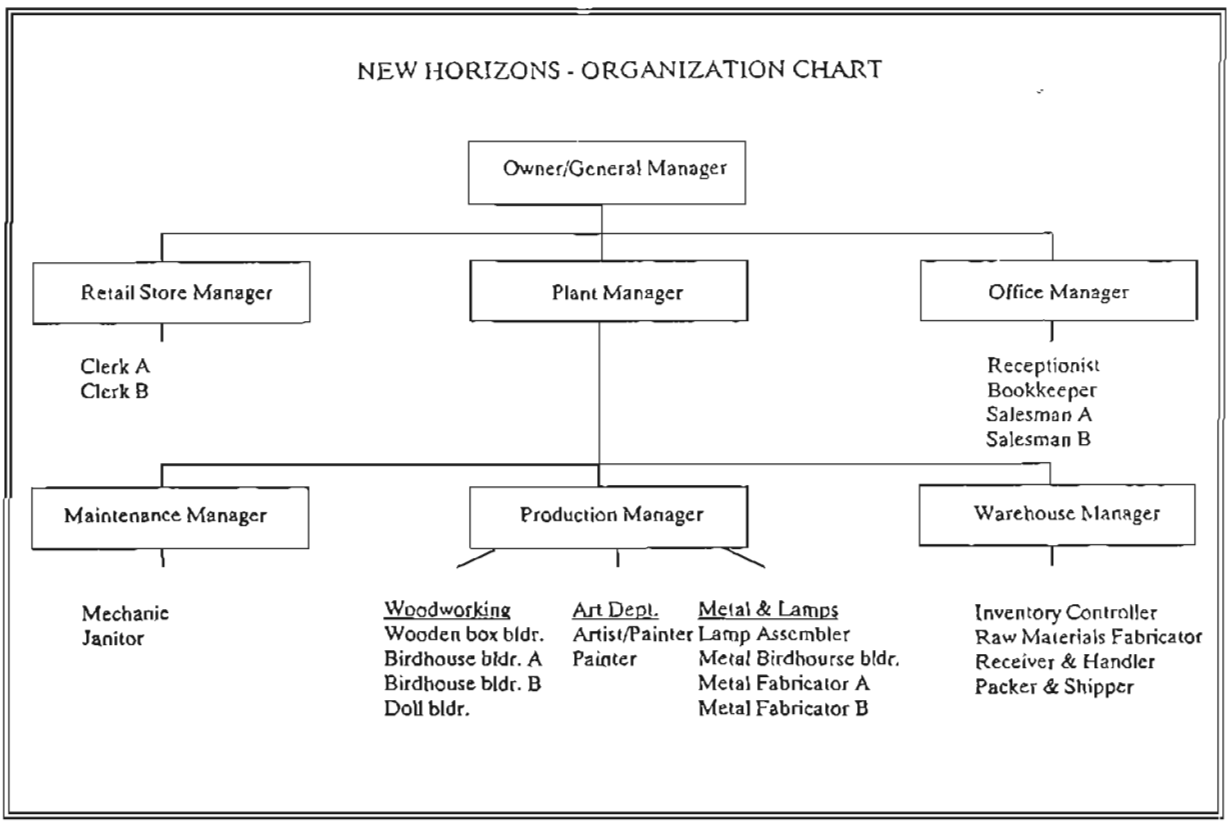
For Twelve Months Ended December 31, 1991

	Amount	Percent
Revenues:		
Sales of accent lamps	$ 30,700	21.62%
Sales of wooden boxes	91,400	64.36
Sales of matrioshkas	19,000	14.02
Total revenues	142,000	100.00
Cost of sales:		
Cost of accent lamps	23,950	16.87
Cost of wooden boxes	50,850	35.81
Cost of matrioshkas	10,000	7.04
Total coast of sales	84,800	59.72
Gross Profit	57,000	40.28
Operation expenses:		
Accounting	3,000	2.11
Advertising	2,000	1.41
Dues and Subscriptions	500	.04
Fuel and oil	3,500	2.47
Insurance	1,800	1.27
Interest	800	.06
Legal	2,500	1.76
Office Supplies	1,200	.09
Rent	8,400	5.92
Repairs and maintenance	1,600	1.13
Salaries	15,000	10.56
Telephone	1,500	1.06
Utilities	2,400	1.69
Total operating expenses	44,200	31.12
Net income	13,000	9.15%

Organize For Success

An entrepreneur helps his society as well as himself. He creates products and services and jobs! Over 80% of all companies in the United States are small businesses, and since 1980 over 90% of all of the millions of new jobs in the U.S. were created by small businesses. Lech Kowalski had the entrepreneurial spirit to improve himself, and in so doing he took the original Proven Products with five employees to a small company with 28 on the payroll. Here are the organizational charts.





SERVICE ABOVE SELF

Dr. David Taylor
One Professional Park
Webster, Texas 77598, U.S.A.
Telephone (713) 332-6513
Fax (713) 690-2040

Dr. David Taylor is the team leader, and the district director for Project Free Enterprise.

Dr. Taylor is a children's dentist who has been very active in Rotary for over ten years. He tends to get new projects started.

For example, his Rotary club now selects the Teacher of the year with a $1,000 award for Excellence in Education. He initiated a drug awareness project for school children which has expanded into a Houston city wide essay contest with about 45,000 students participating. He started most of Houston's youth exchange contacts with as many as 15 countries - including Hungary, East Germany and the Soviet Union before the wall came down. The idea for this free enterprise seminar was a spin-off from his youth exchange activity.

He is single. The father of four young adult children. He is a native of Oklahoma. His experience in journalism has helped with this project - he was a newspaper sports writer for seven years.

He founded the Houston Society of Dentistry for Children in 1973, and became president of both the Texas Academy of Pediatric Dentists and the Texas Society of Dentistry for Children. He owns his own dental office with nine dental chairs, from which he has derived his small business experience.

He attributes his international interests to winning the History and Social Studies award for his high school and has always read and traveled as much as he can.

T E A M

WANDA ELLIS is the co-leader of this year's Project Free Enterprise and was also involved with last year's team. She holds bachelor and masters degrees in Education and has over 37 years experience as classroom teacher, supervisor and counselor. After retiring from Lee College, she now works part time in a dress shop. Wanda is a director of the Baytown Rotary Club and is a Paul Harris Fellow. She also serves on a Hospital Board and works with Sheltering Arms and Family Services. She is a widow with two grown children, a son and daughter and two grandchildren.

TAD PILINSKI gives the Start-Up Considerations and Manufacturing portions of the seminar. He attended the Polytechnic Institute of Silesia, Poland for two years before being awarded a scholarship to the Machine Tool Institute of Moscow. Tad completed his masters degree in Mechanical Engineering and has completed course work towards his doctorate. He has been an Engineering Manager with GO/DAN Industries for 11 years. He oversees capital projects including start-up and expansion of facilities as well as environmental compliance. He is a member of numerous professional organizations as well as the Polish American Congress and the Kosciuszko Foundation. Tad is single.

M. EDWARD BURDZINSKI will present the Case Study and the Business Law talks. He holds a bachelors degree in Accounting and a Doctor of Jurisprudence degree, and is both a CPA and a practicing attorney in the State of Texas. Ed is a member of the Bellaire Rotary Club, and is active in the Polish American Congress of Texas, The Kosciuszko foundation, the Polish Institute of Arts and Sciences in America, and the National Advocates Society. He is married to Pam and they are currently involved in adopting a child through Catholic Charities.

DAVID BARR will be presenting the Management and Visiting Rotary Remarks parts of the program. He holds bachelor and masters degrees in Business Administration, and has over 25 years of management experience. He recently retired from Southwestern Bell Telephone Company where he held an operations executive position responsible for over 1,000 union workers and 300 managers. David was President of the West Houston Rotary Club in 1990-91. He is married to Sue, a registered nurse and has a son and daughter twins who are seniors at the University of Texas.

SERVICE ABOVE SELF

1917-1992

75

Years of service

T E A M

DAVID BYFORD is giving the Marketing and Global Marketing presentations. He holds a bachelors degree in Business Administration and masters and doctoate degress in Education. He is a professor of Business Administration at Lee College in Baytown, Texas, and received the 1991 Excellence in Teaching Award. David attended the Global Marketing Seminar at Northwestern University in 1991, and is a member of the National Business Education Association, the Texas Junior College Association, and other professional groups. He is married to Mary June, a teacher and has two sons who are married.

GLEN ROWE presents the Bookkeeping and the Accounting seminars. He holds bachelors and masters degrees in Business Administration and is also a Certified Public Accountant. He also completed his course work for his doctorate and taught college finance and accounting courses. After four years with a large accounting firm, Glen has been in private practice for the last 11 years. He is past president of the Cypress-Fairbanks Rotary Club. Glen is married to Vicki, a high school English teacher and they have two daughters, ages 12 and 9, who are competitive gymnasts.

DAVID CORDELL is presenting the topic of Finance. He holds bachelor, masters, and doctorate degrees in Business Administration, and is currently a financial consultant for individuals and businesses. David was formerly a university professor and a pension specialist for a major insurance company. Now as a Certified Financial Planner and a Chartered Financial Analyst, his specialties include valuation and financial management of small businesses and personal financial planning. David is a director of the Space Center Rotary Club. He is married to Martha and has three young sons.

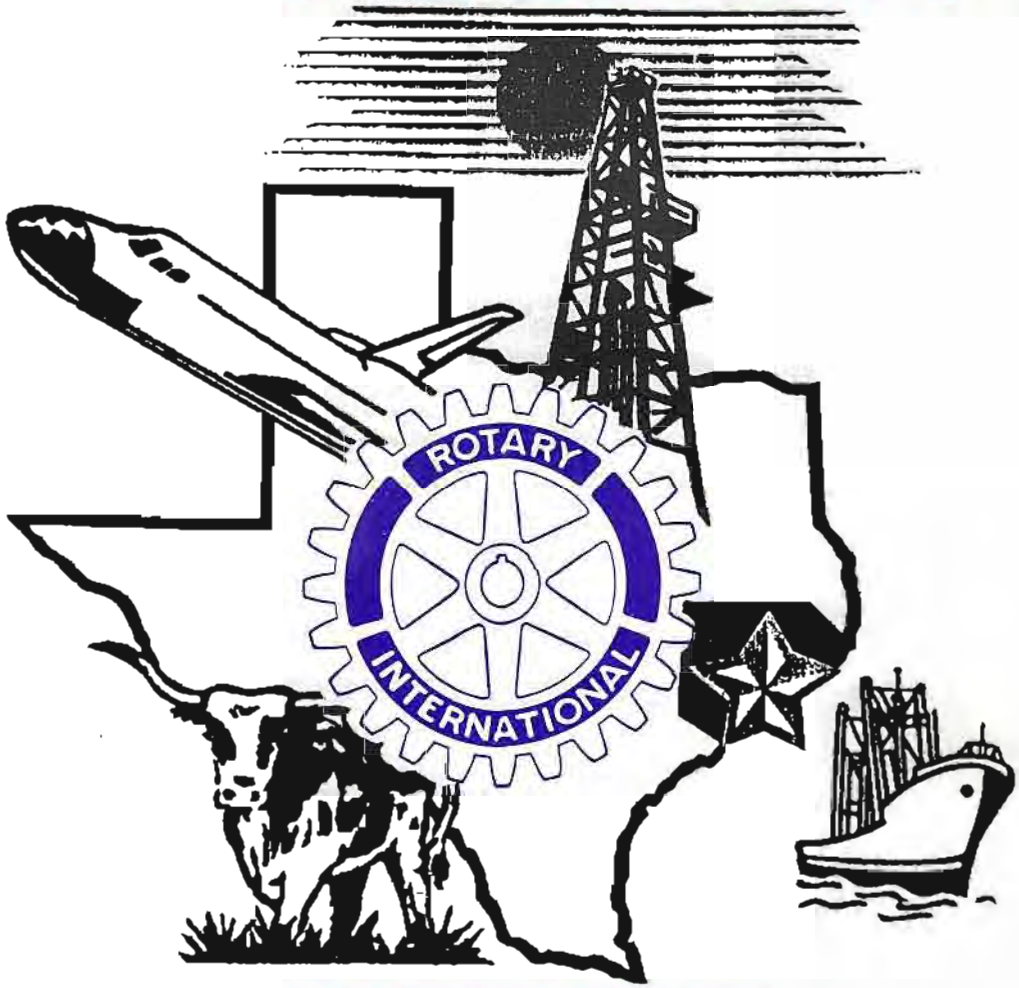
JAMES THOMAS addresses the Cash Budgeting topic and presents the Formal Business Plan. He holds a bachelors degree in Business Administration and is also a Certified Public Accountant. Jim has over 25 years experience in the accounting profession and has had his own practice for the last 15 years. He has been very active in all aspects of Rotay and was a member of last year's Project Free Enterprise team. Jim is a past president of the Pearland Rotary Club and currently serves as a director of that club. He is also a Paul Harris Fellow. He and his wife Linda have four college age children–three daughters and one son.

HE PROFITS MOST

WHO

SERVES BEST

ROTARY



DISTRICT 5890

TEXAS, U.S.A.

PROJECT FREE ENTERPRISE
DIRECTOR, DR. DAVID TAYLOR
ONE PROFESSIONAL BUILDING
WEBSTER, TEXAS 77598