

A.I.D. EVALUATION SUMMARY - PART I

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>AID/PRE/DP</u> (ES# _____)		B. Was Evaluation Scheduled In Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input checked="" type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>87</u> <u>Q1</u>		C. Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>	
D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)					
Project No. 940-0004	Project /Program Title Grant to the International Executive Service Corps	First PROAG or Equivalent (FY) 1983	Most Recent PACD (Mo/Yr) 12/88	Planned LOP Cost (000) \$25,780	Amount Obligated to Date (000) \$25,780

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director		Name of Officer Responsible for Action	Date Action to be Completed
Action(s) Required			
The PRE Bureau is working with IESC to encourage integration of evaluation report recommendations into its program for the upcoming extension of its core grant. Among areas receiving attention are the following:		Russell Anderson Director, PRE/DP	Ongoing
1. PRE will encourage IESC to seek more small-business clients to the extent possible within its financial constraints.		Penny Farley, Project Officer	"
2. PRE will encourage IESC to continue its efforts to seek alternative sources of program funding.		"	"
3. PRE will reinforce IESC's efforts to improve training and preparation of its country directors, as well as strengthening the country director's working conditions and support system. IESC will also be encouraged to continue seeking country directors with appropriate language skills.		"	"
4. PRE will suggest that IESC redefine its concept of small- and medium-size businesses to correspond with A.I.D. definitions.		"	"

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) June (Day) (Year) 1988

G. Approvals of Evaluation Summary And Action Decisions:

Name (Typed)	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
	Russell Anderson	-	Robert Friedline	Michael Unger
Signature	<i>Russell Anderson</i>		<i>Robert Friedline</i>	<i>Michael Unger</i>
Date				

A B S T R A C T

H. Evaluation Abstract (Do not exceed the space provided)

The International Executive Service Corps (IESC) was established in 1964 to contribute to the development of business management in developing countries. Since 1979, A.I.D. has provided core grant funding to IESC in support of its program to provide business and management expertise to LDC businesses and other institutions. IESC recruits and maintains a roster of volunteer executives to supply this technical assistance. The purpose of this evaluation was to assess IESC's effectiveness in fulfilling the PRE grant objectives, and to assist the Bureau for Latin America and the Caribbean, the Bureau for Asia and Near East, and the Office of Women in Development in other decisionmaking regarding IESC activities. The major findings of the evaluation are:

- Client evaluations across a wide range of cases are generally highly positive regarding IESC assistance. Particularly positive were client ratings of the quality of IESC's volunteer executives.
- A.I.D.'s efforts to target specific clients have created some competition among IESC mandates, particularly between efforts to target smaller and poorer clients and pressures to reduce spending.
- Client complaints regarding IESC include: problems in the selection of volunteers, problems with volunteer skills, and problems stemming from relationships with IESC country directors.

Among the evaluation report's recommendations are the following:

- Efforts to improve training of IESC country directors should be strengthened.
- Effort should be made to encourage country directors to remain in host countries for a full two-year tour.
- Attention should be focused on preparation of the client request for assistance to encourage rapid recruitment of volunteers and quick starts on the ground.
- In-country support systems used by country directors should be strengthened, including improvements in client databases, and the creation of advisory councils where none exist.
- Marketing techniques should be improved through better orientation of country directors regarding publicity methods. IESC should continue to pursue innovative methods of publicizing and marketing its assistance, including better use of volunteers as in-country marketers.
- IESC headquarters should continue efforts to reduce recruitment time and to find language-skilled volunteers for posts where this is particularly critical.
- Efforts should be made to widen the base of IESC funding by increasing the share of income from clients and private donors.

C O S T S

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
Paul Sacks	Multinational Strategies, Inc.	PDC-0001-C-00-7105-00	193,287	AID/PRE
Steven Blank	"			
Clark Anderson	"			
Betty Starkey	"			
Sheila Fifer	"			
Michael Kahan	"			
Samuel Crawford	"			
Christopher Canavan	"			
Sylvia Maxfield	"			
Joanne Horwood	"	PDC-0001-C-6078-00	10,499	"
Andres Velasco	"			
Karen Anderson	Washington Consulting Group			
2. Mission/Office Professional Staff Person-Days (Estimate) <u>20</u>		3. Borrower/Grantee Professional Staff Person-Days (Estimate) <u>100</u>		

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> • Principal recommendations • Lessons learned |
|--|--|

Mission or Office: AID/PRE	Date This Summary Prepared: August 16, 1988	Title And Date Of Full Evaluation Report: Evaluation of the International Executive Service Corps/June 1988
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J. Summary of evaluation findings, etc.

Since 1979, A.I.D. has provided core grant funding to the International Executive Service Corps (IESC) in support of IESC's program to provide business and management expertise to businesses and other institutions in developing countries. Grant management was transferred to the PRE Bureau in 1982. IESC's program was first developed in 1964 to improve business management in developing countries. IESC recruits and maintains a roster of volunteer executives, made up of retired and non-retired U.S. businessmen, to supply this technical and managerial assistance on a one-on-one basis in LDC businesses. IESC's roster now contains approximately 10,000 names of businesspersons who have registered as volunteers for overseas assignments. While on assignment, the volunteer and spouse receive travel and living expenses, but no salary.

IESC's assistance is directed primarily at small- and medium-sized companies in the private sector. The role of the IESC volunteer is seen as teaching and consulting, rather than running a client's business. The average project length is three months, in part to minimize the possibility that a dependent relationship will be created between the client and volunteer. Clients are required to contribute to the cost of the volunteer services, based on their ability to pay. IESC operations in each country are managed by a country director, who markets IESC services, identifies prospective clients, assists the client in preparing a request for assistance to be submitted to IESC headquarters, and backstops volunteers during their assignments.

The purpose of this evaluation was to assess IESC's effectiveness in fulfilling the grant objectives. The evaluation's timing was planned to provide input for PRE's decisionmaking regarding direction and funding of the program prior to renewal of IESC's grant. Also collaborating in the evaluation were the Bureau for Asia and the Near East, the Bureau for Latin America and the Caribbean, and the Office of Women in Development. Each of these offices sought information to assist them in decisionmaking concerning their support for IESC activities.

The evaluation utilized a case study approach. Primary data used were the responses of individual IESC clients gathered in field interviews, together with review of relevant case documents. Research teams visited 11 countries and conducted client interviews in 197 IESC cases.

Among its major findings, the evaluation report addresses the issue of impact measurement for IESC projects. The evaluation found that:

- a large amount of numerical data is available from individual IESC cases;
- it is difficult to convert these data into quantitative indicators of the impact of IESC assistance;
- cross-company and cross-country comparisons based on these indicators must be viewed with some suspicion.

From these findings, the evaluation team concluded that impact should be measured and compared using perceptual rather than objective indicators; that is, data drawn from the assessments of key individuals in the activity. The evaluators tested two perceptual indicators: client satisfaction and project impact. Principal findings of the evaluation related to these indicators included the following:

- IESC provides assistance to clients in two basic forms: technical, or "shop-floor" assistance, and management assistance. The evaluation found that perceived impact is greater in projects involving technical assistance, but that this may reflect the fact that management assistance projects may take longer to show benefit.
- client evaluations across a wide range of cases are generally highly positive regarding IESC assistance. Particularly positive were client ratings of the quality of IESC's volunteer executives. The volunteers' credentials, skills, enthusiasm, commitment and effectiveness were cited frequently by clients. In more than 60 percent of completed cases, clients were judged as "highly satisfied" with IESC assistance and 24 percent were viewed as "mostly satisfied."
- The evaluation found that A.I.D.'s efforts to target specific clients created some competition among IESC mandates, particularly between efforts to target smaller and poorer clients and pressures to reduce spending.
- Client complaints were found to focus on three areas: problems in the selection of volunteers, problems with volunteer skills, and problems stemming from relationships with IESC country directors.

The evaluation produced a number of conclusions regarding variables which help to determine the degree of impact of IESC assistance. Judged most important among these variables was the ability of the IESC to deliver an experienced, enthusiastic volunteer to the client. Other determinants of project impact included the volunteer's support system, including the background and business approach of the IESC country director; and the accuracy and clarity of the original request for assistance. Also important was the existence of an appropriate counterpart for the volunteer in the assisted business.

The evaluation further concluded that IESC's operations and strategy are structured by a series of policies, practices and pressures. These form the framework in which IESC's future options will be identified and determined. The most important factors in this framework are the following:

- A unique product, involving carefully targeted, highly personalized, short-term assistance. The critical factors are the lengthy, hands-on experience of the VE and the capacity of the IESC to identify specific skills in its large data bank.
- High regard among governmental and business leaders in many developing countries, together with high levels of confidence that the program provides top-quality technical assistance that is not tied to requirements or pressures to "buy American."
- A business strategy which focuses primarily on getting the volunteer to the work site and places less emphasis on prior project design or on the achievement of externally defined substantive objectives.

S U M M A R Y (Continued)

- An overseas management structure based on relatively short-term, near-volunteer country directors, whose major responsibility is seen to be marketing IESC assistance. Country director turnover is so rapid in some cases that benefits from project development and marketing resources are sharply diminished.
- A complex funding situation in which income is partially derived from government subsidies which are uncertain from year to year. This gives rise to uncertainty as to identity and mission.

The evaluation report presents a number of recommendations for enhancing IESC project impact and improving its program:

1. Efforts to improve training of IESC country directors should be strengthened.
2. Every possible effort should be made to encourage country directors to remain in host countries for a full two-year tour.
3. Preparation of the client request for assistance should not be viewed as part of the marketing process. Sufficient attention should be focused on this task to encourage rapid recruitment of volunteers and quick starts by volunteers on the ground.
4. In-country support systems used by country directors should be strengthened wherever possible, including improvements in client databases, and the creation of advisory councils where none exist.
5. IESC headquarters should continue efforts to reduce recruitment time and to find language-skilled volunteers for posts where this is particularly critical.
6. Marketing techniques should be improved through better orientation of country directors regarding publicity methods. IESC should continue to pursue innovative techniques of publicizing and marketing its assistance, including better use of volunteers as in-country marketers.
7. Effort should be made to widen the base of IESC funding by increasing the share of income derived from clients and private donors.
8. IESC's business strategy and "product", the volunteer executive, may become less relevant to developing country needs during the next decade. Study should be done to ensure that the volunteer executive can be made available in ways that are useful and relevant to the client and host country.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

Evaluation of the International Executive Service Corps;
Evaluation of the International Executive Service Corps
(IESC) Program in the West Bank and Gaza

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

XD-000-098-A

30-118

EVALUATION OF THE
INTERNATIONAL EXECUTIVE SERVICE CORPS

A.I.D. Contract No. PDC-0001-C-00-7105-00

Submitted to:

PRE/PR
Agency for International Development
Washington, D.C. 20523

Submitted by:

Multinational Strategies, Inc.
67 Irving Place
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Executive Summary

The purpose of this evaluation is to assess the effectiveness of IESC in fulfilling the objectives of A.I.D. Grant No. AID/SOD/PDC-G-0206. Using a case study approach, the evaluation provides information to assist the Bureau for Private Enterprise (PRE) in determining future directions and funding of IESC's core grant, and to assist the Bureau for Asia and Near East (ANE), Bureau for Latin America and the Caribbean (LAC), and the Office of Women in Development in the Bureau for Programs and Policy Coordination (PPC/WID) in other decision-making regarding IESC activities.

Following A.I.D. project specifications, MNS utilized a case study approach for evaluating the effectiveness of IESC. This meant that the primary data used for the evaluation were responses of individual IESC clients gathered in face-to-face interviews overseas, backed up by an in-depth review of relevant case documents. Our view of IESC and its operations is by design from the field--from the perspective of individual users of IESC services.

Research teams visited 11 countries (as specified in the Scope of Work) and conducted client interviews in a total of 197 IESC cases. Of this total, 181 were coded for the evaluation.

IESC provides assistance to clients in two basic forms, technical, or "shop-floor" assistance and management consulting, although, in practice, the two may be difficult to distinguish. Qualitative evaluation suggests that perceived impact is greater in projects involving technical assistance, but the time frame in which impact is evaluated may be significant. Projects which involve management assistance--the creation of new management systems, for example, may take longer to show benefit.

The benefits of IESC assistance can also be divided in two forms, direct and indirect. Direct benefits are those which are particularly responsive to the client's request for assistance. Indirect benefits are "by-products"--unanticipated benefits which emerge in the course of the project. Clients and VEs alike emphasize that indirect benefits of a project are often as important as direct benefits. The example of how the VE approaches a problem, the personal skills the VE views as necessary and the VE's own work habits may well have a more substantial, longer-term impact than his or her ability to solve a particular production problem.

Client evaluations across a wide range of cases and 11 countries are generally highly positive regarding IESC assistance and, in particular, the quality of the volunteer executive. VE credentials, qualifications, skills, enthusiasm, commitment and effectiveness were all cited frequently by clients.

On the basis of interviews with clients and a review of case documents, research teams evaluated levels of satisfaction with IESC services. In more than 60 percent of the completed cases, clients were felt to be "highly satisfied" with IESC assistance and 24 percent were viewed as "mostly satisfied." Only 6 percent were evaluated as unsatisfied.

Similarly, teams evaluated perceived levels of impact on completed cases. In 41 percent of the cases, clients indicated that there had been "major impact," in 38 percent of these cases, "moderate impact."

With regard to the impact of IESC assistance on A.I.D. special targets, our assessment was that, while the number of clients in targeted groups was relatively small, levels of impact were not inconsequential, particularly because the potential demonstration effect of IESC efforts to reach certain target clients should not be underestimated. Government and business leaders alike are well aware of IESC activities in their countries and such targeting of special client groups does not pass unnoticed.

We noted that A.I.D. efforts to target specific clients were seen as creating some competition among IESC mandates, particularly between efforts to target frequently smaller, poorer, newer clients and pressures to reduce spending.

Client complaints focus on three areas: problems in the selection of VEs, and, most often among these, that the recruitment process takes too long; problems with VE skills; and problems growing out of the relationship with country directors. The greatest volume of client complaints does not involve either the VE or the assistance rendered. These complaints suggest a strong desire by clients to have earlier access to the VE and to have a greater say in the selection process.

Inadequate language skills are a problem in countries, other than Spanish-speaking, where English is not common.

Finally, some clients complain that VE tours are too short. This criticism may indicate inadequate preparation for the volunteer and the need, therefore, for the VE to spend too much time redefining the project. It may also reflect high enough levels of satisfaction that clients would like to keep the VE on the job much longer.

An important factor for A.I.D. in the development of this evaluation was a desire to improve its understanding of how the impact of IESC assistance could be more accurately measured.

Our findings with regard to measuring impact, in brief, are: (1) a large amount of numerical data is available from individual cases; (2) it is difficult to convert these data into quantitative indicators of the impact of IESC assistance; (3) even if this were done,

cross-company and cross-country comparisons on the basis of these indicators must be viewed with some suspicion; (4) impact can be measured and compared using perceptual rather than objective indicators.

By perceptual indicators, we refer to data drawn from the assessments of key individuals in the activity under scrutiny. These data are more subjective in that they depend on interpretations in the first instance, but they are not less useful for measurement in appropriate cases.

In our analysis, we tested two perceptual indicators, client satisfaction and project impact. We concluded that interesting and valuable data could be derived from perceptual assessments and that this data could be quantified and used in a wide range of cross-company and cross-country analyses.

The impact of IESC assistance depends largely on the ability of the IESC to deliver an experienced, enthusiastic volunteer to the client.

"Management factors" are the next most important elements in influencing the impact of IESC programs. By management factors, we mean the whole array of elements that support the VE, from the background and business approach of the CD to the support resources he or she can call upon, the CD's self-image in terms of marketing, project development, and follow-up, as well as aspects of the relationship between IESC in country and IESC headquarters in Stamford. Better management means more productive projects, less lost time in re-defining projects and more sophisticated approaches to marketing.

In addition to the appropriate skills and preparation of the VE, the impact of IESC assistance is largely shaped by the characteristics of the country director's performance and the in-country support structure, the accuracy and clarity of the original request for assistance, the existence of an appropriate counterpart for the VE, sufficient attention being given to the VE's recommendations by the client and project follow-up by CD. Impact is likely to be discouraged when the VE is inappropriate for the project or insufficiently prepared, when there have been excessive delays in selecting the VE, when requests for assistance are poorly formulated, when communication between Stamford and the field is inadequate and when there are language problems.

Second only to the VE, the CD plays the most crucial role in ensuring whether or not IESC efforts will be successful in a given country.

Among the various factors which shape the CD's role and determine effectiveness, the most important seem to be recruitment, training, tenure, and self-image.

The CD recruitment process is based largely on the assumption that the same characteristics that produce a good VE will also produce a good CD. Training, though now being upgraded by IESC headquarters, is viewed by CDs we interviewed as fairly minimal. Little attention seems to be given in the process to the substance of projects, either with regard to A.I.D. targets or host country objectives. CDs are asked to remain in country for two years; in fact, in many cases, the rotation is much more rapid than that. CDs tend to see their role primarily as marketers and the IESC in the field is largely a marketing-driven organization.

Marketing technique in most cases we visited emphasizes door-to-door individual sales. We express some concern about this approach if it leads IESC leaders to overlook other possible approaches, such as the wholesale marketing of IESC assistance or the deepening of relationships with existing clients.

Research teams encountered a considerable volume of criticism in the field regarding relations with Stamford. Some of these complaints are to be expected for any international organization with operations in many different countries, but others are pertinent to this evaluation. Complaints centered on insufficient communication between headquarters and the field, particularly about the VE recruiting process. There was also little evidence of an institutional mechanism in IESC to relate project marketing to particular A.I.D. targets or to host country objectives.

IESC's operations and strategy are structured by a series of policies, practices and pressures. These form the framework in which IESC's future options will be identified and determined. The most important factors in this framework are the following:

- o A unique product, involving carefully targeted, highly personalized, short-term assistance. The critical factors here are the lengthy, hands-on experience of the VE and the capacity of the IESC to identify specific skills in its large data bank.
- o High regard among governmental and business leaders in many developing countries, together, we believe, with high levels of confidence that this program provides top-quality technical assistance that is not tied to requirements or pressures to "buy American."
- o A business strategy which focuses primarily on getting the VE to the work site, and places less emphasis on prior project design or on the achievement of externally defined substantive objectives.
- o An overseas management structure based on relatively short-term, near-volunteer country directors, typically recruited from the ranks of VEs, whose major, and at times almost exclusive, responsibility is seen to be marketing IESC assistance. CD turn-over is so rapid in some

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cases that benefits from project development and marketing resources are sharply diminished--and, in certain cases, too frequent even to permit the creation of an effective infrastructure.

o A complex funding situation in which income is partially derived from government subsidies (almost wholly from a single agency) and partially from client fees, and in which government support levels are uncertain from year to year. This gives rise to uncertainty as to identity and mission.

o Uncertainties regarding self-image: is the IESC most appropriately viewed as a government-subsidized assistance program or a self-supporting international consulting agency? At times, IESC acts more like a market-driven, business-oriented enterprise; at others, it is more like a satellite orbiting a governmental bureau.

o Competing mandates arising from this mixture of funding sources and confusion of self-image: is the IESC's main task to market its assistance to clients in developing countries, or is it to carry out A.I.D. objectives? Note, too, that there is some real disagreement within A.I.D. itself on just what this means--whether the IESC will advance A.I.D.'s most basic goals of encouraging international development just by doing what it does best, providing shop-floor, hands-on assistance to smaller firms in developing countries, or whether it should be asked to implement much more specific objectives--of, for example, women in development.

Moreover, A.I.D. mandates themselves are perceived to be contradictory at times, such as when IESC is pressured to increase the client share of project funding while at the same time pushed to develop new projects involving women-owned and smaller firms which by their nature are less likely to be able to pay their own way and are less influential in affecting national objectives.

o A system which maintains impressive stability, in part at least because its decision-making about project starts is almost wholly decentralized and insulated from pressures regarding specific targets or the substance of its assistance. Only when there is a supplementary grant in place might this careful balance be upset and, then, the existence--and flexibility--of core funding seem to maintain autonomy.

The most important issue shaping IESC's future is the extent to which the factors constituting the framework for IESC are viewed as parameters, entirely fixed and unalterable, or as variables and subject to change. Between the two extremes of changing everything or nothing, we believe that, to different degrees, most of the factors in the IESC framework are amenable to change. The costs and benefits of changes vary, of course, but a certain refocusing by IESC on several areas of its operations is likely to be valuable in the long term.

Two of these areas require a major review of options. One of these has to do with positioning IESC programs for the future, and the second with funding.

In our view, the business strategy and product which serve IESC so well at the present time may become less relevant to developing country needs in the course of the next decade. Serious thinking has to be done now to develop new ways of ensuring that the basic product, the American volunteer executive, can be made available in ways that are useful and relevant to client and host country alike.

We believe that all possible efforts must be made to widen the base of IESC funding by increasing the share of income derived from clients and private donors.

In addition to these broadly-based areas, there are other areas in which some, more modest, changes can be made that will increase impact of IESC assistance and the efficiency of its operations. These are: enhancing positive impact, marketing, and evaluation.

Our evaluation indicates high levels of client satisfaction and perceived impact. These could be enhanced in the following ways:

- o efforts to improve CD training should be strengthened
- o every possible effort should be made to encourage CDs to remain in country for a full two-year tour
- o preparation of the client request for assistance should not be viewed as part of the marketing process; sufficient attention must be focused on this task to encourage rapid recruitment of VEs and quick starts by VEs on the ground
- o in-country CD support systems should be strengthened wherever possible, including improvements in client data bases, and the creation of advisory councils where none exist
- o IESC headquarters should continue efforts to reduce recruitment time and to find language-skilled VEs for posts where this is especially critical

Marketing techniques can be improved with few fundamental changes in the existing management system. For example:

- o CDs need better orientation on publicity methods
- o Stamford should continue to pursue more innovative techniques to publicize and market IESC assistance, including better use of VEs as in-country marketing assets

- o *IESC Stamford should intensify its efforts to develop more innovative marketing possibilities, including multi-project arrangements with appropriate U.S. corporations and local umbrella organizations*

Existing instruments used by IESC to evaluate IESC projects are viewed by many CDs as inadequate. New tools for evaluation should be constructed, using perceptual indicators, along lines already initiated by IESC headquarters staff.

I. Introduction

A. Purpose of the Evaluation

The purpose of this evaluation is to assess the effectiveness of IESC in fulfilling the objectives of A.I.D. Grant No. AID/SOD/PDC-G-0206. Using a case study approach, the evaluation provides information to assist the Bureau for Private Enterprise (PRE) in determining future directions and funding of IESC's core grant, and to assist the Bureau for Asia and Near East (ANE), Bureau for Latin America and the Caribbean (LAC), and the Office of Women in Development in the Bureau for Program and Policy Coordination (PPC/WID) in other decision-making regarding IESC activities.

B. Methodology

Following A.I.D. project specifications, MNS utilized a case study approach for evaluating the effectiveness of IESC. This meant that the primary data used for the evaluation were responses of individual IESC clients gathered in face-to-face interviews overseas, backed up by an in-depth review of relevant case documents. Our view of IESC and its operations is by design from the field--from the perspective of individual users of IESC services.

In selecting IESC projects for evaluation, we chose to work in close cooperation with IESC. Alternative methods, such as seeking to draw samples of cases for evaluation, either of the entire universe of IESC cases or of individual country experiences, were felt to be impractical because of the very large number of IESC cases over more than 20 years of operations. Instead, MNS provided IESC with guidelines for the selection of cases to be studied in the field. These guidelines asked country directors to try to schedule interviews with both successful projects and some which they would consider less successful; to replicate in the sample of clients interviewed, insofar as was practical, the spread of projects in the country by sector; but above all to be guided by accessibility of clients, their willingness to talk with the field teams, and their value to the teams in teaching about IESC and how it works. Within these guidelines, CDs were asked to choose about 20 cases for interviews: 12 with projects completed, 4 with projects underway (and with VEs on the ground) and 4 with projects contracted but not yet begun. Finally, we asked to talk with at least one client whose project was cancelled.

This approach emphasized the evaluation of current practice and performance. The hypothesis that guided our approach was that we could learn more about the impact of IESC assistance, including problems as well as achievements, through an in-depth, on-site

examination of a substantial array of cases at different stages of development, in different sectors of the economy and with differing project objectives than by seeking to identify deviant or outriding cases.

The interview programs set up by the various CDs were not designed as statistically accurate samples of the total IESC experience in those countries. Availability of key individuals, time, and distance further added to the difficulty of establishing an interview schedule which reflected "scientifically" the array of country clients.

In sum, we asked the CDs to select cases that were "representative" of IESC experience. We underscored our desire to review cases that the IESC felt represented the mainstream of their business rather than to look particularly for "problem" cases. The project design was field tested in Kenya by Project Director Stephen Blank and MNS President Paul Sacks. IESC staff members Charles Neiswender and Robert Collier also took part in this field test, as did A.I.D. consultant Karen Anderson.

Cases for investigation, following MNS guidelines, were selected by CDs in consultation with IESC headquarters. Documents from each case were made available to MNS researchers. After research teams arrived in country, some alterations in interview schedules were made either because targeted clients were unavailable or because research teams requested revisions in the mix of projects to be reviewed.

Research teams visited 11 countries, specified by A.I.D. in the Scope of Work, and conducted a total of 197 interviews with IESC clients. Interviews with clients followed an open-ended, structured format. In almost all cases, two MNS team members took part in the interviews. (The client interview instrument is found in the Appendix.)

In addition, the project team conducted interviews with members of IESC's headquarters staff in Stamford, Connecticut; with IESC country directors in those countries selected for field study; with volunteer executives both in country and in the U.S.; with USAID Mission directors, private sector liaison officers, and other Mission personnel familiar with IESC activities in countries included in the field study; and with A.I.D. personnel knowledgeable regarding IESC projects and special A.I.D. targets in the IESC program. Standardized interview instruments were also used in the case of the CD and Mission interviews (see Appendix).

The project team also reviewed written materials, including A.I.D. documentation of IESC programs, including correspondence and past project evaluations; quarterly and annual status reports submitted to A.I.D./W by IESC; IESC documentation on cases, both in country and in Stamford; existing independent evaluation reports on IESC activities;

USAID Mission evaluations and program documents relating to IESC; and IESC in-country documents and program materials.

C. History and Program of IESC

The International Executive Service Corps (IESC) was incorporated in 1964 as a program to improve business management in developing countries. Founding chairman's David Rockefeller's concept of a "managerial task force of free enterprise," first enunciated in a 1963 speech, met with enthusiastic response at a moment of wide agreement that Americans could and should provide skills, as well as money, to developing countries. Indeed, the Peace Corps had been founded just the previous year, and Congress remained enthusiastic about such endeavors.

Organizing meetings and discussions followed. A.I.D. became involved with IESC at this early date: in March 1964, the Office of Development Finance and Private Enterprise sponsored the initial conference on how best to set up such a program.

Seven senior American business leaders who participated in the conference were asked to form an organizing committee. They were Ray R. Eppert, president of Burroughs Corporation; C. D. Jackson, senior vice president of Time, Inc.; John H. Johnson, president of Johnson Publications; Dan A. Kimball, chairman of Aerojet General Corporation; Sol M. Linowitz, chairman of Xerox Corporation; William S. Paley, chairman of the Columbia Broadcasting System, Inc.; and David Rockefeller. These business leaders formed the nucleus of IESC's first board of directors.

The first IESC project began in January 1965 with the assignment of a volunteer executive (VE) to a Panamanian businessman. From this beginning to mid-1986, IESC completed more than 10,000 projects in some 80 developing countries.

IESC maintains a file of approximately 10,000 experienced business men and women who have registered as volunteers for overseas assignments. While on assignment, the VE and spouse receive travel and living expenses but no salary.

IESC's founders envisioned several guiding principles for the IESC which remain the standard practice today:

First, they expected that IESC assistance would be directed primarily at small and medium-sized companies when this support was unavailable locally or when the firm could not afford such services through normal channels.

Second, they envisioned that most projects would serve private sector clients but that IESC would consider any project likely to strengthen the local business community or improve the environment for private enterprise.

Third, the role of the IESC volunteers was to assist in teaching, coaching and consulting rather than running a client's business. The desire to minimize any possible dependency of a client on a VE is one of the main reasons why the average project length is about three months--rather than the one year originally proposed.

Fourth, the founders believed that a client should contribute to the costs of the project. In practice this has meant a negotiated fee covering as much as possible of in-country living expenses of the VE and spouse and their transportation costs.

Finally, the seven organizers recognized that each project would require the "closest supervision, country by country, to make sure it was contributing effectively."

Since 1979, A.I.D. has provided core grant funding to IESC. Grant management was transferred to the PRE Bureau in 1982. The estimated total amount of grant funding from May 30, 1979, through 1987 is \$48,400,000, with yearly allocations of \$6 million until FY 1986, when a four percent reduction was imposed because of A.I.D. budget constraints, reducing the annual allocation to \$5.760 million.

In amendments to IESC's core grant enacted in 1985, A.I.D. specified that the intention of core grant funding for the 1984-87 period was to "provide seed funding for a major program expansion in specified A.I.D. countries." The 1985 grant amendments also set performance targets (described in more detail below). Under the core grant, IESC is also to establish and maintain full-scale programs in A.I.D. target countries and phase out use of core grant funds in non-A.I.D. countries. The amendments also set requirements for quarterly and annual reporting on program performance status versus grant objectives, developmental impact, and financial information regarding IESC projects. IESC is further directed to continue its cost reduction program and emphasize efforts to expand funding sources.

A.I.D. core grant funding is augmented in certain countries by supplementary grants from the local USAID Missions. These supplementary grants are used by the Missions to support specific Mission goals in a country--encouraging exports, for example--through IESC projects. Missions in these cases fund a certain portion of project costs.

Though IESC's principal funder has been the U.S. government, it has also received support from U.S. private industry. The first concerted

drive for industry funds in 1967 garnered 133 corporate contributions. The following year an overseas sponsor program was initiated, with voluntary contributions from foreign companies as distinct from project fees.

IESC has begun several new programs since its founding, designed to help IESC respond to changing market needs overseas. Some of the more recent include American Business Linkage Enterprise (ABLE), providing U.S. business contacts for IESC clients; the Piggyback concept, utilizing a VE for two consecutive projects in a country; and diagnostic projects, in which a VE makes an brief initial visit to assess a client's needs and help shape the work plan for the project before commencing a subsequent, full-length visit.

Former IESC president Frank Pace, Jr., in a 1980 report to the IESC board, appropriately summarized the essence of the IESC: "IESC always has been a very personal business. To a greater extent than in most free enterprise organizations the performance of the individual has established our reputation. We have attracted, selected and involved men and women of proven leadership capability, and then we have supplied the environment in which they can achieve full proficiency."

II. The Impact of IESC Assistance: Conclusions of the Evaluation

Our conclusions, following the outline of this Report, focus on six areas: the nature of IESC assistance, measuring impact, assessing impact, client complaints, influencing impact, and options for IESC's future.

A. The Nature of IESC Assistance

IESC provides assistance to clients in two basic forms, technical, or "shop-floor" assistance, and management assistance, although, in practice, the two may be difficult to distinguish. Evaluation suggests that perceived impact is greater in projects involving technical assistance, but the timeframe in which impact is evaluated may be significant. Projects which involve management assistance--the creation of new management systems, for example--may take longer to show benefit.

The benefits of IESC assistance can also be divided in two forms, direct and indirect. Direct benefits are those which are particularly responsive to the client's request for assistance. Indirect benefits are "by-products"--unanticipated benefits which emerge in the course of the project. Clients and VEs alike emphasize that indirect benefits of a project are often as important as direct benefits. The example of how the VE approaches a problem, the personal skills the VE views as necessary and the VE's own work habits may well have a more substantial, longer-term impact than his or her ability to solve a particular production problem.

B. Measuring Impact

An important factor for A.I.D. in the development of this evaluation was a desire to improve its understanding of how the impact of IESC assistance could be more accurately measured.

Our findings with regard to measuring impact, in brief, are: (1) a large amount of numerical data is available from individual cases; (2) it is difficult to convert these data into quantitative indicators of the impact of IESC assistance; (3) even if this were done, cross-company and cross-country comparisons on the basis of these indicators must be viewed with some suspicion; (4) impact can be measured and compared using perceptual rather than objective indicators.

By perceptual indicators, we refer to data drawn from the assessments of key individuals in the activity under scrutiny. These data are more

subjective in that they depend on interpretations in the first instance, but they are not less useful for measurement in appropriate cases.

In our analysis, we tested two perceptual indicators, client satisfaction and project impact. We concluded that interesting and valuable data could be derived from perceptual assessments and that this data could be quantified and used in a wide range of cross-company and cross-country analyses.

C. Qualitative Assessments

Client evaluations across a wide range of cases and 11 countries are generally highly positive regarding IESC assistance and, in particular, the quality of the volunteer executive. VE credentials, qualifications, skills, enthusiasm, commitment and effectiveness were all cited frequently by clients.

On the basis of interviews with clients and a review of case documents, research teams evaluated levels of satisfaction with IESC services. In more than 60 percent of the completed cases, clients were felt to be "highly satisfied" with IESC assistance and 24 percent were viewed as "mostly satisfied." Only six percent were evaluated as unsatisfied.

Similarly, teams evaluated perceived levels of impact on completed cases. In 41 percent of the cases, clients indicated that there had been "major impact," in 38 percent of these cases, "moderate impact."

Data show that satisfaction is a necessary, but not sufficient, condition for impact. The two factors are moderately, but not perfectly related. In general, longer, technical-assistance projects are most likely to have high satisfaction and impact.

With regard to the impact of IESC assistance on A.I.D. special targets, our assessment was that, while the numbers of clients in targeted groups was relatively small, levels of impact were not inconsequential, particularly because the potential demonstration effect of IESC efforts to reach certain target clients should not be underestimated. Government and business leaders alike are well aware of IESC activities in their countries and such targeting of special client groups does not pass unnoticed. With regard to IESC pricing policies for services, the evaluation shows that there is evidence of a rational pricing culture at IESC, which apparently includes larger firms paying higher prices for similar types and lengths of projects.

We note that A.I.D. efforts to target specific clients were seen as creating some competition among IESC mandates, particularly between

efforts to target frequently smaller, poorer, newer clients and pressures to reduce spending.

D. Client Complaints

Client complaints focus on three areas: problems in the selection of VEs, and, most often among these, that the recruitment process takes too long; problems with VE skills; and problems growing out of the relationship with country directors. The greatest volume of client complaints does not involve either the VE or the assistance rendered. These complaints suggest a strong desire by clients to have earlier access to the VE and to have a greater say in the selection process.

Inadequate language skills are a problem in countries, other than Spanish-speaking, where English is not common.

Finally, some clients complain that VE tours are too short. This criticism may indicate inadequate preparation for the volunteer and the need, therefore, for the VE to spend too much time redefining the project. It may also reflect high enough levels of satisfaction that clients would like to keep the VE on the job much longer.

E. Influencing Impact

The impact of IESC assistance depends largely on the ability of the IESC to deliver an experienced, enthusiastic volunteer to the client. "Management factors" are the next most important elements in influencing the impact of IESC programs.

By management factors, we mean the whole array of elements that support the VE, from the background and business approach of the CD to the support resources he or she can call upon, the CD's self-image in terms of marketing, project development, and follow-up, as well as aspects of the relationship between IESC in country and IESC headquarters in Stamford. Better management means more productive projects, less lost time in re-defining projects and more sophisticated approaches to marketing.

In addition to the quality and preparation of the VE, the impact of IESC assistance is largely shaped by the quality of the country director and the in-country support structure, the accuracy and clarity of the original request for assistance, the existence of an appropriate counterpart for the VE, sufficient attention given to the VE's recommendations by the client and project follow-up by CD. Impact is likely to be discouraged when the VE is inappropriate for the project or insufficiently prepared, when there have been excessive delays in selecting the VE, when requests for assistance are poorly

formulated, when communication between Stamford and the field is inadequate and when there are language problems.

Second only to the VE, the CD plays the most crucial role in ensuring whether or not IESC efforts will be successful in a given country. Among the various factors which shape the CD's role and determine effectiveness, the most important seem to be recruitment, training, tenure, and self-image.

The CD recruitment process is based generally on the assumption that the same characteristics that produce a good VE will also produce a good CD. Training, though now being upgraded by IESC headquarters, is viewed by CDs we interviewed as fairly minimal. Little attention seems to be given in the process to the substance of projects, either with regard to A.I.D. targets or host country objectives. CDs are asked to remain in country for two years; in fact, in many cases, the rotation is much more rapid than that. CDs tend to see their role primarily as marketers, and the IESC in the field is largely a marketing-driven organization.

Marketing technique in most cases we visited emphasizes door-to-door individual sales: most CDs we met place a heavy reliance in their marketing efforts on "cold" calls to individual potential clients. We express some concern about this approach if it leads IESC leaders to overlook possible other approaches, such as the wholesale marketing of IESC assistance or the deepening of relationships with existing clients.

Research teams encountered a considerable volume of criticism in the field regarding relations with Stamford. Some of these complaints are to be expected for any international organization with operations in many different countries, but others are pertinent to this evaluation. Complaints centered on insufficient communication between headquarters and the field, particularly about the VE recruiting process. There was also little evidence of an institutional mechanism in IESC to relate project marketing to particular A.I.D. targets or to host country objectives.

F. Options for the Future

IESC's operations and strategy are structured by a series of policies, practices and pressures. These form the framework in which IESC's future options will be identified and determined.

The most important issue shaping IESC's future is the extent to which these factors are viewed as parameters, entirely fixed and unalterable, or as variables and subject to change. We believe that, to different degrees, the factors in the IESC framework are all

amenable to change. The costs and benefits of changes vary, of course, but a certain refocusing by IESC on several areas of its operations is likely to be valuable in the long term.

Two of these areas require a major review of options. One of these has to do with positioning IESC programs for the future, and the second with funding.

In our view, the business strategy and product which serve IESC so well at the present time may become less relevant to developing country needs in the course of the next decade. Serious thinking has to be done now to develop new ways of ensuring that the basic product, the American volunteer executive, can be made available in ways that are useful and relevant to client and host country alike.

We believe that all possible efforts must be made to widen the base of IESC funding by increasing the share of income derived from clients and private donors.

In addition to these broadly-based areas, there are other areas in which more modest changes can be made that will increase the impact of IESC assistance and the efficiency of its operations. These are: enhancing positive impact, marketing, and evaluation.

1. Enhancing Positive Impact

Our evaluation indicates high levels of client satisfaction and perceived impact. These could be enhanced in the following ways:

- o efforts to improve CD training should be strengthened
- o every possible effort should be made to encourage CDs to remain in country for a full two-year tour
- o preparation of the client request for assistance should not be viewed as part of the marketing process; sufficient attention must be focused on this task to encourage rapid recruitment of VEs and quick starts by VEs on the ground
- o in-country CD support systems should be strengthened wherever possible, including improvements in client data bases, and the creation of advisory councils where none exist
- o IESC headquarters should continue efforts to reduce recruitment time and to find language-skilled VEs for posts where this is especially critical.

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2. Marketing

Marketing techniques can be improved with few fundamental changes in the existing management system. For example:

- o CDs need better orientation on publicity methods
- o Stamford should continue to pursue more innovative techniques to publicize and market IESC assistance, including better use of VEs as in-country marketing assets
- o IESC Stamford should intensify its efforts to develop more innovative marketing possibilities, including multi-project arrangements with appropriate U.S. corporations and local umbrella organizations

3. Evaluation

Existing instruments for evaluating the impact of IESC assistance are viewed by many CDs as inadequate. New tools for evaluation should be constructed, using perceptual indicators, along lines already initiated by IESC Stamford.

III. Data Base

Research teams visited 11 countries (as specified in the Scope of Work) and conducted client interviews in a total of 197 IESC cases. In this section of the Report, we summarize the case universe and profile the host countries.

A. Description of the Case Universe

Of the universe of case studies, a certain percentage were unusable for a variety of reasons, including poor interview quality, inappropriate interview subjects, and loss of data. One hundred eighty-one cases were therefore selected for coding, and these provide the data base for our analysis.

Some of these cases involve multiple projects for the same client. In general, these cases were coded separately. On the other hand, in several cases, a single IESC VE worked with a number of separate firms through some sort of umbrella organization. These were coded as one case.

Note that in the tables which follow in this report, the total number of cases coded for a particular criterion may vary. Not all cases can be coded for all criteria.

Table 1. *Cases Interviewed & Coded*

	<i>total cases</i>	<i>coded cases</i>
<i>Costa Rica</i>	22	22
<i>Ecuador</i>	12	12
<i>Egypt</i>	19	19
<i>Honduras</i>	15	12
<i>Indonesia</i>	12	12
<i>Jordan</i>	21	17
<i>Kenya</i>	13	13
<i>Mexico</i>	17	17
<i>Morocco</i>	22	22
<i>Philippines</i>	23	20
<i>Thailand</i>	20	15

IESC, at MNS' request, selected the cases for the field study. MNS asked IESC to select cases primarily on the basis of their status so that the field teams could evaluate IESC activities at various stages

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of project completion. This preliminary distinction is summarized below.

Of the coded cases, in 64 percent the project had been completed, in 12 percent the project was underway, in 14 percent the project had been contracted but not yet begun, and in 10 percent the project had been cancelled.

Table 2. Coded Cases by IESC Project Status

	<i>completed</i>	<i>underway</i>	<i>contracted</i>	<i>cancelled</i>
<i>Costa Rica</i>	13	0	5	4
<i>Ecuador</i>	10	1	1	0
<i>Egypt</i>	11	7	1	0
<i>Honduras</i>	12	0	0	0
<i>Indonesia</i>	8	2	2	2
<i>Jordan</i>	10	3	2	2
<i>Kenya</i>	9	1	2	1
<i>Mexico</i>	7	0	4	6
<i>Morocco</i>	12	6	4	0
<i>Philippines</i>	14	1	4	1
<i>Thailand</i>	11	0	2	2

The coded cases are classified in several additional ways below, in the context of determining IESC performance regarding A.I.D. special issues and assessing IESC impact.

B. Country Profiles Summary

The evaluation team studied cases in 11 countries. Detailed country profiles are found in the appendix; summary baseline data are given below.

Among the most important elements in the country profiles are the length of time the IESC has been operating in the country, its history and experiences in that country, the role of the country director, and the frequency of CD turnover. Another critical element of the IESC country profile has to do with its relationship with the USAID Mission in that country. Table 3 displays relevant data dealing with IESC experience in country.

Table 3. IESC Country Profiles

	<i>length of time IESC in ctry</i>	<i>number of CDs past 5 yrs</i>	<i>local adv board</i>	<i>supplementary grant</i>
<i>Costa Rica</i>	23	2	yes	yes
<i>Ecuador</i>	21	2	yes	yes
<i>Egypt</i>	10+	3	yes	yes
<i>Honduras</i>	23	2	yes	yes
<i>Indonesia</i>	20+	2	yes	yes
<i>Jordan</i>	4	4	yes	yes
<i>Kenya</i>	5	4	no	yes
<i>Mexico</i>	21	2	yes	yes
<i>Morocco</i>	4	4	yes	yes
<i>Philippines</i>	23	2	yes	no
<i>Thailand</i>	20+	2	yes	no

The countries selected by A.I.D. for case analysis are varied among countries in which IESC has operated since its earliest days and those which are relatively new venues. Several countries in the group have experienced higher rates of CD turn-over, a factor which we deal with at some length in our discussion of influencing impact. Most, but not all of the 11 countries, have an advisory board and most, but not all, have some sort of supplementary grant from the local Mission.

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IV. Assessing the Impact of IESC Services

This evaluation was designed to assess the impact of IESC services through an on-site examination of a wide range of individual cases in 11 countries.

In the first section of this chapter we provide a framework for assessing the impact of IESC assistance, based on our experience in examining IESC performance in some 181 cases. We then introduce several concepts, explored in greater depth in the remainder of the chapter.

A. Framework for Assessing Impact

In the great majority of individual cases, across all of the countries, findings were remarkably similar.

- o Clients, regardless of whether projects were on-going at the time of the interview or long completed, were willing, and typically eager, to describe to us their experience with IESC.
- o Clients were usually able to provide some numerical indicators about the project--that, for example, as a result of the volunteer's assistance, this machine produced so many more parts per hour than before, there were so many fewer rejects on the production line, or so many new workers had been trained. But they found it difficult, and most believed it impossible, to relate these performance indicators quantitatively to broader measurements of profit, earnings, production, foreign exchange savings or employment generation. They were willing to volunteer qualitative assessments, but the majority declined to go further than this.

Why is it so difficult for IESC clients to quantify the impact of IESC services along these basic parameters? The reasons for this help us understand much better the nature of IESC services.

First, impact turns out to be a highly complex phenomenon. Sometimes the impact of a project is direct. A small pharmaceutical producer in Jordan needs help to improve quality control in his plant. The IESC volunteer arrives on the scene, and his assistance leads to a 50 to 60 percent improvement in product quality.

But often, impact is not so direct. Clients frequently respond that the most significant impact deriving from the VE's visit was not what was intended in the work plan, but rather was changes in work habits, shop floor cleanliness or safety procedures. We emphasize below that

one of the most important results of IESC assistance is the regularization of management and the decentralization of authority. These results are unanticipated, in the sense that they are not laid out in the work plan. Following the usage of several country directors we met, we term these an "indirect" impact or benefit.

Second, IESC assists its clients in many different ways, and these differences create differences in measurement. From a wide variety of specific types of assistance, we classified the cases examined in two core categories, one which is basically technical in nature and the other which deals more with managerial issues.

Technical assistance refers to the transfer of know-how and technology on the shop floor. The VE is asked, for example, to improve the performance of a machine, to design a new production process, or to raise the quality of output. Management assistance tends to be "softer"--devising new systems for dealing with inventories, finance or personnel, for example. Many projects involve both types of assistance, and the border line between them is often vague, but the distinction is an important one for understanding factors shaping project impact.

It is much easier for clients to assess the impact of IESC assistance on technical problems than on management issues. Most often, clients are evaluating things that can be counted: products made, rejects reduced, hours of maintenance free service, and so on. It is more difficult to count or even delimit the results of much managerial assistance--for example, the creation of a new inventory system or improvements in a computer system.

Third, timeframes further complicate the assessment of IESC impact. In some cases, problems are easily identified and can be quickly alleviated. Improved production procedures sharply reduce the number of rejects in a small Egyptian knitting factory, and a new training program leads to immediate increases in output in a Kenyan business which produces cotton goods for domestic use and exports.

But the impact of IESC assistance sometimes takes much longer to be fully felt. How long will it take the Kenyan retail store to gain the full benefit from the volunteer's recommendations on management techniques and on the reorganization of the business? In other cases, the implementation of a VE's recommendations might be delayed for a range of reasons, including lack of money and changes in personnel. If the client has understood the volunteer's recommendations and agreed with them, but did not have enough money available to implement them, should this be viewed as an unsuccessful project? How long should we wait before we write the project off as unsuccessful? And isn't the learning process the client went through itself a meaningful impact?

This leads to another crucial finding. Across all countries, researchers found a similar phenomenon: client satisfaction is only moderately correlated with the impact of IESC assistance. Satisfaction is a necessary, but not sufficient, condition for impact.

We often found situations in which the client indicated his or her satisfaction with the project, even though he or she was unable to quantify its impact. Indeed, the divergence goes beyond problems of quantification. For example, in 40 percent of the cases in which the client was judged to be highly satisfied with the project, impact was viewed as "moderate" or "small" (see IV.3. below). Clients say they were satisfied with the assistance even though they acknowledge that the impact was less than hoped for.

What explains this phenomenon? One possible answer, of course, is that the respondents were eager to please the research teams and accentuated the positive aspects of the experience, even when they contradicted other aspects. We doubt that this is a satisfactory answer to the dilemma. The same pattern appears too frequently in too many countries to support the notion that we were all misled by some kind of Third World politesse.

Another possible explanation is that the clients, more often than not unsophisticated about external assistance for their business, lacked a context for evaluating the IESC assistance and tended, therefore, to over-rate its quality. Again, our on-site experience suggests that this is not the case. Particularly when clients have paid hard-earned funds for the assistance (no matter that their contribution covered only a portion of the total cost of the project), they seem to be serious about receiving value for money. And there were a sufficient number who said that they did not get value for money to indicate that even IESC clients are well able to evaluate the quality of the assistance.

A more satisfactory response is that there really are two different perceptions involved here, and that they are not perfectly related. That is, clients can be satisfied with the experience even though the impact of the project was less than it might have been. The evaluation clearly shows that clients think about these two categories quite separately.

The key to this seems to lie in the nature of the relationship which emerges frequently between the clients and the IESC volunteers. That relationship, in many cases, appears to transcend the perceived impact of the assistance. The relationship encompasses a wide range of interactions, some of which focus on resolving the particular problem or need which occasioned the assistance. But there are other significant elements in the relationship as well. VEs often serve as role models for executives in client businesses; close, supportive

relationships seem to emerge at times. The VE's advice typically deals with many matters beyond the problem at hand.

This finding will come as no surprise to country directors and volunteer executives, particularly those who have many projects to their credit. They are well aware the IESC assistance often only begins with the client's request, and that the relationship between the VE and the client can be much more open and encompassing.

B. Measurements of Satisfaction and Impact

We found no single objective indicator of overall project impact or "success." We have instead chosen two other measures: how satisfied the client seemed to be with IESC assistance, and the client's perceptions of the impact of the assistance.

Both of these are *perceptual* rather than *objective* indicators, and we discuss the use and utility of these indicators in greater detail below in Section V.

1. Satisfaction

By "satisfaction," we refer to a client's general approval of the IESC/VE assistance program and process. No single question on satisfaction was asked in the case interviews. We feared data would be contaminated by the reluctance of individuals in many developing countries to criticize directly organizations like the IESC, and VEs in particular, in face-to-face interviews with strangers. Instead, the satisfaction index was constructed by the research teams, on the basis of their review of case documents and their interviews with clients. Project Director Blank and Assistant Director Anderson worked with teams to ensure that definitions of satisfaction were consistent across countries.

Clearly, levels of client satisfaction are high. Summary data for the coded cases are arrayed below. Sixty-two percent of the clients we interviewed indicated they were "highly satisfied" with IESC assistance, while 24 percent were "mostly satisfied." Eight percent received "some satisfaction," and six percent received "no satisfaction."

As noted above, client satisfaction need not be directly related to impact. Clients can be satisfied with IESC assistance, and particularly with the contribution of the VE, even when the direct impact of the assistance is viewed as low. Clients were satisfied with IESC assistance in several cases, for example, even when

budgetary or other constraints made it impossible to implement recommendations made by the VE.

Table 4. Client Satisfaction with IESC Assistance by Country

(number of cases per country)

	Highly Satisfied	Mostly Satisfied	Some Satisfaction	No Satisfaction
Costa Rica	8	5 (100%)	0	0
Ecuador	5	3	2	1
Egypt	7	2	0	1
Honduras	5	3	1	0
Indonesia	6	2 (100%)	0	0
Jordan	9	1	0	0
Kenya	6	2	1	0
Mexico	5	2 (100%)	0	0
Morocco	8	1 (69%)	1	3
Philippines	8	3	1	1
Thailand	7	2	2	0
	(62%)	(24%)		

2. Impact

By "impact" we mean the results of IESC assistance on the client firm: did the project have a noticeable effect on the profitability, efficiency, production values, or other aspects of business operations of the client?

Like satisfaction, impact is a perceptual rather than an objective measurement. Clients, in this case, were asked directly to describe the impact of IESC assistance. For purposes of comparison, however, responses were coded by perceived levels of impact ("major," "moderate," "small," "none," and "harmful") rather than by objective indicators (such as quantitative impact on profitability).

The impact measure reveals patterns which are in general parallel to those in the "satisfaction" measure. In more than three-quarters of the completed cases, evidence from the files and interviews suggests significant levels ("Moderate" or "Major") of impact from IESC assistance.

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Table 5. Impact of IESC Assistance by Country

	Major Impact	Moderate Impact	Small Impact	No Impact	Harm Done by VE	Total
Costa Rica	3	9	0	0	0	12
Ecuador	2	4	4	1	0	11
Egypt	3	3	0	3	0	9
Honduras	4	5	2	0	0	11
Indonesia	5	3	0	0	0	8
Jordan	6	1	4	0	0	11
Kenya	5	3	1	0	0	9
Mexico	3	3	1	0	0	7
Morocco	6	2	1	3	0	12
Philippines	6	3	1	0	1	11
Thailand	3	6	1	1	0	11
Total	(43%)	(35%)	(14%)	(8%)	(1%)	112

The impact measure correlates fairly closely with the satisfaction measure by country: there were high levels of impact in 100 percent of the cases in Costa Rica and Indonesia, where satisfaction levels were also highest, and almost that much in Mexico, while in Morocco, together with Jordan and Ecuador, there are more projects with lower levels of impact.

3. Relating Satisfaction and Impact

"Satisfaction" and "impact" are distinct variables, despite their isomorphic first impression in Table 6. below (where 69 cases, or 64 percent of cases analyzed here, appear on the main diagonal). From the client point of view, and to borrow a conceptual leaf from the factor analysis family tree, these two variables are independent with respect to underlying dimensions that we can infer, although we cannot deduce these dimensions in the usual way because of limitations in our data. (For example, the data are really ordinal at best. Our measurements, based as they are on interviewer summaries, could not satisfy the requirements for interval or ratio levels of measurement for factor analysis or the more robust members of the correlation families.)

However, if allowed license to make inferences from the systematic evaluations offered by our field crews, we see *satisfaction* governed by client perceptions and feelings of "closeness," "friendliness," and "confidence" toward the VE and his expertise. This is an affect dimension. In the case of *impact*, the notional underlying dimension

could be described as "implementability"--which defines the ability to make changes in business operations that, quite often, are of significant scope. This is a practical dimension.

It is only a slight stretch of the analytic imagination to say that satisfaction is a necessary condition, although not a sufficient condition, for impact to occur. In this regard, we also recognize that the two variables occupy different places along the time dimension that underlies each project: satisfaction can be measured at almost any time from the moment the client begins to interact with the VE (we note that the reasons for dissatisfaction often begin with client unhappiness over the VE selection process), while impact would be difficult to measure before the project was complete, and even for some time afterward in most cases. It is also important to note that satisfaction seems to occur with more ease than does impact.

The data in Table 6. below also suggest that satisfaction and impact are ordered to some degree and, because of the small number of cases below the main diagonal, would produce a moderate to high rank order correlation. With this observation, along with the others outlined here, we understand satisfaction to be the prior variable.

Table 6. Satisfaction/Impact Matrix

		<u>Impact</u>				N	%
		Major	Moderate	Small	None		
<u>Satis- faction</u>	High	42	21	6	1	70	65%
	Moderate	2	18	3	1	24	22%
	Some	--	1	4	1	6	6%
	None	--	--	2	5	7	7%
	N	44	40	15	8	107	
	%	41%	37%	14%	8%	100%	

The small number of cases in the study is further depleted here (N=107) because measurements could not be made of both "satisfaction" and "impact" for each case. (For satisfaction alone, N=114, and for impact alone, N=112).

We gain further insight into the relationship between satisfaction and impact through a brief review of some of the extreme cases--those with the most extreme discrepancies between perceptions of satisfaction and impact.

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Table 7. Satisfaction/Impact Matrix:
High and No Satisfaction/No Impact

		<u>Impact</u>		N
		Small	None	
<u>Satis- faction</u>	High	6	1	7
	Moderate	3	1	4
	Some	4	1	5
	None	2	5	7
N		15	8	23

The first row of Table 7. holds those cases with the most extreme discrepancies in the relative evaluations of the two dimensions (cases with High Satisfaction and Small or No Impact). They have characteristics in common that deserve brief presentation here, since these specific characteristics are values of variables that, later in this report, prove to be important in our general understanding of the impact of the IESC program.

- o There does not seem to be a specific country or cultural dimension. The seven cases are drawn from five different countries in three distinct regions: Mexico, Ecuador (2), Jordan (2), Egypt and Thailand.
- o They are all management assistance, rather than technical assistance, projects.
- o Five of the seven projects were of short duration (two months or less).
- o Interviewer comments indicate that clients perceive a sharp distinction between their satisfaction with the VE and their assessment of the project's impact, and that the reasons for satisfaction, and these discrepant assessments, are as varied as are the countries and the clients in which the projects took place:

Community prestige:

"...the client was satisfied, in part because the project elevated his stature in the eyes of his superiors...(but) because it is a not-for-profit organization, there is no incentive to implement the recommendations immediately..." (Mexico)

Demonstration of new skills:

"...the implementation stage of this project is challenging, since it requires them to become computer literate..." (Ecuador)

"...the project will be a difficult one because the VE's task is to change the...culture, one which has been in place for a long time and which is reinforced by the entire community of photojournalists. The necessary recommendations will be psychological rather than concrete...the project will have no impact on the sales or earnings of the firm..." (Ecuador)

Helps along a process already in motion:

"[quotation from client] 'If you really want to benefit from this thing, you need to specifically define what the problem is'... he [client] thinks that VE has saved him from 6 months to 12 months in this becoming a real data processing department..." (Jordan)

Large bureaucracy in client firm:

"The project was a great success until implementation. Nothing was ever implemented...someone, no record as to who, put a stop to all that..." (Jordan)

Client reassurance and professional companionship:

"...VF's activities resulted in strong positive feelings and appreciation from the client although no tangible results of the three months' activities were evident at the time of the interview two years later...'It was good for my father [company founder and president] to have someone older than me and my brother to talk to about the business.'" (Thailand)

At the other end of the main diagonal of Table 7. are seven cases in which clients were unsatisfied, and in which there was small or no impact. One might logically assume that the inability or failure to implement recommendations leads the client to express dissatisfaction with the VE. We see in the brief review below, however, that these dissatisfactions with the VE are more fundamental than this relationship implies and tend to have appeared very early in the project, long before implementation and impact were at issue. Indeed, here we catch an empirical glimpse of the priority of the satisfaction dimension in overall project evaluation. The commonalities in these cases are even more simple than in the relationships just evaluated above:

- o All seven cases are technical assistance projects.
- o In each case, there was a personal mismatch between the client or the project and the VE, and unhappiness on one side or the other (or both) was manifest very early in the project. In other words, despite the variety of explanations offered for these double failures, it seems clear that the projects in this category all got off on a very wrong track and seem to never have had a chance to succeed, for a variety of reasons:

Perceived VE lack of expertise:

"Head of institute is obviously dissatisfied with the expertise and work of the VE...Furthermore, one senses the client feels insulted by the proposed solution, citing his own high level of technical competence and stating that the VE's simple answer was known to them all along."
(Morocco)

Lack of client preparation:

"Difficult to ascertain whether problem was personality, expectation, language, or all three...She [client] expected the VE to do 'what she wanted him to do'...[client] nonetheless acknowledged that she was not well prepared for the arrival of the VE, which may have led to the relative failure of the project".
(Morocco)

Inability of VE to adapt to new situation:

"[VE's] knowledge was limited to his experience in wood working factories in the U.S...He was unable to relate his know-how...He was a nice man but it was very difficult for him to adapt..."

(Jordan)

"...They were in need of a technician, and felt that [the VE's] conclusions were of a general nature that did not lead to direct results. They were 'too descriptive.' Wanted a 'how' and got a 'why'...Less than satisfactory results can be largely attributed to bad timing..."
(Morocco)

Lack of clear project terms:

"...there was considerable confusion among the client, the VE and the CD over the terms and duration of the project...To complicate matters, the VE was quite irritated because his wife had not been allowed by the CD to join the VE..."

(Philippines)

We explore these relationships and variables in detail below (Sections VII, VIII, and IX).

C. Types of Assistance

This section describes the different types of assistance IESC provides: technical and managerial; direct and indirect; short-term and long-term.

1. Technical and Managerial Assistance

IESC assistance is delivered in many forms, but most projects are either more *technical* in scope (dealing with actual production-level operations, or hands-on trouble shooting types of problems) or more *managerial* in scope (dealing with systems definitions, such as accounting or computer processing operations, or with job descriptions/management structure definitions). It is important to note, though, that in many cases the VE supplies assistance in both areas.

A small majority (56 percent) of the coded cases primarily involve technical assistance; the rest (44 percent) deal primarily with management issues.

These two basic categories of types of assistance can be subdivided. For example, several projects provided "don't go" advice, when the VE advised the client not to undertake a proposed project or innovation which he or she had been recruited to help develop.

Not infrequently, the nature of the project changed after the VE arrived and evaluated the situation. We will deal with these important nuances throughout the report, but in Table 8. we show the type of assistance by the most basic categories.

Table 8. Coded Cases by Nature of Assistance Provided

	technical	management
Costa Rica	5	9
Ecuador	8	4
Egypt	6	11
Honduras	9	6
Indonesia	4	7
Jordan	10	4
Kenya	7	6
Mexico	4	4
Morocco	16	6
Philippines	9	10
Thailand	10	3

Technical assistance is primarily "shop floor" advice--the transfer of know-how and technology to a client by the VE.

The major benefits from this type of assistance include:

- o helping make new machines work at optimum capability,
- o making old machines work better,
- o assisting with creating or producing new products,
- o helping with quality control in the shop.

A typical example is a confectioner in Morocco. The VE showed the client how to increase both variety and output by manipulating the machinery and adjusting the mix of inputs. The client reported a 25 percent increase in volume in 1987, a result which they attribute in part to the VE's "intervention."

Another typical response is the client, a paper manufacturer, who reported that the VE changed the chemical mix for processing the pulp, prioritized a large number of tasks which would have pushed the product to industry standards, wrote out a schedule for preventative maintenance, and helped develop a formula for softening the local water.

Another satisfied client reported, "We now know the technology better for producing carbon and graphite brushes." The VE "helped improve our efficiency and the quality of our production methods. As a

result, our business sales have increased, enabling us to hire more workers."

As for developing new products, one client said, "We use IESC to test our ideas. We need somebody to confirm that our ideas are right."

A government meteorological station reported to us that the VE "really helped our people understand the methodology involved in developing a forecasting model. The model will be invaluable in helping us to forecast weather-climatic changes throughout the country."

In a rather unusual request, an Indonesian client asked IESC to help establish an office responsible for safety controls in the factory. The VE put in place a new set of safety standards and procedures; the client reports a 30 percent reduction in accidents sustained since the VE departed.

Such benefits are the most "typical" of the hands-on IESC approach.

Many projects deal with **management assistance** rather than technical advice. The major benefits from this type of help include:

- o better marketing,
- o improved inventory controls,
- o more effective planning,
- o successful technical upgrading (including computerization),
- o realistic planning for new ventures.

This type of assistance tends to be more difficult both to formulate and evaluate--there are no machines to make more efficient.

A typical example of management assistance is the client who reported that the VE "helped us to standardize the [internal management and control] practices that we are beginning to put into place." The VE also introduced techniques for evaluating marketing and promotional efforts.

Another client told us that his VE "taught him everything he knew about marketing" as the client prepared for a trade fair. The client returned from the fair with a record buy order.

One client, the owner of a restaurant chain, said the VE "really convinced me of the importance of having a basic strategic plan--that before we should expand our business overseas, we really needed to test the local waters more by opening more restaurants" at home.

An important sub-category of both types of primary assistance is what we term **"Don't Go" Assistance**. In these cases, the VE will recommend

that the client not undertake a new venture, whether to build a new plant and hire more workers or to open a new business line. Such assistance can lead directly to the types of benefits noted above, but the benefits derive from not executing plans rather than the more common opposite approach. One client in the Philippines told us, "We had originally wanted advice on marketing our products abroad. We thought that we already knew the fats and oils industries well. But when the VE arrived, he convinced us that what we really needed was to get back to basics."

2. Direct and Indirect Assistance

By direct benefits, we mean assistance particularly responsive to the client's request for assistance. Indirect benefits are "by-products"--unanticipated assistance or support provided by the VE in the course of the project.

Many of the benefits of IESC projects are unanticipated in the project design and do not fall easily into the types of assistance already described. Clients frequently report that benefits of IESC projects include changes in shop floor work habits. They tell us that the VEs they have worked with have taken great care to teach their workers to have greater concern for safety and cleanliness or to be more alert to maintenance requirements. An experienced VE told us that, "Cleanliness of the work place has always been an issue with each client." One must deal with the problem delicately, he continued, being careful not to offend, but it is usually necessary to clean up the factory before he can even begin to work on other matters.

One client describes his first experience of a firm he was taking over: "I walked in on the first day, and we had 120 employees...and no product; there were all these people walking around, smoking, talking to each other. I saw it in front of my eyes, and there was no organization." The VE helped solve some of these organizational problems. He left the client with a bundle of management tools and new ideas, but it will take years to implement many of the recommendations.

Benefits of IESC assistance thus often include the VE as a role model for both management and on the work floor. The example of how the VE approaches a problem, the personal skills the VE views as necessary, and the VE's own work habits may well have a more substantial, longer-term impact than his or her ability to solve a particular production problem.

Many clients commented on the benefits of the VE as role model. A Honduran client was most pleased with "the way VEs have changed the philosophy and way of thinking by management." Other clients present

even more intangible, but nevertheless very real, benefits. A Costa Rican businessman was happy because of the VE's favorable impact on "relations between management and the board" and on "company philosophy." An Egyptian client said simply that, as a result of IESC assistance, he "feels much better, more in control of the business."

Such indirect benefits may be unanticipated in project work plans. But our interviews suggest that some of the most experienced VEs often rate these benefits above any others. They fully intend to make a major point of these matters. We are told that several VEs insist that the workplace be cleaned or sanitary facilities improved before they will even begin to work, and that concern for cleanliness or safety is an important part of their mission as they see it. Many VEs know what to expect. A Latin American client told us that the reason his project was a success was that the VE was "prepared and knew what to expect in the work environment."

Several research teams identified another, and perhaps even more profound, unanticipated benefit of IESC assistance. They suggest that the VE can strengthen middle management in developing country businesses traditionally dominated by a family or single individual by encouraging a greater decentralization of responsibility within the company. Many VEs tend, indirectly if not directly, to urge the routinization or regularization of management processes; they urge owners to decentralize authority, to give greater responsibility to their staff, and to devote greater attention to training.

In one case, the VE was able to elevate the level of his middle-level counterpart by reinforcing many of the recommendations the counterpart had been making to top executives. In the process, the VE was able to strengthen the entire middle level of the company.

VEs from time to time also play a sensitive, but useful, political role within a client firm. The VE in a case in Indonesia prepared an organization chart which defined, clarified and simplified the relationship between the director and executive committee. According to the client, "Although the chart was quite basic and didn't include anything that we couldn't have come up with ourselves, the executive committee would not have listened to our recommendations. Rather, it was important that an impartial observer, an outsider, like the VE, present the recommendations."

Another, and scarcely insignificant, indirect benefit is the positive impression of the United States generated by the IESC program abroad. The evaluation interviews show that, in the clients' eyes, the individual VEs are very effective representatives of the U.S. overseas. The VEs reveal the best face of U.S. character and policy: "old fashioned" Yankee ingenuity, an egalitarian style and the willingness of an honored guest to get his or her hands dirty. IESC

demonstrates to the developing world that U.S. business acumen is alive and well. A client in Costa Rica liked his VE's attitude--that of the "old U.S. industrialists: to work with existing resources rather than to recommend buying new machines."

In some cases, IESC assistance can also lead to new export sales for U.S. firms. Our impression, which we will describe more fully below, is that CDs and VEs are divided on how much effort should be devoted to generating U.S. exports. Certainly clients with whom we spoke said that the IESC differed from other similar national programs because it did not push American exports.

A final indirect benefit stressed by both Mission personnel and CDs is the role of spouses in both projects and social volunteer work in country. This benefit was not discussed in all countries, but in countries where it was mentioned, such as Morocco, spouse involvement in projects and volunteer activities enhanced the image of the U.S. and of the IESC in country and contributed to the long-term success of the program.

D. The Volunteer Executive

Client evaluations across a wide range of cases and countries are positive regarding IESC VE credentials, qualifications, and effectiveness. Our review indicates clearly that the impact of the program as it is now configured rests heavily on the skill, enthusiasm, commitment and flexibility of the volunteer executive.

IESC business strategy is designed to deliver the VE to the client's doorstep and then to rely on the volunteer to design, and at times redesign, and implement the project. The personality and style of the volunteer executive cannot be separated from the impact of IESC assistance. Although their ability to solve particular problems is a necessary element of what they bring to bear, it is by no means sufficient in many (perhaps even most) cases to account for the high regard in which the IESC is widely held overseas. Other actions and qualities of the VE play an important role as well.

Clients' comments about their experience with VEs illustrate the characteristics of VEs which impress a client. One client in Kenya noted that his VE was "a teacher--he helped people solve their own problems. He didn't come out here with all of the answers." Another client, in Egypt, said about his VE, "He could understand and put his hands on the problem and spot the reasonable solutions."

Many of the most successful cases are those in which the VE "made it happen," overcoming whatever obstacles were present to render the project a success in the client's view. Thus, the personality and

particular characteristics of a VE are very important to the success of a project. This may be especially the case in developing countries where age often commands great respect. One VE, capitalizing on his age, told the client, "I'm your grandfather, and you can ask me any questions."

A VE's long-term, on-the-job, hands-on experience is frequently the crucial element in a successful project. When the VE brings lengthy experience to bear on a particular technical problem, a lack of language skills or cultural understanding may be less of an impediment to success. When clients compare IESC to other services, as well as to available private consultants, this practical, shirt-sleeves style of the U.S. program is mentioned frequently as its outstanding attribute.

One client in the Philippines, extremely pleased with his VE, says, "he was just what our company needed. He was very much a hands-on type of guy and wasn't afraid to get his hands dirty in a way that most executive VPs from large U.S. companies would not do." A Latin American client believes "there is a great difference between IESC VEs and other consultants: VEs are better motivated and have a better attitude."

At the same time, however, these characteristics have another dimension. Levels of satisfaction and direct impact seem highest when projects require the application of practical technical experience to a very specific, short-term problem. Satisfaction and impact may be lower when the client needs "softer" advice--the creation of new management systems, for example, where problems of implementation are typically more complex and longer-term.

E. Complaints

While we are looking at impact, we should review the most frequently heard client complaints.

Research teams were instructed to probe carefully in client interviews for criticisms of the IESC program. Although some clients did advance criticisms of the program, and some had lists of complaints, the majority of these comments were elicited by asking clients how the program might work better in the future, or what they would do to improve it. Thus even those clients who were satisfied with the program might also criticize certain aspects of it.

These complaints fall into four basic categories.

o Recruitment

The first involves perceived problems in the selection of the VE. These are:

- o VE recruitment takes too long;
- o insufficient information about VE--particularly qualifications for the project beyond just career background--is supplied to the client;
- o clients have no choice among VE candidates.

The complaint that the recruitment process takes too long--that too much time elapses between signing the project agreement and arrival of the VE--is the most frequent criticism of the program made by clients we interviewed. IESC headquarters also acknowledges that this is a primary reason for project cancellations. A client in the Philippines told us, "I only wish that they could respond faster. This time, [the VE] came very quickly, in five months. But before it has always taken much longer."

Clients also complain that they receive too little information about individuals recommended as VEs and that they cannot choose from a short list of potential VE candidates. A Kenyan client, noting that "a client has to be very experienced with IESC in order to use IESC effectively," said, "We would like to be able to ask questions and talk to the VE in advance. We would like to ask specific questions up front."

These are the complaints we heard most frequently in the field. Note that they are not criticisms of the "product," the VE. They suggest instead a strong desire to have earlier access to the VE and to have a greater say in the selection process.

o VE Skills

A second category of complaint focuses on VE skills. These were much less frequently heard than those in the first category. They are:

- o VE had inadequate language skills,
- o VE too inflexible,
- o VE too aggressive,
- o VE too theoretical--too much why, not enough how.

These complaints, except in the case of inadequate language skills, tend to be associated with lower levels of client satisfaction with IESC assistance. Basically, in these cases the wrong person has been

sent out--either because the VE's skills are inappropriate or, more likely, because the VE finds it difficult to adapt to developing country conditions.

A typical client complaint along this line was that "the VE was too American; he could have known more about [our] market." Another client said that, "exaggerating only slightly," they could have found the same information from books. He wanted to know how to achieve their goals but received only theory. In a third case, a client believed that the VE had become "fixated" on a solution that was expensive and inappropriate.

Poor VE language skills are a source of frustration for clients who might otherwise be satisfied with IESC assistance, and who feel impact could be enhanced if VEs had better language skills. In Morocco, for example, where English is not commonly spoken, language was cited by clients as a factor inhibiting projects in almost every case.

o Relationship with the CD

A third category of client complaints focuses on the relationship with the CD. A breakdown of communication, for a variety of reasons, sometimes leads to confusion on the part of the client regarding the terms of the contract with IESC or the progress of the project. Complaints in this category include:

- o client is not kept informed about progress of VE recruitment,
- o confusion about length of VE stay,
- o confusion about payments.

These complaints are more likely to arise in countries in which CD turnover has been high, when CDs have less experience with particular national environments and cultures.

o Length of VE Visit

Finally, some clients complain that VE tours are too short. A client in Indonesia said, for example, "We needed the VE to stay longer to help us with follow-through and implementation of the work plan. As it turned out, our workers were unable to absorb some of the VE's recommendations and plans."

This criticism often reflects the fact that the VE has done a particularly good job, and the client would like him or her to stay on--even to manage the project on which he or she has advised. (More than a few clients, particularly those from larger companies which are more sophisticated about using IESC services, said that they would dearly like to hire the VE who worked on a particular project.)

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Sometimes, however, this complaint reflects the fact that the original project design was inadequate and too much time had to be spent redefining the work plan.

V. Measuring Impact: Objective and Perceptual Indicators

An important element for A.I.D. in the development of this evaluation was a desire to improve its understanding of how the impact of IESC assistance can be more accurately measured. We consequently devoted a significant amount of project time to this issue.

Our findings with regard to measuring impact, in brief, are: (1) a large amount of quantitative data is available from individual cases; (2) it is extremely difficult to convert these data into quantitative indicators of the impact of IESC assistance; (3) even if this can be done, cross-company and cross-country comparisons on the basis of these indicators are highly suspect; (4) impact can be measured and compared using perceptual rather than objective indicators.

A. Measuring Impact: Objective Indicators

By "objective data" we mean data that are derived from direct measurement of physical indicators--for example, the amount of output, the number of employees, the increase in profit. These are inherently quantifiable measures and are typically at the more robust end of the measurement scales; these are interval or ratio data that can be subjected to the more powerful families of statistical routines, including correlation and regression analysis. At these levels of analysis, we can ask questions such as "How many times greater is X than Y?" Although these data are labelled "objective," they are subject to errors of measurement and to the appropriateness of scale.

As discussed above (Section IV), we asked clients in each case if they could provide quantitative measurements of the impact of IESC services, as asked for in the Scope of Work. Typically, clients were able to provide a wide array of numbers about the project. We learned, for example, that as a result of the VE's assistance, machine X produced more product per hour, that there were fewer rejects on the production line, that the client was able to produce Y units of a new product, or that better inventory control had resulted in Z percent more product being placed on store shelves.

These are all interesting findings; many are described in greater detail in the appendix of case studies. But clients found it difficult, and most believed it impossible, to relate these performance indicators quantitatively to broader measurements of production, earnings, profits, foreign exchange savings, or employment generation. They were willing, of course, to volunteer qualitative assessments ("Yes, the VE helped improve productivity"), but the vast majority declined to go further than this.

Almost universally, clients state that the time frames of IESC projects are too short to permit any effective measurement of its overall impact on their businesses. Even in situations in which the VE solved a particular production problem--for example, showed the client how to double the output from a recalcitrant machine--the client has great difficulty in measuring the impact of this achievement on annual levels of productivity or profitability.

In other cases which are viewed as highly satisfactory by the client, the VE helps establish new work procedures, reorganizes production, or develops new management tools. Clients say that the impact of these tasks emerge only in time, perhaps several years after the VE visit, and that the direct impact of these benefits on corporate performance is almost impossible to estimate.

A client from the Philippines observed to us, regarding a project still underway: "We all have had to lower our expectations of what could be achieved. We've now discovered that the original work plan was too ambitious. Instead of expecting immediate results, we now realize that the impact will be felt more in the long-term." "In other words," he concludes, "Mr. X [the VE] has given us the seed, not the flower, for upgrading our technology and preparing us for future improvements."

This lag is particularly the case when IESC assistance is focused more on management rather than technical assistance. The impact of an IESC project achieving better use of equipment can be more easily measured than a project to establish an inventory control system in a retail store. Moreover, there is a difference between solving a problem (how do I make this machine work better) and developing a management tool (an inventory system) which may or may not be used by the client. The first kind of assistance can often be implemented while the VE is on the scene; in the second, the VE might develop a new management tool which may be put in practice at some later time. (Indeed, the real benefit of the second may be less the design of the new tool than the idea of how things might be done better.)

It is also clear from the evaluation that indirect benefits may be more important in the long run than direct benefits. Improving work-place routines and safety procedures, enhancing the role of middle management, and helping to decentralize decision-making may have a greater impact over time than any other assistance provided by the VE. All of these may have more impact on corporate performance in the long run than the original direct purpose of the IESC assistance.

Similarly, what we have been calling "don't go" benefits can be extremely important and difficult to quantify. A VE recommending not to undertake a project may do more to aid the client than any other task he or she performs.

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For all of these reasons, it is difficult to convert numerical data derived from case studies of IESC assistance, or from the IESC self-evaluation process, into effective quantitative measurements of IESC impact.

Moreover, even if it were possible to generate such quantitative measurements of impact, comparison across companies and countries would be hazardous. There are no good models for measuring impact across firms and countries. Even with quantitative information from individual cases, analysis must be done cautiously because so many factors may influence eventual impact. This problem is not unique to IESC. Economists even in industrial nations find it difficult to isolate and measure precisely factors which enhance or retard individual corporate performance.

Two examples illustrate some of the problems inherent in cross-country or cross-case comparisons. In one example, an IESC project may increase output, due, for example, to IESC technical assistance on the shop floor. But this increased production may not generate higher profits if markets are too small or demand for the product is not sufficiently elastic. The impact of the project on profitability is determined (in this case diminished) by market forces rather than by what the VE actually accomplished.

A second example compares two companies we visited in Kenya. One was a relatively large, efficient firm, already working at full capacity. By devising new production routines and improving product quality, the VE was able to help increase production by 10 percent. The second company was a smaller, start-up operation, with a substantial up-front investment in machinery and two dozen inexperienced workers. The VE, who had long experience working with these machines, provided basic, elementary training to the new workforce, and production quadrupled from virtually none--a gain of 400 percent. Has the second VE been 40 times as successful as the first? At which company was the impact of IESC assistance greater? Was one "better" than the other?

In sum, then, clients are satisfied with IESC assistance. They believe IESC projects help their companies, but they tend to use qualitative rather than quantitative measures of describing the impact of the project on their firms.

B. Measuring Impact: Perceptual Indicators

The difficulty of using objective indicators to generate quantitative measurements of the impact of IESC assistance is not the end of the road. We can talk about measurement and comparison of IESC impact across firms and borders. To do so, however, we have to use a

different kind of data. Instead of objective data, we can use perceptual data.

Perceptual data are drawn from the assessments of key individuals involved in the activity under scrutiny. They are more subjective in the sense that they depend on interpretations in the first instance--that of the very definition of the variables being employed. Also, they are typically less robust than objective data since they normally cannot be developed beyond the ordinal level, in which comparisons are confined to the "more than," "less than" scale of measurement. In the case of perceptual data, we can ask qualitative questions, such as "Is X greater than Y?" or "Is X better than Y?"

The difference does not make this kind of data necessarily less important. Perceptual measurements are simply more appropriate in circumstances that call for expert interpretation of events, and in which there often is a shared understanding among the experts of the underlying values being brought into the exercise. Judges at athletic events, critics of creative works, and similar activities employ these measurements. Although these kinds of measurements are also subject to error, their value lies partly in the fact that they often deal with the very stuff upon which actors are actually acting: an employer who is happy or unhappy with an employee is using such a scale of measurement, and that perception affects--and helps to explain--the nature of the interaction between the employer and the employee.

For another example, one can try to measure the impact of a new product design by seeking to relate that factor to such things as marketing skills, price, and sales volume. Or one can ask consumers whether or not they like the new product.

One of the more striking examples of such measurements is the various consumer confidence scales that we see reported periodically, and which are taken as significant indicators of the short- and medium-term economic future. In political analysis, the concept of "party identification" is such a perceptual measure, and has for a very long time been found to be one of the more accurate and reliable explainers and predictors of behavior at the polls.

In the present case of the IESC evaluation, we are concerned with client satisfaction as one fundamental measure of program impact. It is, obviously, not the only measure of program success or failure, but it is a significant level of measurement of the idea of "program impact," the impact on the perception of the product user. In some sense, then, it is a measure of consumer confidence in the IESC. And, to the extent that such consumers talk to each other about the IESC, about A.I.D., or about U.S. assistance in general, it is incumbent on

us to test the possibility of this level of measurement, and to assess its correlates.

IESC headquarters in Stamford has in fact experimented with a variation of perceptual evaluation. They have used a randomly-drawn sample of clients in which clients were asked if IESC assistance had resulted in increased profitability and similar quantifiable measurements. Clients' answers were coded as "yes", "no" or "not appropriate".

The data base obtained through this form of impact analysis can itself be subject to a wide range of quantitative analyses. For example, responses to questions relating to impact on profitability and employment can be cross-tabulated against country and size of firm. The outcome of these cross-tabulations would provide a useful and interesting map of impact correlated against a list of available objective variables.

In this evaluation, we have tried another approach, and we present it in the spirit of a pilot analysis. We believe that our approach here is a valuable beginning, a foundation on which future evaluations can be built, and in which the perceptual measures we employ can be refined. Essentially, we extracted these measures ex post facto. However, a future analysis that enters with these tools in their kit should be able to shape a rich set of measures, including client satisfaction.

We have developed and utilized two key perceptual measurements as the basis for much of this evaluation. Both measures were derived from area coding of the evaluation of each specific case that was studied in the countries we visited. In the hours spent interviewing clients in the field, our research teams developed a keen sense of what a client meant by satisfaction, and what factors indicated various levels of satisfaction and dissatisfaction. Independently of those assessments, our in-house evaluation team coded their perceptions of levels of satisfaction based on an analysis of case write-ups. Then the two sets of assessments were compared and reconciled.

The measure of impact was developed in a similar fashion. Each team reviewed the qualitative and quantitative assessments of impact revealed in client interviews. A scale of impact was developed from these assessments and each coded case was assigned to one of five rankings: "major impact," "moderate impact," "some impact," "no impact," and, in a single case, "harm done." These case assignments were carried out under the direction of the project director, to ensure consistency across country/region borders.

The general results of this, on a country-by-country basis and according to the two general types of IESC assistance rendered, are found in Tables 4. and 5., repeated below.

In the end, these perceptual data are close kin of objective data in the sense that their usefulness--their very validity--depends on their ability to aid our explanation of why things happen or do not happen, and perhaps even to predict what is most likely to happen. We discover these virtues of the data in their relationships to other data, some of which may be "objective". In the tables that follow, we will see these applications.

Note again that in the tables which follow in this report, the total number of cases coded for a particular criterion may vary. Not all cases can be coded for all criteria.

Table 4. Client Satisfaction with IESC Assistance by Country

(number of cases per country)

	Highly Satisfied	Mostly Satisfied	Some Satisfaction	No Satisfaction
Costa Rica	8	5 (100%)	0	0
Ecuador	5	3	2	1
Egypt	7	2	0	1
Honduras	5	3	1	0
Indonesia	6	2 (100%)	0	0
Jordan	9	1	0	0
Kenya	6	2	1	0
Mexico	5	2 (100%)	0	0
Morocco	8	1 (69%)	1	3
Philippines	8	3	1	1
Thailand	7	2	2	0
	(62%)	(24%)		

In general, clients were satisfied with the IESC services: overall, 62 percent of cases were coded as "Highly Satisfied", and 86 percent were "Highly" or "Mostly" Satisfied.

There were variations in these assessments from country to country. The least satisfied clients were in Morocco, where only 69 percent were "Highly" or "Mostly" Satisfied. At the upper end, all clients in Costa Rica, Indonesia and Mexico were "Highly" or "Mostly" Satisfied.

The impact measure reveals parallel patterns:

Table 5. Impact of IESC Assistance by Country

	Major Impact	Moderate Impact	Small Impact	No Impact	Harm Done by VE	Total
Costa Rica	3	9	0	0	0	12
Ecuador	2	4	4	1	0	11
Egypt	3	3	0	3	0	9
Honduras	4	5	2	0	0	11
Indonesia	5	3	0	0	0	8
Jordan	6	1	4	0	0	11
Kenya	5	3	1	0	0	9
Mexico	3	3	1	0	0	7
Morocco	6	2	1	3	0	12
Philippines	6	3	1	0	1	11
Thailand	3	6	1	1	0	11
	(43%)	(35%)	(14%)	(8%)	(1%)	
Total						112

In more than three-quarters of the completed cases, evidence from the files and interviews suggests significant levels ("Moderate" or "Major") of impact from IESC assistance. The impact measure correlates fairly closely with the satisfaction measure by country: there were high levels of impact in 100 percent of the cases in Costa Rica and Indonesia, where satisfaction levels were also highest, and almost that much in Mexico, while in Morocco, together with Jordan and Ecuador, there are more projects with lower levels of impact.

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VI. A.I.D. Special Issues

The Scope of Work enumerates criteria of IESC effectiveness to be determined in the evaluation. The first set of issues relates to the special targets of the 1985 core grant amendments: smaller firms, agribusiness, and government projects. The second set stem from A.I.D. concerns set forth in section C.2.b.1. of the Scope of Work: women managers/entrepreneurs, secondary effects, follow-up, and the competitiveness ("cost-effectiveness") of IESC.

A. IESC Impact on A.I.D. Targets

The 1985 grant amendments to the A.I.D. core grant to IESC sets performance targets for IESC activities. The evaluation team focused on determining IESC's effectiveness in meeting these targets from the perspective of the field.

1. Women Managers/Entrepreneurs

Though we evaluated the impact on women of IESC activities, the A.I.D. core grant does not specifically set targets for participation of women in IESC projects. Our findings from the evaluation should therefore not be taken as an evaluation of the effectiveness of IESC programs in meeting specific A.I.D. targets regarding women.

Efforts were made in every country to evaluate the impact of IESC services on women managers in IESC client cases. In most cases, women identified in the cases we investigated were factory workers or clerical staff. In a much smaller proportion of cases, women were managers in client firms, and in a still smaller portion they were entrepreneurs or owners of client firms.

We have defined "significant levels of women participation" as when women make up more than 10 percent of the work force, or when a woman manager or owner is present.

Table 9. Coded Cases: Number of Cases by Country with Significant Levels of Women Participation

	<i>employees</i>	<i>managers</i>	<i>owners</i>	<i>total cases</i>
<i>Costa Rica</i>	10	10	1	22
<i>Ecuador</i>	8	6	1	12
<i>Egypt</i>	4	0	0	19
<i>Honduras</i>	5	4	1	12
<i>Indonesia</i>	9	0	0	12
<i>Jordan</i>	4	2	0	17
<i>Kenya</i>	2	0	1	13
<i>Mexico</i>	10	4	0	17
<i>Morocco</i>	5	5	1	22
<i>Philippines</i>	11	5	0	20
<i>Thailand</i>	7	1	0	15

Our field experience points to several conclusions regarding the impact of IESC on women at executive levels and on firms owned and/or operated by women.

First, in most developing countries there are very few women managers and entrepreneurs with whom to do business (see Table 9., above). This frequency differs by country because of local culture, of course; this is no surprise. As culture changes slowly, so does the role of women in business in these countries. The field teams felt that they saw a disproportionately high number of IESC clients with women managers or owners simply because of the evaluation's interest in such a target group.

Second, there are clearly different levels of emphasis by CDs in different countries on seeking out and supporting women managers and entrepreneurs. Some CDs are more concerned with finding women-owned clients than others. In no country did we find a CD who was actively seeking to enhance women-owned businesses to the extent the field teams thought was feasible, based on even the cursory interviews we had with the few women managers we saw.

This lack of a gung-ho attitude is not surprising, however. We believe that the gradual change of cultural attitudes toward women in business applies as well to American executives, particularly of the generation now in active retirement. The attitude of IESC in general toward this target group is, in our opinion, and based on our interviews with both IESC staff and volunteers, colored by this

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generational factor. Women VEs are still rare, as are women staff members at managerial levels and women CDs.

Finally, we note that perhaps the most productive strategies for encouraging women managers and entrepreneurs are largely inappropriate for IESC. Such activities as working with host country governments on legislation and special support for women, or organizing businesswomen's support groups, are not a normal activity for IESC.

On the other hand, we note two positive effects on women managers and entrepreneurs which emerge from the evaluation.

First, the very fact that the evaluation team gave women managers and entrepreneurs so much interest and emphasis, on behalf of A.I.D., indicated clearly to the clients, the wider business community, and IESC how important these issues are to A.I.D. Particularly in the case of the CD, we anticipate a snowball effect from the evaluation process, whereby an initial contact or result will lead to increasing exposure of the CD to women entrepreneurs and a resulting greater number of projects.

Second, the role of VE spouses (almost entirely wives) in setting an example of what women can do was cited in many countries as having a significant impact. Many VE spouses participate actively in volunteer work in country, often dealing on a daily basis with more people than the VE. Some spouses also work with their husbands on the project, providing an example for the client.

2. Smaller Firms

The 1985 grant amendments set performance targets for IESC activities with "smaller companies," specifying that IESC was to "increase its projects with smaller companies so that approximately 50% of its projects using core grant assistance will be with smaller companies by 1988."

Because the countries included in the survey differ substantially in size and in the stage of their own industrial development, definitions of larger or smaller clients have to be viewed from a country perspective rather than in terms of a single, cross-country spectrum.

Our definition of "smaller" is therefore derived by the field teams. Each team delineates an annual sales level and an employment level below which a firm may generally be considered "smaller" in that particular country context. To qualify as a "smaller" firm, a client must meet both the sales and employment criteria.

Table 10A. "Smaller Firms": Country Definitions

	annual sales (\$ M)		employees	
	range	less than:	range	less than:
Costa Rica	30-.28	3	1300-5	250
Ecuador	15-.07	1	330-6	100
Egypt	190-.07	5	250-28	100
Honduras	225-.13	3	1100-6	75
Indonesia	32-.27	3	1000-16	75
Jordan	336-.04	1	4000-15	100
Kenya	22-.08	.75	350-14	50
Mexico	10-.25	1	950-11	75
Morocco	45-.80	1	800-8	75
Philippines	558-.50	3	9000-17	100
Thailand	10-.60	1	668-6	75

In Table 10B we display the proportion of coded cases which meet these definitions of "smaller firms."

Table 10B. Coded Cases: "Smaller Firms" by Country

	number of smaller firms	total coded cases
Costa Rica	6	22
Ecuador	3	12
Egypt	6	19
Honduras	5	12
Indonesia	4	12
Jordan	4	17
Kenya	3	13
Mexico	4	17
Morocco	8	22
Philippines	3	20
Thailand	6	15

Of the 181 coded cases, 52, or 29 percent were with "smaller companies."

The responsibility for meeting A.I.D.'s targets regarding smaller firms rests on the CD. The evaluation clearly shows that in some countries there is a bias toward larger firms on the part of the CD.

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CDs in all countries pointed to several problems hindering their recruiting more smaller companies as clients.

First, smaller clients usually must be subsidized--a problem in countries which have no supplementary grant from the Mission for this purpose.

Second, some CDs rely heavily for contacts on the local national advisory board. These boards usually consist of senior business leaders who themselves run the largest commercial enterprises in the country. Their contacts with smaller, independent companies may be limited. (We encountered some cases in which a project was undertaken for a small subsidiary of a large conglomerate. In these cases, we did not code the case as a smaller client.)

Third, many of the supplementary grants from Missions have as a goal export promotion. Because larger firms are more likely than smaller firms to export, this goal may compete, in terms of CD time and priority, with the objective of identifying smaller clients for IESC services.

Besides the conflicts which the Missions sometimes produce, we also perceived a conflict among A.I.D. goals in the core grant. The core grant asks IESC to "continue its cost reduction program and emphasize efforts to expand funding sources." Though A.I.D. may not mean this to apply pressure to find more clients which can afford to pay full rates, our interviews show that this is how it is often translated at IESC headquarters and by headquarters to the CDs. IESC headquarters would like to raise the level of client self-financing on projects, but it is the smaller firms--an A.I.D. target--which are least able to pay. The CD is thus placed in a no-win situation, compounded by the conflicting pressures sometimes accompanying a Mission supplementary grant.

Our interviews indicate that some Mission officials, in particular, are aware of these conflicts, are concerned, and are working with CDs to ameliorate the pressures. We found less awareness of these conflicts among IESC headquarters and A.I.D. personnel in Washington.

A further factor which may hinder IESC work with smaller clients in general is that most VEs have backgrounds with larger U.S. firms, companies which would be giants on a developing country scale. Some clients which were unhappy with a VE's "inflexibility" and "aggressiveness" may have reflected the gap between a VE's experience and what are, in comparison, the needs of a tiny business enterprise much different from what the VE has experienced before. We also note, however, that the high satisfaction rate of most clients with VEs suggests that this size disparity applies only in a small minority of cases.

3. Agribusiness

The 1985 grant amendments set performance targets for IESC activities with agribusiness, specifying that IESC was to "move toward a goal of 25% of its projects in agribusiness and agricultural production by 1988."

In Table 11., the coded cases are divided into industry sectors: Manufacturing, Agribusiness, Service, Government, and Not-for-Profit.

Most of the cases (58 percent), involved firms in various manufacturing sectors. Twenty-eight percent of the cases were in service industries; three percent, government; and 12 percent private, not-for-profit organizations. Agribusiness was coded as a subsector of either manufacturing or service sector clients, and totalled seven percent of the cases.

Table 11. Coded Cases by Industry Classification

	Man.	(Agri.)	Service	Govt.	Not-for Profit
Costa Rica	11	1	6	1	3
Ecuador	5	3	7	0	1
Egypt	9	1	6	2	1
Honduras	4	1	5	0	3
Indonesia	5	1	5	0	2
Jordan	10	0	6	0	2
Kenya	7	0	6	0	0
Mexico	13	1	2	0	2
Morocco	14	1	1	1	7
Philippines	14	4	5	1	0
Thailand	13	0	1	0	1

Contrary to most other indicators, we believe the relative scarcity of agribusiness projects we saw in our field experience may reflect relatively accurately the rough proportion of agribusiness clients in these countries overall. This is the case for the following reasons.

First, interviews with CDs point to the reality that it is much easier to find projects in major urban centers than in rural areas. Even among the agribusiness projects which we saw, a majority were in an urban center. CDs must budget their time, and most feel that their efforts are more profitable for both IESC and the country in the long run if they concentrate on centers of economic activity, the cities.

Second, it is often difficult for VEs to work in rural environments. Individuals of retirement age are not always adaptable enough to work well in the relatively deprived rural areas in most developing countries, particularly when living conditions are far below what is available in the cities.

Third, CDs are once again faced with conflicting pressures in pursuing clients: it is the larger agribusiness firms which export. Thus most agribusiness projects we saw were with larger companies of relative sophistication.

Fourth, most umbrella or support organizations for agribusiness in developing countries are government agencies. This is yet another conflict among A.I.D. goals, since A.I.D. has asked that IESC limit its assistance to government entities (see below).

Finally, much U.S. agricultural expertise is based on higher technologies which are more difficult to apply in many developing countries. Some clients complained that VEs offered plans which were too expensive or inappropriate.

4. Government Projects

The 1985 grant amendments set performance targets for activities with government entities, specifying that IESC was to "have no more than 5 percent of its core grant projects providing assistance to government entities."

Of the 181 cases coded, five, or three percent, were with government organizations. (This figure does not include those business entities in which the government may hold a substantial, but less than a majority, stake.)

IESC activities with government entities fall into two broad categories. The first is projects, usually as test cases, with government agencies providing some type of support to the private sector. For example, IESC has placed a VE for a two-year period with the promotion export agency in Morocco to help it improve its marketing efforts in the U.S. This project is actively supported by the Mission through the supplemental grant.

The second category is projects for larger commercial enterprises in which the government has a majority holding, including such entities as Royal Jordanian Airlines. In some cases, determining the actual degree of government ownership of some firms is difficult, but the information is usually available. Cross-pressures on CDs come to bear here again as CDs try to find clients which can afford to pay more or are constrained by whom the advisory board members know.

5. Conclusions

The numbers of cases involving women, smaller firms and other A.I.D. targets are modest. On the basis of sheer quantity alone, it would be difficult to argue that these cases could exert much influence on patterns of national development.

Nonetheless, the halo or demonstration effect of IESC efforts to reach certain target clients should not be underestimated. Government and business leaders alike are well aware of IESC activities in their countries and such targeting of special client groups does not pass unnoticed.

Moreover, one such project leads to another and the path must start somewhere. In the case of Kenya, for example, one client business, owned and operated by a woman, gave the country director access to a much wider circle of women entrepreneurs.

There are important countervailing forces in this process, some within IESC itself. Such projects, however, tend to be seen by CDs to be highly intensive of their time and energy, both to sell initially and then in terms of potential problems during the course of the project. Given other pressures they feel to sell more financially viable projects, A.I.D. special targets often place CDs in a difficult marketing situation.

What A.I.D. efforts to target specific clients generates is competition among mandates. This competition among objectives--the relationship between objectives involving smaller, poorer, newer clients and the pressure to reduce spending--is, in fact, a critical variable shaping the impact of IESC. Along with other U.S. assistance programs, IESC has been urged to become more self-supporting. Approximately 30 percent of its operating expenses come from clients, less than ten percent from corporate and foundation grants, and the remainder from A.I.D. If managed more like an international consulting firm, we believe IESC could increase its proportion of client contributions and decrease its proportion of federal funding.

But IESC is also asked to build a new client base of the smaller, women-owned, agribusiness companies that are most likely to require heavily subsidized projects and reduced fees and the least likely to support a financially independent IESC. The substantially larger fees obtained from established industries are frequently used to subsidize the smaller clients' projects. Such cost-shifting is consciously planned and practiced by many CDs. Given the increasing competition from other donor countries' programs, we wonder whether larger clients will continue to pay high project costs to the degree necessary to

support significant increases in "discounted" smaller clients' projects.

B. Secondary Effects

1. Impact on Non-Client Businesses

The "ripple" effects of IESC projects are, in general, quite limited. Our field interviews indicate that most projects become known only to a client's friends (or competitors), neighbors, and regular business contacts.

Exceptions to this depend on several factors. A first is the relative success of the CD, advisory board, or Mission in getting press coverage and publicity for IESC activities.

A second is the level at which IESC projects are undertaken. Projects for a senior government ministry or major business leader have a much wider impact as examples than other cases.

Third, the relative success of a project can help determine how well it is known. Great successes and gross failures often shape IESC reputation to a greater degree than more run-of-the-mill projects.

Fourth, projects for cooperative umbrella organizations or public assistance programs for a specific sector have a wider impact because results are usually disseminated to members or throughout the sector.

Only in the last situation, however, do the ripple effects go very far beyond good public relations and marketing for IESC. The specificity of assistance--the hands-on character--of IESC projects usually limits their impact on any level removed from the immediate client.

A case in Morocco, where a VE helped a confectioner increase the quality of his cookies, is typical of the "ripple" effect usually found. The client in this case heard about the IESC from a competitor. After the very positive results of his own project became known, both neighbors in the industrial park where the plant is located and other confectioners heard about the great success of the client and about the assistance the VE offered.

2. Impact on National Objectives

The scale of IESC efforts in comparison to national economies is so small as to limit severely the direct effect on national economies or on patterns of business culture in these countries.

IESC takes a micro, rather than macro, approach to fostering economic development. By definition, therefore, the scale of IESC activity would have to be quite large to have an appreciable, direct impact on national objectives, even in a smaller country like Kenya or Costa Rica.

From a perceptual point of view, however, IESC's commitment to national objectives is important. This is particularly true given that most countries in which IESC is active have as a national goal the bolstering of the private sector. This is also IESC's clear goal. This conjunction of goals provides positive images of the U.S. in the host country and enhances IESC's ability to win official support for its activities.

Our interviews indicate that neither CDs nor VEs take explicit account of national objectives in projects. IESC policy is to try to use the national advisory boards for input regarding national objectives, but we found no institutionalized arrangements for building national objectives into IESC project planning and organization. The relationship between IESC project and national objectives is usually fortuitous rather than planned, therefore.

Individual VEs typically make judgments regarding project implementation. Two cases from one country, Kenya, illustrate both the positive and negative effects such a procedure (or lack thereof) can have. In the first case, the VE opted for a labor-intensive rather than capital-intensive approach to increase productivity. When the client described the VE's recommendations, he underlined, "We don't want to hear that we can scrap the whole plant and buy a new one. We know that already. In this country, we must provide employment. We need to know how we can improve the productivity of the employees and machinery we already have."

In the second case, the client proposed a business venture involving the creation of a large-scale plantation. In Kenya, where so much political weight is placed on encouraging small-holder agriculture, the implementation of this project--had it taken place--would have cut dramatically across government policy.

CD interviews indicate that the CD does not really see taking explicit account of national development objectives as a part of his or her role or mandate in terms of developing projects. One reason is that he is not well briefed on national policies and development goals, at least not in any systematized way we discerned. Another reason is that "national objectives" seem rather far removed from the more pressing issues of following and reconciling IESC, A.I.D., and Mission priorities for his program.

C. Follow-up

By follow-up, we mean activities and relationships involving the VE, client, and, frequently, CD after the completion of an initial project.

1. Types of Follow-up

Three different relationships seem to fall within this category. They are (1) post-project efforts to generate export sales from U.S. producers to IESC clients; (2) the development of additional projects with the same client, either to follow up the original project or to generate new projects; (3) informal relationships between the VE and the client.

Follow-up efforts to promote U.S. exports to IESC clients do not occur frequently in our sample of cases. Individual efforts and interests--either a particular VE or, in a given case, a CD--are probably the determining factor here.

In several cases, clients remarked favorably on IESC because it does not tie its assistance to U.S. exports, as compared, respondents say, to other national service organizations, particularly the Japanese.

The other side of this coin is that some clients use IESC services to gain access to U.S. technology. If this means eventual purchase of U.S. machinery or licensing of technology, this is an additional valuable benefit of the program. When clients seek, however, to circumvent U.S. patent and copyright regulations by requesting VEs to provide proprietary information, as occurs frequently in Mexican cases, the project is jeopardized. In fact, almost every cancelled project which we saw in Mexico was the result of a client's frustration at not gaining access to a specific U.S. proprietary technology.

Follow-up activities are of particular value when they deepen the IESC relationship with a given client either through the creation of new projects or through phased activities focusing on a single assistance goal. Our evaluation indicates that, even though a substantial number of IESC projects are with the same clients, there is no clear IESC policy in this regard.

Some clients, often much larger and more sophisticated firms, have learned how to use IESC services to a maximum advantage. These clients use IESC services repeatedly for very specific management tasks; they make specific requests for VEs with particular skills or expertise, or request the same VE again and again.

In other circumstances, the VE, client or CD envisages a single project through a series of individual phases or steps and suggests some sort of multiple-project relationship with IESC. The evaluation team feels that these projects have been particularly successful, primarily because both the client and VE get to know each other well and know much more clearly what to expect. In the most typical example of this type of case, the first-time client realizes the need for follow-up on the initial IESC project and works out additional projects with the CD.

Some clients notice when this type of follow-up does not occur. An Asian client suggested that IESC "should maintain better contact with previous clients." He went on to say that he "had heard of past IESC clients that wondered why they didn't hear from the local IESC office or from the VEs after the projects were completed."

An informal, personal relationship between a VE and client after the conclusion of a project is a relatively common (seen in every country in between one-quarter to one-third of the cases) indirect result in cases of highly satisfied clients. A Honduran client who has hosted several VEs believes that, "when the VE tends to identify himself with the firm, a better relationship evolves than with other types of consultants. There tends to be a great deal of contact between the VE and the client after the end of the project."

Some clients reported to us that they remain in contact for several years with the VE who worked with them. The VE will sometimes serve as a conduit for the client into American markets or to American technologies.

2. Role of the CD in Follow-up

The process of deepening IESC-client relationships tends to occur from bottom up rather than through the planned efforts of the CD. Such outcomes depend heavily, therefore, on the personal relationship established between a given VE and the client.

This is not to say, however, that the process of deepening IESC-client relationships should be left entirely to the VE. The CD can and should play a key role in the deepening process since he or she is the single institutional link between the client and IESC as an organization. Without CD participation, the deepening process becomes a personal relationship, with only secondary benefits to IESC and its goals.

In a substantial proportion of cases, IESC clients request additional projects. But, the development of follow-up activities, leading to repeat projects, seems more likely to be ad-hoc in IESC processes than

well institutionalized. IESC relies heavily on the personal chemistry which evolves between VE and client and, in certain cases, on the ability of particularly sophisticated clients to maximize benefits they can receive from IESC. The question is whether it would be possible to increase still further the number and range of repeat projects through more institutionalized attention to follow-up activities.

D. Competitiveness

1. Price Competition

IESC competes with two kinds of competitors--other national service organizations, and local private consulting firms. (In most cases, projects are too small to interest international consulting firms, whose fees in any case are much too high for most IESC clients to afford. This is not always the case, however, as we note above, and some larger firms which could well afford first-rate international private consultants use IESC services because they are far cheaper.)

Our case data does not provide any clear distinction across national boundaries regarding the overall price competitiveness of IESC. The relative cost of IESC assistance is inextricably tied to the funding arrangements in each country, such as whether the program is supported by a Mission supplementary grant.

In addition, the presence or absence of similar assistance from other sources shapes a client's knowledge of market alternatives and, in turn, his or her perception of IESC costs.

Finally, many businesses are simply not used to thinking about using consultants. The idea of paying for advice is a foreign idea to them, and CDs report in several cases that the client balked at the idea of paying anything at all.

Field experience showed major differences by region in the relative importance of price. In Southeast Asia, the most common single reason given by established IESC clients for switching to alternative consulting agencies is IESC's fee structure. The Dutch and Canadian programs in Southeast Asia are priced below most IESC projects. The Dutch now require only a fee the equivalent of the advisor's per diem. The Canadian service has an aggressive marketing program in this region and also enjoys a fee structure that is lower than the IESC's. The Japanese service provides a very detailed sliding fee structure that reflects the client's ability to pay, the duration of the project, and the advisor's years of experience. Clients can select a reduced fee program that is making Japanese assistance for the first time economically competitive with IESC. The client companies are

themselves becoming more sophisticated and learning the techniques of managing multiple vendors of advisory services.

In the Philippines, for example, we identified two cases in which the client was switching to an alternative private consulting service. For one of these, even IESC's "discouraged" rate was too high for the client. The client noted that, "the proposed VE would have cost \$5,000 for three months. That is the salary of our president and our executive vice president. I have to tell our union that the VE does not take all this money himself, otherwise they would say give us the money and we will take care of the problems." This client is now using a private consultant who lives "on the national economy."

Yet in other countries, price competition with similar organizations was not a key factor. In Morocco, clients were aware of the French organization but preferred to work with the "hands-on" Americans and gain access to American expertise. In Kenya, other organizations were not active. Also, case data indicate that clients are willing to pay more if IESC has a good reputation in country--if it is seen as a good value by their own criteria. One of these criteria is certainly how anxious a client is to gain access to specifically American expertise.

In order to be cost-competitive, however, IESC must face the longer-term problem discussed above: the special targets of A.I.D., firms run by women, smaller firms, and agribusinesses, are probably least able to pay for IESC services. The need for IESC subsidies for these clients thus increases. This has put particular weight on special funding arrangements with local missions--which, as noted, provide their own set of conflicting pressures.

2. Other Competitive Factors

Client interviews point clearly to certain broadly-shared characteristics of IESC VEs which make them particularly attractive (competitive). The most frequently cited is the hands-on, shop-floor experience and approach of the IESC VEs. Several clients mentioned that VEs from other countries tend to be too "theoretical" or do not know enough about what the client needs.

The other most frequently heard comment is that clients like the "commitment" of the VEs. Several clients were impressed that the VE would work long hours or on weekends. Almost every satisfied client spoke highly of the VE's interest in his or her problems and willingness to work hard to find solutions.

Other clients, particularly in Southeast Asia, liked IESC because it did not link assistance to purchases, like the Japanese group often does. In these cases, clients appreciated the fact that the VE would

be in and out relatively quickly and not lengthening his or her stay to secure purchase orders for back home.

E. Project Pricing

In this section we explore some aspects of project pricing. The data underlying this analysis are soft, in the sense that we do not have complete information on the total cost of projects, which would include information such as the distribution of core grant money and pro-rating of any special grants or supplements that may be provided in-country. With this caveat in mind, we emphasize the distinction between project cost and project pricing, with the price being the amount of money (in US\$) the client pays for IESC services, as shown on project agreement forms and letters of understanding that normally accompany the agreement. In this analysis, we deal with pricing only.

We also note that projects are priced in US\$ across all countries, which means that differences in exchange rates and relative costs of living are implicitly reflected in the data. This might have some biasing effect to the extent that countries with very high or very low relative costs have project profiles that are skewed, although we have no reason to believe that any systematic bias was introduced.

Finally, there are some discrepancies in the totals of certain columns in the following tables. These discrepancies are the result of the double coding of certain projects that included some aspects of technical assistance and some of management assistance, and which were included in both categories in the final analysis.

With all of this in mind, we turn to Table 12. where the length of projects (in months) is analyzed with respect to the dollar price of the project. As expected, the distribution of prices becomes extended over the range of prices as projects get longer. For example, the most expensive one-month projects (in the \$8,100-\$12,000 range) are equal to the median cost of three-month projects.

Table 12. Price of Project and Project Length

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<4	100%	46%	12%	16%	
4.1 - 8		46	42	29	29%
8.1 - 12		8	30	32	29
12.1- 16			8		
16.1- 20			8	13	13
>20				10	29
Total	100%	100%	100%	100%	100%
[N=	3	28	41	31	7]
Average Price (\$000)	2.5	4.6	8.0	9.8	12.8
Average Price/month (\$000)	<2.5	4.6	3.8	2.9	2.6*

* Average project: 4.9 months

Length of average project: 2.2 months

It is important to note, however, that the longer projects are not proportionately more expensive than the shorter ones: the average project price per month in fact decreases with length of project.

This, of course, meets with expectations based on the front-loading aspect of project pricing, in which VE (and spouse) travel costs are absorbed equally at the beginning of a project, whether it lasts one month or five months.

In Tables 13. and 14., we divide projects into Technical Assistance and Management Assistance types, and replicate the pricing analysis for each type. The differences are small, but there are systematic distinctions that should be pointed out--even though they do not appear significant enough to be underlined.

- o Technical assistance projects tend to take slightly longer (2.3 months on average, compared to 2.0 months for the average management assistance project). However, within each category of project length (except for the shortest projects of one month or less), technical assistance projects are priced below management assistance projects.

**Table 13. Price of Project and Project Length:
Technical Assistance Projects**

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<1- 4	100%	43%	14%	25%	
4.1 - 8		50	45	30	28%
8.1 - 12		7	36	35	
12.1- 16			5		
16.1- 20				5	28
>20				5	44
Total	100%	100%	100%	100%	100%
[N=	3	14	22	20	7]
Average Price (\$000)	2.5	4.8	7.3	10.2	15.4
Average Price/month (\$000)	<2.5	4.8	3.6	2.7	3.1
Length of average project:	2.3 months				

**Table 14. Price of Project and Project Length:
Management Assistance Projects**

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<1- 4		50%	20%	13%	
4.1 - 8	100%	38	30	26	
8.1 - 12		12	25	40	
12.1- 16			10		
16.1- 20			15	7	
>20				14	100%
Total	100%	100%	100%	100%	100%
[N=	1	16	20	15	1]
Average Price (\$000)	6	4.5	8.9	10.8	20
Average Price/month (\$000)	<6	4.5	3.8	3.6	4.1

Length of average project: 2.0 months

Some systematic explanations for these differences are found when we divide client firms into separate categories according to their size. Using the definitions of "smaller" firms developed previously (see Section VI.A.2.), Tables 15. and 16. compare price and project duration for smaller firms and larger firms.

- o Smaller firms' projects last slightly longer on average (2.3 months compared to 2.0 months).
- o For projects that last longer than one month (which is more likely to happen in smaller firms), the actual prices and prices per month are systematically and significantly lower for smaller firms.

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**Table 15. Price of Project and Project Length:
Smaller Firms**

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<1- 4	100%	38%	33%	36%	
4.1 - 8		50	42	27	67%
8.1 - 12		12	25	27	
12.1- 16				10	
16.1- 20					33
>20					
Total	100%	100%	100%	100%	100%
[N=	1	8	12	11	3]
Average Price (\$000)	2.5	5.2	5.8	6.5	6.0
Average Price/month (\$000)	<2.5	5.2	2.9	2.2	1.2
Length of average project:				2.3 months	

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**Table 16. Price of Project and Project Length:
Larger Firms**

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<1- 4	100%	50%	3%	5%	
4.1 - 8		45	41	32	
8.1 - 12		5	34	42	50%
12.1- 16			10		
16.1- 20			10		
>20				21	50
Total	100%	100%	100%	100%	100%
[N=	2	20	29	19	2]
Average Price (\$000)	2.5	4.5	9.3	10.4	15.0
Average Price/month (\$000)	<2.5	4.5	4.6	3.5	3.1
Length of average project:	2.0 months				

The natural question to ask at this stage is, are these differences a function of firm size or of type of project, or is there an interaction effect that combines those two parameters? We explore these possibilities in Tables 17. through 20. below, in which we divide projects according to size of firm and type of assistance rendered, and then observe comparative prices and durations of projects.

The results are in conformity with what we have now come to expect:

- o Technical assistance projects take slightly less time and tend to cost slightly less than do management assistance projects.

- o There is a noticeable interaction effect: larger firms tend to have longer projects and to bear larger costs for projects, even of the same length, than do smaller firms.

**Table 17. Price of Project and Project Length:
Smaller Firms with Technical Assistance Projects**

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<1- 4	100%	50%		80%	
4.1 - 8		50	57%	20	50%
8.1 - 12			43		
12.1- 16					
16.1- 20					50
>20					
Total	100%	100%	100%	100%	100%
[N=	1	6	7	5	2]
Average Price (\$000)	2.5	4.2	7.7	5.2	12.0
Average Price/month (\$000)	<2.5	4.2	3.8	1.7	2.4
Length of average project:	2.2 months				

Table 18. Price of Project and Project Length:
Larger Firms with Technical Assistance Projects

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<1- 4	100%	43%	21%	7%	
4.1 - 8		43	43	33	20%
8.1 - 12		14	36	46	
12.1- 16					
16.1- 20				7	20
>20				7	60
Total	100%	100%	100%	100%	100%
[N=	2	7	14	15	5]
Average Price (\$000)	2.5	5.1	6.7	9.4	16.8
Average Price/month (\$000)	<2.5	2.6	2.2	3.1	3.4
Length of average project:	2.5 months				

**Table 19. Price of Project and Project Length:
Small Firms with Management Assistance Projects**

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<1- 4		17%	72%		
4.1 - 8		66	14	40%	
8.1 - 12		17	14	60	
12.1- 16					
16.1- 20					
>20					
Total		100%	100%	100%	
[N=		6	7	5]
Average Price (\$000)		6.1	4.1	8.4	
Average Price/month (\$000)		6.1	2.0	2.8	
Length of average project:		2.1 months			

**Table 20. Price of Project and Project Length:
Larger Firms with Management Assistance Projects**

Price (actual \$000's)	Length of Project (Months)				
	<1	1	2	3	3+
<1- 4		70%	18%		
4.1 - 8	100%	30	29	20%	
8.1 - 12			24	50	
12.1- 16			12		
16.1- 20			17	10	
>20				20	100%
Total	100%	100%	100%	100%	100%
[N=	1	10	17	10	1]
Average Price (\$000)	2.5	3.6	9.4	12.0	20.0
Average Price/month (\$000)	2.5	3.6	4.7	4.0	4.1
Length of average project:	2.1 months				

Again, while these differences are not dramatic, they are systematic and they do suggest that, in the overall assessment of project pricing (given the limitations of the pricing data that we expressed earlier), there is reason to believe that the pricing structure is sensitive to a firm's ability to pay. There is certainly no evidence to suggest that smaller firms in any way are being made to bear an unreasonable or even a disproportionate share of the total pricing profile.

In Table 21. below, we summarize these observations with some illustrative data gleaned from the previous tables in this section. The (N) entries show the number of cases in each of the four categories, and indicate that the distribution of types of assistance is uniform among smaller and larger firms: just over half of all

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projects involve technical assistance for both smaller and larger firms.

Projects take slightly longer on average in larger firms, and tend to be priced slightly higher (we use two-month projects as our example here because they tend to have the largest number of examples). The table shows that smaller firms pay a bit more (\$1000 on average, or \$500 per month) for two-month technical assistance projects--but this is more than compensated for by the very large differential (\$5300, or \$2650 a month) borne by larger firms when we consider management assistance projects.

Table 21. Average Length of Projects and Average Price of a Two-Month Project, According to Size of Firm and Type of Assistance

<u>Size of Firm</u>	<u>Type of Project</u>					
	Technical Assistance			Management Assistance		
	[N]	Ave. Length	Price of 2-month Project (\$000)	[N]	Ave. Length	Price of 2-month Project (\$000)
<i>Smaller</i>	[21]	2.2	7.7	[18]	2.1	4.1
<i>Larger</i>	[43]	2.5	6.7	[39]	2.1	9.4

In short, there is evidence, in the context of the caveats concerning the data at our disposal, that IESC employs a pricing strategy culture. The numbers of cases in our analytic categories shrink to very small sets as we refine the analysis, so our conclusions must be made gingerly and with appropriate caveats about small numbers of units. The small numbers prevent our pursuing some possibly exciting and revealing sub-analyses, such as differences between countries, by length of CD service, and so on.

Field experience indicates a general effort by CDs to provide more subsidy (or a lower price) to the smallest firms, and this is usually coordinated with, and supported by, the USAID mission when a supplementary grant exists. We cannot, however, be certain from the data above whether the pricing strategies we have gleaned here--in

which smaller firms receive price advantages compared to larger firms--are implicitly or explicitly part of the IESC pricing culture.

When we take into account the data and the caveats, we can conclude:

- o Larger firms tend to pay more, all things considered, than do smaller firms, and it is not unreasonable to conclude that larger firms are carrying part of the pricing load for smaller firms.
- o Management assistance projects are generally priced higher than are technical assistance projects.
- o The highest-priced projects are those for management assistance for larger firms.

The data are, we again add, delicate, with variable results based on soft data with small numbers of cases in key analytic cells. Nonetheless, we consider them to be systematic enough to warrant attention and to suggest important paths for further analysis.



VII. Influencing Impact: Structural Factors

This section details the variables which emerged from the evaluation as determining the relative impact of IESC assistance. Building on the framework established in Sections IV and V, we relate various structural elements present in the program, as measured by perceptual indicators from the field. We first detail those factors which appear to be most significant in determining impact. We then show other factors which emerge as less important but are still of interest.

A. Significant Variables

We recall the data presented earlier (Section IV.B.3.) where we first demonstrated the relationship between the perceptual measures of satisfaction and of impact, and where we first noted that these two measurements were independent but related dimensions of project evaluation:

Table 6. *Satisfaction/Impact Matrix*

		<u>Impact</u>				N	%
		Major	Moderate	Small	None		
<u>Satis- faction</u>	High	42	21	6	1	70	65%
	Moderate	2	18	3	1	24	22%
	Some	--	1	4	1	6	6%
	None	--	--	2	5	7	7%
	N	44	40	15	8	107	
	%	41%	37%	14%	8%		100%

We now use the perceptual data assessed for the evaluation to answer the two basic questions which emerge from this matrix: What factors seem most significant in determining both satisfaction and impact? How closely related are these effects?

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o **Type of Assistance**

When we differentiate the data on the basis of the type of assistance rendered, we find that the relationship between satisfaction and impact is somewhat differentiated.

**Table 22. Client Satisfaction by Type of Assistance:
Technical and Management Assistance (%)**

Type of Assistance	Highly Satisfied	Mostly Satisfied	Some Satisfaction	No Satisfaction	N
	Technical Assistance	66	23	5	
Management Assistance	62	24	9	5	[55]

The type of assistance rendered has only a moderate effect on perceptions of client satisfaction: the generally high levels of satisfaction remain when we distinguish between those clients that received primarily technical or management assistance.

Considerably more powerful results are obtained, however, when we use the measure of *impact* and observe differences according to the type of assistance rendered:

**Table 23. Perceived Impact on Client Firm by Type of Assistance:
Technical and Management Assistance (%)**

Type of Assistance:	<u>Impact</u>				Harm Done	N
	Major	Moderate	Small	None		
Technical Assistance	48	37	9	6	0	100% [70]
Management Consulting	36	40	18	3	2	100% [52]

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Perceptions that projects had a major impact are systematically less likely than are perceptions of high satisfaction. However, technical assistance projects are somewhat more likely to be seen as having a positive impact on the client firm: while nearly half (48 percent) of the technical assistance projects are evaluated as having a major impact, just about one-third (36 percent) of the management assistance projects left that impression. And while 28 percent of the management assistance projects were evaluated as having small or no impact (and even as having done harm in one case), only 15 percent of the technical assistance projects were given a low impact rating.

Table 24. *Satisfaction and Impact According to Type of Project: Technical Assistance and Management Assistance*

A: *Technical Assistance*

		<u>Impact</u>				%	N
		Major	Moderate	Small	None		
<u>Satis-</u> <u>faction</u>	High	45%	17%	3%	--	65%	[41]
	Moderate	--	19%	5%	--	24%	[15]
	Some	--	--	--	2%	2%	[1]
	None	--	--	4%	5%	9%	[5]
	%	45%	36%	12%	7%	100%	
	N	[28]	[23]	[7]	[4]		[62]

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B: Management Assistance

		<u>Impact</u>					
		Major	Moderate	Small	None	%	N
<u>Satis- faction</u>	High	32%	23%	8%	2%	65%	[33]
	Moderate	4%	15%	--	2%	21%	[11]
	Some	--	--	8%	2%	10%	[5]
	None	--	--	--	4%	4%	[2]
		%	36%	38%	16%	10%	100%
		N	[18]	[20]	[8]	[5]	[51]

These two tables give further demonstration to our point that the type of project--technical assistance or management consulting--is systematically, albeit not overwhelmingly, related to our subjective measure of impact: while 65 percent of both types of projects were evaluated as highly satisfactory, technical assistance projects are more likely (45 percent to 36 percent) also to have had a major impact on the client firm. In other words, there is a much steeper fall-off (33 percent versus 20 percent) between satisfaction and perceptions of impact among clients who received management assistance contrasted to those who received technical assistance. In the end, then, 45 percent of all technical assistance projects had the highest rating on both measurements, compared to 32 percent of the technical assistance projects. We may render this into a general conclusion that:

- o Close to half of the clients who received technical assistance are highly satisfied and felt a major impact on their firms; only about one-third of those who received management assistance were seen to have received those two benefits.

Although we keep in mind that we are dealing here with small numbers of cases, it is still worth noting that *all* of the technical assistance projects with high or moderate satisfaction ratings were seen to have had some positive impact on the client firm. In contrast, there are management assistance cases where projects deemed high or moderate on client satisfaction were seen to have had no impact at all on the client firm.

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o **Sector of Client**

When we take account of the client's industry sector (manufacturing or service), the meaning of impact, and of the relationship between satisfaction and impact, becomes even more clear.

Table 25. Client Satisfaction and Sector of Firm

	<i>Highly Satisfied</i>	<i>Mostly Satisfied</i>	<i>Some Satisfaction</i>	<i>No Satisfaction</i>
<i>Manufacturing</i>	49 (71%)	12	4	4
<i>Service</i>	23 (53%)	13	5	2
<i>Agribusiness</i>	3 (50%)	2	1	0
<i>Government</i>	1 (33%)	2	0	0
<i>Not-for-profit</i>	8	2	0	1

One of the more satisfying results is found in Table 25. above, where we indicate the percentages of highly satisfied clients according to the type of business sector of the client firm. Setting aside not-for-profits, where fee structures may be altered or supplemented from other sources, there is a very neat regression of satisfaction, with the manufacturing sector, where impact is most immediately felt, displaying the largest proportion of highly satisfied clients.

Table 26. Project Impact and Sector of Firm

	<i>Major Impact</i>	<i>Moderate Impact</i>	<i>Small Impact</i>	<i>No Impact</i>	<i>Harm Done by VE</i>
<i>Manufacturing</i>	33 (48%)	22	6	7	0
<i>Service</i>	11 (27%)	20	9	0	1
<i>Agribusiness</i>	2 (28%)	4	0	1	0
<i>Government</i>	1 (50%)	0	0	1	0
<i>Not-for-profit</i>	3 (33%)	4	2	0	0

As we have concluded generally throughout this analysis, the manufacturing sector is the venue for the greatest IESC effects. Consistent with this, nearly half of all manufacturing clients' projects were seen as having a major impact on the operations of the firms, with this perception of impact declining sharply in the service and agribusiness sectors.

Table 27. *Satisfaction and Impact, According to Client's Industry Type: Manufacturing and Service*

A: *Manufacturing*

		<u>Impact</u>					
		Major	Moderate	Small	None	%	N
<u>Satis- faction</u>	High	52%	14%	3%	3%	74%	[46]
	Moderate	1%	13%	3%	--	17%	[11]
	Some	--	1%	--	3%	4%	[3]
	None	--	--	--	5%	5%	[3]
	%	53%	28%	6%	11%	100%	
	N	[34]	[18]	[4]	[7]		[63]

B: *Service*

		<u>Impact</u>					
		Major	Moderate	Small	None	%	N
<u>Satis- faction</u>	High	26%	20%	10%	--	56%	[23]
	Moderate	2%	26%	--	2%	30%	[13]
	Some	--	--	10%	--	10%	[4]
	None	--	--	2%	2%	4%	[2]
	%	28%	46%	22%	4%	100%	
	N	[12]	[19]	[9]	[2]		[42]

It is clear from these tables that clients in manufacturing firms are more likely--twice as likely, in fact (52 versus 26 percent)--to have high satisfaction and to feel that the project had a major impact on their firm. At the other end of the measurements, 26 percent of service firms compared to 17 percent of manufacturers see the IESC project as having had a small impact or no impact at all.

We have made the point earlier that technical assistance is more likely to be appreciated by clients because it offers more tangible and often more practical advice and benefits than does management assistance. We also noted that manufacturing firms, as opposed to those in service industries, are more in need of the practical advice offered by technical assistance projects.

By putting these factors together, as we do in Table 28. below, we see the mutual effect of the two significant factors on perceptions. That is, when we isolate manufacturing firm clients who received technical assistance and observe their levels of satisfaction and of impact, we crystallize an 86 percent "pure" cohort: 86 percent of all manufacturing clients who received technical assistance were assessed as having high or moderate satisfaction and as having felt a major or moderate impact on their firm's operations (the four ratios in the upper left-hand corner of the table):

Table 28. *Satisfaction and Impact for Manufacturing Clients Who Received Technical Assistance*

		<u>Impact</u>				%	N
		Major	Moderate	Small	None		
<u>Satis- faction</u>	High	52%	18%	4%	--	74%	[38]
	Moderate	2%	14%	4%	--	20%	[10]
	Some	--	--	--	2%	2%	[1]
	None	--	--	--	4%	4%	[3]
	%	54%	32%	8%	6%	100%	
	N	[28]	[16]	[4]	[4]		[52]

B. Other Variables

We tested our measures of satisfaction and impact against a number of other variables, mostly quantitative, that we derived from various sources, primarily IESC in-country files. In this section, we present all of the data relationships that offered any level of discrimination between variables.

o Length of Project

Table 29. *Client Satisfaction and Length of Project*

	<i>Highly Satisfied</i>	<i>Mostly Satisfied</i>	<i>Some Satisfaction</i>	<i>No Satisfaction</i>
<i>1-2 months</i>	46 (51%)	13	7	4
<i>3 months</i>	15 (52%)	11	1	2
<i>more than 3 months</i>	7 (100%)	0	0	0

In Table 29, we set aside the countries as analytic categories and see a result that is satisfying in its clarity and in conformity with our assessments elsewhere in this report: the longer a project is carried on until its completion, the more likely a client is to be satisfied. The expectation for this result comes from the numerous comments made by clients that they would prefer VEs to stay longer, no matter how long they have actually stayed.

The critical cut-off point appears to be three months: projects that lasted three months or less--and it does not seem to matter how much less--produced assessments of "Highly Satisfied" about half the time. Projects that lasted more than three months were *all* assessed as "Highly Satisfied."

Table 30. Project Impact and Length of Project

	<i>Major Impact</i>	<i>Moderate Impact</i>	<i>Small Impact</i>	<i>No Impact</i>	<i>Harm Done by VE</i>
<i>1-2 months</i>	26 (37%)	26	12	5	0
<i>3 months</i>	11 (39%)	13	2	1	1
<i>more than 3 months</i>	4 (67%)	2	0	0	0

Again, we see that the longer projects--those that lasted more than three months--were twice as likely to have a major impact than were shorter projects, even though the likelihood of having a major impact is somewhat smaller than the likelihood of creating high client satisfaction (while all three-month-plus projects brought high satisfaction, just two-thirds of them were seen to have a major impact). Although the numbers of cases are very small, the direction of these relationships is consistent enough to permit the conclusion that length of project time is a significant variable.

o Rate of CD Turnover

Table 31. Client Satisfaction and Rate of CD Turnover

	Highly Satisfied	Mostly Satisfied	Some Satisfaction	No Satisfaction
<i>"high"</i> turnover countries				
Egypt	7	2	0	1
Jordan	9	1	0	0
Kenya	6	2	1	0
Morocco	8	1	1	3
<i>"low"</i> turnover countries				
Costa Rica	8	5	0	0
Ecuador	5	3	2	1
Honduras	5	3	1	0
Indonesia	6	2	0	0
Mexico	5	2	0	0
Philippines	8	3	1	1
Thailand	7	2	2	0

In Table 31., we define "high" turnover countries as those which hosted three or more CDs in the past five years. We tested our measure of satisfaction against CD turnover because our field teams believed this would be a factor in general satisfaction. On an overall basis, this turns out to be the case only marginally: 89 percent of clients in "low" turnover countries were "Highly" or "Mostly" Satisfied, compared to 85 percent in "high" turnover countries.

We note, however, that the three highest satisfaction countries from Table 4. (Costa Rica, Indonesia and Mexico) are among the "low" turnover countries, while the country lowest in overall satisfaction (Morocco) is a "high" turnover country.

o **Project Cost to Client**

Table 32. Client Satisfaction and Project Cost to Client

% of turnover during project	Highly Satisfied	Mostly Satisfied	Some Satisfaction	No Satisfaction
more than 5%	8 (80%)	1	0	1
1% to 5%	11 (58%)	5	2	1
less than 1%	25 (58%)	13	3	2

Table 32. shows what might, at first glance, appear to be an anomaly: the higher the relative cost of a project (measured by the price the client pays for the IESC project as a proportion of client's turnover during the time of the project), the more highly satisfied were clients. One explanation might be a perceptual one in that higher relative costs can only be justified afterwards by being satisfied, a kind of dissonance resolution.

When we consider the size of the client firm, however, as we do in Table 33. below, we find another explanation that is at least as interesting: clients from smaller firms are generally more satisfied than are those from larger firms. This result most likely stems from the fact that, in smaller firms, the VE is more likely to work directly with the top decision-makers, and thus to be able to influence implementation more directly. Given the general fee structure of IESC, smaller firms will pay the same or close to the same absolute fees as do larger firms. They will thus be paying higher relative fees and more anxious to achieve a satisfying result.

Table 33. *Project Impact and Project Cost to Client*

<i>% of turnover during project</i>	<i>Major Impact</i>	<i>Moderate Impact</i>	<i>Small Impact</i>	<i>No Impact</i>	<i>Harm Done by VE</i>
<i>more than 5%</i>	6 (60%)	2	1	0	1
<i>1% to 5%</i>	7 (40%)	11	1	0	1
<i>less than 1%</i>	13 (32%)	18	4	5	0

Again in Table 33. we see an affirmation of the results found in the analysis of the effect of cost on client satisfaction, although at a lower level of affect: while 80 percent of the high cost (more than 5 percent) projects brought high satisfaction, 60 percent of these projects were seen to have a major impact. The direction of the relationship, however, is consistent in both variables: as did satisfaction, impact effects decline as the project becomes relatively less expensive. The same explanations that we brought to the satisfaction variable will suffice here as well. We again emphasize that in the smaller firms, where the relative cost of an IESC project is higher, the VE is more likely to work closely with the top decision-makers. In this kind of situation, the impact of the VE's ideas and other inputs are more likely to be felt and appreciated.

o **Size of Client Firm**

Table 34. Client Satisfaction and Size of Firm

	<i>Highly Satisfied</i>	<i>Mostly Satisfied</i>	<i>Some Satisfaction</i>	<i>No Satisfaction</i>
<i>smaller</i>	20 (69%)	4	4	1
<i>larger</i>	54 (59%)	28	4	5

Using the criteria already developed to define "smaller" firms on a country basis (Section VI.A.2.), we see that smaller firms experienced modestly higher satisfaction than "larger" firms. Actually, these findings obscure an interesting division within the larger firm category. Some of the larger companies seem to be particularly proficient at utilizing and deriving significant benefits from IESC assistance. Two very large companies in the Philippines and in Jordan, for example (both of which, incidentally, are publicly owned), have long track records with IESC. They seem to use the IESC as a low-cost, highly specific skill bank. Levels of satisfaction are high and the impact of such assistance is at least moderate. From the IESC perspective, these clients pay full costs and are frequent repeaters.

o **Repeat Projects**

Table 35. Client Satisfaction and Repeat Projects

	<i>Highly Satisfied</i>	<i>Mostly Satisfied</i>	<i>Some Satisfaction</i>	<i>No Satisfaction</i>
<i>repeat project</i>	33 (66%)	11 (22%)	4	2
<i>first project</i>	41 (63%)	15 (23%)	5	4

Table 35. does not meet prior expectations: repeat clients are hardly more likely to be satisfied than are those assessing their first project. The differences with respect to this variable may have to be found in a more complex--that is, multi-dimensional--analysis, in which other significant factors (such as size of firm) are also included.

o VE Recruitment Time

Table 36. Client Satisfaction and VE Recruitment Time

	Highly Satisfied	Mostly Satisfied	Some Satisfaction	No Satisfaction
0-3 months	10 (77%)	2	0	1
3-6 months	36 (57%)	16	7	4
7+ months	21 (72%)	6	1	1

Another result that is difficult to determine appears in Table 36.: the length of time between project approval and the successful recruitment of a VE seems to have no clear pattern in relationship to client satisfaction, although the dip in satisfaction for projects in the intermediate category--three to six months--is significant enough to be noted.

As a matter of speculation, it could be that those projects that took more than seven months to recruit for have other characteristics that lead to client satisfaction. These factors could include some that we did not specifically look for in this pilot analysis, such as the centrality of the project to the firm's needs, in which the VE's contribution was so essential that waiting time was irrelevant to the client. An alternative explanation is that, when recruitment drags on beyond six months, clients are more likely to cancel the project. Those that do not cancel may be willing to wait because they have such specific requirements--and this may account for these higher satisfaction levels. We would look to this type of explanation since the first two figures, those for the categories of less than seven months, indicate a coherent and easily acceptable pattern of satisfaction.

Table 37. Impact and VE Recruitment Time

	<i>Major Impact</i>	<i>Moderate Impact</i>	<i>Small Impact</i>	<i>No Impact</i>	<i>Harm Done by VE</i>
<i>0-3 months</i>	11 (37%)	12	4	3	0
<i>3-6 months</i>	17 (37%)	20	7	2	0
<i>7+ months</i>	14 (52%)	8	2	2	1

In Table 37., we find an exaggeration of the relationship noted between client satisfaction and length of recruitment time: when VE recruitment took longer than seven months, the project was seen to have a greater impact than when recruitment was accomplished more quickly.

The consistency of this pattern across our two dependent variables begs for further refinement in future evaluations. It is, at first glance, somewhat counter-intuitive to find that length of recruitment time is so positively related to satisfaction and to impact--unless another factor or set of factors, such as the centrality of the project to the client's operations, is strongly at play.

o **Project Follow-up**

Table 38. Project Follow-up by Satisfaction

	<i>Highly Satisfied</i>	<i>Mostly Satisfied</i>	<i>Some Satisfaction</i>	<i>No Satisfaction</i>
<i>substantial follow-up</i>	36 (72%)	9	5	0
<i>some follow-up</i>	12 (75%)	3	0	1
<i>no follow-up</i>	19 (51%)	11	2	5

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A final relationship involving the perceptual measures examines project follow-up. Here we define as "substantial" follow-up which included at least a continuing relationship between the VE and client, and/or an additional project. "Some" we define as a request by a client for an additional project, or a less substantive relationship between a VE and client. "No" follow-up indicates we found no evidence of follow-up by the CD, VE or client.

Follow-up does make a difference, at least from the data we review in Table 38. In a universe where about 60 percent of the clients generally were highly satisfied, we see that even a small amount of follow-up can increase satisfaction levels by a factor of fifty percent.

Table 39. Project Follow-up by Impact

	<i>Major Impact</i>	<i>Moderate Impact</i>	<i>Small Impact</i>	<i>No Impact</i>	<i>Harm Done by VE</i>
<i>substantial follow-up</i>	22 (43%)	23	4	2	0
<i>some follow-up</i>	10 (59%)	5	2	0	0
<i>no follow-up</i>	9 (24%)	14	9	5	1

Table 39. lends more credence to the idea that follow-up, of almost any sort, can be a major factor in program effectiveness. While less than one-quarter of projects that were not followed up were assessed as having a major impact, nearly half (47 percent) of all projects that were followed up were seen to have a major impact.

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VIII. IESC in the Field

This evaluation, designed to assess the impact of IESC services through an on-site examination of a wide range of individual cases in 11 countries, produced a distinct picture of IESC--how it operates and how it is managed as seen from the field. Throughout this report, the perspective presented is based on the aggregate experience of the field teams. The view of IESC in the field detailed below likewise is based primarily on the field teams' experiences in the 11 countries and the comments of clients, IESC personnel, and USAID mission officers on site.

A. How IESC Operates

Like other firms in the marketplace, the IESC offers a product. The IESC product is business management assistance. But in the case of the IESC, the product is deeply, indeed almost wholly, embodied in the person of the volunteer executive. In a very real sense, the VEs themselves are the visible products the IESC offers to its clients.

The process by which the product is placed in the local market is relatively straightforward. The first step is identification of a potential client. David Rockefeller recruited the first IESC client. Since then, marketing IESC is undertaken primarily by the IESC Country Directors (CDs)--with some help from IESC headquarters and, at various times, from local USAID missions.

The CDs manage and market IESC activities in a given country. CDs are recruited on the basis of several factors relating to experience in, and suitability for, the specific country. They are asked to remain in country for two years to ensure continuity in the IESC program there. CD marketing practices vary considerably. Some rely more upon their advisory councils to identify possible clients. Others spend much more of their time directly marketing IESC assistance.

Some CDs make greater use of organizations and the media, and give speeches before local business groups and interviews with local newspapers. When CDs remain in place for several years, they can cultivate wide circles of friends and former clients who help find new business; when they rotate in and out of country more rapidly, networks are likely to decay. The spread, style and sophistication of a CD's marketing activities depends largely on his or her background, aptitude and self-image, and on the support (staff and infrastructure) which he or she enjoys in country.

The IESC mandate creates a large net for potential clients--that is, projects which support the private sector and private enterprise in

the country. Over the years, however, A.I.D., as principal funder, has both extended and restricted the IESC's original mandate. (For example, the 1985 core grant amendments set a performance target that no more than five percent of core grant projects are to be with governmental entities.) These are being incorporated into practice by IESC primarily through their CD training programs.

Most CDs rank marketing as their most important activity. Few believe that sufficient projects will materialize on their own, or on the recommendation of others, without their own vigorous marketing efforts. CDs will search out possible uses for a volunteer and suggest to a potential client how IESC assistance might be crucial to his or her success. In this sense, although some clients are quite certain of what kind of assistance they require (and some, we find, are particularly skillful at using IESC services), the initial definition of the project is frequently a dimension of the marketing process.

Some CDs seem to be more assiduous at preparing a work plan for new projects, while others seem willing to rely more heavily on the client or to be satisfied with the most general statement of a client's requirements.

The CD and client must also agree on the share of project cost the client will bear. The amount is generally negotiated between the two on the basis of the size of the client firm, the existence of supplementary Mission funding (to provide subsidies for appropriate clients), and the length of the project. Charges are front-loaded, in that transportation costs for the VE and spouse are normally included in the first month's charges, with subsequent monthly charges much lower.

Once a potential client and CD agree on both the definition of a project, put in writing in a work plan and the cost to the client for the visit, the CD requests that IESC headquarters match the client's request for assistance with an appropriate, available volunteer from the resource bank file. A relatively complex process, successful recruitment can take from less than one month to more than a year, depending in part on how difficult it is to achieve the right fit between VE and project. It is harder to find VEs willing to work in some countries; volunteers hesitate to commit to these more problematic places, which leads to further delays. Finally, prospective clients also change their minds: a hoped-for ship does not come in and finances are tight; brothers who jointly own a firm fall out; or there are second thoughts about rushing too rapidly into an uncertain responsibility.

When appropriate individuals are identified, Stamford contacts them for possible availability. If the volunteer agrees to undertake the project, Stamford then telexes a brief resume to the CD which is then

transmitted to the client. The client can accept or refuse the proposed volunteer. (Some clients report that they have been offered a choice of volunteers, but this is not standard IESC practice.) At this point, CDs must at times encourage the client to accept the volunteer or request further information from Stamford. IESC discourages direct contact between the client and volunteer before the start of a project.

After the client has accepted a volunteer, a schedule is developed. Again, delays may dog the system: a volunteer or spouse is taken ill; the client vacillates; initial payments are not forthcoming. When the VE arrives, the CD introduces the volunteer to the client and is responsible for seeing that the project begins as smoothly as possible.

The VE's point of departure is the work plan devised by the client (with or without the assistance of the CD). Frequently, however, substantial revisions are required as the CD takes stock of the situation on the ground. Often, the results are good nonetheless. If there is a basic IESC business strategy, it is to deliver the VE to the client and to let the VE adjust the work plan as required. Sometimes, however, there is delay and confusion, particularly when a less experienced VE struggles to map out a practicable work plan and goals that can reasonably be achieved in a short period. In two or three weeks, depending on the country, the VE will submit a revised work plan, agreed on by the client, to the CD.

CDs monitor the course of the project and deal with problems as they may arise. After the VE departs, the CD is responsible for completing evaluation and follow-up procedures, including a conversation with the client, supervision of completion of evaluation forms by the VE and client, completing his or her own evaluation of the project, and a final follow-up conversation with the client one year after project completion. In many cases we studied, however, these evaluation procedures were not fully completed.

B. Program Management

Our mandate was to study the impact of IESC services primarily from the field, from the perspective of the user of the services. From this perspective, the most important element in the IESC management system is the Country Director.

1. The Country Director

We believe that, second only to the quality of the VE himself or herself, the CD plays the most crucial role in ensuring whether or not IESC efforts will be successful in a given country. We focus on three areas which the evaluation indicates are most important in shaping the effectiveness of the CD: training, motivation and rewards. To examine these areas, we look at the CD from two perspectives, structure and process. By structure, we mean the establishment which supports the CD, and by process, the CD's definition of mission and strategy.

o Structure & Establishment

The establishment supporting a CD consists of several components.

The first is the background and preparation of the CD for his or her role in country. Under current practice, CDs are generally recruited on the basis of several factors relating to experience in, and suitability for, the specific country. (Previous practice had been to recruit CDs largely from the ranks of those particularly successful VEs, but, as of April 1988, only 11 of the 33 CDs were former VEs.) IESC management looks for those individuals who are perceived to have a deep interest in IESC and its programs, and who might be available for a longer-term commitment. Stamford looks in particular for individuals who are likely to be effective salespersons, who will be able and willing to market IESC services in country.

Stamford has tried, in recent years, to upgrade the preparation of the CD. Most of the CDs we interviewed, however, are somewhat skeptical about the value of their training; several even stated that it was largely irrelevant to the problems they face overseas, though they were not specific. As with many VEs (and many overseas executives), some CDs feel that the IESC program as they see it (from the field perspective) depends far more on their own personal abilities than on the remote organization they represent.

The second component is the support organization available to the CD in country.

We found no single format for the organization and composition of office and staff in country, though each CD had some kind of support staff and office. The character and duties of this staff are shaped largely by the personality and style of the CD. In cases where CD turnover is more frequent, office routines can vanish and shorter-term incumbents act like visiting salesmen. In at least one case, marketing files were unused and earlier leads were not followed up.

Sometimes, on the other hand, more rapid rotation of CDs leaves the senior staff member as de facto country director, knowing more about the IESC and its program than any of the CDs.

In several cases, the CD is a particularly gung-ho or "lone ranger" marketer, and the support staff is underutilized. Where the CD is more systematic and better at delegating, the staff is used more effectively. In general, however, office and support staff seem to be adequate and helpful to the CD.

An important means of support for the CD is a national advisory board. Again, this differs by country; not every country has one, and they may be composed in varying ways. Where present, an advisory board may be a highly important marketing tool for the CD, a source of information about the business environment and even of new clients.

In several countries, research teams felt that the composition of the board sometimes skewed the direction of marketing toward larger firms. In at least one country, the research team reported some criticism by clients of this as well. There is also evidence that some CDs fail to use the board as effectively as they might--particularly not using the resources of the board to better promote more specific goals (such as A.I.D. targets).

Finally, we saw very little evaluation and systematic reporting from the field. All of the field teams reported that CDs complete or supervise the completion of the Stamford-mandated evaluation procedures for projects irregularly at best. CDs tend to view the evaluation procedures as a distraction from vital marketing efforts. (It is possibly worth noting in this regard that there seems to be some tendency for the IESC, in its "Summary of IESC Projects" to over-state the results. In at least one Kenyan case, IESC reports that as a result of the VE's suggestions, the client was able to increase production by 50 percent. There is no evidence in the files, which contain the CD's and the client's final reports, that either claimed this was the case.)

o Process, Mission and Strategy

How does the CD perceive his or her primary responsibilities? The country directors we interviewed all seemed to view themselves primarily as marketers, and IESC in the field is primarily a marketing-driven organization. Most rewards to the CD, organizational, psychic and otherwise, are associated with sales, or project starts.

Less attention seems to be given to the substance of projects, either with regard to A.I.D. targets or host country policies and objectives. In the places we visited, these tend to be background issues, if

indeed they are relevant at all in the CD's day-to-day activities. The main exception is when the local Mission, through a supplementary grant, more directly imposes substantive criteria on project or client selection.

A CD's marketing style is shaped by various factors: resources that support marketing efforts include the advisory board, publicity, relations with local government, referrals, and follow-up with previous clients. In some cases, geographic constraints may limit marketing ability: projects outside main urban centers may be more difficult to find and manage. Language problems may be much greater there as well.

CDs may ignore a potentially valuable marketing resource: the VEs. The marketing impact of VE visits seems to be left to chance, according to our experience. Some efforts are made to publicize successfully completed projects, and VEs do talk to groups such as local chambers of commerce. It seems, however, that this happens infrequently and unsystematically.

Few of the CDs we met had much sense of, or use for, the local media; not all had in-depth contacts with the local business and financial communities or with local business or technical education programs. Few, in countries in which the border between government and business is vague or even non-existent, appear to move easily in governmental circles--and yet local business leaders may well look to governmental figures for signals about using foreign-supplied services.

Most of the CDs we met really enjoy door-to-door marketing up and down Main Street to find potential clients--still another evidence of the kind of roll-up-your-sleeves, individualistic effort which characterizes all of IESC. We are critical of this style, not in itself, but only if it leads IESC leaders to overlook possible new approaches to marketing, such as greater wholesale marketing of projects (setting up a whole series of projects through an existing local umbrella organization, for example) or placing greater emphasis on deepening relationships with strategically valuable clients through a course of several related projects.

We are aware that the IESC has indeed undertaken experiments with these and similar ideas. Little of what we say here will be new to them. Our strongest intention is to encourage these efforts.

The relationship between marketing and implementation points to another conclusion of our evaluation--that, to be effective, CDs must have other skills besides being good marketers.

CDs need a good sense of project design. The research teams all felt that when requests for assistance were carefully and accurately

designed, there was a significant increase in client satisfaction levels and in project impact. Client "deepening" is also vital. Often, one project leads--or should lead--to another. Clients should be able and encouraged to develop longer-term plans in cooperation with the IESC. (For example, a successful technical assistance project may lead to new inventory or marketing needs which may lead on to the need for a better financial control system.)

All of this raises questions in our minds about how CDs are recruited and trained. Although efforts are currently underway in Stamford to improve CD training, our field visits suggest that more needs to be done to ensure that CDs have a better understanding of IESC objectives, of A.I.D. and its programs and goals, and of the local culture, government and business environment in which they will work.

When a country has had five CDs in four years (such as in Jordan) or a nearly similar turn-over (as in Kenya), we cannot expect to find a program committed to longer-term goals, to the identification of special targets, or to client development. At best, the aim will be to keep up the volume of sales; at worst, the program will languish.

We are led at the end to question whether the skill and attitude set that works best for VEs is also the most appropriate for the CD. Our response, particularly as we look toward the future, is probably no.

2. Stamford

Research teams encountered a considerable volume of criticism in the field regarding relations with Stamford. Some of these complaints are familiar to anyone who has worked in the overseas units of a multinational corporation.

We were told at various times that Stamford was insufficiently informed about the specific situation and requirements in various countries. In our view, these concerns echo similar complaints we have heard in many multinational corporations. IESC headquarters executives respond that they are well aware of local needs, but that they have to keep the overall situation in mind and maintain an appropriate balance of resources among all countries.

Some criticisms heard overseas, however, were more relevant to our concerns, particularly as they focus on problems of communication between IESC headquarters and its offices abroad.

The principal complaint in the field is that Stamford does not supply enough information about the status of projects to either the CD or the client. This is particularly true, we are told, regarding the selection of the VE. CDs echo client complaints about the inadequacy

of information made available on VE candidates (typically a 200-word resume) and about the recruitment process. Similarly, problems with client confusion about the length of VE stays or payments seem to stem in part at least from this communications problem.

On the other hand, research teams observed faulty communication flows from the field as well. In several cases, information recorded in IESC files about the size and ownership of client companies seemed inaccurate. What were described as smaller, independent firms with modest business volumes turned out to be subsidiaries of foreign companies or parts of large local conglomerates. Firms of this size may not generally be appropriate clients for IESC assistance. In several of these cases, clients had received numerous volunteers (in one case in the Philippines, more than 10) in preceding years.

As we have observed earlier in the Report, there seems to be no institutional mechanism in IESC to relate project marketing to particular A.I.D. targets or to host country objectives. This has, to be sure, certain benefits. In a sense, the lack of a system shields CDs in country from overly intense pressures from A.I.D. to spend too much time pursuing any particular type of client. Only when the Missions get involved through supplementary grants do these pressures really affect the CD. It also permits a slower process of acculturation of CDs to new rules of the game, which emphasize particular types of client. Nonetheless, more could be done, perhaps, to heighten awareness of new objectives (and of ways to be more aware in project selection and design of host country goals) without wholly undermining the CDs' autonomy in the field.

Another area of criticism, only tangentially related to our evaluation, has to do with a felt lack of clarity regarding financial arrangements, particularly the division and use of funds between Stamford and the field. Several CDs mentioned this as a concern, but this was more of a difficulty for Mission personnel who work with the IESC. Particularly when a supplementary grant was in place, Mission staff expressed some frustration as to the disposition of IESC funds.

Overall relations between Stamford and local Missions seemed to vary by country. In general, Mission personnel viewed local IESC operations very favorably. At times, however, they raised some concerns about relationships between IESC headquarters and its local operations. They complained in several cases about inadequate information on financial arrangements. Local Mission personnel more than once questioned how well IESC management was in tune with USAID mission goals and with the changing environment in host countries, and questioned the appropriateness of IESC for some of the projects in which it was involved in their countries.

IX. Looking Forward: An MNS Perspective

We observed that the problem of using objective indicators to generate quantitative measurements of the impact of IESC assistance is not the end of the road. Instead, we suggested that a different kind of data, drawn from client and observer perceptions, can be used to generate useful indicators of the impact of IESC assistance.

Our analysis, using these indicators, points to certain conclusions regarding factors which enhance or detract from the impact of IESC services.

First, as judged by perceptions of satisfaction and impact, the IESC scores impressively in the delivery of assistance.

Second, among those factors which exert the greatest influence on the impact of IESC assistance, the most important of all is the VE, and the success of the program depends in very large measure on the ability of the IESC to deliver an experienced, enthusiastic volunteer to the client.

Third, the type of assistance provided, and the kind of firm to which it is being provided, also seems to exert a crucial determining influence on impact.

On the basis of our experience with the organization, we believe that efforts to enhance the impact of IESC assistance beyond levels already achieved should focus on what we term "management factors," that is, the whole array of elements that support the VE, from the background and business approach of the CD to the support resources he or she can call upon, the CD's self-image in terms of marketing, project development, and follow-up, as well as aspects of the relationship between IESC in country and IESC headquarters in Stamford.

Our evaluation shows clearly that most clients are satisfied, often highly satisfied, with IESC assistance. In the rare cases when clients are actually dissatisfied, the reason is likely to be a serious misfit of VE and client. Within this range, management factors are most likely to affect levels of satisfaction and impact: better management means more productive projects, less lost time in re-defining projects and more sophisticated approaches to marketing.

Finally, when we look to the future, we wonder whether the typical IESC project of today, and the business strategy it embodies, will serve to maintain IESC "competitiveness" in a changing environment. As markets evolve, and as developing countries themselves are more able to provide the kind of basic, shirt-sleeves, hands-on technical assistance that the IESC delivers now so effectively, IESC's strategy

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must be reviewed. Its capacity to adapt may well depend on its ability to develop new products for new environments. In this process, management factors may well be the crucial input.

A. Enhancing Impact

Certain factors emerge from our field-based evaluation as important variables enhancing the impact of IESC assistance.

1. Factors that Encourage Positive Impact

The most important factors which ensure the quality of the impact of IESC assistance are:

o personality, skills and cross-cultural preparation of VE

This is the baseline. Our findings show that the IESC VE is highly, often almost uniquely, regarded by IESC clients. They underline the VEs' technical skills, communication capacity, enthusiasm, commitment and effectiveness.

By and large, in our view, VEs perform very well, even when they lack much formal preparation for working overseas. Where English is not widely understood, real problems can arise. On the other hand, cross-cultural misunderstandings tend to be mitigated by the volunteer's technical proficiency and long work experience, together with his or her characteristic informal style and the respect generally accorded older members of the community in many developing societies. Moreover, by the time VEs have carried two or three assignments in different countries, they have become experts at cross-cultural communication.

o type of assistance and timeframes

Our research findings suggest that the type of assistance requested may influence impact. That is, perceived impact levels seem higher in projects that involve shop floor technical assistance rather than management assistance.

We must interpret this finding carefully, however. We take it to mean not that one type of assistance is inherently more likely to produce higher levels of impact. Rather, the direct impact of shop-floor assistance is more amenable to measurement than "softer" management assistance. Moreover, impact timeframes may differ among different types of assistance: it may take longer for the impact of systems development projects to be felt than the impact of technical aid.

What this means in general is not that the IESC should favor one type of assistance over another, particularly because it is easier to measure the short-term, direct impact of those projects. Rather, it means that the criteria of success may differ in different types of projects. It might also suggest that there are different criteria for project design. For projects involving the development of a new management tool or system, for example, it might be particularly important for the CD to think from the start in terms of two linked visits rather than one longer visit.

To enhance the impact of IESC assistance beyond this point, the following factors seem most important to us:

o **an effective CD and support structure**

The CD is the key link in the chain that begins by identifying the need for IESC services and concludes by ultimately delivering the product. The first issue is effective marketing and how this function can be improved. The second has to do with the CD's role in project implementation--how he or she can help ensure that IESC assistance is more effective, that impact is greater and satisfaction higher. In our view, it is important that the CD remain in place for at least a full two years and that he or she understand that the CD role includes project implementation as well as marketing.

o **clarity and accuracy of request for assistance**

A critical element in ensuring better delivery of the product and greater client satisfaction is to be sure that the initial request for assistance is clear and accurate. This aids the recruitment process, which can be a weak link in the system, and heightens the VE's efficiency on the ground. As one VE wrote in his final report, "If IESC set higher standards for describing clients' needs in the Project Agreement and required the Country Directors to follow these standards before signing the agreement, the Volunteer Executives would do better jobs by being better matched to the client's needs."

o **existence of appropriate counterpart for VE**

The IESC is well aware of the need to ensure that an appropriate counterpart for the VE be identified early in the process. With no counterpart, the VE may have no voice; with an inappropriate counterpart, the VE may lack access to top decision-makers.

Impact can be enhanced as well by two final factors:

- o **sufficient attention to VE recommendations by client**

Where projects involve finding solutions to technical problems--the re-design of a production process or improving the utilization of a new machine--implementation can take place while the VE is still on site. In several cases, it took the VE only a few days to diagnose the problem and prescribe a cure. The rest of the stay was spent teaching workers and managers how to use the new tool, machine or process. With other types of assistance, however, more time is required to review the situation and outline a possible solution. The client is left in these cases with a list of recommendations or a management tool which he or she might--or might not--use at some future time. In some cases, clients simply like having the VE around and enjoy talking to him or her and getting his or her general views on the operation. We are not sure, in these cases, if the client really ever intended to put the VE's recommendations in effect.

- o **project follow-up by CD**

Follow-up by the CD is both an essential marketing tool and a clear means of enhancing the impact of projects. Even when primary follow-up occurs between the client and the VE, the CD can sometimes play a more active role in encouraging such contacts, particularly when supporting follow-up works toward meeting broader goals of IESC in the country.

We have suggested that requests for different kinds of assistance might be seen from the beginning as requiring different project designs. In some situations, follow-up is more important; in some, less. While no set of rigid project design templates should be anticipated, it ought to be possible to provide CDs with a better sense of project design options and trade-offs based on past IESC experience.

2. Factors that Discourage Positive Impact

The following factors tend to *discourage* the positive impact of IESC assistance:

- o **VE's inappropriate technical, or ineffective communications, skills**

Less satisfied clients described VEs who were inflexible, aggressive or too theoretical. Most often, this resulted from failures in matching VEs and projects--the skills of the VE did not match what the

client needed. Another problem may arise when VEs lack sufficient language skills to communicate effectively with clients.

o **insufficient preparation of VE**

VEs, particularly on their initial IESC assignments, find it easier going when they know what to expect, both about the client and project, and about the country environment in which they will be working.

o **delay in selecting VE**

Long delays in selecting a VE clearly frustrate clients. Projects are more likely to be cancelled, it would appear, when the recruitment process drags on too long. Several CDs also questioned the length of time necessary for recruitment for many projects; having acted as recruiters themselves, they did not understand why the delays arose.

o **ineffective CD**

We heard stories of CDs who were reluctant to market IESC services or of others who simply "didn't work out." These stories, even if accurate, would constitute only a small number of cases. We are more concerned with the apparent rapid rotation of CDs and, at times, a near exclusive emphasis on marketing.

Rapid rotation of CDs keeps IESC from putting down deep roots in a host country. It limits marketing effectiveness and tends to put greatest reliance on the VE to re-design project work plans. It lowers IESC visibility and may undercut efforts to create an advisory board or to use it effectively if one exists.

Where there is inadequate support and rapid rotation of CDs, a new CD may well have no choice but to start fresh--no knowledge of his or her predecessor's "call-backs," no good map of IESC friends or perhaps even of former clients.

o **poorly formulated request for assistance**

A Jordanian executive who worked with a VE, but who had not been involved in drafting the original request for assistance because he was travelling, commented on his experience: "If you really want to benefit from this thing [the IESC], you need to specifically define what the problem is. Whoever wrote the description didn't take the time to find out what to do." He is certain that, without his personal intervention in redefining the program, largely through his direct contact with the VE, the project would have been a waste of time.

This is a frequent, though rarely fatal, problem. In fact, most experienced VEs we interviewed anticipate that they will have to redraft the client's request for assistance when they arrive on site. Our concern here is not that the results are bad: in most cases, levels of client satisfaction are still high. What we are more concerned about is an organizational style that is wholly uncritical of this approach. While it works fine in some cases, it does not work in others, and our fear is that the kind of cases it works best in may well diminish in importance and quantity over the next decade.

- o **poor communication between field and Stamford**

We saw the impact of poor communication primarily in the process of VE selection: the amount of information about both the client's needs and about the VE candidate which shuttled back and forth between headquarters and field was sometimes insufficient and, at times, even misleading. We viewed situations when poor communication between Stamford and the field seemed to leave CDs puzzled on various program details when asked by USAID mission officials.

- o **language problems**

Lack of language capabilities can lessen the impact of IESC assistance in most countries; impact is greater if VEs can work with clients in languages they understand best. But the evaluation shows that language was really a major factor only in Morocco, where English is less available than in most developing countries.

B. Options for the Future of IESC

Like any organization, IESC's operations and strategy are structured by a series of policies, practices and pressures. These factors form a framework in which IESC's future options will be identified and determined. The most important factors in this framework are the following:

- o A unique product, involving carefully targeted, highly personalized, short-term assistance. The critical factors here are the lengthy, hands-on experience of the VE and the capacity of IESC to identify specific skills in its large data bank.

- o High regard among governmental and business leaders in many developing countries, together, we believe, with high levels of confidence that this program provides top-quality technical assistance that is not tied to requirements or pressures to "buy American."

o A business strategy which focuses primarily on getting the VE to the work site and places less emphasis on prior project design or on the achievement of externally defined substantive objectives.

o An overseas management structure based on relatively short-term, near-volunteer country directors whose major, and at times almost exclusive, responsibility is seen to be marketing IESC assistance. CD turn-over is so rapid in some cases that benefits from project development and marketing resources are sharply diminished--and, in certain cases, too frequent even to permit the creation of an effective infrastructure.

o A complex funding situation in which income is partially derived from government subsidies (almost wholly from a single agency) and partially from client fees. In addition, the availability and level of funding which can or will be provided from the government is uncertain from year to year. This gives rise to uncertainty as to identity and mission.

o Uncertainties regarding self-image. At times, IESC acts more like a market-driven, business-oriented enterprise; at others, it is more like a satellite orbiting a governmental bureau.

o Competing mandates which arise from this mixture of funding sources and confusion of self-image: is the IESC's main task to market its assistance to clients in developing countries, or is it to carry out A.I.D. objectives? Note, too, that there is some real disagreement within A.I.D. itself on just what this means--whether the IESC will advance A.I.D.'s most basic goals of encouraging international development just by doing what it does best, providing shop-floor, hands-on assistance to smaller firms in developing countries, or whether it should be asked to implement much more specific objectives--of, for example, women in development.

Moreover, A.I.D. mandates themselves seem to be contradictory at times, such as when IESC is urged to increase the client share of project funding while at the same time developing new projects involving women-owned and smaller firms which by their nature are less likely to be able to pay their own way and are less influential in affecting national objectives.

o A system which maintains impressive stability, in part at least because its decision-making about project starts is highly decentralized and insulated from pressures regarding specific targets or the substance of its assistance. Only when there is a supplementary grant in place might this careful balance be upset and, then, the existence--and flexibility--of core funding seem to maintain autonomy.

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IESC's options for the future can be visualized in the context of changes in the factors in the framework. The factors can be seen, in turn, as *parameters*, entirely fixed and unalterable, or as *variables* and subject to change. In one limiting case, the factors are all viewed as parameters, and nothing changes. IESC continues to exist as it has in the past, subject, of course, to the continued relevance of its product to clients in developing nations, to the continued willingness of A.I.D. to fund the program, and to the continuing ability of IESC leaders to juggle a variety of objectives.

At the opposite extreme, all of the factors are viewed as variables, all subject to change. Depending on the capacity of IESC to affect change, all sorts of new approaches, styles and objectives are conceivable.

Reality lies somewhere between these two limiting cases. To different degrees, the factors in the framework all are amenable to change. The issue is the calculus of costs and benefits associated with efforts to change one or another factor.

For example, it seems to us that there are few benefits and many costs involved in trying to change the nature of the IESC's basic product, the volunteer executive. Client recognition is good, satisfaction is high, and no shortages of the product need be anticipated.

Satisfaction with the product, the VE, does not mean, however, that there are no benefits to be obtained in improving the system which markets and delivers it. Continued and enhanced efforts to up-grade CD training are high-benefit and low-cost. A variety of marketing innovations, some of which we have described above (and most of which have been discussed in Stamford), might prove advantageous in terms of time diverted from direct selling.

Moreover, we see no reason, in theory at least, to believe that costs must be excessive for more radical changes in CD recruitment and professionalization (must CDs be near volunteers, or could this become more of a professional, better-remunerated position?). We believe that the impact of IESC assistance could be heightened with adaptations regarding CDs. To do so would require some re-definition of the CD's role and some changes, scarcely revolutionary, in the skills typically sought in a potential country director.

The IESC system, as it now operates, is biased toward the provision of a certain type of assistance: short-term, shirt-sleeves, shop-floor technical aid provided by a veteran of long service in industry. This is clearly what the IESC does best and also what is most suitable for quantitative measurement, a high A.I.D. priority.

Looking into the next decade, however, we suspect that this kind of assistance will be increasingly available locally. Needs for assistance may be much more differentiated among developing nations over the next decade. If this is so, it raises important questions regarding the IESC's long-term strategy and product development.

It would be too easy to assume that past success is a guarantee of the future. In a way, the typical IESC project is a lot like the old Volkswagen Beetle. It is totally straightforward; it is efficient, low-tech and no frills. It appeals to all that is virtuous in us. But as perfect a product as the Beetle was in its day, the market has changed. Our feeling is that the market for what the IESC now does best may well change, too, and that serious thinking has to be done to develop new ways of ensuring that the basic product, the American volunteer executive, can be made available in ways that are useful and relevant to client and host country alike. We are encouraged that this kind of thinking on products and marketing is currently underway in Stamford.

Finally, on funding. The current system of funding, with A.I.D. playing a predominant role, generates many benefits and a good many costs. Relative certainty is one benefit: A.I.D. has come through in the past, and IESC management has developed a real expertise in A.I.D. procedures and practices. But, at the end of the day, what puzzles us most about IESC is why such an excellent program, that demonstrates so well the ingenuity, vigor, commitment and skills of American business, should have so little private sector financial support. In our view, the costs of the present funding arrangements outweigh the benefits.

The nature of the present situation is that IESC faces A.I.D. on two fronts. On one hand, it must plead for money; on the other, it seeks to maintain programmatic flexibility (for example, in the choice of clients) by nodding "yes" to A.I.D.-mandated objectives but responding slowly. It is not impossible to foresee a scenario in which A.I.D., weary of this arrangement, simply demands that IESC implement its objectives. Many in A.I.D. oppose this, but it could happen nonetheless. Moreover, the opportunities to expand IESC well beyond its present scale are limited, under present arrangements, by A.I.D. budgetary constraints. And, finally, there are a wide range of potential projects which might be undertaken but are not likely to be funded by A.I.D.

The answer is to broaden the base of IESC funding, to enhance its options for the future. We do not advocate lower levels of A.I.D. support, we urge, however, strenuous efforts to expand private and client support to enable IESC to broaden its assistance programs.

APPENDIX A

COUNTRY PROFILES

Costa Rica

IESC has been operating in Costa Rica continuously since 1967, although there was little activity in the late 1970s. The current CD arrived in the spring of 1987. The previous CD worked in Costa Rica since 1982, with an interim CD between the two.

This program went through a serious deterioration under this succession of CDs, who were seen by the Mission to have brought less than full enthusiasm to IESC. This experience had given IESC a less than excellent image in Costa Rica, and at the Mission in particular. The new CD has spent considerable time trying to improve these relationships and the image of the program. He has enhanced the local advisory board by inviting business people with good local contacts to join, and he has insisted that they commit time to IESC activities. He has used this process to enhance the image of the program by getting good press coverage of the board's formation, and he seeks the board's advice on a regular basis. All of this has helped considerably in developing new and deeper contacts with the local business community.

The Mission appears to appreciate these improvements, and believes that the current CD is doing a good job. Still, the Mission would like to see some changes in IESC operations. The main complaint is over costs: the Mission believes that the overhead costs of the local program are too high. Second, the Mission believes that export promotion should be more prominent, and that IESC should assist clients to develop sales contacts in the U.S. Third, the Mission feels that there should be more communication between the potential VEs and local clients prior to the commencement of a project. This recommendation is based on the feeling at the Mission that VEs have often not been well-matched to the client.

There is little contact between the IESC office and the Costa Rican government, and the CD has no local government contacts of his own. The government does have, however, a long history of support for the private sector, and there is no perceived divergence of interests between the government and the IESC. A prominent example of the government's support is CINDE, a private voluntary organization for the promotion of private enterprise in Costa Rica. The leadership of CINDE is made up of prominent members of the business community who have also held high government posts. Both the Mission and IESC cooperate closely with CINDE, which is tantamount to having good relations with the government.

The broad economic targets of Costa Rica that are germane to IESC's capabilities include economic stabilization, import substitution and export promotion. Specifically, the government is interested in divesting public enterprises, in helping the financial system, and in promoting agricultural expansion.

Although there is general agreement in the Mission about these goals and targets, there is some difference of opinion about how IESC should go about assisting their accomplishment. Some would prefer that IESC support only export-oriented businesses. Some would like to emphasize more specifically support for businesses that would be suppliers to multinational corporations, and some believe that IESC should eschew small businesses since they are not seen to make a substantial contribution to the economy.

The CD is aware of these goals and targets, and endeavors to extend assistance to export-oriented companies, to banks and to agribusinesses, though he had barely been in place long enough for the data on projects to show these trends.

The Mission supports IESC projects related to its goals through a supplementary grant of \$350,000, with allocations from October 1986 through September 1989. Between 1985 and early 1987, the Mission funded, either directly or through local organizations, more than four of each five projects. Most of this assistance was via private voluntary organizations supported by A.I.D., such as CINDE.

The present CD spent most of his professional career in Latin America and Africa and has an appreciation for cultural differences, though not a deep sense for Costa Rican culture.

In comments on his role and training with IESC, the CD noted that he feels he is not adequately prepared to defend the high costs of Stamford operations, which must be funded in part by client contributions. The orientation program, by giving him an opportunity to recruit, convinced him that the recruiting process as it currently operates is too slow.

The CD's understanding of USAID is based only on his relations with the Mission officer with oversight over IESC. The CD does not consider IESC to be a vehicle for USAID assistance but rather an independent services whose interests sometimes coincide with those of USAID.

The CD has a capable staff, though it is relatively new. He has two country representatives, both Costa Rican, working for him.

Ecuador

IESC has been active in Ecuador since 1967, aside from a hiatus between 1969 and 1971, when the lack of a permanent country director precluded a steady flow of projects. The program has prospered in the last decade, in part because of the low frequency of country director turnover. Although the current country director arrived quite recently (January 1987), his predecessor enjoyed a decade-long tenure.

While it may not be the most productive of IESC's programs, the Ecuador office has performed well, and in a favorable environment. The Ecuadorean government imposes little or no constraints on IESC. Support for free enterprise and the private sector is the hallmark of the current Febres Cordero administration. Yet the imminent departure of this administration and a succession by a left-of-center government will not alter IESC's operating environment. There will continue to be an important role for IESC and any other kind of assistance to the private sector in Ecuador. The current CD understands this and does not expect the program to be hindered by the incoming government.

The CD also has a good rapport with the local business community, though it is still limited. His lifetime career in Latin America brought him into contact with the private sector all over the Andean region, including Ecuador. He has used his advisory board to expand his network, and greatly values the local chapter of the Rotary Club, in which he is involved actively. In tune with local circumstances, the CD has based himself in coastal Guayaquil, the business capital of Ecuador, rather than Quito, the political capital and a far more attractive city.

The relationship between IESC and the Mission is less developed. In the recent past, the two organizations have fallen out of touch, largely because of personnel changes on either side: the IESC CD is recently appointed, and those in the Mission with IESC oversight responsibilities have moved, either to other parts of the Mission or out of the country. The relationship is slightly hindered because the Mission is in Quito while IESC bases itself in Guayaquil. At the time of our visit to the Mission, the officer responsible for the IESC relationship had as yet not apprised herself of the nature of the relationship, and was not familiar with the sentiment of previous officers towards IESC. For his part, the CD had had only brief encounters with the Mission. There is a supplementary grant in place totalling \$350,000, which expires at the end of 1988.

Clearly, the relationship is in a rebuilding phase. Those at the Mission informed us of several nascent programs with the government that would include a role for IESC technical assistance. The Mission's broad objectives for private sector development are to increase management and technical skills in order to improve

productivity. There is an emphasis on financial institutions and micro-industries.

Even though IESC operations are quite independent of Mission programs at this point, there is a coincidence of aims. IESC has provided assistance to banks on several occasions, thereby improving the quality of the financial system. Projects with micro-enterprises are less common. In all cases, IESC projects have sought to improve productivity.

The current CD has a sound understanding of both the objectives and operations of IESC. More importantly, he is committed to the philosophy of IESC: he envisions himself as an ambassador of the U.S. private sector in Latin America. Like other country directors in Latin America, he is working for IESC for enjoyment and because he shares its ideals, not because he has any personal attachment to the organization.

Perhaps for this reason the CD is less aware of the role A.I.D. plays in IESC. For him, IESC is a free-standing institution which is partially funded by A.I.D., but by no means an instrument through which A.I.D. implements its mandate. That the goals of IESC and A.I.D. should coincide is almost fortuitous, in his opinion. Compared to other country directors we spoke with in Latin America, this CD conceived of the relation between A.I.D. and IESC as most distant. This, of course, will change as the two organizations come into more frequent contact.

As for his understanding of Ecuador, the CD is very well prepared. His regional responsibilities for his previous employer included Ecuador. He arrived at his present assignment with an accurate conception of the cultural, professional and political dynamics of the country. He is also very personable and can develop a friendly rapport with virtually any Ecuadoran; this talent was displayed frequently during our visit. It is testament to his understanding that he has been able to negotiate the rivalry between Quito and Guayaquil, something that handicapped his predecessor.

The CD is not a technician. His forte is marketing and building relationships. He relies on his effective interpersonal skills to initiate and maintain contacts with clients and manage a project while it is in operation. He leaves any kind of technical assistance to the VE. As a marketer, he much prefers face-to-face contact over more formal and impersonal venues, such as mailings. He speaks the language fluently, a great asset in this regard. His style forces him to spend a lot of time on the road, meeting past and current clients, and anyone else who seems a prospective client. This style of marketing is difficult in a country with two major cities.

He has a very supportive staff, and in particular a representative in Quito that has been with IESC since its revival in the early 1970s.

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She is the institutional memory, and her role has become much more important in the last year, given the change in CD. Because of her, the CD can confidently base himself in Guayaquil without feeling he is giving the Quito community short shrift.

In all, the Ecuador IESC program is doing well, and may improve as the new CD settles in and gets to know the Mission better. The clients we spoke with were quite satisfied with IESC, and some were loyal supporters of the program. There is little reason to doubt that this program will contribute to the improvement of the Ecuadorean private sector.

Egypt

Excellent relations between the Mission and IESC, and a very aggressive marketing effort by the former CD (he left in December 1987), are the hallmarks of the program's high profile and successful record in Egypt. The Egyptian program constitutes up to 10 percent of the entire IESC field operation, with some 67 cases in 1987, projected to as many as 100 in 1988 or 1989.

The Mission regards the IESC program as highly successful and would like to expand its relationship with IESC even further. The size of the Mission and its program in Egypt is unusually large, so opportunities for involving IESC are more numerous than in most other countries. Because of this, Egypt also provides a useful field for experimenting with new types of IESC assistance.

The Mission has funded IESC with a number of special grants and assignments. These include a special grant to work with Egypt's Capital Markets Authority (CMA) and a two million dollar, three-year supplementary grant.

The Mission has assigned an Egyptian as IESC project officer. There is also a special consultant at the Mission for the Capital Markets Authority, for which the special \$200,000 grant has already provided VEs for three projects, with three more anticipated during 1988. They represent an interesting aspect of IESC's potential: the CMA could not find Western consultants at prices it could afford, but it was able to recruit top-of-the-line consultants under IESC's auspices. These projects were designed, in consultation among the CMA, the Mission and IESC, to define Egypt's potential for developing capital markets, and to design legal and managerial frameworks for governing and managing these markets.

All of these factors make Egypt a very stable station. The last two CDs each finished full two-year terms and left their successors a reservoir of good will and a head start of projects in various stages of development and progress (the new CD was just beginning to take over while we were there).

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The last CD's background and experience are perhaps part of the reason for the continuing success. He is a CPA who was a Big Eight partner and at various stages of his career also ran his own accounting firm and was CEO of a manufacturing plant. He also served as a VE in the program. That is, he has worked in and with large and small enterprises and has considerable top management experience, so many of the clients' problems and concerns were familiar to him. He was especially skillful at defining clients' problems and in communicating the VE skills needed for a project.

This former CD's management skills are evident in the organization of the IESC in Egypt, where there are offices in Cairo and Alexandria (an assistant CD was about to be stationed in Alexandria). Both cities have locals acting as full-time marketing assistants (on commission).

There is an Egyptian-American Chamber of Commerce, which has also been a client and was one of our cases, and an active advisory board encompassing Cairo and Alexandria. IESC also has very good relations with the U.S. Embassy and with Egyptian government ministries, including industry, finance and tourism.

The IESC office has achieved very good coverage of the Cairo private sector, where they have reached a critical mass threshold in their marketing efforts: references and new leads from present and former clients are commonplace and are responsible for a significant number of new projects. Still, the CD does occasionally make cold calls.

The large size of the Egypt IESC program, in the context of the large size of the Mission in Egypt, combine to make IESC a more significant variable in the national economy than may be the case elsewhere. Although we cannot say that a program that conducts 67 small projects in a year has a measurable effect on a country of 50 million-plus people, there are two important aspects to IESC operations that make it visible in Egypt.

First, the private sector is just emerging from the trauma of nationalization under Nasser. Nationalization ended officially under Sadat, but privatization and risk-taking in the private sector did not really get started until Mubarak came to power. We spoke to several business people who were severely hurt by nationalization, or who still struggle against nationalized companies that are protected in their industry. The availability of inexpensive, on-the-ground consultants makes a major contribution to their own efforts, both in terms of technical advice and confidence-building.

In this context, IESC is seen to represent the sincerity of U.S. support and encouragement for the private sector. Clients know that funds come from A.I.D. and the Mission, and that the public sector knows about the program. This official "endorsement" of the private sector by the U.S. and the Egyptian governments is a moral and a

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political boost to the private-sector component of Egypt's national economic goals.

Second, sub-programs (such as the development of a Capital Market Authority and the USAID-IESC support for Egypt's Export Development Bank) are prominently on the Mission agenda, and USAID Egypt prominently uses IESC in the fulfillment of these goals. Thus the program has a decided presence in the fulfillment of Egypt's national public sector goals as well.

The projects we reviewed (both in client contact interviews and in the Cairo office files) indicate excellent coverage of Egypt's major economic sectors, including textiles, small manufacturing, consumer products, services, high technology (computer sales and services), venture capital, banking (Export Development Bank), agriculture, and so on, and range across small, medium and large enterprises.

The outgoing CD developed excellent personal relations. The Mission was well aware of him and the entire IESC program, and the CD and his wife appeared to be well plugged into the U.S. Embassy cocktail party circuit, and to have access to the relevant government ministries. Among his local allies he counts the Ministry of Planning and the Ministry of Tourism. When no other USAID funds were being accepted by the Egyptian government in late 1985, these ministries were instrumental in insuring that IESC saw some disbursements for various projects.

IESC has a potential opponent, apparently, in the Ministry of Industry which seems to have alternative goals for existing USAID funds. The incoming CD is aware of this, and will have to keep the rivalry in mind.

Honduras

This is a highly successful program, marked by excellent relations between IESC and the Mission and the government. The CD, who has been in place for nearly four years, has been a businessman in Honduras for forty years and brings a great deal of personal good will to these relationships. Before becoming CD, he worked in IESC with the former CD.

The CD's skills are as a salesman of the IESC product, rather than as an expert in any content area (his own business experience was entirely in real estate). The success of his approach, however, is seen in the steady increase in the project load: since he took over, the moving total of approved projects has increased from an annual total of 15 (January 1985) to 55 (as of September 1987). Eighty percent of all approved projects are actually completed.

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This CD's relationship with the host government is distinctive. He is seen as a member of the local business community rather than as the representative of a foreign government or program. The government is also committed to the presence of the IESC, and has been committed at least since the previous CD (before mid-1984) organized an advisory council headed by a close associate of the Honduran president. The current CD, however, does not have to use the advisory council very much since he has developed strong and deep ties of his own in the course of his long business career there.

The Mission shows its confidence in IESC and in this CD by giving the program a great deal of discretion in operating its program and in disbursing funds, including a supplementary grant of \$600,000, which expires at the end of 1988. Indeed, the Mission has developed a sophisticated plan which incorporates IESC assistance into a broader program supporting local private voluntary associations, such as FIDE, that promote private sector development in general.

FIDE plays an active role in the operation of the IESC program in Honduras. It helps to identify clients, assess and define the client's problem, prepare the terms of reference, assist the client in evaluating potential VE's, and generally promote the use of IESC by local businesses. FIDE also has some funds that can be used to supplement projects.

The Mission has made supplementary funds available since 1984, when a \$50,000 grant was awarded. In August 1986, the grant grew to its present level and is intended to fund between 75 and 85 projects; 31 projects were funded in 1986-87. The CD uses his own judgment in allocating these funds, with the Mission reserving a brief period in which to disapprove.

The program has concentrated on export industries, and supplementary funding has tended to go to small businesses, although there are exceptions where large ones have received special grants. The Mission officer who oversees the supplementary grant has expressed a desire for a tracking mechanism to measure the impact of projects funded by the grant.

The general targets of the Honduras program are small, export-oriented businesses. The CD is located in San Pedro Sula, the industrial center of the country. For some time, the CD shuttled between San Pedro Sula and Tegucigulpa, the seat of government, but he recently opened a second office there with assistance from the Mission, and hired a native Honduran to run it. Each of the cities has an advisory council, but they do not appear to be important to the operations or success of the program. Part of the reason for this is, again, the vast experience of the CD and his knowledge of the local business community, and the cooperation of FIDE as described earlier, which provides invaluable links into the private sector and its needs.

Indonesia

IESC has been operating in Indonesia for over two decades. During this time, there has been considerable continuity both in the administration of the program and in its relations with the local business community. One factor that has contributed to this continuity is the relatively low turnover of country directors. There have been only four CDs in the past 10 years and two in the past five years. The current CD has served since November 1985. Prior to his CD appointment, he served as a VE in three IESC projects.

Another factor that has contributed to continuity in the administration of IESC in Indonesia is the presence of a well-cultivated advisory council. This group is comprised of some of the most influential and successful businessmen in Indonesia, most of whom are heads of large, industrial enterprises and business conglomerates. It wields a strong influence over the current CD's marketing efforts and has become a dominant force in the recruitment and selection of IESC clients in the country.

Along these lines, the advisory council in Indonesia has become somewhat of a double-edged sword. While it has helped to provide for considerable continuity in the administration of the IESC program, it also has resulted in a seemingly narrow IESC client base in the country. Most (at least 70%) of the cases examined in the evaluation consisted of companies that belonged to large, industrial conglomerate business groups and that shared the same interlocking board of directors. Many of these corporate board members, in turn, are members, or friends of members, of IESC's advisory council in the country.

As a result, IESC's client base in Indonesia seems overly skewed toward large, industrial and service businesses that make up the Jakarta business establishment. The number of small, private manufacturing clients is quite low. Also low is the number of rural, agricultural clients. This latter fact is surprising, given the size and importance of the agricultural sector in Indonesia.

Another factor contributing to the narrow client base in Indonesia is the CD's approach to marketing IESC. The CD does not appear to be an active marketer and relies heavily on referrals from his advisory council and from previous IESC clients. Moreover, the recent closure of a regional IESC office in Surabaya has complicated the CD's efforts at recruiting clients from outside Jakarta. Again, the result is that nearly all of IESC's clients are from the Jakarta business establishment. The few clients we interviewed that were not part of this business establishment indicated that IESC was virtually unknown among smaller business enterprises in Indonesia. Those who had heard of IESC believed that it specialized only in large, industrial consulting projects.

The Mission reported having a fairly good relationship with the CD, but it does not closely monitor or review local IESC projects or work very often with IESC on joint projects. The Mission does favor, however, some IESC involvement in a new joint venture program in which VEs would provide technical assistance to Indonesian firms that enter into business with U.S. companies.

Last year, IESC received a PVO grant of \$50,000 from the Mission. The grant was targeted at the development of small businesses. Thus far, most of this money has gone toward cassette tapes and other training materials for private business educational institutes in Indonesia. Other supplementary funding in recent years has been minimal. IESC is, however, currently applying for a sizable supplementary grant from the Mission, one million dollars over the next three years. The grant proposal has a large trade and investment component.

Mission staff do not object to IESC carrying out projects with large, industrial enterprises, especially since these type of firms tend to employ more workers; employment generation is a critical priority in Indonesia.

Jordan

The Jordan IESC station is a troubled one. There have been three CDs in the past three years, and the most recent one, who left the day before this evaluation began, was sharply criticized to us by the local Mission staff.

The thrust of the criticism is that the CD was not aggressive enough in his marketing efforts, that the project load was too concentrated in the Amman area, that the program in Jordan did not sufficiently cover the country's economic sectors and that the program was too costly on a project-by-project basis. Mission personnel also noted that the CD did not integrate himself into the local social life, which they believe hindered his program's effectiveness.

We did not have the benefit of meeting this CD, so we cannot present his responses or counter-arguments to these criticisms. However, evidence we gathered from the files and from our interviews with clients suggests that the CD was diligent, and that a major part of his difficulties are inherent in the local environment, particularly given that Jordan has a small private sector with many companies unable to afford the IESC fees.

To its credit, IESC has responded to the Mission's critiques by bringing in a strong team of interim CDs, who will lead into the arrival of a longer-term CD. When he has been in place for a year or so, there may be an excellent opportunity to see if the change in CD had an impact on Jordan's program and on the local Mission's perceptions of IESC.

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The Jordan program is supported by two special funds: PETRA (Private Enterprise Technical and Research Assistance), a two-year, \$250,000 program; and, TSFS (Technical Services and Feasibility Studies), a two-year, \$100,000 Mission program for public sector assistance. PETRA is administered jointly by the Mission and the Government of Jordan, both of which must approve private sector requests for these funds.

The project load, averaging between eight and 12 per year, is perceived as small by Jordan Mission critics of IESC. Our impression, from perusing the IESC office files in Amman, is that this load is increasing and should reach the 14 to 16 per year range in 1988. Our research in the files further revealed that, despite the size of the project load, the cumulative sectoral coverage is extensive, and includes (over the past three years) industrial product manufacturing, consumer product manufacturing, agricultural services, financial and insurance services, wood products, construction/engineering and textiles. If there is one obviously under-exploited sector it is agriculture, but this may be due to the control wielded by the cartel mentioned below in this country profile.

The relationship between the IESC program and the Government of Jordan is a delicate one, and the Mission is caught in a difficult political position in its support of private sector development. Private sector development in Jordan can be viewed as implicit support for the Palestinians, who form the core of what little private enterprise there is. The public sector, on the other hand, is dominated by the royal family and its allies, and would like to focus USAID/IESC assistance where its interests lie.

There was also the example of the Commodity Import Program, which subsidizes raw material imports. One client complained that by the time the periodic request sheets got around to the private sector, most quotas had been filled by public sector requests.

In summary, the politicized environment that separates the public and private sectors in Jordan created some pressure on the former CD, via pressure from the Mission, to serve both constituencies, leading to the investment of resources that might otherwise have been devoted to the IESC's main, private sector, purpose. An example is the projects done with Royal Jordanian Airlines, which might be considered inappropriate for IESC, and which, in our judgment, had no impact on the client. This is not because the VEs were not suitable for any reason, but because of the large size and sharp bureaucratic divisions of this quasi-public enterprise (it is a \$400 million business, and by far the largest in Jordan).

There are other potential support services available, but they have not yet been mobilized. These include an advisory council and a small Chamber of Commerce. Again, the extent to which these are revitalized in the next year or so could be a good measure of the impact of the new CD.

Kenya

The Kenyan IESC program began operations in the early 1970s and by mid-1986 had completed some 95 projects. The program closed temporarily in 1980 in a dispute with the government over immigration problems and only reopened again in 1983.

IESC's problematic relationship with the government is key to the program's relatively weak record in the country--an average of only some seven to eight project completions per year. We were told by both the CD and various Mission personnel that this troubled relationship stems largely from a general disinterest on the part of the Kenyan government with international organizations in general. The country currently hosts some 600 "help" organizations of one kind or another, and IESC does not rank near the top in terms of government priorities. IESC thus has no substantive relations with the Kenyan government, and the CD has no governmental contacts to speak of.

Yet country agreements, allowing IESC to operate, are vital to any of the programs. So far, IESC has had little trouble obtaining the permits they need to function, with the exception of some difficulties with immigration.

The present CD has been in place about a year and is both eager and competent. CD turnover in Kenya has been moderate, with four CDs in the past five years. But the program's comparatively small number of project completions may also be related to the lack of continuity in the Kenyan program as well as to problems with the government.

The CD has some connections with the local business community and is working actively to widen them. He has made an effort over the past year to make presentations about IESC to business organizations and has received some media coverage, including local trade journals.

Most importantly, however, IESC in Kenya does not yet have a local advisory board to assist with marketing and business relations. Founding a board is now under discussion and should occur in the near future.

Relations with the Mission are positive and mutually helpful. The Mission views IESC as a part of its strategy for working the Kenyan private sector. A supplementary grant of \$1.6 million is in place over the period 1987 to 1997 as a part of the Mission's Private Enterprise Development Project. The supplementary grant targets smaller firms primarily, but also agribusiness, exporting, and labor-intensive companies. Because of the large number of foreign-owned enterprises in Kenya, the Mission guidelines also stipulate that funds should only go to companies with majority shareholding by private Kenyan citizens.

Relations with the local U.S. embassy are also warm; the CD notes that he has given them more business than they have given him. The CD is invited to functions by the ambassador and is generally included in U.S. official functions.

Marketing in Kenya seems to follow the standard pattern of relying primarily on networks of previous clients and developing personal contacts. The CD is anxious to expand IESC operations outside of Nairobi. He also would like to expand women-focused activities in Kenya, and he tries particularly to go after the most likely candidates. But he acknowledges that the general situation of IESC in Kenya and his need to market widely means that he can only devote partial effort to this and other A.I.D. goals. "It's not a question of selecting clients to emphasize this or that quality. You have to plant seeds on the need for outside help." Thus, mandates from IESC and A.I.D. are taken seriously as broad guidelines, but priority is simply on selling services to whomever is interested and can be served.

Interestingly, the interviews for this evaluation served an important marketing function for the CD, since he was able to talk with several clients he had not met previously who expressed an interest in additional projects.

The CD is happy in general with the recruitment process in Stamford, though he notes that delays in selecting VEs can cause some problems. He also thinks that selling a client on a VE candidate is usually more difficult than selling the project in the first place.

Mexico

IESC began its operations in Mexico in 1967, and has been operating continuously since then. The program has seen better times. The 1982 debt crisis, followed by problems with inflation, scarce credit, and then an earthquake, drastically slowed the flow of projects out of Mexico. Part of this deterioration can be laid at the feet of an ineffective CD between 1984 and 1987 (his predecessor worked almost seven years). A new CD, as of August 1987, has taken up the task of invigorating the program.

IESC finds a welcome home in Mexico; the government is generally supportive of its programs. There may be a large public sector in this country, but the private sector is an integral part of the economy. Officials welcome any kind of assistance that might strengthen Mexican business.

IESC's relations with the local business community are underdeveloped, at least in Mexico City. The CD has few connections besides past and current clients, and the local advisory councils. The country representatives in Monterrey are better positioned, since they have

spent a long time in the area and have developed lasting relationships with prominent members of the business community there.

The CD is handicapped somewhat in his endeavor to develop links to the private sector. Certain parts of the industrial sector are quite well developed, especially in chemicals and pharmaceuticals. To these companies, IESC presents itself as a possible vehicle to acquire information that is otherwise protected by patents, copyrights, and licenses. The CD has had a difficult time managing some projects since the clients have often sought such intellectual property surreptitiously. This will continue to vex IESC as long as it offers very specialized technical assistance from specialists that have spent their lives in sophisticated U.S. companies.

The CD is also troubled by a legacy that has complicated relations with the local USAID representative's office. The USAID representative has very low esteem for IESC and believes that the supplementary grant, which totals \$125,000, could be better used elsewhere. He told us that IESC is too costly and has missed valuable opportunities to make a contribution. He would like to see the program devote more time to non-traditional exports and companies that supply the "in-bond" sector. He also thinks the program lost an opportunity to help after the earthquake, when many businesses and even the government needed specialized help to reconstruct. The USAID representative also believes that the cancellation rate is too high; too many projects are conceived and later jettisoned, after USAID has committed funds. He also believes that the VEs are not qualified and know "the inside of a boardroom better than the plant floor--they look upon the project as an opportunity for a vacation."

On the basis of these impressions, IESC has lost a valuable marketer in the USAID representative. He thinks the basic concept is good but poorly executed.

We expect the relationship between IESC and the USAID representative to improve. The CD has a modest understanding of USAID, but this is improving as he gets to know the representative. He values the existence of the supplementary grant and is determined to use disbursements more frequently.

The new CD is very capable. He understands IESC well and shares its philosophy wholeheartedly. (Indeed, he spent part of his orientation recruiting for about five projects and completed this task in two weeks. This has made him very skeptical of recruiters who have spent months trying to find a volunteer executive for his projects.) He also told us that he wonders if Stamford's costs are too high.

Though he is unfamiliar with Mexico, the CD is well-versed in the ways of business in Latin America. He spent his career with a European pharmaceutical company, managing marketing in several parts of the world. Some time was spent in Latin America, including a short stint

in Venezuela, where he ran his own fragrance venture. His Spanish is more than adequate.

The CD has an odd style which has paid handsome dividends so far. He is clearly not Mexican, and does as little as possible to feign the Mexican style of business. But this is intentional, if sometimes risky. His strategy is to confront the client aggressively in order to cut through the smoke that is the sine qua non of Latin American business. At the same time he does what he can not to offend the client. It helps that he is German rather than American, for he is viewed as less of a threat. We also found the CD to be careful in matching the right assistance with the right problem.

The CD is more interested in marketing than in posing as a consultant. He is exploring all the possible avenues for marketing, including speaking with dormant clients, trade associations, chambers of commerce, and service clubs.

For a large country, the CD's support facilities are adequate. There are two representatives in Monterrey, and one in Mexico, in addition to himself. However, the CD feels that headquarters requires far too much paperwork from the offices in the field. It consumes a great chunk of office resources that could otherwise be deployed to generating and managing more projects.

Morocco

The IESC program in Morocco was set up in August 1984, making it one of the most recent country programs for the organization. Another year elapsed before IESC received official government recognition from the Ministry for Economic Affairs. The first VEs arrived in the spring of 1985. IESC records show that over the next two years, IESC completed 60 projects.

Morocco has had relatively high CD turnover, with four since 1984. The present CD intends to stay for his two-year commitment and will complete his term in 1988.

The current CD is representative of the best IESC CDs and of current IESC philosophy and approach. The CD is an exemplary administrator and marketer. He takes an active interest in each project and frequently consults with clients during VE visits. He is not hesitant to praise IESC and what it can offer, but he is also realistic with clients about the kinds of help IESC can give them. He also does not hesitate to criticize clients when he feels they are not living up to their part of the bargain. The result of this approach with the clients is that we sensed a broad personal respect for the CD even with clients who had received no satisfaction from their VEs. We witnessed one discussion in which the CD and client had a lively argument about the relative merits of the VE, which ended with the

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client reaffirming his respect, and like for, the CD and IESC, even while he remained noncommittal about the VE. This respect translates, therefore, into positive perceptions of IESC.

The CD in Morocco told us that his most important task is to achieve "starts"--project start-ups. He is aggressive in seeking these starts and admits that sometimes he may "oversell" IESC services. He is proud that, from 1986 to 1987, he achieved an increase in the starts rate from 8 of 30 possible clients to 30 of 50.

VEs and Mission staff like the CD personally and have great respect for his efforts. As one person told us, "he has a hand in every pot." A native Swiss, the CD speaks fluent French, necessary for Morocco.

IESC has had a checkered relationship with the Moroccan government, but it seems to be improving now, primarily through the efforts of the Mission. IESC has had a difficult time establishing official recognition and gaining necessary permits for operations. Since the Mission has included IESC in several of its more important projects, however, IESC has gained more access to government officials and support.

The local advisory council consists primarily of Morocco's major business figures, and the CD and the council appear to have an excellent working relationship. We interviewed one of the leaders of the council at some length, and he was most enthusiastic about IESC and its role in the country. IESC has a good reputation among local businesses, though the CD expressed frustration about how to find small businesses. The CD is active in trying to talk to local business groups, and he does make an effort to get outside of Casablanca and Rabat, the two major cities.

Follow-up activities are a priority for the CD, he said, though he believes that the IESC self-evaluation system is too long and too detailed to be of much use. He makes a special effort to pursue women entrepreneurs and was aware of the A.I.D. interest in promoting women.

The CD is supported by an assistant CD, an American living in Morocco who helps with marketing and administration, and three Moroccan staff members who provide financial and secretarial support. The office seemed to function effectively, but the CD noted that the assistant CD does not speak fluent French and so was less effective than he might otherwise be.

IESC and the Mission in Morocco maintain a positive and effective working relationship. This is based on several factors. First, the Mission views the present CD very positively and respects his commitment and energy. Second, the Mission and IESC have evolved a workable system for focusing IESC efforts on A.I.D. and Mission goals. Third, Mission personnel have taken an active interest in IESC's program and how to involve them in Mission projects. Finally, the CDs

in general have worked to construct a good working relationship with the Mission.

The Mission in Morocco has granted IESC a \$2.6 million, five-year cooperative agreement to assist private sector exports promotion, in which IESC provides technical assistance and takes a management role in defining technical assistance needs. In addition, the Mission has extended three supplementary grants since 1984. Almost all projects now underway, however, are funded by the cooperative agreement.

In the context of this good relationship, the Mission raised several concerns. One was the cost issue; the Mission is unclear what its money pays for and would like to have a more transparent picture of IESC finances. Another was the language problem--VEs need French to function at their best, and most do not know the language (this problem was mentioned by the CD as well). The Mission would also like a "more active search" for smaller clients. Finally, the Mission needs more follow-up information, particularly evaluations by the client, of IESC projects.

One important factor mentioned by Mission staff is that they have realistic expectations of IESC; they plan around what they perceive to be the program's weaknesses and strengths. Thus, both the CD and Mission believe that these problems can be solved and are working toward further cooperative projects. Among these is a joint venture program in which VEs would work with Moroccan firms with the goal of establishing a relationship between the firm and a U.S. counterpart. Another experiment is the Mission supporting a single IESC VE at the government export promotion center over a two-year period.

In sum, the IESC Morocco program has been successful and is now growing rapidly. The good working relationship between IESC and the Mission is a major factor in this success, but primary credit lies with a dynamic and capable CD.

Philippines

IESC has been operating in the Philippines since the mid-1960s. One of its most impressive achievements has been its ability to generate and sustain interest in projects in the face of extremely adverse political and economic conditions, especially in recent years. Its success along these lines can be attributed, at least in part, to the current Country Director (CD) and his in-country staff.

Prior to joining IESC in June 1982, the CD lived and worked in the Philippines for over 17 years. This experience has provided him with excellent preparation for administering the IESC program in the country. He commands a vast knowledge of the country environment and possesses a wealth of personal contacts in the local business community, government and the Catholic Church. These assets, in turn,

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have enabled him to build for IESC an extremely favorable reputation in the country.

The CD is an aggressive marketer and seldom relies just on walk-in clients or referrals. He frequently attends meetings of local Rotary Clubs, industry associations and professional organizations. He also advertises IESC services in local newspapers, trade and industry newsletters, and several other kinds of business publications. Although he has an advisory council comprised of some of the biggest names in the Philippine business community, he is not over-dependent on it for getting clients.

The CD's contacts in the local private sector have had a major impact on shaping the project mix in the Philippines. Under pressure from IESC headquarters to increase the number of cost-recoverable projects, he has had to adopt a marketing strategy focusing primarily on large corporations which are previous clients and based in the Metro Manila area. One of the results is that two of the Philippines' largest firms, San Miguel and National Steel, have each had 17 IESC projects.

Budgetary constraints have made it difficult for the CD to recruit clients that fall under AID's special targets, especially small, agriculture-based firms, which often are less able to pay IESC fees and require considerable subsidy. Budgetary constraints also have forced the closing of regional IESC offices in the country (in Cebu, for example), thereby complicating efforts to market IESC outside of Manila. This year, however, the CD is hoping to hire new IESC sales representatives for two provincial cities, Cebu and Davao. This expansion, if approved by IESC headquarters, would help increase the number of IESC clients from the provinces and reduce the heavy concentration of projects in Manila.

Based on the evaluation cases, the CD appears to give high priority to projects in labor-intensive, export-oriented and import-substitution industries. These priorities match the overall objectives/priorities of the Philippines government.

The CD is an able marketer, but he does not seem to intervene actively in developing the client requests or in modifying the nature of the requests to fit the time length of the project. The evaluation indicates that the CD needs to take a more active role in developing with the client a manageable and reasonable work plan. This means scaling down the clients' requests. Several of the Request for Assistance forms in the case files read like endless shopping lists and were not based on a realistic assessment of what could be accomplished during the limited time period of the project. In some cases, this detracted from the success of the project because the VE had to waste valuable time redefining the project tasks and objectives.

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The length of VE recruitment time for projects in the Philippines is long, extending beyond six months in some cases. According to the CD, one reason for the slow recruitment rate is a general reluctance on the part of VEs to accept projects in the Philippines. This was confirmed in interviews with some VEs, who admitted to having reservations about accepting projects in the Philippines because of the unstable political situation.

The Mission in the Philippines is favorably inclined toward IESC, but its assistance to the organization has been minimal. There has not been a supplementary grant in the Philippines for some time. Contacts between the Mission and IESC are initiated almost exclusively by IESC. The CD meets quarterly with the Mission Director to present a progress report on IESC activities. Mission staff maintain an extremely favorable opinion of the CD, and credit him with keeping IESC alive in the country in the face of adverse political and economic conditions. Mission staff also admit that the CD has been helpful to them by providing them with contacts and introductions in the Philippine private sector.

Problems with the Philippine government have posed major obstacles to joint cooperation between the Mission and IESC on some USAID projects in the country. According to Mission staff, attempts to bring VEs in to participate in these projects have been blocked because of the Philippine government's preference for local consultants and its requirement that all foreign consultants be approved well in advance of the project.

The Mission hopes to work with IESC in the future on privatization. VEs will be asked to provide technical and managerial assistance for the companies to be privatized. They may also be asked to help in the valuation of assets. Both these efforts, however, are at least a year away since the government's privatization program is still being formulated. And, again, any VEs who participate would have to be approved by the government in advance, given the government's preference for local consultants.

Thailand

IESC has been operating in Thailand for over 20 years. In the past five years, there have been two country directors. The current CD was made acting CD while in Thailand completing his second IESC project as a VE. He was later selected as the full-time CD. His training consisted of a 1 and 1/2-day briefing at IESC headquarters in Stamford.

The CD has become extremely proficient at administering the IESC program in Thailand. Of the three Southeast Asian programs evaluated, IESC-Thailand appeared to be the best organized. Well over half of the CD's time is devoted to marketing. His marketing efforts are extensive

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and thorough. Mailings to new potential clients are made, on average, every six weeks. He also attempts to make an average of four client calls per day. His staff assists him with the mailings and telephone follow-up and often accompanies him on visits to areas outside of Bangkok (chiefly to serve as interpreters).

The CD's marketing strategy is heavily influenced by the case load and budget objectives set by IESC headquarters. He draws on his advisory council for some marketing leads but is not over-reliant on it. The council has been helpful in obtaining larger, urban clients, but it has not been a useful resource in obtaining smaller, rural clients. As a result, the client base in Thailand is limited primarily to manufacturing and service enterprises based in Bangkok.

The CD admits to having considerable difficulty in recruiting rural-based, agricultural clients because of language and cultural barriers, especially given the more conservative and suspicious nature of "upcountry" Thais (those from the outlying provinces). These problems have been complicated by the lack of any IESC office in the provinces. Moreover, the CD voiced frustration about not receiving more rural/agricultural client references from the local Mission.

As in his approach to marketing, the CD is an active, influential force in defining client requests. After interviewing the prospective client, he writes a draft request statement himself, and then he meets with the prospective client again to review the draft. The result of these efforts is a clearer and more manageable project definition. At the same time, this approach enables the CD to weed out prospective clients who merely want to use IESC to obtain proprietary information.

The CD's knowledge of the host country is greatest in the area of political constraints on doing business in Thailand. He is well aware, for example, of the weakness of Thai laws regarding intellectual property rights protection, including patents, trademarks and copyrights, and of the impediments this presents to both successful consultancy and technical exchanges. The CD also has learned well how to deal with the Thai government on issues of expatriate employment and taxes, which is no small feat given the complexity and strictness of Thai labor and taxation laws.

The CD's contacts in the local business community appear to be limited to formal relationships with past and present IESC clients. His own background as a chemist has enabled him to recruit a relatively large number of clients from the chemical, pharmaceutical, and engineering industries. Most of the IESC projects with these type of clients involved technical assistance, rather than management consulting.

The Mission views IESC operations in Thailand as contributing goodwill toward the U.S. but as not essential to the implementation of the Mission's programs. The current CD has a much better working relationship with the Mission than did previous CDs. Client referrals

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are exchanged from time to time between the Mission and the CD. Nevertheless, the Mission and IESC seldom work together on local projects or programs. Supplementary funding from the Mission has been minimal during the past several years. Mission staff voiced some concern that the overhead expenses of IESC headquarters were excessive.

For his part, the CD would like to be able to draw on the Mission's contacts to recruit more rural-based, agricultural clients. The CD also hopes to promote more IESC involvement in the Mission's programs focusing on small farmer assistance and rural development. Meanwhile, Mission staff do not object to IESC projects with state-owned firms or large industrial enterprises because they believe that such enterprises "tend to have the largest interface with the Thai economy."

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APPENDIX B

REPRESENTATIVE CASES

The evaluation teams have selected five cases per field study country which they feel illustrate well the particular characteristics of IESC operations in that country.

COSTA RICA: Maderas Quimicas (15602)

Maderas Quimicas is a recently established company (1981) that produces high-quality wood furniture for homes and offices. The company is quite small, employing only 25 persons and earning little more than \$200,000 per year. There is an unequivocal desire to expand, but management is in a quandary over strategy. Clearly they need to produce more efficiently, but they doubt whether the domestic market has room for higher production. Thus they believe that exports are crucial to expansion as well. Yet export capacity is limited by constraints beyond their control, namely sources of raw material. Which expansion strategy should they choose?

The manager, who always received IESC's newsletter, decided that a volunteer executive could steer them through this quandary. He filled out a request for assistance, asking for someone who could recommend ways to automate their production process, as well raise standards to meet the demand of foreign markets. The volunteer has been chosen, but there are signs that the project will be a difficult one.

By his own admission, the client faces steep odds in the export market. Forests in Costa Rica are protected by the government, and the client's concessions are scarcely enough to meet the demands of the local market. The only way to export would be to import wood, but he is quick to add that the domestic market is too small to support an expansion plan.

In short, the project may suffer because the company has not cleared away the extraneous hurdles that might stand in the way. This was a frequent problem in other Latin American IESC projects. Rather than confront directly certain obvious constraints, firms ask for the assistance of a U.S. expert, hoping that external problems will disappear during the course of the project.

So far, however, the client is satisfied. He has reviewed several resumes of potential volunteers, and has chosen one with extensive background in furniture and also someone the manager feels knows the plant floor as well as he knows the board room. It would be impossible to find such a qualified person in Costa Rica, in the manager's opinion, and this is the most important benefit IESC has to offer.

The project's success will rely entirely on the creative skills of the volunteer to inject some realism into the client's terms of reference. Certainly the VE will be able to suggest ways to reduce operating costs and improve efficiency. Thus, even if the firm never sells abroad or increases sales volumes, profits will rise. But export capacity is beyond the means of the firm, and if the client insists on recommendations regarding exports, there is little chance that the project will be a success.

COSTA RICA: Consejo Agropecuario Agroindustrial Privado (CAAP) (15871)

Established in 1985, CAAP is a private non-profit organization devoted to strengthening Costa Rica's agricultural sector. It is an umbrella organization that tries to resolve production, post-harvesting, marketing, infrastructural and legal problems constraining growth. It does so by offering technical assistance to private firms in the sector. CAAP is part of CINDE, a larger organization that is the primary private sector recipient of USAID funds in Costa Rica.

In this instance, CAAP asked IESC for a VE who could suggest improvements in the local airport, thereby helping domestic exporters of agroindustrial goods. The volunteer evaluated the airport's cargo operations, its capacity, and its management. The result was to be a new method to control storage and shipment, a system of pricing the terminal's services, and a transition plan to guide the upgrading of the terminal.

The project was a curious one. CAAP was interested in making improvements in the administration of the cargo terminal, a responsibility of the national airlines. The immediate goal was not to implement the volunteer's suggestions, since this was beyond CAAP's abilities. Rather, the report was used to pressure the airline to make improvements. Naturally, the airline company initially resented the pressure from CAAP. However, says the CAAP representative, they have since accepted some of the recommendations of the VE.

In other words, the volunteer was used not only as an expert technician, but also as outside authority. By bringing in a foreign expert, from the U.S. to boot, CAAP was able to apply considerable pressure on the airline company to implement the recommended changes. Modifications have come slowly, and there has been a great deal of tussling between CAAP and the airline, but the volunteer's final report is still the document around which negotiations are conducted.

Though the going is slow, the project has been successful. One important reason behind this success is the adroitness with which an organization such as CAAP can use IESC. In effect, CAAP did much of the work that the country director would have had to do. The organization defined the request for assistance very well, since it is accustomed to formalities. It managed the project well, providing logistical support to the volunteer. More importantly, CAAP is committed to following up on the project to ensure that its recommendations are implemented. It has a vested interest in seeing that the VE's contribution is exploited for its fullest potential.

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COSTA RICA: Cortinas de Acero Guihvi (16425)

Cortinas de Acero Guihvi is a manufacturer of steel rolling doors and shutters, prefab homes, and a designer of roll formers. It was established in 1967 and currently employs 35 persons who together generate a yearly revenue of roughly \$500,000. The company sells only to the domestic market. They had never used IESC before, although the Canadian version of IESC has provided assistance. In this case, the client asked for a volunteer to train the company in formation and use of roll formers and dies, which would be used to make steel door shutters, roof gutters, and other products.

The selection process was a disaster, and ultimately IESC cancelled the project. Lack of communication dealt the mortal blow. Guided by the English translation of the client's description of his needs, IESC selected a volunteer with excellent credentials, a person that had dealt with all aspects of this line of business. But the client rejected the volunteer, stating that he did not seem to have experience in forming dies. In the client's mind, IESC selected an expert in steel doors, but this expertise was not necessary.

In fact, there are slight inconsistencies in the two versions of the request for assistance, although they are mostly differences of emphasis. Yet the selected volunteer appeared to be very qualified to meet the desires of the client, even if die forming was not explicitly identified as one of his strengths. Nevertheless, the client rejected him, and the IESC took this to mean that the project had been cancelled.

When we returned to interview the company, we were confounded. The impression of the managers was that the project was still under recruitment. They were perplexed that it was taking so long to find a new volunteer, since experts in die forming abound. They felt it should be easy to find a retired employee of the company that produced the machinery being used.

What was at the bottom of this misunderstanding? After reviewing the company's operations, it became clear the business was not doing well. The owners admitted that they were only operating at one-fifth of their capacity. The workshop was in disarray, and several machines were shut down. Thus, the client probably did not have the money to pay for the assistance, even with the help of Mission supplementary funds, but was not willing to admit this. Also, the company needed much more than an expert in die forming. It needed someone to review all aspects of operations and devise a way to raise productivity and capacity utilization. The volunteer initially selected would have been the perfect candidate.

COSTA RICA: Comercializadora y Exportadora Pronto (15649, 15650)

Pronto is a new company that hopes to export various Costa Rican products, including fresh produce and frozen vegetables. So far fresh produce is sold directly to wholesalers in the U.S. New frozen products will be sold to major producers and users of frozen vegetables, also in the U.S.

To help in these endeavors, Pronto requested an IESC volunteer to help guide the start-up of the new plant and in all aspects of plant operations during the first two months of processing. The volunteer would comment on the organization of all plant activities, quality control, and the training of plant management and supervisory personnel.

After fits and starts, the project got off the ground. Originally two volunteers were requested, but the client was unable to make the initial payment. The country director had just arrived, and his view was that Pronto had not been forthright about its financial condition; the client was a poor choice. He proceeded to cancel both projects.

Nevertheless, the project was resurrected, and the single volunteer was at work when we visited the client. This was not the end of the problems, however. When the volunteer arrived, he discovered that the client had no freezing plant, though he had been led to believe that there was one in place. The client's response: frozen vegetables are the ultimate objectives of the project, but he would like the volunteer to focus his attention on irrigation, fertilization, and crop rotation. He has plans to install a freezing plant, but they are nowhere near completion.

Hence, the project was redefined, and the volunteer optimistically felt that the project would still have a positive impact. At most, a week was lost to the project's reorganization.

In general, the owner's commitment to the IESC project was low, a sure sign that the volunteer's recommendations are not likely to be implemented fully. It is clear that greater communication prior to the volunteer's arrival would have helped. Both the client and the volunteer admit this. The project should leave behind a somewhat better company, however, given the enthusiasm of the VE.

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COSTA RICA: Industria Ceramica Costarricense (15419)

This company, known by its acronym INCESA, manufactures ceramic sanitary wares and fittings. It is the local franchise of American Standard, which owns 50 percent of the company. It is a good-sized company, employing 300 persons and generating yearly revenues of more than \$4 million. Sales extend beyond the domestic market to other central American countries, the Caribbean, and even the U.S.

The company's main product lines are well-established, but the company is interested in exploring other products that might be profitable. An IESC volunteer was requested to review the potential of a small dinnerware factory. The volunteer would recommend alternative product types, shapes, and manufacturing processes.

In the event, the project was conducted smoothly and successfully, in the opinion of both the client and the VE. The volunteer reviewed every aspect of the dinnerware operation. He examined the availability of local raw materials and the capabilities of the company's equipment. In light of these, he assessed the monthly production goals anticipated. He outlined the costs of production and the sales potential, thereby calculating a stream of profits INCESA might expect. All of this information was crucial to the company's decision whether or not to invest.

Even though the VE made some concrete recommendations, his contribution is difficult to gauge. According to the manager, none of the recommendations were novel. They had already been thought of prior to the volunteer's arrival. Yet the volunteer did serve a very important purpose, in the opinion of the manager: he forged a consensus within the top echelon of the company in favor of the investment.

Until the investment is made, the contribution of the volunteer will have very little concrete impact. But once it is made, it should be quite lucrative for the company as well as for the economy. The client believes that the company will be able to increase its sales abroad by \$2 million per year, welcome news to a country suffering from a severe foreign exchange shortage. The new line will also increase employment by some 75 people.

The shortcomings of this project were minimal. The volunteer felt he could have done a better job had he known more about the company before he arrived. The manager claims he sent ample information in advance to the volunteer. Also, if the investment is not made, for whatever reason, the volunteer's efforts will have made no impact on the company or the economy. However, the client is a large one and, in the view of the manager, enjoys the luxury of spending money for assistance even if the final investment is not made.

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ECUADOR: Caja de Credito Agricola (14913)

In 1949 this bank was founded to meet the commercial banking needs of Ecuadorean farmers. It has now far outgrown that mandate and is moving into the full array of commercial banking services, although the management still feels a special attachment to the agricultural sector. In the process, the bank has relied on more than one volunteer executive to overcome growing pains.

In the past couple of years, the chairman and his deputies have decided that the next important phase in their evolution is to computerize operations. The bank is in a handsome building and enjoys capable staff, but detailed operations and transactions are still done by hand, probably at great cost. Indeed, it was a previous IESC project that suggested computerization, so they thought of IESC to help them choose and install a computer system. As the client put it, "we have greater confidence in foreigners when it comes to computers."

The request for assistance was very straightforward. The client asked for a system design tailored to the needs of the bank, a selection of the equipment, and the basis of a training program--that is, a request far beyond the reach of a single volunteer executive. Yet the VE managed to alter the terms of reference, leaving a happy client and workable basis for selecting the equipment.

In the process, the client got a lesson in how to go about this kind of decision making. The first step was to draw an accurate portrait of the bank's operations. The VE spent most of his time doing this. The information generated by this exercise defined the specifications of the computer system. When he departed, he left behind a request for bids that the bank would use to attract computer dealers.

This was not the end of the association. Subsequently, the VE reviewed the bids received, and helped make the final selection. Clearly, a lasting bond formed between the VE and the client, one which is sure to generate future projects. The next step, once the computer is installed, will be to set up training modules, and the client expects the VE to be an important participant.

Because of the large capital investment, the impact of this project will take time to emerge. The goals are to increase the stream and variety of services the bank can render, and to slow the growth of employment. There will be other intangible results of the VE's visit. In the process of outlining the bank's operations, he offered a miscellany of management recommendations. Management found them quite insightful and also appreciated discovering that well-laid plans often require more time and energy than expected. If these lessons sink in, they may leave a more indelible IESC imprint on the bank than the computer will.

ECUADOR: Diseno y Planificacion (DIPLAN) (15877)

This small consulting company--primarily an architectural firm--engaged IESC in a very interesting project, but one whose impact may be fleeting. Since 1969, DIPLAN has helped the Ecuadorean government and the private sector with urban planning, transportation, and project management, reaping modest earnings (\$65,000 in 1985). It is a small company, but a capable one relative to other firms in Ecuador and certainly a company that offers employment opportunities to well-educated Ecuadoreans, many of whom are women.

DIPLAN asked IESC to help it review the plans it had conceived for a hospital as well as to recommend a reorganization of its technical department. In one sense, the project was a success. The VE took one look at the hospital plans and convinced the firm and the government, which was financing the hospital, that the project was far too big and costly. His persuasive skills saved taxpayers' money, to be sure, and everyone was happy about that. But he never got to the second half of the project regarding the technical department.

The problem is that, while the VE's contribution was valuable, it will not leave behind a better company. By the client's own admission, requests to design hospitals are few and far between in Ecuador. DIPLAN was lucky to get this contract and put together a good team of experts, including the volunteer executive. But by the time the next hospital must be designed, DIPLAN will be no better equipped to meet the challenge than it was at the beginning of this project. The knowledge that the VE brought to bear on the project cannot be imparted in two months.

The neglected portion of the project would have been more beneficial. Indeed, DIPLAN requested IESC assistance on a previous occasion, and received a healthy dose of classic management consulting. The volunteer executive suggested ways to make the office more efficient and productive and also reduce personnel. DIPLAN was able to implement many of these recommendations. Also, the report he left behind remains an influential document, in fact the centerpiece of a workshop that the company held. Even today, contemplated changes in the firm's organization are evaluated in light of the first VE's recommendations.

In sum, the recent project had a favorable impact, but for the wrong reasons. The final beneficiary was not really DIPLAN, although it did a good job because of the volunteer's participation. The real beneficiary was the government, and, by extension, taxpayers and those who will benefit from the hospital.

ECUADOR: Quimicamp (15297)

Quimicamp is a chemical producer specializing in treatments for boilers and cooling systems, petroleum derivatives, and wood preservatives. Modest in size, Quimicamp employs about 50 persons, and sells more than \$1 million per year. This is a company that can be satisfied with its market position, but does not want to become complacent and is looking for avenues towards expansion.

With this in mind, Quimicamp approached IESC, asking if a volunteer executive could be found to provide more sophisticated chemical formulations for metal treatment products, as well as to upgrade the quality of its sales staff. Quimicamp's request went so far as to identify companies that might have produced a pool of retirees from which IESC could draw.

By the end of the project, neither the VE nor the client was willing to call it a smashing success, though they believed something had been accomplished. The project suffered from insufficient communication, a volunteer with slightly misplaced qualifications, and cultural differences.

Both the client and the VE would have benefitted from an exchange of information prior to the project's commencement. The volunteer would have had a better impression of Quimicamp's operations, and the client would have anticipated the client's strengths and weaknesses. In any event, the VE knew less about chemical formulas and more about marketing and sales. Luckily the client was flexible enough to adapt to this, though prior communication would have saved some time.

Once adjustments were made, a second problem arose. Marketing and selling are activities that differ from country to country, and the VE's style simply did not mesh with Quimicamp's sales force. His energy and aggressiveness stimulated salesmen but could not be superimposed on a business environment more accustomed to restraint and modesty. Also, the VE felt that he could teach by example rather than the written word. The report he left behind could not serve as a manual to teach sales techniques.

Curiously, Quimicamp's owner blames his sales force for the project's minimal success. He charges his salesmen with laziness and a lack of creative ideas. The VE's visit only heightened these impressions.

The client still holds IESC in high regard. Two previous projects were more successful, and in one case, the owner developed a long-term friendship with the volunteer, who continues to send valuable information. The client respects the philosophy behind IESC, even if none of his projects have had a substantial impact on his company's operations.

ECUADOR: Almacenes de Prati (15754)

Almacenes de Prati is a well-established retail department store that has served Ecuadoreans since 1940, and now operates with three stores. It is still family-owned and primarily managed by a brother and sister. The operation employs 250 persons and earns about \$10 million per year.

IESC has been an important partner in the growth of de Prati, working with the company on eight previous occasions. In this case, de Prati requested a volunteer executive to help design the interior of one of their department stores. The VE who arrived, whose career included 37 years working in the design, layout, and installation coordination of stores in California, spent 3 months with the de Pratis. For this assistance, the clients paid \$10,000. This VE had worked with the store in the past.

Both the de Pratis and the volunteer felt the project went well, even if it did not meet their highest expectations. All agree that the project was too large for the time frame allotted. Yet the client did not blame IESC. De Prati has worked with IESC often enough to know the difficulties in designing a project whose objectives can be met exactly. Indeed, this long association has made the de Pratis nimble users of IESC volunteers, matching their needs to the capabilities of each volunteer and thinking of each project as part of an ongoing relationship. In addition, they have used VEs to open discussions with U.S. suppliers of department store fixtures.

Past projects have influenced the firm's current productivity. A couple of volunteers rendered assistance in the accounting area, and, according to the client, increased efficiency and productivity. Other volunteers helped design the store, and through them the de Pratis have garnered a better appreciation for the science of department store design, which can have a significant impact on revenues.

Fruit of the long association between IESC and the de Pratis is Mr. de Prati's membership on IESC's local advisory council. Mr. de Prati has a deep understanding of the way IESC works and, in fact, can serve as a source of institutional memory for country directors. Furthermore, a retail department store has a unique and broad perspective of the economy since domestic producers of retail items are suppliers for the department store. The current CD relies on de Prati to identify firms and industries that could use IESC assistance, particularly to improve quality and quality control.

Finally, the impact of projects for the de Pratis may do little to improve the balance of payments, or even raise employment. But any assistance which helps local producers bring goods to market more easily is a benefit. This is how the de Pratis interpret IESC's contribution to the economy.

ECUADOR: Clavos Guayas (15348)

Clavos Guayas is a metal wire factory that, since 1954, has been producing nails, clamps and barbed wire fencing. Although the firm is the only producer for the domestic market, it has managed to sell \$8 million per year, a modest amount compared to its employment roster of 520. Management realized that one key to better sales is quality control. Having used IESC before, the firm requested a volunteer executive to offer advice on better quality and quality control.

In fairly short order the VE was able to upgrade Clavos Guayas' operations. In his mind, there was no need for new and more sophisticated machinery. Simple changes in the way the machinery was used would yield handsome returns. His second task, to establish a quality control department, was more important, since it would enable the company to receive the seal of approval of the government standards board and meet the more stringent standards of the export market, which the firm hopes to tap.

Even though the project was interrupted by a flood, it was finally concluded to the client's great satisfaction. The project improved the quality of the client's product without the purchase of new expensive machinery, something the client might have done otherwise. It elevated the importance of quality in the mind of the client. Many IESC clients have admitted that prior to the volunteer's visit, they viewed competition as simply a matter of underpricing competitors. In this case, the volunteer convinced by example that customers may pay a higher price if they are convinced that they are getting better quality. This requires a commitment to a quality control department, which will be the legacy of the VE.

As a result, Clavos Guayas has improved its domestic market share. Sales volumes increased by 25 percent, and costs were reduced. A prior IESC project, which purveyed more general production assistance, also increased production and profits. The real prize, however, is the export market, since dollar revenues translate into large sums of local currency. Some exports have already been made and should increase with steady quality improvements.

Why was this project such a success? In the opinion of the client, it was well-defined and focused, and it took advantage of IESC's strength. Rather than incorporate new technology, the company was taught how to better use what it already owned. The client believes that quality control is what U.S. experts can best offer. There is little written or classroom material that imparts knowledge about quality control, according to the client. The only way to learn it properly is to pay for the advice of a long-time practitioner. In the eyes of Clavos Guayas, IESC is virtually the only source of this kind of help in Ecuador.

EGYPT: First Cairo Finance (15983)

This is an entrepreneurial venture capital company that starts up businesses and then sells them off, or establishes joint ventures and partnerships with on-going concerns as investments. This company is also an important part of the IESC client cross-referral network that we discovered in the course of our interviews. First Cairo's revenues fluctuate considerably from year to year, ranging between \$74,000 and \$200,000 over the past three years. It is not clear whether these figures include income from joint ventures or from partnerships in operating businesses.

This project was to help provide groundwork--a market feasibility study and a business plan--for a new executive search business. The First Cairo chairman believes that while Egypt lacks middle managers, the country has enough educated people who can be trained as managers. In other words, this is both an education and a placement concept to fill a perceived need in the local and regional economies. He realizes that part of the problem is the low wage scale in Egypt--"if you pay peanuts, you get monkeys"--and that the greatest need and market for these managers will first be in the Gulf States where wage scales are six to twelve times Egyptian levels.

The chairman evaluated the project by saying, "I would describe everything about IESC as very good, except the person (VE) himself, who was excellent." He added elsewhere in the interview that "the program is very low cost. The volunteer did his homework before he came. He knew the local market before he came in."

Partly as the result of the IESC project, First Cairo has decided to launch the placement company in early 1988. The first phase will be to recruit Egyptians as middle managers for Gulf State companies. Potentially measurable impacts will include increased training and employment in Egypt, and the cash-flow contributions to Egypt's economy from remittances sent back by these employees.

Since his firm is well-placed to assess the local economy's needs, we asked the client where he thought IESC could make the best contribution. "Tourism and textiles," he replied, were the two sectors that were both most promising and that needed the most help. We transmitted this response to the CD.

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EGYPT: Plant Production Company (15063)

This is a new company with limited cash resources. The firm grows vegetables in greenhouses and in covered furrows (called tunnels locally) and markets about one-third of the produce to Europe and the rest to local brokers who export a portion of it to the Gulf region. First year (1986) sales were \$100,000, with projections for a doubling each year over the next several years.

On our arrival for the interview, the company president was proudly passing around a just-published handbook for Egyptian greenhouse vegetable growers, which he co-authored with his project VE--a prominent agronomist with many decades of experience. As far as anyone knows, this is the first IESC-inspired publication in Egypt. The client, a true professional with a concern for improving the quality of locally grown produce, is sharing what he learned from the project by giving away the handbook to all Egyptian growers (of course, he realizes that under A.I.D./IESC guidelines he would not be allowed to profit from sales of the handbook at any rate).

The client evaluated the project by observing that, "Before the VE arrived, we weren't doing too bad, but I'm sorry to say we were comparing ourselves against the government. The VE raised our sights and we have begun to compare ourselves against European and American growers."

This statement was the core of the client's evaluation and is his perception of the project's major benefit: successful intervention and technology transfer, with measurable gains; new methods of pruning green peppers led to a 25 percent increase in yield; new methods of transplanting seedlings reduced loss by 10 percent; new methods of rodent control have decreased seed loss by 25 percent.

Several other methods, tricks and devices with measurable impacts were introduced by the VE. These include methods that have had impacts on the cost of supplies, energy and fertilizer use, as well as experimentation with possible new product lines, including cantaloupe and honeydew melon, and new varieties of cucumbers. The VE was also seconded, with the permission of this client, for short-term help on other projects in Egypt, and he and the client have maintained an on-going relationship.

The new ideas were almost all labor-saving, so one of the effects of this project was in fact a slight reduction in the number of employees--but this should be reversed and turned into at least some moderate employment increases as the business expands.

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EGYPT: ChourbaguiTex (15962)

This manufacturer of knitted cotton garments is located in the pyramids area of Cairo. It is a partnership established in 1982 and has shown a steady increase in sales--moving from \$555,000 in 1984 to nearly \$1 million in 1986.

The partners are both very capable, serious, and active in the business and very concerned about its long-term viability. They came to IESC for help in overcoming a series of interrelated and serious production and quality problems (two projects were underway simultaneously while we were there). These problems include downstream unreliability, with suppliers and dyers in particular. Also, they know that increased exports are an essential component of their survival, and they have begun to take on contracts for delivery in the U.S. and Canada, but they are concerned that production problems will hinder this expansion.

They heard about IESC through the local project grapevine, and hired 12 new workers (eight women) for training in anticipation of the VEs' arrival. One of these workers--the one who was to be trained to supervise the others--has already been fired by one of the VEs. This speaks to a problem in the country at large as well as in this company: the general lack of middle management personnel exacerbates problems of quality control and liaison with downstream suppliers. Partly in recognition of this problem, the client would like the VEs to stay for a much longer period--for up to a year--to be able to train a second-in-command and to establish lines of authority over a long enough period of time that it will take hold in the workplace.

Even though the IESC projects were still in progress, the client has already noticed improvements in the quality of the product and in the operations of the workers. Seconds (waste due to bad production) have been reduced by at least 10 percent, and other procedures have been introduced to save on wasted material and on cumulative errors. The VEs secured U.S. quality control manuals and have written job descriptions for each task and employee.

Most importantly, the VEs have begun to work with downstream suppliers as well. This could be a lead-in to other projects, since the dyer and other suppliers will be introduced to IESC through this project and could very well be open to developing their own request for a VE. Through this project, the Egypt program will probably begin to develop a programmatic approach to the textile segment.

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EGYPT: Capital Markets Authority (15829)

The Capital Markets Authority was established in 1980 as an autonomous unit inside the Ministry of Economy. It is meant to function as Egypt's S.E.C. once the country's capital markets are again functioning. The Authority is self-regulating, except for the usual Egyptian caveat--that it is subject to presidential approval.

The Authority, with an annual budget of \$180 million, and as an autonomous public sector unit, is not the usual IESC client. It is a special project of the USAID Mission, which has an officer dedicated to assisting the Authority. IESC was brought in at the special request of the Mission, and was given a special budget (\$200,000) to cover Authority projects. The Authority had received grants from other sources to hire experts and consultants, but even so they could not afford the prices: a Price-Waterhouse consultant wanted \$2000 a day, for example. The IESC was then suggested to the Authority by the Mission. They have had five VEs on projects over the past three years, and they anticipate at least three more in 1988. Upcoming projects include advice on venture capital funds, bond management and debt-equity swaps.

The client was generally happy with the VEs and with the projects, but he did complain that "we did not have enough choice in choosing volunteers. We need experts who know the overall panorama, not something (narrow). That was the case with the last volunteer, who came from a successful venture capital company, and who knows how to make specific deals, but who could not tell us how to think in broader terms about venture capital."

"And," he continued, "there is not enough detail in the cv's. They should give a very definite statement of the level at which we can expect to be able to use the volunteer."

The Authority also has used other sources of advice and consultation, including the New York Institute of Finance, Citibank, the Virginia Institute of Legal Affairs, London School of Economics, a German program, the Montreal Stock Exchange, and others. In that context, the client rated IESC "very high", despite the criticisms noted above.

When it is in full swing, the Authority will create many new jobs and, of course, develop a capital market which will enhance Egypt's private sector generally. There are presently about 100 people in training (many of them in programs run by the foreign agencies just noted above), about half of whom are women.

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EGYPT: Export Development Bank of Egypt (15963)

This is a second example of a large, public sector client which was brought to IESC by the Cairo Mission. An earlier project with IESC was for the installation of the Bank's MIS system, but personnel changes at the bank in the interim left no one with any significant memory of that project.

The project just underway at the time of the interview (there were several Bank officials present, as well as three IESC people) is a feasibility study for the establishment of a factory to produce soybean protein extract. This project also has a joint venture aspect to it, and at the time we were there the VE was in fact in the U.S. having preliminary discussions with possible U.S. partners for the venture.

In general, they were pleased with IESC, and they found the VE "good" on the technical aspects of soya and extract production. However, they also faulted him for being "too technical, too academic; when you work with an industry project," one of the client people said, "you need someone who can make projections and estimates about machinery, suppliers, macroeconomic capacity, required investment." We asked why they didn't take a different VE, and the client side replied, "We had no choice."

There was also a sense that IESC did not charge clients enough: "There will be no implementation because people will not take you seriously enough because the fee is too small. Your money is being used to make a large number of elegant studies that decorate the shelves." This client would prefer to see fewer and more highly visible projects, and would like to see the funds (USAID/IESC) used to focus on a single sector at a time--for a year or so, and with a group of VEs working together on a single concept.

The purveyor of this critique sees his country's economy in a shambles and very much in need of a semblance of modernity, while one of the potential sources of help and precious funds--IESC--operates at a frustratingly (to him) picayune level. Part of his context is also frustration at the idea that while Egypt and Israel receive about equal amounts of U.S. aid, Israel gets a bloc grant to do with as it pleases, while Egypt retains veto power only over USAID proposals.

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HONDURAS: Fundacion para la Investigacion y Desarrollo Empresarial
(15186)

Established in 1984, FIDE is a non-profit foundation devoted to assisting the private sector, especially exporters. It finances its activities with grants from public and private agencies, and with the annual fees paid by members, companies that use its services. IESC has had a long association with the organization, and in the process a well-developed relationship has evolved.

In general, IESC assistance to FIDE follows a three-stage pattern. First, FIDE requests a volunteer to conduct a study on a particular industry, such as footwear. This study assesses the strengths and weaknesses of the industry and recommends broad kinds of assistance, regulatory, technical, and financial, which could encourage firms in this sector to export.

A second stage, and a second discreet project, will identify particular firms that have the resources to export, even if they are not currently exporting. The volunteer will spend most of his time visiting companies, and will produce a final report that lists those companies with the greatest potential. FIDE uses this report to offer its assistance to a select group of firms in the industry. In the third stage, FIDE submits requests for IESC volunteers on behalf of those companies wishing to export.

FIDE representatives feel their association has been most successful. Though IESC volunteers may not be perfectly suited to the projects in the first stage--they lack the analytical and writing skills--they are very capable in the second and third stages. Compared to the other consultants that FIDE uses, IESC volunteers are the best at identifying a firm's capabilities and making useful and realistic recommendations. Also, IESC volunteers identify themselves with the firm they are assisting, and are therefore more committed to the firm.

From the perspective of the CD, this is a valuable association because FIDE does much of the work that he would otherwise have to do. Each request for assistance is well-defined, and FIDE ensures that the volunteer has a capable counterpart at each firm. Also, FIDE remains as watchdog after the volunteer departs, guaranteeing that recommendations are indeed implemented.

While FIDE values the association with IESC, FIDE representatives voiced a desire for some improvements. In their mind, some of the volunteers are accustomed only to managing sophisticated firms and cannot get used to working on the plant floor. Also, the three-month limit on the time the volunteer spends in the country is sometimes too short. But these are minor problems. Improvements would merely embellish a relationship that is already very fruitful, in the minds of the FIDE representatives.

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HONDURAS: Productora Hondurena de Concreto (PROHCOSA) (14990)

PROHCOSA is a manufacturer and distributor of concrete construction and paving blocks, and of concrete pipes. It employs about 110 persons and brings in about \$2 million annually in sales. The owner requested IESC's assistance to set up a proper maintenance and preventative maintenance program for his fleet of trucks. In fact, he requested a particular volunteer who was working in Honduras for another client.

Both the client and the volunteer agree that the project was a success. The volunteer recommended that some transport units be discarded and also suggested better ways to lay out the supply inventory, organize personnel, keep records, and make new acquisitions. These recommendations were recorded in a manual that the client could use after the volunteer's departure.

In the country director's opinion, the project will allow the client to save at least \$5,000 per month in maintenance costs, and save foreign exchange because costly imports could be avoided. The owner asserted that the project enabled him to increase production while he reduced employment.

It is questionable whether the volunteer should be credited with these improvements. The owner was grateful for the volunteer's suggestions, but he hastened to add that his recommendations were already being contemplated anyway. If the volunteer served a purpose, it was to catalyze changes rather than initiate them. Nevertheless, the VE was quite precise in his recommendations, and he at least completed much of the necessary work that would precede changes in the maintenance system, work which the owner had no time to complete. Those recommendations that were truly original have yet to be acted upon, since they require additional investment, which the owner is not yet prepared to make.

If the owner could repeat the project, he would have done a couple of things differently. First, he would like to see better and more frequent communication with the VE, so that matters can be clarified as they arise. Second, the client suggested that there be some contact prior to the volunteer's arrival. This suggestion seemed a bit odd, since the two actually met when the volunteer was in Honduras on another project. Nevertheless, this was a common suggestion made by clients.

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HONDURAS: Tropical Plywood (14427)

Tropical Plywood is a manufacturer of pine plywood that has operated in Honduras since 1965. It employs 200 persons and earns about \$800,000 per year, some of this from exports to other Central American countries as well as to the U.S. This is a considerable improvement over the condition in which the client purchased the company in 1984 when it was on the verge of bankruptcy. Throughout this recovery, the company has made ample use of IESC volunteers.

The client's first objective was to persuade creditor banks not to foreclose the operation. He requested IESC volunteers to study costs and production, and on the basis of these he prepared a financial report that convinced his creditors to extend their exposure. Later he brought in a volunteer to help him with accounting and another one to study the production process of the company and prepare financial projections. Finally, a volunteer came to assess the client's supplies and make recommendations about forest management.

The client speaks highly about IESC volunteers and is convinced that they helped him identify problems he would otherwise not have noticed. For example, one of the early VEs convinced him that what he needed most dearly was help in marketing and cost accounting. The VE felt that the company's productivity could easily be doubled or tripled, but the client scarcely had the capacity to sell what he was currently producing.

The client is indebted to IESC for bringing him out of the doldrums. Not only did he learn a tremendous amount about management, but he has raised capacity utilization from 35 to 55 percent. He hopes to reach close to 100 percent utilization in 1988. His market share has risen from 20 to 45 percent, and he has begun to export to the U.S. during the same period.

Certainly he might have relied upon other sources of assistance. But the client prefers IESC because of the commitment that the volunteers have for their clients. Besides, the volunteer has had more hands-on experience in the industry than a consultant, in the client's opinion. Other consulting agencies also tend to be much more expensive.

The owner is still beset with serious problems, some financial and others having to do with the government's forest management system. But at least he can contemplate them from a more secure position. His next move will be a request for more marketing assistance. The client believes that this is the greatest contribution that IESC volunteers make: they suggest altogether novel ways to think about one's business.

HONDURAS: Industria Procesadora de Confites (14981)

This is a very small candy manufacturer that relied upon an IESC volunteer to get the operation off the ground. The two machines that make up the factory are rudimentary, and probably quite outdated. They were purchased second-hand, with the help of a volunteer. The company employs 14 persons, and sold about \$100,000 worth of candy in 1985.

The owner was distressed about specific components in his wrapping machine which constantly broke down. He wanted the machine overhauled by plant mechanics and felt that it would be helpful to have a volunteer oversee and guide this process. Acting as advisor the volunteer would impart to his employees some of the theory as well as practical experience that would make them less dependent on outside help in the future, in the owner's opinion.

Upon the volunteer's arrival, not only was the machine not performing well, but it broke down entirely. Thus the original workplan that the owner had agreed to was modified; the task now was not to reduce "down time" but to repair the machine. In the volunteer's opinion, this was fortunate, even if at some cost to the company. It was an opportunity to disassemble the machine completely, and instruct the mechanics thoroughly as it was being reassembled. The owner asserted that the plant personnel received extensive training on workshop procedures, and the project left behind detailed instructions on the machine's assembly and disassembly. This was in addition to the improvement in the machine itself.

The owner is part of a group of entrepreneurs who have devoted themselves to starting small businesses to generate employment and exports. He knew little about candymaking before he made his initial investment, and the first volunteer was instrumental in setting up the plant and providing the initial formulas used to make the candy. The second volunteer, in the owner's mind, moved the company onto a higher plateau, improving work conditions and, in particular, creating a repair capacity and a mentality on the shop floor that stressed maintenance as an important operational function, not simply a matter of damage control.

The owner volunteered one reservation: IESC volunteers are not always accustomed to the size and conditions of a company like Industria Procesadora de Confites. He wondered whether he would have learned more from a lower- or middle-management volunteer who had spent more time on a plant floor rather than an office. Yet he commended the most recent volunteer. This man was able to adapt himself to the environment, made several trips to local suppliers, and designed his own machine parts when these were unavailable in the Honduran market.

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HONDURAS: Hoteles de Honduras (13864)

This company owns the two premier hotels in Honduras, one in Tegucigalpa and a second in San Pedro Sula. Appended to these hotels are successful restaurants, serving not only hotel guests but also local clientele. Established in 1970, the company employs almost 300 persons, and has sales of about \$5 million per year.

The company has used IESC on two occasions. One volunteer reviewed the hotel's entire operation and gave advice on marketing strategy. His main concern was to improve decor. He took notes on virtually every detail of the hotel's operation, from the color of bedspreads to the attitude of busboys. He produced a report listing every deficiency he had identified, with suggestions on how they might be eliminated. He also recommended ways to improve sales and public relations.

Though the hotel manager appreciated the volunteer's work, she felt that the suggestions were not necessary. In almost every case she acknowledged that the volunteer's criticisms were valid, but she measured this against the lack of serious competitors in Honduras. In her mind, it was not worth investing in improvement if they would not draw customers away from other hotels. Anyone who could afford this hotel would stay there, regardless of the quality of various services. In short, the first VE's efforts were almost for naught.

The second project made a greater contribution. The hotel had purchased computer equipment but was never able to use it effectively. A volunteer was requested to review the equipment and recommend either more proper usage or a replacement.

The volunteer found the existing system to be obsolete. Instead of continuing with it, he suggested that the hotel purchase a new one. For most of his stay the volunteer outlined a profile of the hotel's management system that would help computer dealers prepare their bids. He also listed the software that the hotel should consider.

The hotel management was pleased with this project. They requested that the volunteer return to review the bids, make the selection, and monitor the installation of the hotel. They also wanted him to oversee the training of the hotel staff in the use of the software. The volunteer, confident of the management's capabilities, assured them that he would provide some assistance in reviewing the bids, and that the software company would provide adequate training.

After both projects, the client viewed IESC as a valuable source of assistance if used carefully. In the first case, the manager felt money had been wasted; with the second case she agreed that the hotel almost became too dependent on the volunteer. The hotel would be much more careful in crafting future projects in light of this experience.

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INDONESIA: Supreme Cable Manufacturing Corporation (SUCACO) (14955)

This firm is one of the largest manufacturing companies in Indonesia and is one of only 24 companies listed on the Jakarta Stock Exchange. Its estimated annual sales volume in 1984 was \$41.7 million. It maintains a virtual monopoly on the production of power and telecommunication cable in the country. With its first IESC project back in 1972, SUCACO has been one of IESC's biggest customers and repeat users; this was the company's 9th IESC project. The company's current executive vice president, who signed the IESC agreement, is the son of its former chairman, who is in turn a long-term member of IESC's advisory council in Indonesia. Some of the company's board members also sit on the boards of several other IESC clients.

For this project, IESC was requested to assist in various phases of production planning and control. The nature of the assistance provided was both managerial and technical. The VE worked closely with both the plant manager and executive management in reorganizing various phases of production planning, scheduling, and quality control. Both the client and the VE commented that "they were able to accomplish more than what was originally anticipated." However, the VE "experienced some frustration in the early weeks of the project until he could gain the trust of the principals."

The client was extremely pleased with the assistance received, commenting that "the VE's help was immeasurable and will forever be a part of the success of the company." The biggest contribution that IESC made was in the transfer of technology and technical skills. The client expressed this in the following way: "If you give a man a fish, he will be able to eat for one day. But if you teach a man how to fish, then he will be able to eat for the rest of his life. And this is what the VE did for us--he taught us how to fish."

The biggest impact that the VE had on the company's operations was in increasing production efficiency, decreasing the amount of idle machine time, and improving the company's record of meeting delivery dates for customer orders. Along these lines, the client commented that "the amount of inefficiency and waste has been cut by about half, and as a result, business sales and profitability is up considerably." Since this company has a virtual monopoly on the production of power and telecommunications cable in Indonesia, the impact of improvements in its operations is likely to be widely felt throughout the entire industry and economy.

When asked how IESC could be improved, the client offered two recommendations: (1) "The length of the VE's stay needs to be extended; the time period is just too short;" and (2) "The VE should be provided a better briefing on the national, cultural, and corporate environments of the client firm. Greater preparation will enable him to make more efficient use of this time while he is over here."

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INDONESIA: Supreme Alurodin (15412)

This company manufactures aluminum and aluminum-alloy rods that are used in power and telecommunication cable. It is a sister company and the major supplier of SUCACO (14955), a manufacturer of power cable and another IESC client.

Based on feedback from the client, this project was only partially successful. The client was "very pleased" with the assistance received from the VE. The VE assisted the client in all stages of production, from the selection and processing of imported materials to the maintenance and cleaning of plant equipment, especially the furnaces.

According to the client, "about 50 percent of the VE's recommendations have been implemented." The impact on the company's operations has been impressive. The client indicated that efficiency and profitability have both increased by about 20 percent. In addition, the VE helped the firm expand its operations from one shift a day to three shifts a day, thereby enabling the company to nearly double its number of workers. The most beneficial impact signalled by the client, however, has been in foreign-exchange savings. "We have been able to reduce the amount of our imported materials by 50 percent by switching to local suppliers."

Since this company is one of Indonesia's largest suppliers of aluminum alloy rods, any improvement in its operations is likely to benefit the overall industry and national economy. Local cable manufacturers, in particular, will benefit from a more efficient and reliable source of supply.

Despite these benefits, though, the client was quite dissatisfied with the length of the VE's stay. "We needed the VE to stay longer to help us with follow-through and implementation of the work plan. As it turned out, our workers were unable to absorb some of the VE's recommendations and plans." He went on to describe how concerned Indonesian businessmen are about project implementation and being shown how to carry things out. His advice to IESC was to "increase, or at least better clarify, the minimum length of stay of the volunteer executive."

When asked how IESC could be improved, the client came back to the issue of the length of the VE's stay. "IESC should really extend the minimum length of the VE's stay because we in Indonesia need the time to be able to learn how to implement certain recommendations."

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INDONESIA: Institut Pengembangan Manajemen Indonesia (IPMI) (14794)

This is one of only two private schools that offers a graduate MBA program in Indonesia. (The Institut Manajemen Prasetiya Mulya, another IESC client, is the other one.) An executive committee, comprised of representatives from the foundation that founded and finances the school, oversees the school's operations. Since the school was established in 1984, there has been considerable overlap and confusion in the areas of responsibility and authority between the executive committee and the school's administrative director. As the director commented, "The executive committee kept interfering and wasting my time." Hence, the director approached IESC for assistance in reorganizing the school's management structure and administrative operations.

This was a very successful project because the VE, in the client's words, "was even better than we expected." The client was particularly pleased with how the VE helped clear up the confusion over the areas of responsibility between the school's governing body and its director.

The VE played a very interesting and sensitive "political" role in this project. He prepared an organization chart which defined, clarified, and simplified the relationship between the director and the executive committee. The VE's chart and other recommendations were accepted by both sides. According to the school's administrative director, "The chart was really quite basic and didn't include anything that we couldn't have come up with ourselves. But the executive committee would not have listened to our recommendations. Rather, it was important that an impartial observer, an outsider, like the VE, present the recommendations. This made the recommendations more palatable to our executive committee."

As for impact, the client believes that the VE's assistance "will contribute to the more efficient running and administration of the Institute." In addition, the client commented, "I can now rely on my support staff more, having been released from many daily supervisory activities, and will have more time to devote to strategic planning and to develop contacts with top persons of the community as a means of promoting the Institute." As a result, "our school can now manage itself more confidently and professionally."

The client has heard of other programs similar to IESC, and has been approached by the British Executive Services Corps (BESC). However, the client commented that "the other programs are much more expensive than IESC." He also commented that "IESC has a much simpler application procedure and is less ambiguous in the terms of its contract."

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INDONESIA: P.T. Astra International Inc. (15723)

This company is a huge conglomerate spread across three industrial areas and 15 different manufacturing plants in Jakarta. It manufactures everything from automobiles and motorcycles to air conditioners and copier machines. Its workforce is over 10,000 and its estimated annual sales in 1986 were \$800 million. In recent years, the company has become one of IESC's biggest customers in Indonesia, with over seven projects. This particular project involved the return of a previous VE to follow up on the safety program he had recommended for the company's operations.

The client was extremely pleased with the assistance rendered. The VE evaluated the progress that the firm had made on his accident prevention program, noting a 30 percent reduction in the number of job-related accidents and injuries since the VE's last visit. In addition, the VE recommended several new safety programs for the firm, including programs for fire prevention, eye protection, first aid training, health and hygiene, and for protection from hazardous materials. He also offered assistance in implementing the programs at the company's numerous different production sites and plant facilities, making extensive use of training seminars and manuals.

A major factor contributing to the success of this project was the strong support and heavy involvement by top management. The VE worked closely with the company's director of safety, who reports directly to the president. As a result, the VE had direct access to people with decision-making authority in the client firm, and his recommendations were implemented without delay. This support, in turn, has ensured the continuation of the training seminars introduced and organized by the VE.

The success of this project is likely to generate several additional IESC projects in the future. The client has already expressed interest in having the VE return for another follow-up evaluation of the safety program later this year. In addition, the client believes that the example it has set in the safety area will inspire other Indonesian companies to implement their own programs, thereby generating a further demand for IESC services.

The Suharto government strongly supports projects in this area. Five years ago, the government initiated a "safety improvement program," calling on local companies to improve their worker safety records. It was this program that provided the major impetus to Astra's decision to seek IESC assistance in implementing its own safety program.

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INDONESIA: Salero Bagindo (14414)

This is an Indonesian restaurant chain specializing in traditional southern Sumatran cuisine ("Nasi Padang"). After beginning with one restaurant in 1983, it has since opened two new restaurants in Jakarta. It approached IESC in late 1985 to seek both technical and management assistance in expanding its business throughout Indonesia and abroad.

The project was largely successful. The VE, a specialist in hotel management and restaurant catering, contributed in several areas. He helped define an overall strategic plan for expansion. He also helped standardize cooking ingredients, centralize kitchens, upgrade equipment, increase efficiency and introduce new kinds of quality control procedures for food preparation. According to the client, "at least 70 percent of the VE's recommendations have been implemented."

Overall, the client was quite satisfied. He stressed the contributions that the VE made in the area of management consulting. The VE "really convinced me of the importance of having a basic strategic plan--that before we should expand our business overseas, we really needed to test the local waters more by opening more restaurants in Jakarta."

The client did seem a little disappointed, however, with the VE's knowledge and appreciation of local tastes and preferences. "The VE tried to persuade me to introduce a salad bar in my restaurants, but I didn't think that it would be very popular with Indonesians. I also thought it wasn't appropriate in a restaurant specializing in traditional Sumatran cuisine."

In addition to the salad bar idea, the VE tried to get the client to use pre-packaged and dried spice mixes, rather than fresh chillies and other spices. Again, however, the client thought this was inappropriate and unsuitable, given local tastes and preferences. "Perhaps foreigners could not discriminate between fresh and dried spice mixes used in our dishes. But Indonesians certainly could taste the difference." Ultimately, the client came to the conclusion that "I probably would have preferred an Asian food consultant, or at least more choice in the type of VE that was assigned to me."

At the same time, however, the client believed that IESC helped enhance the status and prestige of his restaurant business. "I even state the fact that we've used an American consultant in our advertisement in the Jakarta phone book."

Finally, although this business appears (on paper) to be fairly small and new (estimated annual sales in 1984 was listed as amounting to only \$350,000), it belongs to one of the largest and oldest corporate conglomerates in Indonesia. The chairman of the local IESC advisory board is closely tied into this conglomerate.

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JORDAN: Catholic Relief Services (16294)

This is a textiles manufacturing company established in 1984 by Catholic Relief Services in the village of Mafraq, located near the Syrian border. CRS began the project, staffed almost entirely by women from the village, both to foster economic development in the local area and to assist local women. CRS will not be able to operate this factory beyond the end of 1988 and must either restructure the enterprise as a village cooperative or sell it to a local buyer. Achieving either goal requires, they believe, improvements in efficiency, product quality and increased output.

1986 sales were \$111,000, a 54 percent increase over the previous year's total, and consisted mostly of uniforms manufactured for the military and local hospitals on the basis of government contracts. The CRS sought assistance from IESC to achieve the quality and production improvements which would facilitate the basic business decision to be faced in 1988.

When the VE arrived, the Mafraq plant was operating at 20 to 30 percent capacity; seconds were high, but unmeasured; quality, while acceptable by Jordanian government standards, was unsuitable for export; and, the plant was operating around the break-even point. Eight weeks into the project, the time at which we toured the operation and conducted our interviews, numerous improvements had been made.

A limited reorganization of the work flow had produced a measured 30 percent increase in output. The VE's efforts to alter work habits and improve techniques in both the cutting and sewing operations had, both he and CRS representatives felt, reduced seconds to a level (now quantified) of 20 percent with future reductions in store. In many cases the changes of technique were minor, consisting, in one case, of simply stressing the need to finish buttonholes properly rather than haphazardly. The VE felt that many of his early gains were easily won, in part because of the low level of current production--not just at this factory but throughout the Jordanian industry. He compared state of the art in Jordanian apparel manufacture to what he had seen on his first visit to South Korea some twenty-five years ago.

The CRS factory had, during the VE's time in residence, won its first export contract to produce women's skirts for Wallmart and K-mart outlets in the U.S. Continuation of the contract is based on the factory's continued maintenance of product quality standards already in place. They are pleased with the VE and his work.

JORDAN: Al Hikma Pharmaceuticals (15307)

This was a very successful case of technical assistance, in part because the client was in a position to know precisely what he needed. Therefore the client tended to control the project definition and selection phases of the IESC process, rather than be inhibited by them. As a U.S.-trained physician and pharmacologist, the president of Al Hikma was thoroughly grounded in both the state of the medical art in the U.S. and familiar with the U.S. Food and Drug Administration drug approval process.

As someone who wished to develop a new antibiotic (Cephalexia), the client was certain that he wished to gain U.S. approval, rather than European or Japanese: "With the exception of the Japanese, the FDA approval is the toughest to get but it opens up a very large market." His problem was to obtain an expert in the FDA drug approval process to set an inspection sheet for quality control and production, to insure a higher chance of approval on the first application. "The FDA requirements are deliberately left open to management interpretation," and so the client needed an on-the-spot consultant to provide definitive assistance.

As it turned out, the VE's work and assistance broadened beyond his core duty. Significant quality improvements were made, according to the Al Hikma quality control manager, who documented a 50 to 60 percent improvement in product quality resulting from the implementation of the VE's production directives. However, the VE also prepared the application to the FDA (which has been accepted and is pending on-site inspection) and the drug master file which is critical to the application.

While we were present, the client signed a second project request for the return of this VE just prior to the FDA's scheduled on-site inspection, "in order to check everything in advance." The VE will also be employed in transferring his production expertise to a Jordanian national, also a U.S.-trained pharmacologist recently hired away.

The on-site inspection is the remaining significant hurdle between Al Hikma's Cephalexia and FDA approval. The benefits, in the event of approval, will be significant. According to the client the mere fact of approval will yield both "a vastly expanded market potential" and "will translate into an ability to raise prices, not only for Cephalexia but for some other drugs as well."

On the whole, a successful project.

JORDAN: Industrial, Commercial, Agricultural Company (14147)

This producer of consumer goods in Jordan (food, soaps, toiletries) was founded in 1961, making it one of the oldest privately held companies in Jordan. It is a shareholding company, with 350 employees and annual sales of about \$20 million.

The company is run by a nine-member board of directors, one of whom commissioned an IESC project in 1985. We include it as one of the cases here because it is an excellent example of how a potentially successful project can come to grief over the issue of implementation. In this case, implementation stalled because the project was at too low a level inside a large organization.

This project was, in fact, a great success, until it came time for implementation. The VE--who has since become a highly praised IESC CD--wrote a detailed and clear management plan, including a design for a new accounting system. A few recommended hires were made, and there was some slight evidence that other recommendations were being considered. Then someone, and no one knows exactly who it was--put a stop to it. The person who was the major agent for administrative change inside the company, and who commissioned this particular project, left the board of directors.

The person we interviewed, the current director general of the company, described the IESC report as if it were a holy relic: "every man we bring in reads that report," he said, pointing to a copy on his desk. "You can tell with just a glance that talent and analysis went into it." However, the company has not altered itself to conform with any of the recommendations made.

We would, under these circumstances, grade this project a failure: everything went right, but nothing happened.

JORDAN: Masar Engineering (15850)

This privately-held engineering firm, with an annual turnover of \$650,000 and about 40 employees, was established in 1978. It is a classic example of what we discuss in the Jordan country profile: the private sector, for political reasons, feeling cut off from the royal family-controlled public sector.

In this case, the client won an open bid to supervise the paving of a major new road from Aqaba to Iraq. The road is being built by an Indian company, and no one involved in the project had the necessary experience in desert road construction. The client knew that one of the few places where people had such experience is in the U.S. and remembered meeting someone appropriate at a U.S. Road Federation luncheon. A bit after that--perhaps two years ago--he met the Jordan CD at a Rotary luncheon in Amman. When he won the contract, he recalled those meetings, and went to the IESC for help.

IESC found "the perfect match," and a VE was assigned to the client. However, his arrival was twice delayed because the main contractor fell behind in work. Now the client has requested an extension of the VE's contract into a fourth month so he can be present at the start of the actual paving work.

The client summarizes his happy experience with IESC: "We want to make sure we are doing the right thing." Prior to his actual arrival, the client and the VE had several telephone conversations about the project. By the time the VE arrived, he had recommended several reference books and had sent notes ahead. Since his arrival (this was the fifth week of his stay in Jordan), he had produced seven technical papers, inspected all the equipment brought in by the Indian construction company, and was working on a maintenance manual for the road.

The Ministry of Public Works, which oversees the project in general, seems not to want to acknowledge the existence of the VE--partly, the client believes, because the client is a private sector (Palestinian) company, and partly because the IESC program is not entirely accepted in the public bureaucracy.

JORDAN: Jordan Wood Industries (14645, 15230)

This firm, established in 1975, employs about 150 people manufacturing wooden doors, kitchen cabinets, and some bedroom and office furniture. Some of the sales volume of \$11 million comes from exports around the Gulf.

The two projects with this firm contrast sharply. For the first, problems of recruitment went on for some six months until the client, in desperation, turned to a Danish furniture company (which owns 15 percent of his business) for advice.

The second project, on the other hand, went smoothly and swiftly in recruitment but hit trouble on the ground. The client felt that the VE kept looking at things in "the American way." The client complained that the VE was too inflexible, but, "after a while, I concluded that the VE was simply unable to hear." The client seemed unwilling to terminate the project, though.

In his final evaluation, the client stated, "The VE's knowledge was limited to his experience in wood working factories in the U.S. He was unable to relate his know-how to our situation because we use European machinery and methods of production, which he was not familiar with. He was a nice man, but it was very difficult for him to adapt. Instead, he spent most of his time explaining to us how he used to do things back in the U.S.A."

There was also a problem with the VE's productivity recommendations. "In Amman, labor is cheap. Cutting labor is not justifiable at all, especially if it involves any increase in investment in equipment."

The central problem here seems to have been a communication block--or, more specifically, a VE not listening very well to the client. "He wasn't listening. Why should I try to convince him otherwise? I can see his point of view, but he cannot see my point of view."

The client still supported the idea of IESC and was still active on the advisory council. "I like the people. This kind of thing [the experience with the latest VE] happens sometimes. It happens in marriage as well as other cases."

This latest case illustrates the results of bad communication all the way down the line: an inaccurate request for assistance; poor recruitment of a VE; lack of clarification of a viable work plan after the VE's arrival; poor understanding of a VE after he got on the ground. Finally, the CD in this case reported a generally successful project, so we must add to this list, a misunderstanding by the CD of what was happening between the client and VE.

KENYA: Kenya Industrial Estates (14335)

The client says the VE "was retired, but not tired." This is a remarkable case involving energy, fortitude and good will.

The project was arranged by an independent organization set up by the government to assist in establishing and operating small-scale, privately-owned businesses in Kenya. In this case, the targets were some 40 small bakeries located in rural communities throughout the country. The VE was asked to provide all-round consulting services to each bakery---from improving how the bread looked and tasted to standardizing products, developing inventory control, improving sanitation and introducing new products. Many of the owners of these bakeries had no previous experience in baking.

The project turned out to be a great success. In six weeks, the VE bumped around much of the country in a van, sleeping in hostels and visiting a new bakery almost every day. His notes are fascinating:

"Kyaloways Bakery, Kitui. I cut the amount of yeast...The yeast was not fresh from the seller..I suggested they bake rolls to increase profits."

"Mwiraria Bakery, Isiolo. The equipment was not proper and should be returned unopened."

"Kariudi Bakery, Muranga. ...a very small primitive bakery with no electricity available. It will make money as sales grow. They should concern themselves with the wooden frame of the oven and building catching fire."

Why was the VE so successful? "He was able to work with his hands," the client responds. He "was a teacher; he helped people solve their own problems. He didn't come out here with all the answers. He had wider experience rather than narrow expertise: he had a general perspective on the whole industry, from baking to marketing to product development."

How does this compare with other assistance programs? Europeans tend to be "stiff"--they want to do feasibility studies. "Americans tend to be more practical and flexible."

What about impact? "The project worked well. But we can't really evaluate the impact." Indirect impact was important, too. Because the price of bread is controlled, the VE urged bakers to diversify and experiment with new products that were not price controlled. He suggested new products they could make that would provide a basis for expansion.

KENYA: K-MAP (15342)

This case illustrates how a VE who was highly effective in one project might be ineffective in another, even when he is working with the same group of people. The interaction between VE and client that seemed to work well in a business environment was less satisfactory in a more informal setting in which cultural differences weighed more heavily.

The VE came first to Kenya to set up a marketing system for a firm which sells goods under license to foreign makers. While there, the VE was also able to make some useful suggestions about using some of the firm's excessive packaging capacity. The project was favorably regarded by both sides.

During the course of the project, the director of the firm, who was serving as the VE's counterpart, began working on a new project to help smaller businesses in Kenya. The idea was to get larger Kenyan firms to "lend" executives to smaller ones--a kind of domestic, private sector assistance effort.

The VE expressed great enthusiasm for the idea and described an American organization, SCORE, which did much the same thing at home, although it used retired rather than active executives. A second IESC project was quickly arranged, and the VE returned, this time to advise "on how to adapt the SCORE model to Kenyan circumstances."

Despite the enthusiasm, says the client, the project was not a success. One reason was the cultural differences involved: the Kenyans were very concerned to do it their way. A second seems to have been more personal. This time, the client found the VE "a bit inflexible." The Kenyans felt that the VE was too committed to the American model and unwilling to consider specific Kenyan interests and needs. He came, they felt, to sell an idea, not to listen to them:

"He came back. But we were disappointed in that he only wanted to transport SCORE here. We want to borrow. But don't just tell us how you do it in the U.S. We're here to discuss and exchange ideas. Our committee made its views clear; we didn't learn a lot from him."

What worked in a more structured business environment did not go as well in a more informal situation. The VE was seen to be too bossy, to determined to put his own--American--ideas into effect.

KENYA: Ebrahim & Company (15658)

This case (actually two linked cases) illustrates the difficulties that can arise because of the lack of precision in defining a project initially; how a capable VE can rescue a situation; and the value of a multi-project approach, in which the VE is able to return and review the results of the first project and the implementation of his recommendations.

The client originally requested assistance in setting up an internal management system for his retail store. There was a good deal of confusion at first over what the client really wanted, which involved both the definition of the project and uncertainties regarding the fee. The confusion was due in part at least to the turn-over of CDs which occurred in the midst of negotiations on the project. Moreover, the original request for assistance was extremely vague, requesting "assistance in developing management technique." Squabbles among the client's brothers also confused matters.

The result was that, after two weeks, the client wanted to send the VE home. The new CD was able to put out the fire, however; agreement was reached on costs and on the VE's role, and the project moved forward.

In fact, the first project ended well. As the VE observes, "After the misunderstanding about the conditions and goals had been clarified, I was able to function and render assistance that the client really needed." The operative word here is "needed"--not "requested." The VE continues: "Client thought he wanted a computer systems expert and he needed a management person, which he got. The only problem was, it took him a long time to recognize this. However, all's well that end's well."

The VE returned for a second visit two years later and was able to review progress made in implementing his recommendations as well as to advise on a further reorganization of the company. He concluded that a significant impact of the earlier project had been a decentralization of decision-making. "This company is being operated by the store organization. All decisions are made by store management. The business will function without the constant presence of the managing director." As a result of the second project, the VE felt able to report "a real increase in sales and profit per square foot of shelf space," though he doubted that the impact could be quantified.

KENYA: Telec (15372)

Telec is a small manufacturer of nylon scouring pads. Its first experience with IESC was only fair. "The VE helped us get our ideas sorted out," we were told, "and was going to return in nine months to help get our equipment in order." But that wasn't enough time to get things moving and the project was cancelled. Their expectations of what the VE could do were unrealistic, they admitted: "We had tried to find one person, a 'Mr. Magic,' who knew everything and would solve all our problems."

We needed more help in designing the project for the VE, the client admitted. "We needed to sharpen communication on the project design to get a better proposal with clearer definition."

They struggled on and, three years later, turned again to IESC for help. This time, "we knew just what we needed, we knew what kind of a person we needed and we were prepared to challenge the IESC to ensure that the VE we got was right." To use the IESC effectively, our informant states, "a client has to be very experienced; you have to know what to ask."

The new VE was "exactly the man we were looking for," with just the right experience. "He was a very practical man, used to doing things himself, full of energy and very committed. He did what he could and left a list of things we should do to follow on."

Telec then wanted him around a second time, to explore a special dimension of the production process. The client again was satisfied, even though the direct impact of this project was more limited. The VE set up a quality checking procedure and "highlighted various areas of problems with the method of manufacturing, and pin-pointed specific problems with our machinery." The client observes that the VE "knew basically what was wrong, although he didn't know precisely how to measure the problem or exactly what was needed to correct it. He did, however, point us in the right direction to get the problem solved."

The VE, in his final report, particularly underlines the indirect impact of his work: improved safety standards on the shop floor, "a new way of looking at problems," changes in the way they looked at the production process, and, perhaps most important, "a new ambition to make pads good enough to enter into international competition and sell...throughout the world, not just in Kenya."

In the mind of the client, there were two keys to the success of the second and third IESC projects. The first was that, this time, they knew exactly what they wanted from the VE and, second, they found a VE with just the right combination of specific and generalist skills.

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KENYA: Kyu Garments (14179)

This is a company, located in a the outskirts of Nairobi, which produces knitted cotton clothes for both the local and export markets. The firm was established in August 1981 but, for various reasons, took three years to start up operations. By 1984-85, Kyu was projecting \$600,000 a year of business. Kyu has several export orders, to both the U.S. and Japan, and must achieve international-grade quality to preserve these arrangements.

The owners experienced a good deal of trouble in setting up and equipping the plant; the local workforce was wholly unskilled in clothing production. Workers had been trained on the job by the Hong Kong firm which had supplied knitting machinery to Kyu, but it has proven inadequate. The VE arrived in January 1987 in response to a request for assistance in improving production methods and quality control and in training personnel. Kyu learned about the IESC through a large U.S. corporate office in Kenya.

The VE was highly successful. It is hard to quantify the impact of IESC assistance, the client said, but the result was that, with the VE's help, "we made the goods for the first time, and they were acceptable in the U.S. market. So we greatly improved quality." Orders increased--doubled--in just a few months. The VE and his wife (both worked together on the project), he concludes, made it possible for them to make their first overseas shipments.

Actually, the VE and his spouse proved to be a double-barreled team. Kyu was just beginning to make gloves with new machines that no one knew how to operate. The VE's spouse turned out to be a specialist on these very machines and set about herself to organize Kyu's newest business line. The impact of the IESC assistance was felt throughout the plant: "Their presence and wealth of experience were a great benefit. They organized the work floor."

Criticisms? The client would have liked the VE husband-and-wife team to stay longer. "Three months is a very short time," he says. "The first month is just introduction, the second the volunteer finds the problem and during the third, he begins to solve it. By then, the VE is just developing a good working relationship." The fact is that Kyu would have liked the VE to stay on to run Kyu's new t-shirt project. This was not possible and, the client says, he would like to talk about another project--particularly if the same VE and his spouse would come out to Kenya again.

Obviously a good project: a clear mandate, good communication with decision-makers in the firm, and a competent, personable, experienced VE. ("I'm your grandfather," one manager remembers the VE saying, "and you can ask me any questions.")

MEXICO: Kemsyl (14731)

Kemsyl is a small chemical company established in 1980 in the house of the present owner. It has grown to employ 21 persons and generate yearly revenues of more than \$250,000 per year. It manufactures and markets silicon-based release emulsions, solvents, and anti-foam products, mostly used in the domestic automobile industry. The owner entered into this industry first as an employee of Dow Chemicals and Bayer, in Mexico, but decided to start his own company, focusing on chemical products that were being discarded by the larger companies but for which there was still a market.

He approached IESC when he decided to look for a broader market for his operation, especially by exploring other industries that used anti-foam products, such as paper, textile, food, and chemical industries. The volunteer would report on the market potential and recommend new products to meet this demand. The volunteer would also review and upgrade the quality of the company's main products.

Prior to arriving, the volunteer prepared a report on anti-foam products. Unfortunately, there was a delay upon his arrival while the company rented necessary equipment. But during this time he made calls to potential buyers of anti-foam products. Once the project was in full swing, the volunteer and company technicians selected and tested formulas, analyzed competing products, and upgraded the company's testing procedure with quality control in mind. Finally, the volunteer produced a report on industries using anti-foam products.

As a result of the volunteer's stay, Kemsyl acquired new and more sophisticated equipment, employed more technicians, and increased production, specifically in a new line of anti-foam products. But the owner felt that the volunteer's more important contribution was in quality control. He convinced them to devote more time to monitoring quality and illustrated techniques that could be used. This would enable the company to meet the rigorous standards of multinational corporation subsidiaries, and perhaps even export.

The recommendations have not been fully implemented, since they require considerable investment. But the owner was determined to heed each and every suggestion made by the volunteer, and estimated that he could increase his earnings by over 30 percent. Indeed, the volunteer made a direct contribution to earnings by persuading three firms to purchase from Kemsyl.

Both the company and the volunteer are satisfied. The owner's main complaint was that IESC was not well-enough known. He could have used this assistance long ago. However, he would pass the word to other companies so that they may benefit from an IESC volunteer.

MEXICO: Empacadora Bufalo (16549)

Empacadora Bufalo is a producer of hot sauces, catsup, and a canner of a variety of fruits and vegetables. It has operated in Mexico since 1930 and now employs 250 persons. In 1986, this company sold \$1.8 million worth of product.

An IESC volunteer has been requested to improve the quality of the hot sauces, to make recommendations about quality control, and to review all product lines to see if the production process can be improved. However, the company's main objective is to improve the color and consistency of its hot sauce. Its taste is fine, but it cannot compete with imported products, such as Tabasco, because of its appearance.

IESC selected a volunteer who is an expert in quality control, quality analysis, and research and development. This fits the company's objectives perfectly, since management was looking for an expert but did not want to make long-term commitments. Indeed, the company would have liked to run its own tests on the hot sauce, but it lacked the proper equipment and expertise. Management suspects that its hot sauce could be the exact replica of Tabasco if it is homogenized, but the company does not have a homogenizer and does not want to purchase one before tests are run.

Since signing an agreement with IESC, the company has found a government laboratory that will run the tests on the hot sauce. The lab has the necessary equipment, and they have already been given five tasks by Empacadora Bufalo. Yet, at the time of our visit, the company insisted that the IESC project not be cancelled. The IESC country director feared that the redundancy would detract from or even disrupt the project and be a waste of IESC resources.

The company manager instead suggested that the volunteer act as liaison between the company and the government lab. What if the lab cannot work on the same schedule? The manager is sure that this will not occur. While he concedes that he could do without the volunteer if the lab could solve his problems, he is not that optimistic. He doubts that the lab will produce trustworthy data.

The country director cautiously hoped that this would be the case. Should the project be a success, it could increase sales and perhaps allow the company to export. But there was an equally great chance that the project could founder because of the government lab's participation.

MEXICO: Marsol (13236)

Marsol was established in 1959 to manufacture bathing suits, beachwear, and leotards for the local market. In addition to producing its own lines, it is the local licensee for Pierre Cardin. Marsol employs 140 persons and generates yearly revenue of about \$2 million.

At the time of our visit, the president of Marsol complained about several problems. For one, he could not rely solely on the domestic market, since it was so small. Yet exports required him to deal with trading companies, an uncertain relationship. Also, large buyers would require volumes of samples that he could not handle. On the other hand, he felt he could meet the quality standards of the U.S. market.

He also complained about productivity but was at a loss for how to improve it. Suppliers were one source of problems, since they provided goods of uneven quality, which restrained him from upgrading his equipment.

With these problems in mind, he approached IESC. A volunteer was selected and both sides agreed that he would help raise productivity, evaluate the machinery, review the production process, and review the patterns.

But the volunteer never arrived. The project was cancelled. The reasons for the cancellation remain a mystery. At the time, the owner claimed that a labor dispute was going to delay the project. Thereafter, the country director was unable to contact him and concluded that the client was no longer interested in the assistance.

When we spoke with the owner, he never mentioned a labor dispute. In his mind, the project was cancelled because IESC had not been honest about the price of the assistance, and once Marsol realized it could not afford it, he terminated the contract. No record of these proceedings exists in IESC files, although the cost is clearly stated in the signed contract. The owner also doubted that the selected volunteer was qualified for the job, even though he had worked with a large U.S. swimwear company.

The failure was blamed on USAID. "When AID wants to do a good job, it can." It could do this by developing a market for his goods in the U.S. He did not believe that the volunteer would assist him in exporting, since the real constraints to exports were characteristics of the U.S. market that could only be overcome by the actions of a U.S. government agency.

In the end, the country director conceded that the project could not be resurrected. Until the owner felt he really needed IESC's assistance, there was no chance that he would use it effectively.

MEXICO: Tijeras Barrilito (15060)

Tijeras Barrilito opened in 1966 and has devoted itself to manufacturing scissors and other office supplies for the domestic and foreign markets. The company employs almost 400 persons, and has yearly sales of about \$1.4 million.

The company approached IESC for assistance to improve efficiency, production, quality control and plant maintenance. It was also considering a plant expansion and wanted expert advice on this. The project never got off the ground. The selected volunteer visited Mexico at his own expense, and decided that there was little he could offer Tijeras Barrilito, and besides, the owner was concerned about the price in light of a recent currency devaluation.

However, this was not the full story. The owner feared the national market was going to remain depressed and offered no room for greater sales. He knew the European market better than the U.S. market since he dealt in it often. What he really wanted was information about the U.S. market. He therefore requested an ABLE (American Business Linkage Enterprise) report from IESC. It identified the strongest wholesale purchasers in the U.S. and deepened his understanding of the U.S. market, though it offered no recommendations for better productivity. Subsequently, the domestic market picked up. Tijeras Barrilito has insufficient capacity to meet both domestic and international demand.

There is a second reason behind the cancellation. The owner intended to increase his production with more capacity and better training. But he felt he was unlikely to get it from IESC. He was looking for a volunteer from one of the top two U.S. scissors firms. The VE chosen did not fill this criteria. Moreover, he needed someone with experience in forging. U.S. firms do not generally have this skill, since they import forged metal from Germany and England. In the client's opinion, U.S. industry is going downhill and hence has little to offer.

In short, the owner conceded, he had not thought about his request thoroughly and should have never submitted it. After much consideration, he realized that the information he needed would not have come from an IESC project (since he would have learned little about the U.S. market), and the expertise that might have been helpful probably did not exist among U.S. business executives. By his own admission, what he should have done from the start was to venture into the German hinterland in search of an old and all-knowing craftsman, who would have taught him the secrets of scissors forging.

MEXICO: Promociones Industriales Mexicanas (PRIMEX) (15561)

PRIMEX is a manufacturer of raw materials for the plastics industry, primarily of poly-vinyl chloride (PVC) resins and compounds. In fact, it is one of the three largest producers in Mexico, employing 950 persons and generating sales of about \$10 million per year. Sales are mainly in the domestic market, although the company would like to develop export potential.

IESC has assisted PRIMEX several times. In the most recent project, a volunteer was asked to recommend ways to improve the quality and productivity of the PVC products. The request for assistance was quite detailed, listing exactly what aspects of the production process had to be addressed. It also called for a general upgrading of the technical staff's expertise. For this assistance, PRIMEX paid \$28,000, and received no assistance from the local USAID grant. Given its size, IESC determined that this high price tag was not excessive.

The project was crafted from the beginning to be interrupted after an initial set of recommendations were made. The volunteer left after two weeks, and returned six weeks later once his initial recommendations were implemented. At the end of the project the volunteer left instructions for further work.

The company and volunteer agreed that the project had a substantial impact. The client expected productivity to rise by 12 percent. Also, the product would be internationally competitive, if and when the company decided to export.

The secret to the success of this project was the warm relationship that developed between the company and the volunteer. They had worked together previously and always kept in touch. Together they defined the requests for future projects, prior to approaching IESC. The company more than once expressed a desire to work with the volunteer outside the context of IESC, something the volunteer has always rejected. In fact, the volunteer voiced a stronger allegiance to the client than to IESC.

The VE had several criticisms of the local IESC office and of a past country director. Of the company's representative he said, "He is the customer--he must be treated so face to face." Apparently, the company representative was not happy about IESC's behavior. In the volunteer's opinion, it was not right that the company would first contact him, and only speak to IESC at his behest.

Even the volunteer felt he had not been treated well by IESC. The local IESC representatives had not visited him as they promised. Yet this did not matter much; he had developed a good friendship with the PRIMEX representatives. These projects succeeded on the basis of this friendship.

MOROCCO: Accumulateurs Tecna (16248)

This company is an older, established firm which manufactures batteries. Founded in 1948, it is now owned by an expatriate Frenchman. With a sales volume of about \$10 million and 170 employees, it does a very good business by Moroccan standards.

The owner had a very specific goal and need: to produce motorcycle batteries for export to Europe. The owner formulated the request for assistance himself, specifying precisely the type of person he wanted and the nature of the study to be undertaken. He also arranged with the CD for a preliminary diagnostic project before beginning the regular longer VE visit.

Once the VE was chosen, the owner sent a summary of the work needed to the VE in the U.S. with specific questions to be answered. The VE then did an in-depth study in the U.S. before coming to Morocco. While in Morocco on the diagnostic visit, the VE worked with the plant technical director, a Belgian who has worked in the U.S. and speaks good English.

The client is now waiting for the VE to arrive for the longer visit. The client was highly complimentary of the VE and his efforts and believes the project will be a strong success.

The owner had several strong opinions about IESC. He believes that such organizations "send very courageous volunteers who, despite or because of their age, are very hard workers." He also believes in the diagnostic-visit method of performing projects, letting the VE study the problem before coming over to see what, if anything, can be contributed by his presence. The owner characterized the VE as an "auditor" of the entire operation, it being vital to allow the VE to speak openly and directly, making criticisms at all levels.

Most importantly for Morocco, the client stressed that the success of his project hinges on the ability of the VE to communicate in his language to someone in a position of responsibility.

The client, as an expatriate, had more savvy about how to use a VE than most clients in this country. He also showed more patience in waiting for the results of the visit. He did have, however, a very concrete, short-term result in mind: he is counting on the report and assistance of the VE when he defends his new investment before the board of directors.

MOROCCO: Biscuiterie Industrielle du Moghreb (BIMO) (16216)

BIMO makes cookies and cookie sandwiches and is located in a business park outside of Casablanca. Founded in 1981, the company employs 150 with a turnover of \$2.2 million. Though now selling almost exclusively in Morocco, the company wants to increase exports substantially over the next few years.

The client's request for assistance included a laundry list of needs, but they centered on increasing product quality to enable investment.

The company had a variety of experience with other assistance organizations prior to working with IESC. The French expert was characterized as "incompetent." Next came an Italian, who was "a little better, but made poor quality cookies." Another Italian came and made better quality cookies which were nevertheless not good enough.

The IESC VE came and "not only made good cookies but introduced 10 new products." He changed packaging as well. Sales volume rose 25 percent in 1987, a result which the client attributes in part to the VE's efforts. The financial director indicated to us that if the VE had been there at the beginning of the business, the company would have saved "four to five years of trial and error." Thus, IESC expertise is appropriate for very young businesses, in his opinion, as well as for more established firms.

Language was not a problem in this case. The client felt that, "with determination to communicate on both sides," getting a message across should not be a problem.

We interviewed the client while the same VE was present for a second visit. BIMO managers appreciated the VE's "good spirit and expertise" and found him a "very professional man."

The VE was very happy with the client, finding him very responsive to suggestions and very open. The VE had also been careful to delineate clearly with the client what items on the request list he could help with and which he could not.

This project will have an interesting impact on exports, in that the company is planning to export primarily to sub-Saharan Africa and the Middle East.

The client had no real criticisms of IESC. It was clear that this VE-client relationship was one in which the VE made it work, and in which the chemistry between client and VE was highly complementary.

MOROCCO: Securit (16085)

This project was a complete failure, according to the client. The client in this case is a manufacturer of ready-to-wear clothing exported to the European Community. The company is owned by one of Morocco's most senior businesswomen. In operation since 1963, it employs 160, with a turnover of less than \$1 million per year.

The client expected the VE "to do what I wanted him to do." The request for assistance was slightly more specific, but the client made clear that her real intention had been for the VE to be her assistant. The VE spent the first week observing the factory and consulted her on several occasions before submitting to her a final work plan. There is no indication that she disapproved of the plan. Nonetheless, she expressed extreme dissatisfaction with the results of the project, stating that he did not do "what she wanted him to do."

She also acknowledged, however, that she was not well prepared for the arrival of the VE. Also, her disappointment (which was never made specific to us) had nothing to do with her esteem for the VE's competence and his dedication, for he worked hard.

The most telling comment is probably that, from the beginning, she did "not think it would work." She apparently did not take the whole process very seriously and was unwilling to proceed via the established procedures of IESC designed to circumvent such problems (development of a work plan, and so forth). The case file indicates that she told the CD that the VE arrived at "a very inconvenient time," but she had stipulated the starting date, which was adhered to.

The VE, and his wife who worked with him on the project, both felt that they had contributed more than minimally to the technical and managerial understanding of the owner, but the client said she could have learned what they taught her from a book. The VE left behind a very long and detailed report with recommendations, none of which have apparently been executed.

Despite this negative experience, the client appeared to have substantial respect for the current CD and was glad to talk with the evaluation team, particularly when the conversation shifted to the role of women in Moroccan business. As one of the first women entrepreneurs in the country, her experience with women business leaders is extensive. She expressed a willingness to work with the Mission or another organization to promote women entrepreneurs and women's education.

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MOROCCO: Association Marocaine des Industries Textiles (AMIT)
(15337, 15338, 16056, 16584)

AMIT is a private, umbrella membership organization providing assistance to the country textile manufacturers. Founded in 1960, the organization helps members with government relations, export promotion, professional training problems, and communication in the industry.

The client was first introduced to IESC at a conference held at a hotel in Casablanca. The CD later approached the client about a project. AMIT requested management consulting assistance in a variety of areas, and was particularly interested in helping promote exports to the U.S. They later requested assistance with computerization and with strategic planning for the industry.

Contrary to the client's preliminary hesitations, the first project was "crowned with success." In fact, he said, the experience served as a "motor" generating the entire textile sector in Morocco. Following on this experience, the client arranged for the subsequent projects, one of which was in progress while we were there. He has been very satisfied with all of them.

It is worth noting that the first, second, and planned fourth projects were all with Abe Weiner, one of IESC's most active and experienced VEs. The first project was Weiner's 14th project for IESC, and he has become almost a legend to AMIT and the Moroccan textile manufacturers in general.

The client had several pertinent observations about IESC. First, he believed some attention should be given to seeking concrete results for a project. Moroccans, he believes, need to see concrete results. Second, he believes the VE should come twice over a two-year period to help the client implement his suggestions. Third, the VE should train someone to take his place when he leaves. Fourth, the client should assure proper training on the client's part for VE's visit. Fifth, the CD should help the client focus the request for assistance. Finally, he believes that small firms expect "rapid miracles" and therefore may not be as appropriate for IESC as larger firms or umbrella organizations.

The client also noted that Moroccans do not understand the real cost of the type of service rendered by VEs. In Morocco, services are not well developed, and they are consequently not highly valued. People are simply not in the habit of paying for them. Furthermore, he said, given that assistance services offer "qualitative but not quantitative assistance, and results are not measurable," Moroccans are less disposed to use them.

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MOROCCO: Moroccan Export Promotion Centre (CMPE)

This is not a client under the usual model, but a long-term assignment of an individual recruited by IESC under the Mission cooperative agreement. The "VE" is in place for two years to provide assistance to CMPE as a salaried employee. This program is an interesting and important experiment for IESC in that it provides the IESC "product"--a highly trained, experienced individual--in a new type of setting.

CMPE was instrumental in getting IESC set up in Morocco and, through the first CD, helped IESC find its first customers. CMPE and subsequent CDs have worked closely together since then.

The client spoke highly of the VE. He works "autonomously" and has set priorities for himself which enable him to be effective. His physical presence has become important in the office, and he sets a good example for the staff.

Results of the project have been gradual but concrete. Because the focus of the project is to increase exports to the U.S., the VE has placed a high priority on pushing English among the staff. The Peace Corps now teaches regular English classes to CMPE employees. In addition, the VE makes regular marketing trips to the U.S. to try to find clients for Moroccan products and to set up a sales network for use after he leaves.

The VE believes that the main thrust of his efforts is to change CMPE from a service to a commercial organization, from "indirect to direct" action. He is not doing what he expected to do, however; "you don't know until you get there," he believes.

His principal criticism is that there is no counterpart for him in the U.S. to smooth the road for his marketing trips. The IESC headquarters staff has been helpful in offering him office space and logistical support, but he is basically on his own when he travels.

The Mission is particularly interested in this program, for two reasons. First, it fits neatly with the overall purpose of their large cooperative agreement with IESC (to promote exports). Second, it offers an alternative way to use IESC VEs, a way which may enhance the impact of both IESC and the Mission on promoting Moroccan exports.

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PHILIPPINES: Spark Radio & Electronics Corp. (14708)

This is a small, innovative firm that sells and services electronic testing, measuring and calibrating instruments. After reading an article about IESC in Trade USA (distributed by the U.S. Foreign Commercial Service in Manila), the company decided to seek IESC's assistance in developing a self-study program in electronics training, including the maintenance, repair, and calibration of electronic instruments. The company's aim was to help narrow the gap between the demand and supply of skilled electronic technicians in Philippine industry, especially given the country's shortage of local vocational schools.

Unfortunately, the project's noble goals and potentially beneficial effects were never realized. A number of problems inhibited the success of this project. First, it got off to a slow start because the selected VE could not come until well over a year after the desired starting date.

Second, the scope of the original work plan was too ambitious. As a result, the VE had to spend considerable time with the client outlining a more viable work plan.

Third, most of the necessary training materials for the project did not arrive until 6-8 weeks after the VE's arrival, despite specific written requests by the client to have these materials ordered by the VE in advance so that they would be there upon the VE's arrival.

Fourth, there was considerable confusion among the client, the VE and the CD over the terms and duration of the project. The client wanted the VE to stay for four months, but the VE decided to leave after three months. As a result, just about the time that the necessary training supplies and equipment finally arrived, the VE returned to the U.S.

One of the reasons for the VE leaving early was because his wife had not been allowed by IESC to join him later in the country. (She was a teacher and could not have come over until about mid-way through the project.) The VE became particularly angry when he met another VE who had come over with his wife for just a three-week project.

In short, not everything that went wrong with this project was the fault of IESC. However, better planning, timing, recruitment and follow-up on IESC's part could have prevented some of the above-mentioned problems. Needless to say, the project was never completed, and the self-study course was never fully designed, tested, or implemented.

PHILIPPINES: Plastic Container Packaging Corp. (14179)

This project was still underway, but near completion, at the time of the client interview. The client is a privately-owned, medium-sized company that manufactures plastic containers and closures, mainly for cosmetics, toiletries, and some industrial products. After having a successful project in 1980, it decided to approach IESC again for assistance in upgrading the firm's technology in plastic mold design.

The client was generally pleased with the assistance rendered, stating that the VE "has helped us get back to the basics of plastic mold design." The impact of the VE's assistance has been felt throughout the plant, from the more efficient use of polyethylene, which is used in the production of the plastic containers and which is 100 percent imported, to the improved printing quality of the labels that go on the outside of the plastic containers. Although it was "still too early to quantify the impact," the client expected significant savings from the resulting improvements in production efficiency and reduced import costs. Overall, the client felt that "IESC has given us the seed, not the flower, for upgrading our technology."

The project, however, was not a complete success. In fact, this case reveals some noteworthy points about how the impact of IESC assistance can be diminished when there is client/VE confusion over the length of the project; the VE does not have contact, or the opportunity to discuss his recommendations, with the principal decision-makers of the client firm; the VE is unprepared for the job assignment and is unable to make efficient use of his time while on the job site; the scope of the work plan is overly ambitious.

Each of these problems detracted from the success of this project. Because the original request for assistance was overly ambitious, everything had to be revised and rescheduled once the VE arrived. This wasted much of the VE's time during his first month and forced the client "to lower his expectations of what could be achieved." Further time was wasted by the VE's lack of preparation for the job assignment. "If I would have had more information about the company and its operating environment in advance, I could have made more efficient use of my time in the country. The way it worked out, I ended up spending much of the first month just learning about the firm and how it operates."

These problems were then compounded by confusion over the length of the project: the VE wanted to leave after two months (because of an illness of one of his wife's relatives), but the client wanted him to stay for three months. Yet another problem was the lack of contact between the VE and the principal decision-makers in the client firm, most notably the president. Since the president was out of the country for most of the time that the project was underway, there were delays in the approval and implementation of many of the VE's ideas.

PHILIPPINES: D & L Industries (14851)

This project turned out to be quite successful, but only after major revisions in the original request for assistance. The client, a small, privately-owned manufacturer of chemicals and oils, had originally requested assistance in selling its products in the China market. After a few days, however, the VE realized that the client firm was not in a position to try to tap new overseas markets and therefore outlined a new agenda for both the client and VE to follow.

The client was pleased with the results of the revised work plan, commenting that it really helped the company to "get back to basics." The VE provided the firm with a badly needed "blueprint of the industry," which included a list of major competitors, information on different types of raw materials needed to produce a variety of different edible oils, as well as a complete review and assessment of the firm's plant and equipment, management organization, R & D efforts and quality control. In general, the type of assistance rendered falls primarily into the category of management consulting.

When asked if he could quantify the impact of IESC assistance on the company's operations, the client estimated that "profitability is up by at least 10 percent, export earnings are up by about 15 percent, and five new plant managers and assistants and 20 new factory workers have been hired." However, he stressed that the biggest contribution was in helping the company make "better use of indigenous raw materials and, as a result, lower import bills." Lastly, the client noted the non-quantifiable impact of IESC assistance, commenting that the VE had "opened several windows of opportunity for our business and succeeded in re-orienting the company in a manner which should have been done five years ago."

One interesting aspect of this case is how IESC served as an "objective outsider" or "honest broker" in making extremely sensitive decisions about management restructuring in a family-owned and family-run business. In this particular case, the client company was run by five brothers, each of which had overlapping and blurred decision-making authority. No one brother could make a major decision on the firm's operations unless he had the approval of the other four. Hence, the VE, after discovering the confusion and inefficiency in the management structure, prepared a new management organization chart, which outlined new job descriptions, responsibilities and qualifications. The recommendations were accepted by all five brothers and a family feud was avoided.

Another interesting point brought out in this case is how IESC is often used by companies to increase their credibility, prestige, status or image. As this client commented, "We hope to advertise our IESC experience in a way that will increase our credibility, improve our professional reputation, and give us a better image."

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PHILIPPINES: Philippine Atmospheric, Geophysical and Astronomical
Services Administration (PAGASA) (15362)

This is a government service agency that gathers and disseminates meteorological information to a wide range of agricultural, commercial, and industrial groups throughout the country. After receiving funding from the United Nations Development Program (UNDP) for a technical assistance project, the government agency approached IESC for help on the project. The project involved developing an agrometeorological model which would help the client to provide more reliable meteorological information to agribusinesses and local farmers. The model was to focus primarily on forecasting climatic and weather changes throughout the Philippines.

The project was reasonably successful. The client was extremely pleased with the VE and commented that "the VE's performance was excellent." Relations between the client and the VE were "excellent--both personally and professionally." However, the client was unhappy that the VE could not stay on an extra month. The VE "contributed a lot during the initial stage of developing the model. His time was limited, though. Two months was just not enough time to adequately test the model."

Most of the goals outlined in the project work plan were completed. However, the original time required to fully complete the project was underestimated by about 4-6 weeks. According to the VE, this was because of "unforeseen complications which arose with the accuracy and completeness of the data from the Bureau of Agricultural Economics (BAE)." The VE also thought that "too much time had to be spent in resolving the inconsistencies and normalizing the primary BAE data" that was to be used in the development of the weather-forecasting model.

In assessing impact, the client commented that "it will take a long time to evaluate and assess the validity of the model that the VE developed. If the model works out, then it should help Philippine farmers to better project crop results, mitigate weather damages to their crops, and keep them better informed about what kinds of fertilizer and irrigation adjustments will be needed from year to year, given different kinds of weather patterns." He went on to say, "the most important contribution that the VE made was in teaching us the methodology involved in constructing models for weather forecasting."

When asked how IESC could be improved, the client commented that "IESC should definitely get involved in helping more government agencies in the Philippines, especially service organizations like our own which provide valuable information to groups on a nationwide basis."

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PHILIPPINES: Summer Fruit Company (15917)

This is a small, start-up company that processes dried fruit totally for the export market. It is 50 percent foreign-owned (Australian and British). Established in 1986, the company has experienced a wide range of procurement, production, and management problems. These problems have resulted in considerable waste and inefficiency. The company's management therefore decided to obtain an outside consultant to assist in the fruit dehydration process. After first approaching the Australian Executive Service Corps and learning that the selected volunteer was not able to take on the assignment, the company decided to seek assistance from IESC.

The scope of the request for assistance was extensive. The VE was asked to assist in all stages of the company's operations, from fruit procurement and processing to plant equipment use and maintenance to personnel and management organization.

According to the client, about 70 percent of this was eventually accomplished. The client was, by and large, pleased with the results. At the factory level, the VE was effective in organizing more efficient work-shifts and in teaching the workers better methods of selecting, processing and packaging the fruit. He also made several adjustments in the plant equipment, including tightening the parameters of the peelers, corers, and other processing units in the factory. At the management level, he recommended a new plant manager position and worked closely with the laboratory staff on quality control procedures, testing for the effects of different amounts of sugar additives in the dried fruit.

The VE's assistance resulted in greater efficiency and lower production costs. The yield of dried fruit from fresh fruit increased significantly, from 14 kilos to 18.5 kilos of dried fruit per 100 kilos of fresh fruit. In addition, sugar is now being used more efficiently in the production process, resulting in considerable savings in the company's input costs.

Despite these benefits, though, several factors detracted from the project's success. First, the timing of the project coincided with a drought in the Philippines, which resulted in delays and shortages of fresh fruit for processing. Second, as the VE commented, "I was working with people in the factory who had no authority to decide major issues affecting the company's operations. There was no plant manager and so I ended up teaching plant management to the lab technician. Even worse, the factory where I was working was located over an hour from Manila, and there were no telephones. So, to get management approval of my recommendations, I had to write a letter to the company's headquarters in Manila and wait several days for a response. It was an agonizingly slow process, which did not result in a very efficient use of my time."

THAILAND: General Candy Company (14580)

This small, family-owned company manufactures hard-boiled candy primarily for the domestic market. After a successful start in 1983, the company began to experience difficulties staying in business, partly because of the limited line of candies the company had to offer its distributors and customers. In response, company management decided to seek assistance in developing a broader line of candies. The client had read about IESC in a Thai Farmers Bank publication, and decided to request assistance in the formulation and manufacturing of these new candies.

The project was only partially satisfactory. The VE, the former president of a confectionary manufacturing company in the U.S., helped to develop some formulations for immediate use in manufacturing and proposed a few other formulations for future use. He also instructed personnel in basic candy technology and formula procedures and developed the client's ability to trouble-shoot both equipment and processing problems. However, the client felt that the VE did not have sufficient hands-on experience to formulate the kinds of chewy candies he wanted: "We specifically requested a person with hands-on production experience, and ended up getting a former company president. So, instead of getting a production person, we got a manager."

The client also felt that the VE was not up to date with new candy formulations and relied too much on obsolete formulas. "Such old formulations," the client warned, "can ruin a candy business like ours because of the keen competition in the local industry to develop new forms and textures." At the same time, the client felt that the VE did not take into consideration local conditions and tastes. "Several of the VE's formulations had to be modified because of the humid weather conditions here in Thailand, etc." The client also had to spend considerable time adapting the VE's recommendations to the available plant equipment and facilities. This, in turn, meant that the client was left by himself to carry out most of the testing and trial of the VE's formulations.

Overall, the client felt that although the specific objectives of the project were not accomplished, he gained some general knowledge about the confectionary production process. And in the client's words, "this more general knowledge is very important to me because I started in this business knowing absolutely nothing about it."

Based on his own experience, the client offered one recommendation for improving the IESC program in Thailand: "Since the demand for technical assistance in Thailand is greater than that for management consulting, IESC should recruit VE's that have hands-on production experience, that is, technicians and factory supervisors, instead of generalists and CEOs."

THAILAND: Thailand Paints & Chemicals Company (15583)

This is a small company that manufactures house paint for the domestic market. Its sales and market share has been declining since 1983. In response, management decided to diversify its product line into new and different kinds of paint products. Top priority was given to the development of an insecticide paint which could be used to kill, on contact, all kinds of insects that infest local homes and offices. This product is not currently made or sold in Thailand.

IESC was called upon to provide a paint technologist who could assist the company in developing the insecticide paint. The selected VE was well qualified, having spent his entire career conducting research on all phases of paint technology.

The project was only partially successful. The VE prepared and tested several new paint formulations based on presently available insecticides. These formulations, however, proved to have several deficiencies, especially quality control and safety problems such as odor and chemical instability. The client's insistence on confidentiality also posed obstacles in relations with local suppliers and health inspectors and regulators.

There were also problems over copyright and patent issues. Despite Thailand's lax enforcement of patent protection, the VE maintained strict observance of U.S. patent laws. As a result, the VE was able to direct the development of new insecticide paint formulas, but he was not able to provide the client with patented U.S. formulas, nor provide ingredient licenses where the proprietor company was not willing to authorize them. This caused some frustration on the part of the client.

Another problem mentioned by both the client and the VE was time constraints. According to the client, "the project was too short. The VE took two to three weeks to learn the system here, two weeks more to develop the project, and then another two weeks to finish." A longer project may have permitted the VE to develop alternatives more acceptable to the client. The VE may also have been able to convince the client of the immutability of Western patent laws.

Nonetheless, the VE was helpful in training the company's technicians in basic paint formulation concepts and provided a useful start to developing and testing insecticide paint. The VE also taught the company international sourcing methods and techniques. As a result, the company is now investigating the possibility of obtaining the necessary paint and insecticide ingredients from Israel. If the desired materials are acquired, the client plans to go ahead with the development and marketing of insecticide paint. Meanwhile, the client still corresponds with the VE and may request a follow-up project "if it is not too expensive."

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THAILAND: Hana Semiconductor (BKK) Company (14148)

This is a medium-sized company that manufactures and assembles electronic watch modules for export and packages integrated circuits for semiconductor companies. Over 90 percent of its products are exported, primarily to the United Kingdom, United States, Holland, Germany, Switzerland and Japan. After receiving IESC assistance in early 1985 to help update its production methods and machinery, it began to experience problems in its packaging operations, including cracks in the plastic casings of its semiconductors. In response, the company requested further IESC assistance to help it resolve these problems.

The client was extremely pleased with the assistance rendered. The VE, an expert in plastics and plastic molding equipment, was not only able to resolve the cracking problem in the plastic casings, but was also able to help train personnel in a number of areas related to the plastic injection molding process, including the use, maintenance and repair of pressing equipment and molding machines. The VE also taught the client how to better select reliable vendors and helped him to establish a new, direct link to overseas vendors.

The project resulted in increased productivity and an increase in the effective life of the company's equipment. "These improvements," according to the client, "will enable us to meet our clients' needs better and to service a larger number of companies worldwide." As a result, the company anticipates "a significant expansion in exports and employment."

The project also resulted in several intangible benefits. The VE provided a valuable sounding board for the company's engineers to try out their ideas and to discuss general engineering concepts. "We used IESC to test our ideas and to confirm whether our ideas are right. That gives us confidence." In short, having the opportunity to discuss their field with a Western technician greatly boosted the confidence and morale of the engineers.

As a result of this project's success, the client is currently considering another IESC project, which would involve assistance in new product development. As in the previous project, the client is interested in getting advice from IESC on whether it "is approaching the development of the new product correctly."

The client was well aware of the Japanese Executive Services Corps, and admitted to having considered using it at one time. However, he decided to instead because "they know the region well," and "they use their office in responsible positions."

THAILAND: A.I.M. (Thailand) Company (14154)

This family-run company was originally involved in importing machinery into Thailand. It abandoned that effort a few years ago, however, and moved into the jewelry manufacturing business, specifically, the cutting and polishing of gem stones. Its aim was to capitalize on Thailand's growth as an international center for gem stone production and sales.

To increase its export sales, the company wanted to establish a mail order business in unset gem stones and some art objects aimed at U.S. retailers. It called upon IESC for assistance in designing the mail order catalogue and in developing a sample kit of representative stones.

The client was extremely pleased with the assistance rendered. The VE, a former general manager of catalogue merchandise operations at Sears, not only helped in the preparation of the mail order catalogue, but also reviewed the entire management and administration of the company. Along these lines, the VE oversaw the printing of 2000 catalogues, prepared them for mailing to U.S. markets, and developed order handling procedures for shipment. He also conducted a series of lectures on leadership for the company supervisors and prepared an organizational chart outlining the assignments of each of the company's fourteen divisions.

The project generated considerable goodwill between the client and the VE. As one of the sons commented, "It was good for my father (the founder and president of the company) to have someone older than me and my brother to talk with about the business." However, the client was hard-pressed to identify other, more tangible results. Despite the VE's assistance in preparing the catalogue, the mail order business has not really caught on. The catalogue has failed to generate any new sales in the two years of its distribution. As a result, the client admitted that "we will probably continue to print a few catalogues in the future, but we doubt that it will ever become a significant part of our business."

The client was equally hard-pressed to identify tangible results from the VE's assistance in the reorganization of the company's management and administration. Along these lines, the client admitted that "it is easier to talk about these things than implementing them. When we went over his reorganization charts, we liked them, but we didn't understand them." The client commented, "IESC consultancies are an enjoyable business experience, but not a pragmatic investment."

Nonetheless, the client described the project as "highly successful" and emphasized how much he and his family enjoyed having the VE with them. The company is currently considering another IESC project

involving assistance in the development of a jewelry market center in downtown Bangkok.

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THAILAND: Plan Toys Company

This small- to medium-sized company manufactures toys primarily for export. It is part of an extensive network of enterprises owned by the same family. To expand its operations, the company decided to seek foreign assistance in building a new wooden toy factory. Management's key concern was to ensure that the new factory operate efficiently so that production costs would be kept down.

Initially, the company considered using the Japanese Executive Services Corps (JESC). Its decision to use IESC instead was based primarily on IESC's "shorter application process and more rapid response." The company was able to complete all of the application materials within a week after first contacting IESC. The VE arrived about two months later.

The project was still in progress at the time of the evaluation. The VE is a retired factory supervisor and has over 25 years of experience in the toy manufacturing industry. Although his own area of expertise was in plastic dolls, he had done background research in wooden toy manufacturing and felt adequately prepared for the project. The VE felt that the project "was progressing smoothly," and estimated that "a 200 percent improvement in production efficiency would be achieved." He noted two factors behind the project's success to date. First, he has direct access to the managing director of the client firm, who frequently accompanies him to the factory and who has impressed upon the factory workers the importance of the project. Second, communication between the VE and the factory assembly line workers was facilitated by the provision of a full-time translator for the VE.

The client also was satisfied with how the project was progressing. However, the client admitted that he was in the process of designing a project for the Thai Toy Manufacturers Association and intended to use the JESC for the project. He outlined three reasons for selecting JESC above IESC. First, he felt that the Japanese program is "less expensive." Second, he commented that "Japan is the largest, and fastest growing export market for Thai toys." Third, he described how "JESC is actively supported by the Japanese External Trade and Research Organization (JETRO), which will help in addressing the Japanese market."

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APPENDIX C
EVALUATION TOOLS

Below are the four major tools used in the evaluation field studies.

**GUIDELINES FOR
SELECTION OF CLIENTS TO BE INTERVIEWED**

(TO COUNTRY DIRECTOR)

General Guidelines:

1. We are interested in both successful projects and also in some which you would consider less successful. But see #3 below.
2. We would like you to try--insofar as is practical--to replicate in the sample of clients we visit the spread by sector of projects in your country.
3. But, above all, your choice of clients for us to interview should be guided by the following:
 - a. Accessibility--we'll try to do several interviews a day so that long trecks should be avoided unless there is particularly good reason for us to meet a distant client;
 - b. Willingness to talk to us--we want to meet people who are willing to talk to us about their experience with IESC;
 - c. Above all, country directors should seek to chose clients to be interviewed whose experiences with IESC will teach us something about the IESC and how it works.

Within these broad guidelines, we would like to conduct about 20 interviews with clients chosen from the following specifications:

projects completed	12 cases
projects underway, with VE on site	4 cases
contracts signed but project not yet begun	4 cases

Finally, if feasible, we would like to meet a client whose project was cancelled.

CLIENT INTERVIEW GUIDE
(FOR THE EVALUATION TEAM)

To Interviewer:

Clients have been selected for interviews by the IESC Country Director, following the Guidelines for Selection developed by MNS, or by the USAID mission. You have already reviewed the files of these cases. Some last-minute substitution may be required, because of cancelled appointments or other problems. The CD will advise you of changes and provide you with files to review before the interview.

Our basic attitude is to indicate to the client that we are objectively assessing the implementation of this program for USAID/W. The purpose of the evaluation is to improve delivery of IESC services--that is, to assess how USAID and the IESC can do better jobs. We are asking for their help in identifying ways to improve program performance and effectiveness.

You will probably be introduced to the client by the Country Director who will briefly describe our evaluation. You should stress to the client, however, that this is a confidential evaluation. You should indicate that you have reviewed the file and are familiar with the case.

The first step in most cases is to ask them to review their experience with ISEC and the VE. You might mention a particular dimension of their project or just ask them to start at the beginning.

What do we want to find out?

- o How did you hear about IESC?

We are interested here in the straightforward answer. But we are also very much interested in how the marketing of the IESC might be improved. Did they learn about the project through AID?

You might ask later on for the client's advice on this, particularly if the client is a woman or an indigenous business person--how can the IESC get access to these particular groups?

- o Preparation of the job description (request for assistance)

Here, we are trying to learn more about how clients shape their requests for assistance. Did they get any help? Would they want help the next time?

You will want to look in the files and probe face-to-face

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whether the project was well-designed in the first instance, or whether the VE had to make considerable adjustments in the work plan.

When the client is a beneficiary of an A.I.D. supplemental grant program, you should ask the client to review his/her experience with USAID.

We want your thoughts, in each country, on how well the Country Directors do, not only marketing the product, but also helping the clients use the service more efficiently and effectively. And, also, of course, on what factors tend to inhibit effectiveness at this stage.

How did the project develop?
What have been the results?

This is the basic narrative. You will want to see how the views of the client compare to the written record and, then, with the views of the VE.

We want to know what kind of project it is--i.e. in terms of the basic models we have described (or whether it doesn't fit into any of our categories).

We want to know how the client evaluates the impact of the project. Can he/she quantify this impact? How? Try to determine if there are other aspects of this evaluation which can be quantified as well. We are particularly interested in identifying increases in

- production
- earnings
- profits
- foreign exchange savings
- employment

We also want to know how many women the company employs and in what capacities. Did the VE's visit change this? What could be done to increase the role of women in the company?

We want to know about non-quantifiable benefits of the visit as well, including transfer of quality control procedures, design or managerial techniques, operational methods, and improvement in working conditions. Try not to lead the client but see how he/she describes these kinds of benefits.

How could the impact have been enhanced or the project improved?

Here you are asking the client to shift posture and to give you his/her ideas on what might have been done differently. Again,

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be careful not to lead the clients here.

Note that you will probably find that this and the previous topic get intermixed in the interview. You will want to try to guide the evaluation process and tease out the client's views.

You might try, rather than or in addition to the above, asking what the client would do differently if he/she were to request another VE. (Or, if the client has had more than one, what differences there were, if any, in how he/she set up the project and worked with the VE in the various projects.) A slightly different tactic to achieve the same objective would be to ask the client what advice he/she might give to a new user of the IESC service with regard to increasing the benefits the client derives from the experience.

You might also ask if the client has ever made use of external consultants. What we are trying to probe here is whether there is a "more sophisticated" client in terms of his/her ability to maximize benefits and, if so, what this sophistication consists of.

There are several different dimensions here. You'll have to determine which is more fruitful and then follow onward. That is, the client might indicate that the VE could have done better--i.e. that his qualification could have been better, or he could have had a better understanding of the local environment, or he could have had a more suitable personality or style. The client may indicate that he/she was at fault--that he/she wasn't really sure what he/she wanted the VE to do, or what his/her problem really was, or that he/she didn't have a good counterpart, etc. The client could indicate that the program itself is at fault--that he/she felt pressured to sign a contract before he/she was really ready for a VE, or that the client needed more help in developing his/her original request for assistance.

Other questions:

Competition--

Is the client aware of any other organizations similar to the IESC; has he/she ever worked with any of them; if he/she is aware of others, why did the client choose IESC? Is he/she aware of the cost of other services? (Was the client selected by IESC or USAID?)

Women--

We are always looking for a measure of how an IESC experience will affect women in the firm. Both by observation and through direct questions, try to determine how many women there are in the firm, in

what positions, how they are viewed, etc. This will usually come up during another part of the interview. Be sensitive to the specific cultural conditions in the country in how to approach this issue.

If all of the questions regarding employment of women elicit a negative, please try to determine potential opportunities for women.

COUNTRY DIRECTOR INTERVIEW GUIDE

To Interviewer:

Country teams will be meeting with the IESC Country Director soon after you arrive in country. You will review the client cases that are planned, substitute new cases for those which might have been cancelled and work out local travel arrangements.

You will also talk to the CD about:

IESC in this country

What is the background there--how are relations with the local community, with the government, with the AID Mission? (Is there a supplemental grant program in place?)

How long has the CD been there and how many CDs have there been in recent years?

How does the CDE evaluate IESC performance in this country? What factors account for a stronger or weaker performance?

What kind of resources does IESC have in country? Does CD have local support staff?

What are the CD's follow-up procedures with clients?

What are the links between IESC headquarters and the CD? How well do they function? How could they be improved?

CD performance

Without being too aggressive, you will want to elicit the CD's views on his role. You will also learn more about this as you carry out your case studies.

What about marketing IESC services in country? About helping match VEs to client needs and/or helping clients define their initial requests for assistance? Working with VEs when they arrive?

Publicizing IESC in country? Utilizing VEs to spread understanding of IESC? Cooperation with educational, trade or governmental organizations to increase understanding of IESC and to market its services?

Does the CD have procedures for ensuring appropriate attention to

- women-owned and/or operated businesses
- small and medium sized businesses
- agribusiness?

How well do they work? How could they be improved?

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USAID MISSION INTERVIEW GUIDE

To Interviewer:

You will meet with the local USAID Mission at the earliest possible moment after your arrival in country. You can brief them on the project in general (if they are not familiar with it) and review your program of planned client case studies.

They may suggest additional cases to be studied. If they do, ask the CD immediately to try to work those clients into the schedule. Members of the Mission may want to go with you to an interview or may wish to carry out interviews on their own. If they are interested in doing a case themselves, you should briefly review with them our case study procedure.

We want to learn from the Mission more about the relationships with IESC--particularly supplementary grant programs generated by the Mission that involve or include IESC.

We are not asking the Mission staff to criticize the performance of IESC or the CD. But you might try to learn more about the Mission's perceptions of the overall strengths or weaknesses of the IESC program in that country (or in comparison with other countries). As in the client interviews, questions should be phrased positively--as in, How could IESC improve its (performance, marketing, etc.) in this country?

The Missions have been told that MNS Country Teams would provide a departure briefing if requested. You will want to schedule a final meeting if they wish.

APPENDIX D

CODING METHODOLOGY

MNS has used the following methodology for coding cases selected for use in the summary tables found in the text.

The "Source" column lists the primary source of the data. Field teams corroborated file data with the client during the interview, and with the CD and his staff in country.

For appropriate criteria, such as Type of Assistance, some cases may be coded more than once for a single item (i.e. a case may have involved both Technical Assistance and Management Consulting and was therefore coded once for each category).

<u>ITEM:</u>	<u>SOURCE:</u>
A. Sector of Client	file data
Ma Manufacturing	
Ag Agribusiness	
Se Service	
Go Government	
NP Not-for-Profit	
B. Client Sales	file data
most recent listed sales in \$	
C. Employees	file data
list number	
D. Cost of Project to Client	file data
list amount in \$	
E. Repeat Project	file data
yes/no	
F. VE Recruitment Time	file data
list in months	
(time from signing of contract to beginning of project)	

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- G. Length of Project file data
 list number of months
- H. Type of Assistance workplan/interview
 Te Technical
 MC Management Consulting
- I. Number of Women at Client (list number) interview
 Em Employees
 Ma Managers
 Ow Owner(s)
- J. Follow-up file data/evaluation
 Ex Export Sales
 Ad Additional Projects
 Re Informal Relationship with VE
- K. Client Satisfaction interview
 No No Satisfaction
 So Some Satisfaction
 Mo Mostly Satisfied
 Hi Highly Satisfied
- L. Team Evaluation of Project Impact interview
 Ha VE Caused Harm
 No No Positive Impact
 Sm Small Positive Impact
 Mo Moderate Positive Impact
 Ma Major Positive Impact

(In making assessments of impact, the evaluation teams viewed the project from three basic questions: What was, or is likely to be, the relative change to the client from the VE visit? What was, or is likely to be, the relative effect on the national economy or business sector? How much of the VE's assistance was actually implemented?)

Did the project have a particular impact:

- on women
- on agribusiness
- on smaller firms
- on exports
- by example to sector

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APPENDIX E

IMPACT OF IESC ON EXPORT PROMOTION

Export promotion is not a special target of the A.I.D. core grant, but it is a common target of Mission supplementary grants.

We want to highlight the impact of IESC on export promotion because, given the micro approach of IESC, its projects may have greater impact on export promotion than on any other special interest of A.I.D./W or the Missions.

The field teams saw many cases in which the VE was able to increase the client's capabilities to export, in some cases quite dramatically. Increased exports can also be measured more directly by both the client and the evaluator, unlike, say, the impact of a VE on promoting women in management. The cumulative effect on a national scale of this assistance varies, of course, depending upon the size of the clients assisted. But the goal of promoting exports, even on a limited scale, is one at which IESC does and can excel.

As with other special targets, however, IESC faces conflicting pressures in promoting exports.

The first stems from the reality that, in many countries, projects which could have the greatest impact on enhancing exports would be carried out for umbrella government agencies. The five-percent cap on government projects desired under the core grant may present problems in this case. Also, pilot projects for government agencies are uncharacteristic in several ways and face an uncertain future within IESC itself. The Moroccan case, where a "VE" is in place for a year or more at a government agency to help promote Moroccan exports and enhance the agency's capabilities, may be more characteristic of a private-sector consulting project than of IESC. This is not necessarily inappropriate for IESC, but it does present new problems for the organization.

The second pressure is related to the simple fact that smaller firms are less likely to export than larger firms. If IESC is to be asked to devote more of its resources to helping smaller companies, it may be inappropriate to ask the organization simultaneously to focus on export promotion. This is a clear conflict between A.I.D. core grant and Mission supplementary grant priorities.

Export promotion activities also present an opportunity to IESC, however. Almost every developing country government is eager to promote exports, so they look very favorably on activities which enhance export promotion, particularly at no significant cost to the treasury. Export promotion thus presents IESC with a valuable asset

in terms of relations with the host government, one which possibly should be explored in more detail.

APPENDIX F
EVALUATION SCOPE OF WORK

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C.2. Scope of Work

a. Methodology

1. Team Planning Meeting

At the start of the evaluation, the team leader will meet with representatives of A.I.D./W and with all team members in Washington, D.C. At this time, the team leader will formulate a work plan and allocate tasks of interviews, research and report preparation among the team members. The team will also develop instruments to be used in evaluation interviews. The work plan will follow the framework provided in the work scope outlined below. Modifications within this framework may be determined with the approval of the Evaluation Officer.

2. Interviews

The evaluation team will conduct interviews with individuals identified from the following groups:

- a) Members of IESC's headquarters staff in Stamford, Connecticut;
- b) IESC Country Directors in those countries selected for field study; Mexico, Panama, Honduras, Ecuador, Morocco, Egypt, Jordan, Kenya, Sri Lanka, Thailand, Indonesia;
- c) IESC Volunteer Executives in the United States, past and present. May include direct local interviews, phone interviews and written questionnaires;
- d) Host-country clients of IESC services, past and present, in the countries selected (2.b.) for field study;
- e) A.I.D. mission directors, private sector liaison officers, and other mission personnel familiar with IESC activities in countries included in field study. As desired, team will also provide briefing of mission personnel upon arrival and debriefing prior to departure; and
- f) Debriefing of A.I.D./PRE personnel responsible for monitoring the IESC program and A.I.D./W Regional Bureau representatives knowledgeable regarding IESC projects.

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3. Research

Research will include, but not be limited to, review of the following:

- a) A.I.D. documentation of IESC programs, including correspondence and past project evaluations;
- b) Quarterly and annual status reports submitted to A.I.D./W by IESC;
- c) IESC documentation, including Client Assistance Reviews (CARs), project summary reports and other materials available at IESC headquarters, and Country Directors' files in countries chosen for field study; and
- d) Existing independent evaluation reports on IESC activities.

4. Field Work

The evaluation will include travel to the following countries:

Mexico, Panama, Honduras, Ecuador, Morocco, Egypt, Jordan, Kenya, Sri Lanka, Thailand, and Indonesia.

Two team members will spend approximately one week in each country to be studied.

b. Issues for Evaluation

The team's interviews and research will be designed to address the following issues:

1. Effectiveness of IESC Performance

- a) Identify numbers of IESC clients by industry classification. Compare effectiveness of Volunteer Executive (VE) performance with different types of clients and in differing circumstances. Assess effectiveness of IESC in matching volunteer skills to client needs.
- b) Enumerate by gender the key executive personnel who have directly benefitted from IESC services. Enumerate organizations operated by men and those operated by women.
- c) Assess quantifiable impacts of technical assistance provided by IESC, to the extent feasible. Indicators may include increases in production, earnings, or profits; foreign

exchange savings; employment generation; or other appropriate signals. Measurement of employment generation to be disaggregated for males and females.

d) Provide descriptive material regarding non-quantifiable benefits of IESC projects, such as transfer of quality control procedures, design or managerial techniques, and operational methods.

e) Determine extent of follow-up contacts between VEs and clients; existence of supply links or other indicators of continuity. Determine whether differences exist based on gender of clients, and if so, identify the constraints.

f) Determine and describe, where feasible, secondary effects of IESC projects on non-client firms and/or host country economies.

g) Assess cost-effectiveness of IESC services. Describe alternative sources of technical assistance available to IESC clients and compare costs of same with costs of IESC assistance.

h) Assess the impact of IESC services on women at executive levels and on firms owned and/or operated by women. Assess IESC capabilities in dealing with gender-related issues.

2. Management Issues

a) Assess and make recommendations regarding IESC reporting procedures, including those utilized for VE debriefing and measurement of project impact.

b) Assess IESC procedures for financial reporting to A.I.D. and make recommendation for possible grant revision to accurately reflect IESC accounting mechanisms.

c) Assess effectiveness of IESC headquarters/Country Director management link. Describe support provided by headquarters to Country Director. Determine whether Country Director functions are standardized in countries served by IESC.

d) Describe Country Director procedures for ensuring appropriate attention to women-owned and/or operated businesses. Evaluate IESC efforts to expand its client base among these businesses. Identify constraints to increased female participation levels.

e) Small business/agribusiness targets. Evaluate IESC efforts to expand its client base in small and medium-sized businesses and agribusiness in accordance with A.I.D. targets.

f) Assess role of IESC advisory councils in providing program direction and linkages with local business communities.

3. Future A.I.D./IESC Relationship

a) Analyze possibilities for increasing IESC's alternative sources of funding through client fees, corporate contributions, use of P.L. 480 funds, or other sources.

b) Assess and make recommendations regarding existing and potential linkages with other services which may be provided to LDCs through the IESC network.

c) Core grant/supplemental grants. Examine linkages and effects upon IESC program success.

c. A.I.D. Cross-Cutting Evaluation Issues

To the extent feasible, the evaluation team will address the cross-cutting issues established by the Bureau for Program and Policy Coordination, Center for Development Information and Evaluation (A.I.D./PPC/CDIE), January 1986, by briefly responding to appropriate questions on Project Sustainability, Impact on Environment and Women in Development. Questions regarding Women in Development (WID) were formulated in consultation with PPC/WID and are incorporated in the above issues. More detailed information on these topics can be obtained by contacting PPC/CDIE and PRE/PE.

C.3 Key Personnel

a. The key personnel which the contractor shall furnish for this performance of work as set forth in Section C.2.a.1. and C.2.a.2. are as follows:

Team Leader/Development/Management Specialist (1)

Business Development Specialists (3)

b. The above personnel are considered to be essential to the work being performed hereunder. Prior to diverting the services of these individuals to other projects or programs, the Contractor will notify the Contracting Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No diversion will be made by the Contractor without the written consent of the Contracting Officer. The list of key personnel may, with the consent of the contracting parties, be amended from time to time during the course of the contract to either add or delete personnel, as appropriate.

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APPENDIX G
A.I.D. CORE GRANT TO IESC
(Excluding amendments)

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

30 MAY 1979

*IESC file -
"Grant Agreement"*

Mr. Theodore M. Luberoff
International Executive Service Corps
622 Third Avenue
New York, New York 10017

Subject: General Support Grant
AID/SOD/PDC-G-0206

Dear Mr. Luberoff:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to International Executive Service Corps (hereinafter referred to as "IESC" or "Grantee") the sum of \$4,000,000 in support of the Grantee's overseas project expenses of the program in furnishing business and management expertise to businesses and other institutions in developing countries, as more fully described in the attachment to this Grant entitled "Purpose and Implementation of the Grant".

This Grant is effective as of the date of this letter and is applicable to commitments made by the Grantee in furtherance of program objectives during the period January 1, 1979 through December 31, 1979.

This Grant is in addition to Grant No. AID/PHA-G-73-3, which also made funds available to the Grantee for a portion of this period.

This Grant is made to IESC on conditions that the funds will be administered in accordance with the terms and conditions as set forth in Attachment A entitled "Purpose and Implementation of Grant" and Attachment

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PURPOSE AND IMPLEMENTATION OF GRANT

A. Purpose

The purpose of this Grant is to provide support for the Grantee's program in furnishing business and management expertise to businesses and other institutions in developing countries in such a way as to contribute to each country's economic progress and the well-being of its people.

B. Activities

1. Basic IESC Policies

a. Principal thrust is toward the private sector, but IESC will undertake worthwhile projects for governments or other institutions.

b. Assist countries which wish to carry on a program of economic development, are willing to help themselves, and desire IESC assistance.

c. Assist economically important indigenously owned enterprises requesting IESC assistance which are able to benefit from such assistance.

d. Strive for maximum project impact through acceleration of activity in the client enterprise, and through multiplier effects in other enterprises.

e. Involve in Third World development the human and financial resources of U.S. industry by assuring its continuing familiarity with the character of projects undertaken in each broad industrial classification.

f. Use volunteer executives with experience in the industry in which assistance is requested.

g. Conduct the IESC program on a highly personalized basis, recognizing that this requirement places a ceiling on total activity.

h. Enlist the advocacy and support of business sponsors, in the U.S. and overseas.

i. Maintain a low profile with respect to publicity.

j. Maximize the monetary contribution from clients and other sources within countries assisted, thereby reducing the portion of total funding needed from U.S. businesses and the U.S. Government.

2. Supporting Objectives

a. To contribute in the most direct and tangible manner to economic development through careful determination of types of assistance to be offered, countries to receive assistance, projects to be undertaken, clients to be assisted, volunteer executives to be assigned.

b. To operate primarily as a "business-to-business" entity consistent with the general tone and philosophy of the U.S. free enterprise system.

c. To promote assiduously the interests of indigenous clients, observing appropriate confidentiality, while avoiding actions which judgment indicates would threaten the interests of U.S. business.

d. To achieve and maintain maximum effectiveness and economy in the conduct of the entire IESC program.

C. Implementation

The funds provided under this Grant shall be utilized without restriction by the Grantee for allowable costs of the activities described above as

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follows:

1. In order to move its program significantly within the "New Directions" approach outlined in the Foreign Assistance Act, IESC will intensify actions to increase the number of clients which have an impact on grass roots and rural people and will, to the maximum extent feasible, gear its program development in host countries to the development strategy of each country.

2. In carrying out the approach outlined in paragraph 1, above, IESC will place maximum emphasis on increasing its assistance to small businesses, particularly those located in rural areas. Enterprises which utilize local agricultural raw materials, provide essential supplies or services to small farmers and which generate off-farm employment for rural workers will receive special attention.

3. Since one of the basic objectives of IESC is to improve the image of the U.S. interest in countries, it is necessary for IESC to remain in certain countries even after A.I.D. has withdrawn direct support. IESC will not utilize A.I.D. funds for countries which A.I.D. determines to have the ability to cover the full cost of technical assistance (e.g., Kuwait and Saudi Arabia). IESC will also cooperate to the maximum extent possible with A.I.D.'s Reimbursable Development Program.

4. IESC will continue its program to reduce costs through more effective operations. IESC will continually review its overhead costs for the purpose of maintaining costs at an absolute minimum while providing adequate guidance and support to operations in the field.

5. IESC's success in improving generation of funds from clients and other sources has been instrumental in reducing the percentage participation

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of A.I.D. funds. Recent stress on "ability to pay" has resulted in a substantial increase in funds received from clients. It is anticipated that IESC's continued success in improving contributions received from large clients will offset greater demands for funds required by an increased number of "grass roots" clients, some of which will have limited ability to pay.

6. IESC will hold its "Working Capital Fund" at present levels. Should it become apparent that an excess of revenues over expenditures for the current Grant Year or other factors will act to increase the Working Capital Fund to a level of more than 2.5 months of budgeted expenses at the end of such Grant Year, IESC will adjust its request for A.I.D. funding in the next succeeding Grant Year to bring the level of the Working Capital Fund back within the guideline. Should special circumstances arise which would make it necessary for IESC to increase the Working Capital Fund to more than the above 2.5 month guideline, the Grantee will review the circumstances with the Grant Officer. Based on such review, adjustments in the level of the Working Capital Fund may be authorized by the Grant Officer. Any funds remaining in the Working Capital Fund after termination and liquidation of the Grantee's program as described herein shall be refunded to A.I.D., except as the Grant Officer may otherwise determine.

7. The establishment of "Steering Committees" will be accelerated, focusing as much attention and assistance as possible on small businesses or groups of small businesses.

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D. Reporting

1. IESC will report progress to AID/W by submitting quarterly the completed project summaries, plus all other information which will be deemed appropriate to indicate progress toward IESC's goals, such as: monthly status of projects; Directory of Field Offices and Representation; amendments to the Policy and Procedures Manual, etc.

2. At the end of each Grant Year, IESC will submit a fiscal report indicating the level of the Working Capital Fund and the amount of adjustment necessary to bring the level of the Working Capital Fund back within the guidelines.

3. The evaluation schedule will be as follows:

a. Informal status analysis to be performed by PDC/PVC Project Managers as regular monitoring practice with frequency as determined by mutual agreement between PDC/PVC and IESC.

b. A non-intensive (meaning a regular PES) evaluation by an AID/W team prior to the end of each funding year. This evaluation will be adequate to gauge progress, identify bottlenecks, and determine if continuation of the grant is justified.

4. At the end of the Grant, or at any other time should A.I.D. and IESC so desire, if the record of the Grant should indicate the necessity of an intensive evaluation to determine possibilities of replication elsewhere, or continuation of support to the same institution--outside consultants will be engaged to make such evaluation.

E. Special Provisions

1. Spouse travel is authorized under this Grant in accordance with Standard Provision No. 13 entitled "International Travel and Allowances" which refers to the Grantee's approved policy and practice.

EVALUATION OF THE INTERNATIONAL EXECUTIVE SERVICE CORPS
(IESC) PROGRAM IN THE WEST BANK AND GAZA

March 1988

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Completed by Karen Anderson, on contract to the Bureau for Private
Enterprise.

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EXECUTIVE SUMMARY

In September 1986, A.I.D.'s Bureau for Asia and the Near East (ANE) gave a grant to the International Executive Service Corps (IESC) to assist in the provision of managerial and technical assistance in the West Bank and Gaza. This assessment of that grant was incorporated, at ANE's request, in an evaluation of IESC's activities worldwide sponsored by the Bureau for Private Enterprise (PRE).

The purpose of the evaluation was to assess the performance of the IESC West Bank/Gaza program following its first year of activity, and contribute to future decisionmaking regarding the program. The evaluation addressed the program's impact and effectiveness, with particular focus on specific issues of interest to the ANE Bureau, including volunteer recruitment, communications, and in-country management.

Field study took place in December 1987, and included interview of all seven clients of completed IESC projects, as well as Embassy and Consulate personnel who monitored the program. IESC volunteers and IESC headquarters' director for the program were interviewed by telephone. Research included review of IESC project agreements, telexes and other project documentation.

Among its principal findings and conclusions, the evaluation found that five of the seven clients from completed IESC projects reported significant benefits received from the volunteers' assistance. Recruitment of volunteers for the region was found to have taken considerably longer than the average for other countries. This was due to volunteers' perception of danger in the region, the lack of adequate accommodations for volunteers in Gaza, and communication problems within IESC and between IESC and the region. At the time this assessment was completed, IESC volunteer recruitment had been suspended due to unrest in the region. After recruitment resumes, added manpower for in-country coordination may be required. The evaluation also found that program coordination would be improved by ensuring that its director at IESC headquarters has adequate time to devote to monitoring the program.

Among other conclusions, the evaluation found that a special pre-arrival orientation is desirable to prepare volunteers for the complexities of the area's political and social environment. In addition, future project marketing will require more detailed client targetting than in the past, and should identify clients with a clear interest in and understanding of the IESC volunteer program. The evaluation found that project fees have not yet represented a serious hardship to clients, but may in future if less prosperous businesses are targetted. Given the program's current suspension and the low expenditure of funds to date, the evaluation recommends that additional funding is unnecessary at this time.

At ANE's request, the evaluation also attempted to outline areas which would merit future attention, both for the IESC program and for formulating other private sector programs in the region. The evaluation concludes that IESC's program could expand in the areas of multiple-client volunteer assignments, export marketing assistance, and integration with other consultancy facilities planned for the region. Based on interviews with businessmen from the West Bank and Gaza, the evaluation found that other private sector programs could address needs for assistance in export marketing, management training, technical apprenticeships, long-term credit facilities, and business planning.

EVALUATION OF THE IESC PROGRAM IN THE WEST BANK AND GAZA

I. INTRODUCTION

In September 1986, the International Executive Service Corps (IESC) was given a grant of \$235,000 by A.I.D.'s Bureau for Asia and the Near East (ANE) to assist in the provision of managerial and technical assistance in the West Bank and Gaza. The grant was to cover the period through September 30, 1987, later extended to December 31, 1988.

The IESC program, funded by a core grant from the Bureau for Private Enterprise (PRE), assists private enterprises in developing countries through a roster of U.S. volunteers. These volunteers, typically retired executives, serve in assignments not exceeding three months. IESC's client businesses contribute to the costs of the assistance based on their ability to pay.

In November 1987, ANE requested that PRE review the results of the West Bank/Gaza program's first year of operation as part of a worldwide evaluation of IESC activities. The purpose of the evaluation was to assess the performance of the IESC West Bank/Gaza program in its first year of activity, and contribute to future decisionmaking regarding the program. The review was carried out by Karen Anderson, evaluation consultant to PRE on contract with The Washington Consulting Group, Inc.

II. EVALUATION METHODOLOGY

The evaluation field study took place from December 2 through 7, 1987. It included interviews with all seven clients from the six IESC projects completed in the West Bank and Gaza between September 1986 and December 1987. The client from one cancelled project was interviewed, and one client whose project had been deferred to a later date was interviewed by telephone. Interviews were also conducted with officers assigned to monitor the IESC program in the U.S. Embassy in Tel Aviv and in the Consulate General in Jerusalem; with the Consul General and other Consulate personnel; and with project officers in USAID/Amman who have responsibility for projects which may be accessed for activities in the West Bank.

Further interviews were conducted by telephone in the United States during January and February 1988. IESC's Vice President for Planning, who doubles as coordinator of the West Bank/Gaza program, was interviewed, as were four of the six IESC volunteer executives who had completed assignments in the West Bank and Gaza. A list of the individuals interviewed is contained in Appendix A. The assessment also included review of telexes, IESC project agreements and other documentation at the Consulate General, and documents provided by USAID/Amman regarding its West Bank-related projects.

The instrument used for questioning IESC clients was an interview guideline developed by Multinational Strategies, Inc., for the worldwide IESC evaluation. In addition, the West Bank/Gaza field study sought to address specific issues of interest to the ANE Bureau, including volunteer recruitment, communications, and in-country program management.

Constraints which affected the evaluation included the absence, due to leaves and posting changes, of Consulate personnel who monitored the IESC program during its most active phase in late 1986 and the first part of 1987. Time constraints precluded interview of a representative sampling of clients whose projects were cancelled or open pending recruitment of IESC volunteers.

Consulate and Embassy personnel responsible for monitoring the IESC program were extremely helpful and participated actively in the evaluation.

III. FINDINGS

A. Project status

The IESC program in the West Bank and Gaza (WB/G) began in July 1986. At ANE's direction, the IESC sent a field representative to the two areas to identify and market potential projects. This trip yielded eight project agreements signed with West Bank and Gaza businessmen. Following award of its grant from ANE in September, IESC began recruitment of volunteers for these projects.

Of 19 projects identified by IESC in the West Bank and Gaza by December 1987, project status was as follows:

<u>Status</u>	<u>West Bank</u>	<u>Gaza</u>
Completed projects	5 (6)*	1
Under recruitment (prior to 12/87)**	3	4
Deferred at client request	1	0
Cancelled	5	0
Totals	<u>14</u>	<u>5</u>

*The five West Bank projects supplied volunteers to six clients, as one project provided a volunteer to two different clients for successive assignments.

** In December 1987, recruitment of volunteers for Gaza and the West Bank was suspended at Embassy direction for an indefinite period due to unrest in the two regions.

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Sectoral Distribution of Completed Projects

Completed projects were in the following sectors:

<u>Sector</u>	<u>West Bank</u>	<u>Gaza</u>
Textile/garment manufacture	2 (3 clients)	1
Cigarette manufacture	1	
Bakery	1	
Ambulance company	1	
Totals	<u>5</u>	<u>1</u>

Cancelled Projects

IESC's files showed that five projects had been cancelled for various reasons after reaching the project agreement stage, but before a volunteer was in place. Consulate files show two additional cancelled projects, but these apparently never reached the point of approval by IESC headquarters. One project was cancelled when the client obtained another consultant after extensive delays in recruiting an IESC volunteer. One was cancelled when the client decided the cost was excessive, and one client cancelled after stating that he was dissatisfied with the qualifications of the volunteer proposed to him. The rest reportedly cancelled for reasons internal to their businesses, e.g., financial difficulties or problems obtaining necessary equipment or licenses involved with the requested consultancy.

"Open" and Deferred Projects

Seven IESC projects were classified as "open" or currently under recruitment in December 1987. Of the seven, five had experienced delays of several months in recruitment of volunteers. Findings regarding this topic will be discussed further in section III. C. 1, "Recruitment". Of the projects for which recruitment had been delayed, four were projects in Gaza. One project was deferred at the client's request so that the volunteer's arrival would coincide with his business' seasonal requirements.

B. Impact

Five of the seven clients of completed IESC projects reported significant assistance received, either in the form of managerial or technical assistance, or both. Two reported little or no significant benefits received.

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Of the satisfied clients, the majority stated that they were unable to quantify the results of the assistance they received in terms of increases in production, sales or employment. Nonetheless, they described many substantive benefits received from the volunteers' visits. Among other benefits reported, IESC volunteers in the West Bank and Gaza:

--introduced the concept of integrating quality control at each step of operations in a factory which had previously exercised control only of finished product quality.

--organized training classes for garment workers and prepared written lessons for use after the volunteer's departure.

--recommended reorganization of a factory floor management system to improve efficiency and increase production; this plan was implemented with four floor managers hired where none had been used before.

--suggested adjustments in work flow to conform with individual employees' talents, thus enhancing efficiency.

--helped a bakery to introduce four new types of bread, using formulas brought from the U.S.

--taught a new method of pattern grading which allowed garment workers to decrease the time spent on that task from one day to two hours.

--assisted in formulation of an American blend of tobacco to help a cigarette factory to meet changing market demand.

--designed a comprehensive study for establishment of an ambulance service which, if implemented, could make a significant contribution to the West Bank's level of health services.

In a number of cases, the client's project request to IESC had specified only technical assistance, but volunteers provided suggestions for managerial modifications which were implemented as well. Aside from specific types of assistance received, clients frequently cited the volunteers' depth and years of experience in describing the value of their assistance. A Gaza garment manufacturer's admiring assessment of his volunteer, "He is a school," was a typical comment.

A chart containing profiles of IESC projects completed in 1986 and 1987 is included as Appendix C.

As a side benefit, Embassy personnel reported that the IESC program helped them in learning about issues involved in dealing with local businessmen. The IESC program served as "a good way to get jump-started" on the Embassy's private sector program, they reported.

Two clients reported little or no significant benefit resulting from the volunteer's visit. One, a West Bank garment manufacturer, shared a volunteer with another client, as described earlier. Each received the volunteer's services for one month, with the first client reporting very positive results. The second client stated that the benefits he received from the volunteer's visit were slight, adding that he had never understood the program well and had taken the volunteer principally as a favor to the Consulate and to the first client, who needed to split the cost. He preferred a longer-term consultant, and one who would have a greater commitment to his business. In a telephone interview, the volunteer for this project indicated that his work was principally carried out with other counterparts in the client's company, and that the owner himself may have been unaware of the details of his work.

The other dissatisfied client reported that the volunteer assigned to his business was not familiar with his particular type of machinery, as specified in his request for assistance. While the volunteer was able to supply some suggestions to improve his production, the major objective of the client's request was not fulfilled.

C. Management Issues

1. Recruitment

The issue of recruitment of IESC volunteers for projects in the region was signalled as an area of concern by the ANE Bureau. The evaluation found that, during the program's first year, the process of recruiting volunteer executives for projects in Gaza often took several months from the date a project was signed. The same problem was experienced to a lesser degree with recruitment for West Bank projects.

IESC headquarters reported in December 1987 that a project in the organization's worldwide program requires an average of 100 days for volunteer recruitment, from the date a project is accepted by IESC headquarters to the date a volunteer begins the assignment in country. Of the completed projects in Gaza and the West Bank, four had volunteers recruited within two to four months. However, at the time of this assessment, three West Bank projects had taken

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nine months or more to recruit volunteers. One of these was finally cancelled by a client who opted to use another consultant rather than continue to wait. Four clients in Gaza had been awaiting volunteers for several months--one of them since July 1986. Embassy personnel reported that this had become an embarrassment for them, as the clients, who were in some cases important Embassy contacts, had become impatient with the lengthy delays. This had made the Embassy reluctant to allow IESC to sign any additional projects in Gaza and prompted a request that IESC's field representative delay a planned marketing visit in Fall 1987.

A foreseeable cause of these recruiting delays was the perception of danger in the region by prospective volunteers and their spouses, who accompany them on assignment. While it was not practicable to interview prospective volunteers who refused assignment to the region, volunteers who accepted and completed assignments there were surveyed and provided interesting, if varied perspectives. The volunteer who completed an assignment in Gaza reported that he perceived the situation there as dangerous for himself and his spouse. He recommended that IESC stop sending volunteers to Gaza for that reason. Of the three volunteers interviewed who completed projects in the West Bank in 1987, one felt uneasy about accepting assignment there due to the unrest, but his apprehension was mitigated by prior experience in the region and reassurance by Israeli friends before his arrival. Another volunteer stated that he "didn't feel threatened or insecure" working in the West Bank and would recommend other volunteers to serve there. The third observed that he found the West Bank no more dangerous than his home city of Miami.

IESC headquarters cited a second major reason for recruitment delays in the case of Gaza projects, in the absence of acceptable housing accommodations. This was remedied in July 1987 by an arrangement devised by the Embassy whereby a sum of \$10,800 was allocated to upgrade a bed-and-breakfast facility for volunteer use in Gaza.

A third reason for delays, both in recruiting and placing volunteers, was repeated gaps in communications, a subject which will be discussed in the next section.

2. Communications

The evaluation found that the IESC West Bank/Gaza program had suffered from continual difficulty in maintaining clear and timely communications during its first year of operation. The program experienced missing or delayed communications between Embassy and Consulate personnel and IESC, between IESC and clients, and at times within IESC itself.

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At the inception of the program, the Consulate and Embassy directed its communications to IESC by commercial telex. This was changed later to communication by official telex via State and A.I.D. IESC continued to address Embassy, Consulate and clients through commercial telex until late 1987. A significant number of these IESC commercial telexes were reported missing or delayed in arrival by three weeks or more. IESC states that similar problems were experienced with the Consulate's telexes, while communications from the Embassy were generally received in a timely manner. As a result, expensive telephone calls between IESC headquarters and the West Bank and Gaza had been necessary for follow-up, and action on numerous projects was delayed.

As one example of how these delays affected project recruitment, one West Bank client reported in November 1987 never receiving a revised project agreement from IESC, which IESC said it had sent in April 1987. This apparently had not been followed up by IESC.

In late 1987, IESC began experimenting with various methods of communicating with the West Bank, including communication through the A.I.D. telex system and use of Foreign Commercial Service cables through the FCS office in Hartford. IESC was also testing the use of weekly DHL shipments. This option, while costing approximately \$40 per shipment, would obviate the need for expensive follow-up telephone calls.

Communication problems within IESC itself were illustrated by the failure to resume recruiting for Gaza after housing problems there were resolved in July 1987. IESC confirmed that the instruction to resume recruiting somehow failed to reach its recruiting department.

3. Program Marketing and Promotion

During 1986-7, the IESC program was marketed by the Consulate and Embassy representatives assigned to coordinate the program, and in two visits to the region by a field representative from IESC headquarters. Potential clients were identified for this representative by the Consulate and Embassy from among their existing contacts.

Embassy personnel felt that project agreements with some of these clients were signed too quickly, reflecting overzealous marketing by the field representative. They felt that the combination of a hard-sell marketing approach with local custom and politeness led to cases in which businessmen who lacked real interest in receiving a volunteer may have signed agreements to make the recruiter happy. In contrast, the Consulate commended the recruiter for "good, aggressive recruiting."

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Survey of the completed projects suggests that in two cases, project agreements were signed with clients who lacked a real interest in the program. One volunteer reported that he produced an exhaustively researched feasibility study for an ambulance service in the West Bank, only to find that the client had little interest in following through and setting up the service. Noting that the client was much less dedicated to the project than he was, the frustrated volunteer observed, "it was like they were doing me a favor" in receiving his services. The volunteer felt that IESC should have screened the client more thoroughly and determined his level of commitment before sending a volunteer to expend time and energy on the project. His assessment of the client's attitude echoes the words of a client cited earlier who stated that he understood little about the IESC program and signed the agreement "as a favor" to another client and to his contacts in the Consulate.

The time constraints of the field study prevented interview of clients from cancelled projects to confirm or disprove this views, and IESC's field representative was out of the country and unavailable for interview at the time this study was carried out.

Prior to the suspension of project recruiting in December 1987, the Consulate in Jerusalem had plans to promote the project through contacts, direct mail and advertising in the local print media. The Embassy planned to refrain from promoting further projects in Gaza until outstanding projects were assigned volunteers.

IESC's West Bank clients to date belong to a network of established business families, the majority of them Christian Palestinians. Most heard of the program from their contacts in the Embassy or Consulate, or from each other. Most are relatively or very prosperous, with six of the seven clients owning more than one business venture.

4. Program Management and Coordination

IESC Headquarters

Current management of the program from IESC headquarters is assigned to the Vice President for Planning. This individual not only has responsibility for all IESC countries which do not have country directors, but acts as deputy to the director of IESC's Latin American programs and also has responsibility for coordinating and participating in other projects such as evaluations and drafting of grant proposals. When the Vice President for Planning is traveling or otherwise unavailable,

Consulate and Embassy representatives have not been informed of a substitute contact. IESC's director for Middle East programs visited the region in the fall of 1987, but this visit was not coordinated with the Vice President for Planning and created confusion in the Embassy and Consulate regarding who was to be their principal point of contact.

These issues notwithstanding, the volunteers who completed assignments in the region gave a unanimously high rating to the preparation and support they received from IESC headquarters.

In-Country Coordination

As described above, the IESC program in the West Bank has been managed in-country by political and economic officers in the U.S. Consulate General in Jerusalem; and the Gaza program by an economic officer in the U.S. Embassy in Tel Aviv. An IESC field representative has performed periodic visits, one in 1986 and one in 1987, to recruit clients and promote the program.

The Consulate and Embassy have been responsible for coordinating communications between IESC headquarters and its clients, as described above. Consulate and Embassy officers have also arranged volunteer housing, met volunteers at the airport, introduced them to their clients, arranged social functions and made themselves available for volunteer questions or emergencies. In some cases, the Consulate provided introductions to individuals who were key to successful completion of volunteer assignments. The volunteer who completed the ambulance feasibility study praised the Consulate's help in clarifying the intricate tangle of relationships and political sensitivities linking the various West Bank administrative organizations from whom he sought information. Other volunteers reported less frequent contact with the Consulate. All of the volunteers interviewed by telephone gave a positive rating to the support they received from the Embassy and Consulate.

Thus far the low volume of volunteer assignments and infrequent overlapping of assignments have prevented Embassy and Consulate personnel from becoming seriously overburdened with IESC-related responsibilities. However, the requirements of follow-up with clients, care for volunteers during their assignments, and project marketing indicate that some further coordination beyond the present arrangement will be needed if the volume of volunteer activity increases appreciably. Such an increase in activity, of course, is dependent upon the ability of IESC to keep pace with volunteer recruitment demands for the region. Even prior to the

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suspension of recruiting in December 1987, the IESC program in WB/G had been virtually dormant, with only one project completed in the preceding six months. While improvement of marketing and follow-up would increase the program's effectiveness, demonstration by IESC of an ability to recruit volunteers for the region should precede any decisions regarding added manpower.

Should the volume of volunteer assignments increase, various options for added coordination may be explored. Among them are the following:

1) Hiring a coordinator locally, either a WB/G local or a U.S. citizen, full- or part-time. The option of using a local would provide the advantage of familiarity, contacts, and longevity, important for maintaining a network of clients and potential clients. Local hires have proven successful in other IESC countries as country directors or, more frequently, as assistants to country directors. On the other hand, selection and operation of a local hire might be problematic because of the region's political and religious divisions. Such a choice might also create political jeopardy for the individual associated so closely with a U.S.-funded program. Another option, lacking these disadvantages but also probably lacking the advantage of extensive contacts, would be to hire a U.S. citizen locally. In late 1987, IESC approached the spouse of a Consulate officer for preliminary discussion about taking such a role.

2) Assignment of an IESC country director for the region. This option would be advantageous from the point of view of developing contacts and supporting volunteers completing assignments. However, given the prevailing level of consultancies in 1986-1987, it would be difficult to justify assignment of a country director.

3) Using the IESC country director in Jordan as a monitor for the West Bank portion of the program. While not by apparent design, the IESC program in Jordan is at present working almost exclusively with Palestinians. Some overlap exists between the Jordanian and West Bank Palestinian business communities, and sharing a country director could provide the benefits of further linking the two communities. One of IESC's Jordanian clients has already requested a volunteer for one of its branches in the West Bank. The Jordan country director might also constitute a link with USAID/Amman programs for which West Bank businessmen are eligible, such as the PETRA project. A principal disadvantage of such an arrangement is posed by travel difficulties. Obtaining a permit to enter the West Bank from Jordan regularly takes several days. In addition, IESC's program in Jordan is due for expansion under a new country director following a relatively dormant period, and will probably demand that individual's full attention.

5. Orientation of Volunteers

Orientation of volunteers assigned to projects in the West Bank and Gaza has been similar to that provided to volunteers for other IESC projects worldwide. IESC headquarters provides some basic logistical information to the volunteers prior to departure. Some volunteers reported receiving background material on the region from IESC as well. IESC has an agreement with the Consulate and Embassy to introduce volunteers to clients and "do whatever else is necessary," in IESC's words. The Consulate and Embassy have also provided a substantive background briefing to volunteers.

The majority of clients interviewed felt that the lack of extensive briefing prior to arrival did not impact negatively on the volunteers' performance in assisting their businesses. However, there were reports of a few volunteers lacking cultural sensitivity or preparation for some of the situations they encountered, such as scenes of arrests or demonstrations. It was also reported that two volunteers were unprepared for the standard of housing accommodations they would be provided, with the result that a considerable amount of time at the start of their assignments was occupied in seeking alternative housing.

Some of the volunteers interviewed felt that an extensive briefing or orientation prior to arrival in the region was unnecessary. One, however, noted that the average volunteer is unaware of the social, political and religious complexities of the region, citing as an example his own surprise at discovering that many Palestinians are Christian rather than Muslim.

6. Cost to Client

It was agreed that the client portion of each IESC consultancy in the West Bank and Gaza would be set at US \$2,500, or 10% of the total cost per project originally estimated by IESC. Cost per project for projects completed in 1986 and 1987 averaged \$16,000.

A majority of the clients interviewed said they would have preferred a lower cost. One client who cancelled his request for a volunteer cited unwillingness to pay the fee. The project in which a volunteer was shared by two clients was designed when the original requesting client felt he could not afford the entire fee. However, most clients ultimately felt the cost paid was "worth it." One particularly prosperous client remarked that "if it had cost me \$25,000, it still would have been worth it." It did not appear that the cost represented a serious hardship to any of the clients interviewed.

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D. Future Program Direction

At the Asia and Near East Bureau's request, the evaluation sought to briefly assess and generate ideas for possible future directions both for the IESC program and for other private sector programs in the region. This preliminary assessment was developed from discussions in the Consulate and Embassy, as well as from client interviews. Each of the West Bank and Gaza businessmen interviewed for the study were asked what types of assistance would be most useful to them and fellow businesspeople. Consulate and Embassy personnel shared information about their planned business consultancy services and other programs. Reflections on future directions for the IESC program were in part derived from findings of the worldwide evaluation regarding ways in which IESC's program has evolved in other countries.

1. Future directions for IESC

a. Multiple assignment of volunteers.

IESC has, in other countries, arranged to place a volunteer in successive assignments with more than one client, a concept IESC terms "piggybacking". This facility can be utilized to send volunteers to perform targeted, discrete tasks of technology transfer in a series of businesses, e.g., helping several bakers to introduce new types of bread. This could provide an alternative consulting service among those to be offered by the proposed management consulting program for the West Bank. It is essential that care be taken in defining the specific task to be performed and in identifying the clients, with planning to ensure that the time allotted for task completion is adequate. The need for careful planning of this type of multiple assignment is illustrated by the single case in which the multiple-client model has been implemented in the West Bank. In that case, the assignment may be judged as a "success" for only one of the two clients. The second client was added to the project agreement as an afterthought to share costs, and claimed that the program was never adequately explained to him. Interview revealed that he was primarily interested in a consultancy of longer duration.

b. Export marketing assistance. IESC's volunteer data bank represents a network of more than 9,000 businessmen throughout the U.S. Recently IESC has designed and begun to experiment with alternative methods of utilizing this network, of which the ABLE program for business linkages is one. This program purports to supply technical data needed for client businesses, which may include identification of products and buyers for clients wishing to export, information on quality standards, and sourcing for equipment purchase. These types of information are in great demand

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in the West Bank and Gaza, as will be described below. The ABLE program has been used in only a few countries thus far, and there is insufficient evidence as yet to assess its effectiveness. However, promotion of the ABLE service appears to be a logical direction for expansion of IESC's program in the region.

c. Integration with planned WB/G consultancy facilities. IESC's program should coordinate well with other planned consultancy offerings, i.e. longer-term consultancies, feasibility studies, and seminars focusing on particular industrial sectors or topics such as export marketing. While IESC volunteer assignments have a time limit of three months, a "return engagement" of the same volunteer or a new volunteer to the same client is frequently arranged. Feasibility studies are already a feature offered by the program, illustrated by the completed study for establishment of an ambulance service in the West Bank. IESC has demonstrated a good measure of flexibility in response to a particular region's needs in the past, as evidenced by the multiple-client assignments described above, and can be encouraged to display the same in West Bank/Gaza.

2. Future directions for West Bank/Gaza private sector programs

a. Export marketing. Assistance with export marketing was the area of interest most frequently cited by the West Bank and Gaza businessmen interviewed for this study. Businessmen in the region seek advice on what products to manufacture and on quality standards. They listed needs for "linkages between design and marketing", linkages with U.S. agents, and experts familiar with European markets as well. If this was the case with the relatively well-connected IESC clients, a number of whom already have small offices or representatives abroad, the potential demand from less prosperous businesses may be even greater. If the easing of agricultural export restrictions through the EC-GOI negotiations spreads to manufactures as has been predicted, demand can be expected to increase accordingly.

b. Management training. A number of business owners noted the need for strengthening their mid-level management. One of the more prosperous IESC clients, who employs mid-level managers with MBAs from U.S. universities, suggested a more "hands-on", apprentice-style training for his managers within a U.S. company.

c. Technical apprenticeship programs. Garment and textile manufacturers are interested in apprenticeship programs to train their employees within a U.S. business.

d. Long-term credit facilities for business start-up and expansion. Needs for long-term credit facilities and for linkage of venture capital with provision of technical assistance were also

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cited by individuals interviewed. The recently opened branches of the Cairo-Amman Bank are seen as an encouraging sign by West Bank businessmen. However, some say the bank's collateral requirements are prohibitively high.

e. Business planning. A number of interviewees voiced the need for assistance with business planning and improvement of financial accounting systems. However, they warned that assistance in this area would have to overcome many businesses' unwillingness to reveal their accounting processes which often involve juggling for tax purposes.

3. Funding

In August 1987, IESC proposed increased funding of \$305,200 for the West Bank/Gaza program to cover the period lasting until December 30, 1988. By January 1988, the program had expended approximately \$83,000 of its grant of \$235,000. ANE has given IESC a verbal commitment for a no-cost extension of the current program through December 1988.

IV. Conclusions

1. Five of seven clients of completed IESC projects in the West Bank and Gaza reported significant benefits received from IESC volunteers' assistance.

2. Recruitment of IESC volunteers for the West Bank, and particularly for Gaza, has taken considerably longer than the average time needed for recruiting volunteers for other IESC countries.

3. Factors which have caused recruiting delays are as follows:

- a. volunteers' perception of danger in the region;
- b. inferior housing accommodations in Gaza prior to July 1987;
- c. communication problems within IESC and between IESC and the West Bank and Gaza.

4. The IESC West Bank/Gaza program needs a designated contact at IESC headquarters with sufficient time to devote to coordination of volunteer recruitment and placement, as well as follow-up with clients. This is particularly important given the lack of a permanent IESC presence in the region.

5. If the volume of IESC volunteers in the region increases appreciably, in-country coordination will require added manpower. However, IESC must first demonstrate its ability to recruit volunteers for the area.

6. Expanding IESC's client network beyond the initial circle of Embassy and Consulate contacts will require some targetting. Growth sectors in the West Bank and Gaza are difficult to determine, as all are highly subject to fluctuating government restrictions regarding import, export, taxation, etc. With recent EC-led efforts to pressure Israel to ease agricultural export restrictions, agribusiness may be a growth area which could be targetted by IESC. Garment and textile production has been an area of greatest project activity to date and it appears volunteer recruitment is not difficult for this sector. The next step may be to target smaller businesses unable to hire from other sources of consultants.

7. Evidence indicates that some of the clients who signed IESC project agreements lacked complete information regarding the volunteer service, and/or a full commitment to the IESC volunteer concept.

8. Given the sensitive nature of the political, social and cultural situation in these regions, a special pre-arrival orientation for volunteers would be useful, particularly in the absence of a country director or other coordinator to orient volunteers on arrival.

9. It did not appear that project costs represented a hardship for any of the clients to date. It may, however, pose more of a hardship for future clients who may be less prosperous than the initial group.

10. The following areas warrant attention for future direction for IESC:

- a. Multiple-client volunteer assignments
- b. Export marketing assistance
- c. Integration with other planned consultancy facilities

11. The following areas warrant attention for other A.I.D. private sector programs:

- a. Export marketing
- b. Management training
- c. Technical apprenticeship programs
- d. Long-term credit facilities
- e. Business planning assistance

12. With the West Bank/Gaza program in virtual dormancy since Fall 1987, and with difficulties foreseeable in both volunteer recruitment and placement even after the current suspension of recruiting is lifted, allocation of additional funds for the program will be unnecessary until greater activity is generated.

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V. Recommendations

1. ANE should continue the IESC program in the West Bank and Gaza when the current unrest abates.
2. ANE should continue to work actively with IESC to experiment with and identify the most rapid and reliable means of communication between IESC headquarters and the West Bank and Gaza.
3. ANE should direct IESC to ensure that the designated principal contact for the program has sufficient time for its management, and recommend that this individual devote attention to easing the program's problems of communication and follow-up.
4. Following resumption of recruitment of volunteers for the region, IESC should be allowed a reasonable period of time to demonstrate its ability to recruit volunteers for the area. If and when activity in the program resumes, ANE should review its options for added manpower to coordinate the program in-country. Given the probable slow start-up following the current period of unrest, employment of a U.S. citizen hired locally on a part-time basis may be the most practical option for in-country management.
5. If volunteer recruitment rates for Gaza do not improve after a reasonable period, ANE should study the feasibility of a continuing the program in that area.
6. Individuals responsible for marketing in the region should be directed to provide each potential client full information on the terms and objectives of the program. Effort should be directed toward finding clients with a genuine interest in the program, rather than toward generating a high volume of projects.
7. IESC should be directed to provide orientation of a substantive nature to volunteers prior to assignment. This could include provision of a two- or three- page writeup on the political and social environment (which could be provided by AID/ANE), subsequent discussion of the issues with IESC's WB/G director, and briefing by past volunteers to the region.
8. ANE should work with IESC to target new sectors and business populations for its projects. Possible targetting would include agribusiness, the garment industry and smaller businesses than those served to date.
9. If ANE decides to target smaller and less successful clients, it may wish to consider that the actual cost per project is averaging \$16,000, and adjust the client fee accordingly.

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10. Efforts should be made to provide a facility to link WB/G businessmen with projects which may be accessed in the USAID/Amman portfolio. Among those programs which would be useful to access are the Mission's management training programs.

11. Allocation of additional funds for this program is unnecessary in the near future.

12. Recommendations for future directions for IESC and other private sector programs: See Findings, Section III. D.

APPENDIX A

INDIVIDUALS INTERVIEWED

Charles Neiswender, Vice President for Planning, IESC (telephone)
Morris Draper, U.S. Consul General, Jerusalem
Liane Dorsey, Political and Economic Officer, U.S. Consulate
General, Jerusalem
Scott Loney, Economic Officer, U.S. Embassy, Tel Aviv
Donald Masters, USAID Mission, Amman, Jordan
Gary Vaughan, A.I.D. Bureau for Asia and the Near East, Office of
Project Development

IESC Clients

Charles Chemass, Chemass Lingerie
Suheil Gedeon, Gedeon Contractors & Traders Ltd.
Samir Hijjawi, Hijjawi Cold Storage Co. (telephone)
Kamal Eid Kamel, International Cigarette Co.
Hani Mourad, E.M. Hanna Clothing
George Nasser, Nasser Oriental Trading & Manufacturing Co.
Lutfi Rezk, Rezk & Sons Co., Ltd.
William Shehadeh, Shehadeh Bakery

IESC Volunteer Executives (Telephone Interviews)

Herman Garfinkel
Barnet Grossman
Thomas E. Harrison
Jack Stout

APPENDIX B
IESC West Bank/Gaza PROJECT PROFILES, 1986 - 1987

<u>Type of Business</u>	<u>Location</u>	<u>Number of Employees *</u>	<u>Duration of Volunteer Assignment</u>	<u>Assistance Requested **</u>	<u>Assistance Received *</u>
Bakery	Beit Jala, West Bank	20	2 months	Introduce new formulas and types of bread; increase production efficiency. Requested volunteer with hands-on experience in production of different types of bread.	Volunteer brought bread formulas and assisted in experimentation enabling bakery to produce four new types of bread.
Towel Manufacturer	Bethlehem, West Bank	60	2 months	Assist in improving production techniques and training employees. Requested volunteer familiar with particular type of Italian shuttleless loom.	Client's principal objective not achieved as volunteer unfamiliar with specified machinery. Some advice received regarding plant humidification.
Ambulance Company (Feasibility Study)	Ramallah, West Bank	0	1 month	Prepare feasibility study for establishment of West Bank ambulance service. Requested volunteer experienced in design and operation of ambulance and paramedic system.	Two volunteers, father and son, prepared four-phase plan for development of ambulance service after extensive survey of existing West Bank health care services. Put client in contact with U.S. equipment suppliers.

* Information Source: Client Interview
 **Information Source: Project Agreement

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<u>Type of Business</u>	<u>Location</u>	<u>Number of Employees *</u>	<u>Duration of Volunteer Assignment</u>	<u>Assistance Requested **</u>	<u>Assistance Received *</u>
Women's Clothing Design & Manufacture	Bethlehem, West Bank	8	1 month	Assist in improving production facilities. Requested volunteer expert in women's clothing production, management and quality control.	Volunteer helped improve quality control; reduced "non-exportable" percentage of goods produced; upgraded furnishing standards; introduced machine attachments and sewing techniques to simplify work; simplified pattern grading method; assessed employee abilities and redirected work division accordingly.
Lingerie Manufacturer	Ramallah, West Bank	37	1 month	Same as above.	Volunteer provided minimal assistance in pattern grading.
Cigarette Manufacturer	Beit Jala, West Bank	28	six weeks	Improve quality standards and decrease costs. Requested Volunteer knowledgeable regarding international blends of tobacco.	Volunteer helped client to perform experiments to enable him to produce American blend cigarette, now in demand. Redesigned work flow to allow continuous production and increase efficiency. Made contacts for client with suppliers in U.S. and Latin America.

* Information Source: Client Interview
**Information Source: Project Agreement

<u>Type of Business</u>	<u>Location</u>	<u>Number of Employees *</u>	<u>Duration of Volunteer Assignment</u>	<u>Assistance Requested **</u>	<u>Assistance Received *</u>
Garment Manufacturer	Khan Yunis Gaza	120	1 1/2 months	Assist in renovating existing equipment and recommend re- placement. Advise on cost-effective production measures.	Volunteer improved product quality, held training classes for laborers and foreman. Advised against new production line client was planning until productivity increased. Reorganized work division and suggested hiring 4 floor managers. Advised on purchase of 10 new machines.

* Information Source: Client Interview
 **Information Source: Project Agreement

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