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Houston  
University  
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Institute for  
International  
Business Analysis  
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Houston, Texas 77004  
713.749.7139

PD-AAU-898  
55891

June 18, 1987

Mr. Mike Snyder  
Regional Contracting Officer  
US AID/Peru  
APO, Miami, Florida 34031

Re: AID Contract No. 518-0035-C-00-6134-00  
UH Contract No. 1-5-55002/03

Dear Mr. Snyder:

Enclosed please find the Quarterly Report for the subject contract for the period March 1, 1987 through May 31, 1987.

If you have any questions regarding this report, please call me at (713) 749-7139.

Sincerely,

Robert R. Miller  
Project Director

RRM:las

Enclosure

xc: Mission Director, Ecuador  
Development Utilization Service, Washington ✓  
Thomas F. O'Brien, Chief of Party  
Julie T. Norris, Office of Sponsored Programs

QUARTERLY REPORT  
ECUADOREAN GRADUATE MANAGEMENT PROGRAM  
Third Quarter Contract Year 1  
March 1987 through May 1987

This report presents information on the inputs of the University of Houston to the project during the third quarter of contract year 1.

INTRODUCTION: Contract negotiations between the University of Houston and US/AID continued during this period. The budget adjustments requested by AID during the second quarter were made by the University and the revised budget submitted to the Agency. However, new questions arose concerning the inclusion of revenues from tuition, executive programs, etc., which are included in the overall budget but which are not part of the AID's direct funding of the project. Further adjustments were requested in terms of placing the budget line item into 5 AID budget categories. It was also discovered that the figures in the PIOT for the contract and in the cooperative assistance agreement did not correspond to the budget figures. To resolve these problems, negotiations continued between officials of AID/Quito and the University's Office of Sponsored Programs.

I. ECUADOREAN FACUTLY

During this quarter, interviews with 35 potential doctoral students were carried out in Guayquil and Quito. These included new candidates responding to an ad placed by the University of Houston in March as well as applicants who had been interviewed

during the feasibility study phase of the project. Based on these interviews, and a review of the applicants credentials in Houston, twenty candidates were requested to submit formal applications to either Houston, Indiana or FIU, and to request official copies of their transcripts from their alma maters in the United States. Their paperwork is now being processed by the three universities. The major delay encountered in this process has been the necessity of securing the official transcripts from universities in the United States. Given the fact that the Fall semester is only three months away, it is likely that some of the candidates will be admitted for the spring semester 1988.

## II. ACADEMIC PROGRAM

The recruitment of faculty continued during the third quarter. Dr. Robert Milbrath was interviewed in Ecuador by the FPE, the Chief-of-Party and AID. Based on the results of these interviews Dr. Milbrath was offered and accepted the position of Accounting Professor at IPAE. The University of Houston has prepared contracts for Dr. French (Finance Professor) and Dr. Milbrath, and is awaiting AID approval of their salary levels. In April, Maria Eugenia Arias, a candidate for the Management position, was interviewed in Houston. Since Ms. Arias's Ph.D. candidacy at Yale was approved and supported by the FPE, it was not necessary to bring her to Ecuador for an interview. Contract negotiations with Ms. Arias are now underway. Dr. Douglas Norvell, Associate Professor of Marketing at Western Illinois University, was interviewed in Ecuador during the first week in

May. The results of Dr. Norvell's interviews in Houston and subsequently in Ecuador were not considered entirely satisfactory, and the search is being continued to fill the fourth full-time position in the faculty. However since the first marketing course is not scheduled to be taught until the third trimester, this should not create a delay in beginning classes.

In addition to the four full-time faculty members required for the program, it will also be necessary to use part-time personnel to cover those courses not taught by the full-time professors. While it will be necessary to use non-residents to teach some of the courses, local instructors will be used where possible to reduce the cost of personnel for the academic program. Courses to be taught by local instructors would include introduction to computers, environmental analysis, etc. A search has been initiated to secure local professors in these areas. The schedule of courses as presented in the feasibility study also has been revised to bring it into line with known interests and skills of the three professors with whom the university is currently contracting.

A further important step in the development of the Academic Program is the recruitment of students. The Institute is ready to launch that campaign, with brochures and newspaper advertising. However, a serious problem has arisen in terms of financial support for students. In order to effectively recruit students to a new program, which will require significant

sacrifice on their part, it is essential to provide them with as much concrete information as possible. While the Institute can now specify professors, courses, location, tuition, etc., it cannot identify specific sources of financial support. The FPE has secured five scholarships for the Institute, but this is 15 short of the target. More importantly, the specific requirements of lines of credit offered by two banks to the FPE are still not clear. It is essential to secure this information if the recruiting program is to be successful.

In the interim, Dr. William Renforth of Florida International University will arrive in the third week in June to assist in developing the admissions system. Mr. Paul Degler, a newly graduated MBA student from the University of Houston, with extensive professional experience in Guayaquil, will arrive in July to assist in the recruiting drive. In addition, meetings with the leading media institutions in Guayaquil have been scheduled to provide additional publicity and promotion for the recruiting effort.

### III. ADMINISTRATIVE

The major administrative goal of the University during this period was to create a small, but efficient, administrative staff to administer the project in early phase. With the addition of Mr. Juan Carlos Gonzalez as interim financial director, the Institute now has an effective core of administrators to which additions will be made in the next several months. Recruitment of additional professionals is made somewhat difficult by the

need to fill many of these posts with bilingual candidates. This has proven to be the case in terms of admissions director, administrative director and librarian. In an effort to alleviate this situation, Ms. Burbano, the Public Relations Director, is also managing admissions efforts, and Mr. Gonzalez has taken on the responsibilities of administrative director. To alleviate some of the additional work load, administrative assistants are being recruited for each of them, along with a bilingual secretary.

In terms of the librarian's position, the University of Houston has secured the consulting services of Mr. Tom Bloch, the Director of INCAE's libraries. Beginning in June, Mr. Bloch will devote two-week time periods in Guayaquil to set up the Institute's library and to select a candidate for training for the librarian's position.

#### IV. TEMPORARY SITE

The contract between the University of Houston and Fleischmann for the temporary site was signed at the end of April. The Institute's temporary offices were then moved to the Fleischmann site in early May. The office furniture, previously ordered and paid for, was delivered to the new location and an additional computer purchased to support the immediate needs of IPAE. Looking towards the future needs of IPAE, a meeting was held in Quito with Lcdo. Julio Guerrero, Manager of External Programs of IBM. The purpose of the meeting was to explore the possibility of a donation by IBM of twenty-four personal

computers. Based on that conversation, a formal proposal is being prepared for review by IBM. During the last week of May, Mr. David Montesinos, the former administrative Director of INCAE in Costa Rica, worked at IPAE as consultant on the computer system. Mr. Montesinos reviewed plans for the IPAE system and made a series of recommendations for improving the configuration. While in Guayaquil he also developed a program for tracking IPAE expenditures and reconciling these back to the contract budget line items. Once implemented the system will greatly assist the Institute in tracking local expenditures and in reporting to the University.

To prepare the site for long term use by IPAE, a twenty-four hour guard service has been contracted to protect the building and its contents. A cleaning service has been hired to maintain the facility, and a review of the air-conditioning system was carried out to be certain of its project functioning. A phone system to serve current and long term needs has been purchased.

The original plans for remodeling of the building have been reviewed with the architect, and some changes made, including amplification of the space allotted to faculty and to the computer training area. A new quote for the work have been drawn up.

#### V. PHYSICAL PLANT (PERMANENT)

As this stage, most of the work on the permanent site remains in the hands of the FPE. The legal documentation for the donation is still pending due to continued negotiations with the donor. The initial architectural plans for the building have

been drawn up and reviewed by the Chief-of-Party, and number of revisions have been made. Based on these revisions, the original donation of 5,000 square meters now appears inadequate, and the FPE has requested an additional 5,000 square meters from the donor. Also, a contract for a full set of architectural plans has been sent to the University for its review and approval.

#### VI. APPLIED RESEARCH

The first Executive Program of the Institute, on the topic of Financial Statements, will take place between July 7 and July 10. The program is divided into two parts: a three day seminar for mid-level managers, and a one day seminar for general managers. The seminar will be presented by Dr. Robert Seiler, professor of accounting at the University of Houston. The materials for Dr. Seiler's program have been translated and invitations to the seminar sent out to over 600 companies in Guayaquil and Quito. Dr. James McFarland, Dean of the College of Business Administration at the University of Houston, will visit Guayaquil and Quito at the time of the seminar to promote the Institute's executive programs.

#### VII. ENDOWMENT FUND

The FPE's progress on fundraising has not been satisfactory. The FPE has been informed of this in writing by both the AID's Chief-of-Mission and by the Chief-of-Party. The position of the FPE is that new fundraising efforts cannot begin until classes commence. However, under the Cooperative Agreement the FPE has committed itself to fundraising goals which are not being met and

which are not tied to any agreement concerning the commencement of classes. Marcel Laniado, the President of the FPE, has been asked to meet with the AID Chief-of-Mission to resolve this problem.

The FPE's progress in securing scholarships (5 as of this date) and in securing terms for student loans has not been satisfactory. The low number of confirmed scholarships and lack of specifics for the lines of credit are a serious impediment to the recruitment of students. The FPE has been informed in writing that these problems are seriously impacting progress in this area.

#### ASSESSMENT

As indicated in the second quarterly report, the emphasis in this third period has been on the Academic Program, Administration and the Temporary Site. The University has made substantial progress in all areas, with successful recruiting of faculty, hiring of the core administrative team, and the occupation of the temporary site. The emphasis in the fourth quarter will be on executive programs, student recruitment and public relations, as well as library development. The lack of a signed contract with AID, and insufficient progress in fund raising and related activities by the FPE remain serious problems for the project.