PD-ABN-759
93098

MID-TERM EVALUATION OF THE REGIONAL MANAGEMENT TRAINING PROJECT

USAID/RDO/C
Bridgetown, Barbados

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August, 1993

This report was prepared under Contract No. LAC-0032-C-9036-00 (TSO 71) between USAID/RDO/C and the Academy for Educational Development, with subcontractor Management Systems International.

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ANNEXES:

Mid-term Evaluation of the Regional Management Training Project

Background:

Phase II of the Regional Management Training Project (RMTP) is a successor to an earlier pilot phase, authorized in 1986 at a level of $2.7 million. The current project is funded at $3.224 million over a five year period, with a PACD of 12/31/95.

As a critical component of RDO/C's Mission strategy to expand an diversify trade in the region, the RMTP must meet its obligations if the mission is to achieve its broader trade objective.

The Pilot Project and, in large part, its successor, RMTP, was designed to help alleviate the shortage of upper and middle level managers in the Eastern Caribbean (EC) through the provision of training by local institutions on a cost-recovery basis. The final evaluation of the pilot project found that employers of the region were willing to purchase high quality training at nearly full cost. This discovery is what led the mission to institute the RMTP, a much broader project than the pilot, which aims to not only continue the provision of fee based management training, but also establishes a private sector oriented regional management development center offering an executive MBA and management seminars and symposia, upgrades the Department of Management Studies at the University of the West Indies, Cave Hill and, where necessary, strengthens the quality of other management training institutions in the EC. Through assistance to the University as well as the handful of management training institutions of the region, such as the Barbados Institute for Management and Productivity (BIMAP), and the Caribbean Association for Industry and Commerce (CAIC) the project responds to both the short-term and long-term management education and training needs of the region.

Specifically, the RMTP has three components: 1) establishment of a semi-autonomous, self-financed Center for Management Development (CMD), affiliated with the University of the West Indies at Cave Hill (UWI/CH), 2) improvement of the Department of Management Studies (DOMS) at UWI/CH; and 3) strengthening the capacity of some of the existing training institutions in the EC region to deliver high quality training in management.

Purpose of the Evaluation:

In the broadest sense, the evaluation will help the mission determine to what extent the project, at mid-term, is progressing toward meeting the stated project purpose of "alleviating the shortage of skilled upper and middle level managers by enhancing delivery of management education, training, research and consulting services to the private sector within the Eastern Caribbean". To that end, the evaluation team was to both review the appropriateness of the original design of the project and determine whether project implementation has been consistent with the design. The evaluators were to assess the extent to which at the mid-term, the implementation plan of the project has been adhered, as is outlined in the project paper, and the extent to which project outcomes have been accomplished.

At the same time, the evaluation team was to assess whether the project requires amendments to reflect the current status of the project, changes in the USAID mission priorities, and/or changes in project assumptions. Potential management needs with the recent addition of Guyana to the countries served by RDO/C were also to be taken into account by the evaluation team.

Scope of Work:

The scope of work for this evaluation was a comprehensive mid-term evaluation of the RMTP (See Annex One). While there were several components to be analyzed, in conversations with the mission, it was agreed that the team concentrate its efforts on the evolution and sustainability of the CMD, since it was viewed as the Project's linchpin component. That emphasis notwithstanding, all components were to be reviewed with the scope of work serving as a guide to the team's undertakings, and as needed, recommendations made to improve implementation of the project.

In conversations with the Mission, the agreed scope of work contained five major components for review: Establishment of the Center for Management Development; Department of Management Studies UWI/CH; Strengthening the Capacity of Other Training Institutions; Grantee Management of the Project; gender considerations; and Management Training in Guyana.

Under the first component, "The Establishment of the Center for Management Development", the team was to review the progress of the project with respect to the development of the CMD's establishment, its structure and its orientation, in terms of both appropriateness to the tasks outlined in the project paper as well as to sustainability of the organization once AID funding has terminated. Particular attention was to be given to the management, development of relations with related actors, and the comparative solidity of the organization. The team was also to review the output of the CMD's programs with respect both to quality, cost, and responsiveness to market needs. Under the second component progress toward upgrading DOMS faculty and equipment materials for teaching was to be examined, and in the third, progress toward the strengthening of other training institutions was to be reviewed. The team was also to assess the overall management of the project by the Grantee with respect to compliance with grant conditions and progress toward completion of project targets.

With respect to gender considerations, it was determined early on that the project has given ample consideration to gender throughout and as a consequence there were no issues to be explored.

Finally, since the RDO/C office has been assigned increased responsibilities for Guyana, a visit was made to Georgetown to do an initial assessment of both the needs and interest in management training of the sort being developed by the RMTP and to assess the possibility of including Guyana in the RMTP. (This section of the report is contained in Annex Five)

In conversations with RDO/C it was agreed that the RMTP did not present, at this time, any issues regarding gender concerns, and that the team was to concentrate its efforts on the other components.

Methodology:

In conducting the evaluation, it was necessary to employ a variety of methods in order to examine the different issues required by the terms of reference. A large number of documents were reviewed in order to gain an appreciation of the evolution of the project, management of the project, and the quality of written outputs produced by the CMD. These documents (See Annex Two) included correspondence between project principals, project documents (i.e., project paper, comments and cables), periodic status reports, workplans, financial reports, course descriptions, cases produced for the EMBA, and brochures and other descriptive materials relating to the EMBA.

Interviews were conducted with a wide variety of individuals (see Annex Three). There was no formal interview schedule, rather, a set of issues were developed as a mechanism to focus each interview. Different sets of issues were utilized depending on the role or relationship of the interview subject to the project. The format of the interviews was open in order to allow both the subject and the interviewers maximum flexibility to explore the complex and often delicate dimensions of the project.

The team's interview efforts were targeted on the institutions actively responsible for project implementation and indeed, we were able to meet with representatives of all participant institutions. In the cases of the CMD, the CMD's Board of Directors, the Grantee, and the USAID/RDO/C, all project participants in each were interviewed. In addition extensive interviews were conducted with EMBA students and individuals from the private and public sectors within the OECS community.

For the financial analysis of project activities and sustainability, financial records were consulted and interviews were conducted with those responsible for financial accounting and reporting in each of the participant (the CMD, USAID/RDO/C, and UWI, Cave Hill) institutions. Because of the absence of complete records or hard data for certain activities, the team's financial analyst needed to develop projected and probable cost measures. Finally, outside accountants were interviewed.

Because the financial analysis contains scenarios which could be of use to the project for the development of alternative financial and reserve plan scenarios and because there was a serious effort to get at costs of the CMD's primary activities, the team's complete financial analysis is contained in Annex Four. At the same time, the most important and significant areas of its narrative comments have been incorporated into the body of the main report.

Evaluation Team:

The evaluation team was contracted through Management Systems International under a sub-contract to the Academy for Educational Development (AID/LAC Education and Human Resources Training Services Contract No. LAC-0032-C-9036-00). The team members were Benjamin L. Crosby, Management Development and Graduate Management specialist and Team Leader, Allan Kirton, Training and Public Management Specialist, and Jonathan Shatz, Financial Management specialist.

The team conducted field work between May 17 and June 15, 1993 in Barbados and the Eastern Caribbean States

Overview and Observations on the Administrative/Management Nature of the RMTP and the CMD:

At roughly the mid-point in the RMTP's project life, implementation has been uneven, with significant accomplishments and deficits with respect to fulfilling project objectives and targets. The most significant accomplishment is the fact that the Center for Management Development has been established and has put into operation a very well-received Executive Masters in Business Administration that has put the CMD on the management training map of the Eastern Caribbean. It is clearly, as intended, the linchpin component of the RMTP. On the other hand, progress toward implementation of goals for the strengthening of the Department of Management Studies at UWI and the strengthening of regional institutions has been spotty at best. When one turns to the question of why the differences, the Scope of work asks whether the design of the project was "appropriate" and whether project implementation has been consistent with the design.

On the whole, the difficulties experienced by the Regional Management Training Project stem primarily from management as distinct from design problems. The evaluation team is of the opinion that there is nothing inherently or significantly wrong with the design of the project; indeed, it is quite similar in conception and design to the currently successful Institutes of Business projects at the UWI-Mona campus (funded by USAID/Kingston) and UWI-St. Augustine (funded independently). However, unlike either the IOBs of Mona or St. Augustine, the RMTP's CMD was to serve eight different nations -- Barbados, St. Vincent, Grenada, St. Lucia, Dominica, Antigua, St. Kitts, and Montserrat. This not only increases the complexity of the project in regard to assuring equity of distribution of benefits among the participant countries, but also adds to the cost of the project. The multi-nationality of the project adds to the complexity of management and pre-supposes harmonious relations among all components.

It is the team's opinion that the problems and difficulties of the project are management problems, and in particular, it has been the management of internal relationships within and among the various components of the project that appears to have been responsible for the majority of the problems and the perceived lack of progress encountered in the implementation of the project. At the same time, there has been an understandable reluctance to confront the root cause of project implementation problems -- and this reluctance may have led to a reinforcement of a perception or attitude that it is the design of the project is flawed.

The team's evaluation of the Cave Hill project has highlighted the following problems which have detracted from very important work that the CMD has been doing and has contributed to a lack of movement in the project's other two components:

- Problems in the management of the CMD and the modus operandi of its Executive Director.
- Cumbersome procedures and red tape at both the University and USAID.

- Turnover or change of project management staff at UWI registry and USAID
- Absence of a project director.
- Functional difficulties of some important institutional arrangements for governing and managing the project including: the sporadic and irregular nature of Project Steering Committee meetings, participation in Board Meetings and interface between the Board's Chair and the CMD's Executive Director, and lack of financial responsibility for the project of the Board of Directors.

The fall-out from these problems interact and has heightened conflicts and tensions and has exacerbated already difficult personality problems and interpersonal relationships -- with the consequence that certain parts of the project have stalled or not been implemented, and others only inefficiently so. While the CMD Director's managerial style has admittedly created serious problems of an interpersonal nature with a negative impact in several areas of project implementation, credit must be given to him for the creation of an operational CMD and for the successful launch of the EMBA.

The team is therefore of the view that the emphasis at this time must be on bringing all the main actors in the project together to fully discuss the problems and develop a consensus regarding what is required and what is desired in order to remedy the project's management problems. Only through such a mechanism can the needed improvements in project management be initiated and allow currently languishing project components to move ahead -- and thereby produce a significant improvement in the operation of the RMTP.

Design and environmental complexity of the project: If there were any major design flaws, they perhaps lie in the failure to recognize that this would be a difficult project to manage under any circumstance -- the difficulty of managing certain relationships has only exacerbated the difficulties of managing a complex project.

The CMD as it stands at present is a peculiar institution. Its constitution is based on an Ordinance by the University which operates through the agent of the Vice-Chancellor, the Principal, Cave Hill Campus. The Principal appoints the members of the Board of Directors - some from the private sector, some University staffers, and some from regional public and parastatal sectors. The constituencies served by these Board members are disparate with really no area of cohesion save and except the training of managers in the Eastern Caribbean. Even the business sector represented varies between large entities and small ones with most directors residing on different islands with different kinds of economies. All the Board directors are extremely busy persons with many other public, private, and regional commitments in many different islands; and most, if not all have extensive inter-island travel needs as well.

When all this is taken into account and added to the fact that there is no financial or legal responsibility accruing to the directors to ensure success of the program, an attitude of non-involvement could easily be the result.

Additionally, there is no legal framework which clearly defines the role of the Executive Director vis a vis the Board of Directors and the Chairman, who is from the private sector. Indeed, the Executive Director, as well as his staff, is paid by the University and not by the CMD (or its Board).

Pinpointing responsibility and authority relationships are extremely difficult if not impossible. Given the obvious and acknowledged (by all) personality conflicts, the separation of finance from management of the Center, the sporadic nature of Board Meetings, the fact that the Chairman lives on another island, the close supervision of the (tenured University professor?) CMD's management is impossible.

As should be obvious, given the loose nature of the CMD and the project's legal structure, sound management and direction, as difficult as that may be, is absolutely imperative to the success and sustainability of the project.

Project Components: Findings and Recommendations.

A. CMD Establishment, Structure, and Orientation:

In its relatively brief history, the Center for Management Development has made significant progress toward the establishment of an institution capable of servicing the training and consulting needs of the EC and Barbados private sector. At the same time, the process of establishment, structural definition, and orientation of the CMD has seen considerable problems. The CMD has lagged behind targets stipulated in both the Project Paper and the Grant Agreement (ie., seminars, institutional strengthening, development of a reserve fund) - and such failure to comply with targets has provoked considerable concern and often acrimonious discussion among those involved. Though its products such as the EMBA and its seminars received high praise from all those interviewed, it is unclear whether the CMD will be sustainable, according to the team's financial evaluation, once US AID assistance terminates.

Findings:

Structural Development of the CMD

- As presently constituted, the CMD is not autonomous. The Center, while under the policy direction of the Board of Directors, is actually under the authority and directly responsible to the Grantee (UWI, Cave Hill) for implementation of the project. The CMD does not have control over its finances and is required to seek permission from the University for most important (and even not so important) transactions and decisions (purchase of equipment, new course approval, selection of candidates for the EMBA among others).

- With the election of a private sector representative to Chair the Board, lines of authority-responsibility have become less clear. While the intent of the change was to place greater policy guidance with the private sector that the CMD is to serve, no real authority accompanied that intent. When the Chairman was the Grantee, policy direction and authority were combined. While the change helps to give greater voice and input to the private sector, the process is incomplete.

- All Board members interviewed expressed displeasure at the inability of CMD to control its finances. It was argued that policy making direction of the Center could not be adequately undertaken without easy access to financial information -- "control of finances is critical to good management". The lack of real authority of the Board of Directors may be responsible in part for the lack of participation and greater involvement on the part of the members (this can be noted in the relatively high absentee rate at Board meetings). The lack of adequate and prompt financial data does not allow the Board to monitor actions of the CMD in a timely manner.

- Bureaucratic procedures in the UWI for procurement or for course approval are highly formal and time-consuming. Financial data is available but two to three months after the fact. While perhaps satisfactory in an environment where activities are predictable and it is not necessary to be highly responsive to market demands, such procedures act as a drag on the development of new products and initiatives in the rapidly changing environments found throughout the Eastern Caribbean. (One Board member related that what should be a simple matter of getting approval for per diem and travel to a Board meeting was actually a rather tortuous procedure -- involving a request to an officer of the CMD who then makes a formal request to the UWI for funding.)

- The CMD Board has left most of the initiative for establishment and implementation of the CMD to the Executive Director. Either by choice or circumstance, much of the policy direction and its implementation has been assumed by the Executive Director. A great deal of responsibility has been entrusted to him, with the Board deferring to the Director's acknowledged technical skills.

- The combination of the Executive Director's initiative and the Board's lack of real authority and financial monitoring capacity appears to have engendered a relatively passive role for the Board. Meetings tend to be short and it is unclear who sets the agenda. Meetings are only held bi-monthly and there is rarely activity in between times. It is not clear from the minutes reviewed whether the Board functions as a problem solver, as a policy setting mechanism or mostly as a review body. Reviewing minutes, the meetings of the Board, while regular (every two months) appear rather perfunctory with rarely enough time to generate real depth of discussion on key issues. There are no sub-committees or special meetings to explore or develop policy issues of importance to the CMD.

- More effectiveness in policy setting and monitoring will likely only be achieved through more direct and frequent activity by the Board and deeper involvement in the key developmental issues of the CMD. More frequent meetings of the full

Board may be impractical but an Executive Committee could be developed which would meet more regularly. Specific members might also be assigned to monitor specific activities thereby generating more frequent interaction with the Executive Director of the CMD.

Financial Issues:

- Although the plan for establishment of the CMD's reserve fund purports to be conservative, the team is of the opinion that the plan's projections are quite optimistic. Of the targeted US$250,000, only slightly less than 30,000 have been raised so far. The plan assumes a positive response from one-third of 50 projected key donors which the team also feels to be optimistic. Thus far, nearly all the contributors to the fund are also CMD Board members. To be successful, the net will need to be cast much more widely. Fund raising has only just gotten underway (in a recessionary environment) and will require considerable concentrated effort to achieve the targets set forth.

  There is no clear implementation plan for the reserve fund which spells out activities and dates. Given the already heavy workload of the Executive Director, the plan does not make clear who will actually carry out the strategy. Finally, the plan does not have an explicit mechanism for tracking performance. Given the tightness of the targets and time in which they are to be accomplished such a mechanism is vital. (Please refer to the Financial Evaluation for more detail.)

- To date, no meaningful financial data has been produced as a basis to perform financial analysis on CMD's viability. Neither CMD, nor UWI/CH have so far been able to produce a coherent set of financial statements. The CMD has no costing system, analyzed by profit center, to determine the marginal contribution (revenues minus variable costs) for its various products. No breakeven analysis, taking into account fixed costs, has been performed.

  Peat Marwick have audited the participant fees for CMD between August 1, 1986 and July 31, 1991 and a schedule of receipts and payments between August 1, 1991 and July 31, 1992. However, these are limited by the supporting documentation that was available and do not include full costing, which currently are concealed within the UWI/CH accounting system. Some preliminary financial data, with a pro-forma balance sheet have been produced by Coopers and Lybrand at the request of the CMD Chairman, but again, these do not provide detailed costing or breakeven analysis of products.

  CMD has provided financial projections of its activities; however, as discussed below, these figures do not appear to analyze or disclose variable cost structure, nor do they factor in fixed costs (In the evaluator's report on the Mona project, it was argued that adding in these services would add between 25-50% to the cost of providing services.) In fact, the projections explicitly exclude fixed costs on the assumption that UWI/CH will provide support to CMD even after PACD. On the assumption that financial sustainability means inclusive of all costs, a conclusion on financial viability is precluded.

- If one assumes that sustainability requires full capacity of the CMD to stand alone, then the team's evaluation of the Financial Plan finds it to be extremely optimistic. It also appears that without the UWI/CH's implicit and explicit support sustainability of the CMD will be extremely dicey.

  Although the plan appears to contain well thought-out projections on the income side, it excludes a number of fixed costs, all of which will have to be taken into account for sustainability. However, if the assumptions of sustainability include continuing support from the UWI/CH (as does the CMD's Financial Plan) then the outlook is considerably more feasible. While the Plan projects comfortable margins by PACD, it also makes assumptions that non-salary costs will be cut by 50% and that salary expenses will increase by only 13%, and projects that demand for CMD products will continue to be strong even with rising prices. These assumptions need to be clarified in light of current performance, workload capacity, and market sensitivity. UWI/CH commitment also needs to be confirmed.

  (Because of the lack of coherent data and vagueness of certain assumptions in the Financial Plan, and in order to further explore the problem of sustainability, the team has prepared some alternative scenarios which illustrate viability, based on full costing. These can be found in Annex Four.)

- Currently, CMD does not have control over its finances, nor does it maintain a set of accounts. Approval of transactions rests with the Bursar's office at UWI/CH and with USAID. The Executive Director submits quarterly cash projections to the Bursar's office for approval. All transactions and cash projections in CMD are controlled by the Executive Director, subject to approval by the UWI and/or USAID. Once CMD has control over its finances (needed for external credibility), an independent set of controls, independent of the Executive Direction, will need to be put in place. (see Annex Four for greater detail).

Organizational and Management Issues:

- As currently configured, the CMD is poorly structured to carry out its functions and activities. Most of the substantive activity of the CMD rest on three persons, the Director, his Assistant, and the Seminar Coordinator. The Director appears to be involved in a wide range of activities, from design, marketing, outreach and constituency relations, coordination, consulting, and teaching.

- The position of Deputy Director has never been implemented even though called for in the Project Paper. The position was to relieve the Executive Director of the administrative/management of project to allow him to concentrate on policy, design and marketing.

- Most of the burden for the actual implementation of programs is shouldered by the Director's Assistant. She is charged with administrative coordination of the EMBA and the long-term CMA and CALU programs as well as for the financial accounting and general administration of the CMD itself

- The Seminar Coordinator (only recently named to the post) does not have clear tasks or duties, according to her. It is unclear what she does, seems to be very much under-utilized and actually appears to be marginalized, creating a larger and stressful workload on the Executive Director and his Assistant.

- The remainder of the organization supplies support services and logistics. Although at times pressed when there is a seminar or an EMBA module to be taught, systems are in place and appear to be well understood.

- Internal communications seem to be ad hoc. There are no regular staff meetings, meetings are held as the need arises, and generally confined only to those actually involved in the issue. While highly formal meetings are generally unnecessary in small organizations, regular meeting to help engender team building and esprit de corps could be of considerable utility in the CMD.

- There appears to be some flux in the CMD's organization. Over the past year there has been some attempt made at rationalizing the CMD's organization in order to achieve a flatter design. (see CMD "Organizational Restructuring" dated November 20, 1992) It appears that the main effect was to upgrade the Executive Director's administrative assistant to Executive Assistant with responsibility for monitoring financial income and expenditures, management of Board affairs, and administrative management of the academic programs. Pat Simpson's job was re-defined to responsibility for institutional support. More recently, Simpson's job was again re-defined, to that of Seminar coordinator.

- Relationships between the CMD and its key constituents cannot be characterized as easy or fluid -- to the contrary, they have frequently been (extremely) difficult to manage. Working relations between the CMD and the UWI (UWI authorities and the DOMS), and between the CMD and USAID/RDOC have often been difficult and occasionally acrimonious. There are frequent complaints by USAID and UWI of CMD's lack of responsiveness for requests for information or reports and of a tendency of the CMD to either ignore or simply go around USAID or UWI rules and procedures. The CMD on the other hand, complains of lack of flexibility and unrelenting rigidity on the part of both USAID and UWI, that the CMD does not have the authority that it needs to fully respond to environmental demands.

- The problems posed by lack of easy working relations have led to frequent breakdowns in communications and frustration (especially on the Board) for all those involved. For instance, the Project Steering Committee has not met for nearly seven months (it is supposed to meet every two months), and some members have argued that low participation in Board meetings can partly be attributed to tensions between key actors. Though not easily measurable, it is certain that these tensions have hindered the CMD's institutional efficiency. Good working relations facilitate positive responses to requests, poor ones do not.

- While the CMD may have tensions with some sectors, it is highly responsive (within its organizational limits) to what the Director defines as the Center's main constituent, the market for management training. The rapidity of response to the first EMBA offering, the demand for in-house seminars, and the development of long term activities (CMA, CALU, and the BSc.) all indicate that the products offered by the CMD meet market needs. It should also be noted that the Executive Director devotes considerable effort (with substantial payoff) to tailoring training designs to the needs of CMD clients.

- The lack of solid and fluid working relations among the various key actors of the project is, in the opinion of the evaluation team, the fundamental problem for the RMTP. There are certainly many other problems being experienced in the implementation of the project but it is this problem that appears to lie at the base or is the principal obstacle to remedying these other problems.

Conclusions/Recommendations:

- Authority relations between the CMD and its Board, and the University, need to be clarified and/or redefined. The Chairman has no authority, and the Grantee which has authority has been somewhat de-linked from the CMD with the appointment of a private sector chairman. Authority commensurate with responsibility needs to be assigned to the Board and its Chair.

- The CMD should have more autonomy especially with respect to finances and operations. The CMD operates in a changing environment and needs flexibility of response (in both finance and procurement). There is nothing apparent in the CMD authorizing ordinance to preclude greater autonomy (both the Mona and Trinidad IOBs have much greater autonomy). According to that same document it appears to be a matter of delegation of proper authority.

- The Board should take a more active decision and policy making role in the CMD. An executive committee composed of 3-5 committed and active members should be organized for this purpose.

- The CMD should proceed with its current reserve fund efforts but should also begin to develop one or two practical alternatives as soon as possible. The current plan must also develop a clear and feasible implementation strategy with explicit personnel responsibilities immediately. Finally, it needs to set clear benchmarks and dutifully track performance of the plan.

- The financial plan needs to be evaluated by the Board and its assumptions clarified and agreed upon. Since the CMD plan (or the alternative scenarios suggested in the Annex Four) leaves little room for breakdowns or delay, a monitoring system then needs to be installed to track performance. At the same time alternative financial plans need to be explored.

- Clarity needs to be developed regarding UWI's continuing commitment, especially as regards covering overhead and certain fixed costs. It is the team's opinion that the CMD should remain attached to the University for both credibility and sustainability reasons.

- Greater rationalization of CMD's internal structure is needed to create greater equity in workloads and fuller utilization of certain personnel.

- A deputy director is needed in order to improve response time to UWI and AID requests as well as to relieve the Executive Director of an onerous workload.

- Communications within the CMD need to be regularized and somewhat more formalized. Weekly meetings for coordination could serve this purpose as well as enhance a greater sense of team spirit in the CMD.

- Greater responsiveness to key constituents needs to be assured. The appointment of a Project director, the resuscitation of the Project Steering Committee or the creation of a Management Committee (which would include the UWI, the CMD, the CMD Board, and USAID) are all feasible and accessible mechanisms.

- Improved working relations are needed among the key actors of the project. An externally facilitated exercise or workshop could explicitly focus on the problems rather than treating them tangentially or not at all. Any continuing or future impediment to good and harmonious working relations should be dealt with decisively, firmly, and swiftly.

- The Deputy Director post should be filled to cope with needs in the area of financial reporting, assistance in the implementation of the reserve fund plan, and dealing with certain CMD constituents. The Deputy could also help by allowing the Executive Director to concentrate on his areas of strength -- ie., design and marketing of programs.

B. CMD Activities:

The CMD has four principal areas of activities: short-term activity which include seminars, workshops, and symposia for both private organizations or firms and the general public; longer-term formative activity through contractual arrangements with private organizations; consultancies with private or public sector organizations; and the Executive Masters in Business Administration which is the CMD's flagship program.

Output in each of these areas, while variable, has been significant and speaks generally of the CMD's acceptance in the marketplace. Overall, the CMD has produced an impressive variety and array of activities, especially when one takes into consideration the size and age of the organization.

Short Term Activities:

- To date, all of seminars conducted under the Amended Project have been "in-house" or privately sponsored. On the one hand this is an astute strategy since it saves on publicity, advertisements, and other costs related to holding a public seminar. It generally assures at least cost-recovery, where public seminars cannot. The main drawback, however, is that the market for private seminars is difficult to predict and tends to decrease as economic activity declines (it should be noted that one-half of CMD's seminars have been for St. Lucia based CARILEC). By only holding "in-house" seminars it is also difficult to test the wider marketability and competitiveness of the products offered.

  The one major attempt at a fully open-to-the-public format (Managing Arts for Development), while well attended and successful from the point of view of generating visibility for the Center, did lose money.

- During 1991-92, attendance at seminars averaged slightly better than 20 persons (the target average cited in the project paper.) During the last year however, attendance has been much more varied -- three five-day seminars only attracted a total of 49 participants. At the same time, the target average number of seminars to be held per year (6) has not been met. In the first year of the Amended project, 6 activities were held but in the second year, activity has fallen, with only 4 events held.

  Although several seminars had been planned (according to the work plan) the development of longer term activities and the start-up of the EMBA has consumed the attention of the center and allowed less time and resources to be allotted to seminar development. However, with the recent appointment of a CMD staffer to the post of Seminar Coordinator, the Executive Director feels that problem will be remedied. It should also be pointed out that the Center's longer-term activities, apart from the EMBA, were not contemplated in the Project Paper and in some measure have taken time away from the development of CMD's short-term activity.

- The lack of short-term activity, particularly those dealing with training in teaching techniques and case-writing and primarily oriented toward the needs of the DOMS, have a negative impact on the strengthening of the DOMS and other regional institutions. More attention needs to be given to this area.

- Most of the CMD's seminar activity is opportunistic and ad hoc. There is no underlying strategy. There has been no conscious attention to the development of a core set of seminar products and accompanying materials.

- Generally, the quality of the seminars given has been rated as high. Five of the seminars given over the last two years have been with two clients and both have stated that they would like or intend to sponsor more over the coming months.

- There is some concern among members of the Board and the private sector about the lack of high-level seminar activity by the CMD. Most argued that there is strong market potential and several see that activity as a significant revenue generating device.

- It is not clear if the CMD has consciously developed a cadre or network of instructors for short-term activities. The CMD does appear to draw its seminar and symposia instructors from a rather small network, with some instructors appearing in many if not most of the Center's seminars. It should be noted that the Executive Director appears in nearly every event put on by the Center.

Recommendations:

- The CMD should begin to develop its public seminar market. The pilot project was successful in attracting paying participants -- there seems to be little reason why the CMD would not be equally if not more successful.

- A full-time professional with clear responsibilities and obligations needs to be named seminar coordinator within the CMD. If the recently named coordinator is to play that role, then she needs to have both the resources and appropriate authority to carry out the task.

- Clear costing and minimum return standards need to be developed in order to evaluate the contribution of short term activities.

- The Executive Director should immediately begin the design of a strategy for the development of a line of "seminar products". Total Quality Management is sought after product and one such that could be incorporated. Concomitantly, a plan is needed for the development of complementary materials for these seminars.

- The CMD should make a serious effort to expand its recruitment base for instructors. At the same time, the Executive Director should be more selective in his own appearances in seminar activities.

- A sub-Committee of the Board of Directors should be developed to both assist in the design and marketing of seminars to assure that the CMD responds to real needs. The same mechanism should be used to evaluate the contribution of seminar activity.

Longer-term Activities:

- Longer-term activities have come to represent an increasingly larger share of the CMD's activities and workload. The CMD has developed contractual arrangements for supplying the logistical and organization needs for the Caribbean Association of Life Underwriters Course (CALU) and for the CMA bridging courses.

- The Executive Director of the CMD has received approval in principle for and is negotiating the development of a BBA in Administrative Studies to be carried out in modular form for the Government of St. Lucia. Worry was expressed in some quarters that programs such as this might cannibalized the market for the EMBA. This argument may have merit since the government of St. Lucia currently sponsors eight of the ten EMBAs from that country.

- With the exception of the proposed BBA, it is unclear how activities in this area contribute to either the mission of the CMD or the strengthening of other CMD programs. Neither of the former two programs have attracted many participants (10 and 12 respectively) and do take up considerable time of the Executive Director's assistant who also has the burden of administering the EMBA, which will increase as the second cohort is added (and if the BBA proposal is accepted by the Government of St. Lucia, the CMD's capacities will stretched even further.). Given the low level of participation in both courses, it is also difficult to see how net income could be of more than marginal benefit.

- The evaluation team feels that while the CMD perhaps garners some prestige and recognition from its current long-term activities (CMA, CALU), it is difficult to see other benefits. Such activities do not appear to contribute much to either core intellectual development or to revenue. While some income may be generated, it is unclear what the opportunity costs of that activity are.

Recommendations:

- A review of benefits and opportunity cost of both the CLU and the CMA should be undertaken by the Board of Directors immediately. Revenue margins should be clearly established and if they cannot be met the programs should be dropped.

- The cost and human resource implications of implementing the BBA program need to be carefully examined, and measures taken in order to not task an already overburdened CMD staff.

- The feasibility of developing other long-term or quasi long-term products should be explored, though perhaps not immediately. Consideration should be given to diploma programs (eg. similar to IOB - Trinidad's Diploma in Human Resources) or the development of 2-4 week advanced management programs.

Consultancies:

Consultancies provide opportunities both for income generation and to broaden and legitimize the CMD's outreach to the private sector. Consulting also allows the academic opportunity to test validity of concepts and theories in the market-place and to develop more appropriate responses to real private sector needs. Finally, consulting assignments provide excellent opportunities for case development.

In CMD's sister organization, the IOB in Trinidad, consulting represents a growing source of revenue.

- In the CMD, consulting appears to be, thus far, only a very marginal activity. According to conversations with the Executive Director and review of income statements, small assignments were carried out with two organizations (Atlantis Submarines, and National Commercial Bank of Trinidad), and generated only a correspondingly small amount of revenue.

Recommendations:

- Given the importance of consulting as a mechanism for honing the skills of CMD resource persons as well as the potential for revenue generation, a clear strategy for positioning the CMD in the market needs to be developed.

- Clear policies and procedures with regard to the use of CMD personnel for consulting, distribution of assignments, consultancy fees, and the payment of honoraria need to be developed to avoid potential conflicts of interest.

- A marketing strategy for CMD's consulting should be developed. This might include the recruitment of a group of associates and the design of a brochure which contains a description of capacities, consulting vehicles (seminars, technical assistance, studies, etc), and personnel available, and follow-up visits to firms to publicize the CMD.

The EMBA:

The EMBA is clearly the flagship program of the CMD. After the Price Waterhouse study indicating a strong market for an EMBA, it was decided to advance initiation of the course from 1994 to October, 1992. The market responded well, with the first class (cohort) consisting of an initial 43 participants, roughly divided between Barbados and the OECS countries, and with near even participation of the public and private sectors. A second cohort is to be inaugurated at the end of June, 1993 with an expected participation of 35-38 students. Course design and content is based on the programs developed at the Mona and St. Augustine programs but the Cave Hill program uses a modular delivery system in order to accommodate the participation of the OECS based students. The program subsidizes the airfares, lodging and food of the non-Barbadian participants.

- The program received consistent high praise from everyone interviewed in the course of this evaluation - students, private sector leaders, and members of the Board of Directors of the CMD. Feedback from throughout the region indicates that the quality of training in the EMBA is high, with some interview subjects arguing that the benefits of the program are already being seen in improved performance by some students on the job.

- Students, private sector leaders, and Board members alike say that the program is what the region needs, responds to needs in the private sector, and that the modular structure makes it accessible. The program is seen as time and money well spent. Response to the program has been very positive and participation far exceeds the project paper target of 20 students in the initial classes.

  The fact that the program can be accessed without having completed a prior degree is also an important attraction.

- Information about the program is not evenly disseminated. The smaller islands tend to know less and information tends to be restricted to a narrow group within the private sector. Knowledge about the program within the public sector is quite limited.

- The CMD's program is patterned after those of the Institutes of Business at the Mona and St. Augustine campuses of the UWI, and draws its staff from a variety of sources including the other campuses, local businessmen, staffers at the DOMS, other UWI-Cave Hill faculty, regional, and international sources.

- The program appears to comply with international standards with adjustments made for the local environment. Curriculum structure follows the normal pattern for an MBA program. Pedagogical styles vary from the more traditional lecture format to the more interactive case method. However, even here styles appear to be evolving; the Professor of the Business and Government course says that her experience with the first cohort has lead her to make substantial renovations for the second.

- The quality of the program appears to be solid. The external examiner's report gave the initial courses high praise. It should be pointed out that the CMD did not follow UWI procedures for external examination. Only one, rather than two examiners were used. In addition, the external examiner selected is slated to be an instructor in the EMBA, which runs counter to UWI academic policy, and received an emolument outside the guidelines of UWI policy.

- The materials developed for the EMBA all seem to be of good, though not uniform, quality. Manuals have been developed for each course which contain the course syllabus, and readings. It does not appear that much in the way of new cases (if any) have been developed for the EMBA program. While not absolutely vital, it should be kept in mind that case material needs to be refreshed periodically and needs to keep pace with trends in the region.

- Teaching quality, judging from student evaluations, appears to be high with the exception of one course, Managerial Economics. Criticism of that course was mostly related to the Professor's delivery, since the students consider the course manual to be solid (the professor told us that he has worked to change his presentation).

- Administration of the course is also considered excellent, with the students giving high marks to Mrs. Wallace. Although there were some complaints from students about the intensity of the course, it was also said that they have begun to experience improvements in use of time and meeting schedules.

- According to the Price Waterhouse study, the market for the EMBA is strong. Most of those interviewed felt that the market is also sustainable, at least in the foreseeable future. This perception would appear to be reinforced by the demand for management studies in general -- the DOMS at Cave Hill accounts for almost 2/3 of the students (roughly 500 of 750) enrolled in the School of Social Sciences. Even taking into account the "pent-up demand" factor, there does seem to be an attractive market. If one adds to this the fact that the Price Waterhouse study did not take into account demand from the public sector in the various islands, the market appears even more attractive.

  While there is no serious evidence of a lack of demand for the EMBA, the market should, nevertheless, be closely monitored for change -- especially since the Executive Director intends to significantly raise tuition prices over the next two years, and because market price sensitivity for the EMBA is unknown.

  The EMBA, from most appearances, is a solid, well-run, and attractive program. Despite the fact that the program is less than a year old, it demonstrates a high degree of acceptance and effectiveness. It is clear that a great deal of effort has gone into making a successful launch of the EMBA -- the Executive Director and the staff of the CMD are to be commended for their work in organizing and implementing the program.

Recommendations: The evaluation team found little worthy of criticism. The recommendations that follow are mostly suggestions to enhance the success of the program.

- Institute a plan for case development for the EMBA. This could be achieved via assigned student projects where they would actually be given credit for a writing a case concerning problems in their own companies. Another mechanism would be through the implementation of case-writing workshops, aimed at DOMS strengthening, but designed to feed products into the EMBA.

- The CMD should follow the rules of the UWI regarding external examiners until such time as the rules change or a waiver is obtained for the program. Failure to follow the rules could endanger the credibility of both the courses and the EMBA's eventual diploma.

- Carry out a study or survey to further probe the sustainability of the market for the EMBA, and to determine the potential of the public sector market. It would not be necessary to do a full-blown study; rather, one might simply follow up to ask those firms which indicated they would enroll an individual in the EMBA why they have not yet done so. (In the earlier PW survey, 61 firms indicated they planned on enrolling someone in the program but only 6 have actually done so.) At the same time price sensitivity issues should also be addressed.

- Survey firms that have someone enrolled about their impressions, and use those comments in publicizing the EMBA.

- Increase exposure to the program in the OECS islands through publicity programs with the Chambers of Commerce (luncheon speeches, etc), the newspapers, and other media. Develop a campaign to increase exposure to the EMBA in the public sector. Actual EMBA students would make excellent ambassadors for the program.

Department of Management Studies:

According to the Project paper, the purpose of this component was to provide a strengthened faculty, courses, and curriculum, and teaching materials in the Department of Management Studies. This was to be achieved through provision of long and short-term faculty training, revision and/or creation of course manuals, provision of subscription to professional and trade journals, installation of computer facilities, textbook development, and the provision of audio-visual equipment for teaching.

Findings: in general, it was found that little progress had been made toward the attainment of the main features of this component.

- Training: over the life of the project 2 DOMS faculty members were to be trained to the PhD. level and another four to the Masters level. At the mid-point of the project, one individual has been sent for MBA training at Florida International University.) After lengthy discussions and through advertisements to increase applications, two more individuals have been identified for Masters training. However, because of resource cut-backs at UWI and the imposition of a hiring freeze, the University has been unable to comply with USAID's requirement that on their return, these candidates be assured of a position in the DOMS. As a consequence, funding has been withheld, pending the mid-term evaluation.

- Computer facilities: The project was to have increased availability of computer training through the purchase of 20 PCs. The procurement of computers has not been completed. The DOMS did develop a list of needs and then solicited bids from several companies for the purchase of equipment; but since it failed to comply with USAID procurement procedures the purchase was not authorized. Further action was postponed until the evaluation was completed.

- Purchase of professional and trade journals: A list of forty professional and trade journals was developed by the DOMS; however, there was some disagreement as to whether or not these journals should be acquired through regular subscriptions and purchase of back volumes, or through the proposed acquisition by the CMD of a CD-ROM system that would give them access to some 400 journals and periodicals. It was eventually decided to purchase the CD-ROM (despite some objections raised by DOMS staff members) and that the DOMS would have access through its own terminal although it is proposed that the system be located in the CMD. (the head of the DOMS is under the impression that the main server will be housed in the UWI library).

  There was some feeling on the evaluation team that the CD-ROM represents an overkill, but it cannot be denied that such a purchase would give them a valuable and wide access to the current literature.

  While CMD and DOMS have agreed, USAID has postponed authorization of purchase until both the quality and cost of the offer can be assessed and the mid-term evaluation is completed. DOMS faculty members expressed considerable dissatisfaction over the fact that after all the debate and time consumed, they still don't have journals in either form.

- Audio-visual equipment: likewise, although it did take considerable time, a list needs was recently prepared by the DOMS for the purchase of audio-visual equipment; but it too, was put on hold until after the mid-term evaluation could be completed. Tenders for the supply of the equipment have not been requested.

- Textbooks and course manuals: the target of completion of 15 course manuals and six textbooks by PACD appears to be off-track. As of this evaluation, only one course manual has been completed, another is under review, and a third is in process. The completed manual in Business Law appears to be quite satisfactorily done and represents a welcome addition to course materials available. Proposals for two other course manuals are being developed. No textbooks have been completed and as far as the team could determine, none are in process. Since the course manuals are a mechanism for regularizing and upgrading course content of the DOMS, the failure to stay on track is of concern.

- Curriculum Review: terms of reference were prepared and a team lead by personnel from Florida International University visited the DOMS for a period of 4 days at the end of April, 1993. As of this writing, the report had not yet been delivered to the DOMS. It should be noted that the team was contracted and visited the DOMS to carry out its review without the knowledge of the USAID project officer.

- Upgrading of teaching methods: This particular component is also lagging in achieving of target outputs. It was anticipated that both casewriting and teaching workshops would be held to enhance the skills of the DOMS at the Cave Hill campus. Case writing workshops were to be held annually while teaching workshops were to be given every other year. A teaching workshop was held in July, 1992, and was well received by DOMS faculty who participated. Partly as a consequence of the workshop, there has been an increase in the use of local cases in certain courses. However, thus far no casewriting workshops have been held, and those cases which are being used in both DOMS and CMD courses are mostly those developed under the pilot project.

Conclusions/Recommendations: At this point in project, DOMS institutional strengthening activities are well behind expected targets -- consequently, there has been little direct impact with respect to improving the DOMS capacity to provide improved or upgraded services to students in the Bachelor of Science program in Management. The only exceptions are possible benefits derived from the teaching workshop held in July including some improvement in program delivery or teaching style and in the usage of cases.

It does not seem likely, considering the current structure and pressure on the DOMS (it is a small core faculty with the largest program in the School of Social Sciences, accounting for nearly 2/3 of the school's enrollment), that project targets in the critical areas of faculty development, development of course manuals, and curriculum revision will be met by PACD. Targets in the less critical areas, including the purchase of computer equipment, audio-visual equipment, and professional and trade journals, although well behind their expected completion dates, can easily be met once the freeze on funds is lifted. Proposals and requirements for purchase are now well advanced and only require some procedural modifications and final concurrence among the principal actors.

Assuming that DOMS and CMD are in full agreement and feel strongly about the need and/or advantages of the CD-ROM technology, then they should be allowed to go ahead with the procurement. If not, then it would be advisable to go to the less costly subscriptions to a limited number of journals and purchase of the necessary back issues. In either case, the DOMS and the CMD should reconfirm their positions regarding the CD-ROM versus regular subscriptions. Agreement will also need to be reached regarding the physical location of the primary server for the CD-ROM (the team has no opinion as long as workstations are available at both DOMS and the CMD.)

Given the current impasse regarding assurance of employment for returning long-term training participants, the target of training 4 persons to the Masters level (much less 2 to the PhD. level since USAID has rejected the possibility of financing studies beyond the PACD) will most likely not be achieved by PACD. Were the requirement re-interpreted, there are two candidates for Masters training ready to go, and preliminary agreement exists over a third -- all of which would allow the DOMS to meet the target of 4 persons (counting the individual completing training at FIU) trained to the Masters level. But even so it would be a race against time.

The UWI's plan for training of DOMS faculty needs to be re-thought and redirected toward the one remaining alternative -- short-term training. There are a substantial number of suitable courses available abroad that could be very useful to current DOMS faculty, both in substantive areas as well as in teaching methodologies. A survey of available courses and faculty needs should be carried out as soon as possible in order to facilitate re-direction of the UWI's training strategy.

Although behind in the targets for workshops in teaching methods and casewriting, it would not require extraordinary effort to get more or less back on track. Since such workshops can have a significant and short-term impact on course delivery and teaching style, every effort should be made to invigorate this component. DOMS faculty found the earlier workshop quite helpful, so that new offerings will find a receptive audience. However, since the CMD has had primary responsibility for implementation, and because it is already stretched with other activities, it would make sense to consider shifting the implementation role directly to the DOMS (along with the resources necessary to carry out the task). DOMS could continue to interact with the CMD regarding content and recruitment of instructors, in order to take advantage of the Center's larger network.

Considering the record of performance, the actual workload of the DOMS faculty and scarcity of time resources, the completion of 15 course manuals and six textbooks now appears to be an unrealistic target. Even were agreement regarding who was to do all these tasks to be immediately reached, it is extremely doubtful that enough time from DOMS instructors could be made available (the unreached target of completing three course manuals per year would have to be upped to six per year.) But since these manuals (and the textbooks) represent a major step forward in course materials development, every effort should be made to advance the process. However, a determination should first be made by the principals as to which courses have greatest priority, and those should then be assigned the necessary resources to develop course manuals and/or textbooks. At the same time, responsibility for implementing this component should clearly and definitively be shifted away from the Center to the Head of the DOMS.

Institutional Strengthening:

The purpose of this component is to respond to short-term and long-term management education and training needs in the OECS states through collaborative assistance to selected institutions around the region. Organizations and needs were to be identified through an assessment to be carried out early in the Amended project. Once identified, the CMD was to supply assistance so that these organizations could act as satellite training centers.

Findings:

- Approximately one year after inception of the amended project, Price Waterhouse carried out a Needs Analysis of Management Training Institutions for the region, concurrently with a Management Training Needs Survey. These two documents are the foundation of CMD's market research and have been instrumental in shaping the Center's product development.

- Both studies are essentially of good quality but should be viewed as preliminary diagnostics rather than as fully developed assessments. Both studies followed acceptable methodological procedures for carrying out preliminary diagnostics. As mechanisms for indicating fundamental needs and interests, both are quite sound. Both studies are also highly suggestive as to next steps and possible strategy directions.

- The institutional training study has some limitations with respect to the level of specificity achieved in its findings, particularly in the areas of staff training and materials development and how such needs can be met -- but such limitations are inherent in the methodology pursued. The study does provide a valuable source of information in its training institution profiles, which are detailed descriptions of each organization interviewed, its strengths, infrastructural development, and its needs. Enough detail is available in each of the profiles to develop an initial stratification of needs and potential institutions for regional collaboration and strengthening.

- The Management Training Needs Survey places most of its emphasis on determining what the perceived needs for training are (the study is also skewed toward the needs of larger companies) for the sampled companies. With the exception of the EMBA, virtually no attention was paid to eliciting preferences for delivery mechanisms for training. Thus, does not know from the study what preferences are for different kinds of programs (i.e., one-day seminars, three day seminars, informational versus formative, week-long events, advanced management programs of four to six week duration, etc.) It is clear that such information is vital to fully understanding market needs and capabilities as well as for a more precise formulation of a strategy to meet needs. For instance, it does not appear that respondents were asked to compare the EMBA to alternative models, nor were respondents asked if they would find three-day seminars to improve substantive skills beneficial and attractive. Further market study will be necessary in order to determine which configurations are the most appealing for different themes and for the different markets to be developed.

- It is quite clear that findings from the Management Training Needs Survey provided a strong rationale for moving the implementation of the EMBA ahead. The study seems to clearly underscore the need and attractiveness of the program. It also appears that in designing the modular approach, the CMD took its cues from the preferences elicited in the study.

  At the same time it is unclear how much that such should be relied on as an accurate guide to the market. For instance, the study indicated sixty-one firms that planned to enroll someone in the EMBA. However, in comparing the enrollment in the first cohort, only six of those firms actually sent someone. It should also be noted that the study did not take into account demand from the public sector, which actually accounted for 19 of the 43 enrolled in the first cohort. It is likely that there are substantive needs from that group which have been overlooked in the design of the program.

It is much less clear that the Needs Analysis of Management Training Institutions has been utilized by the CMD in developing its initial approach for strengthening regional institutions. Only at the outset does the "Proposal for Collaborative Institutional Support" even mention (and then only once) the Price Waterhouse study. Whilst the proposal makes a credible attempt at putting together a strategy (complete with cost estimates) it is difficult to see where or how the needs identified in the Price study are to be accounted for (in areas of curriculum development, substantive staff training needs, specific logistics support, or differential needs across institutions.) There was a wide range of capacity identified among the institutions sampled but these differences do not appear to have been taken into account in the proposal developed.

- The proposal developed by the CMD for "Collaborative Institutional Support" appears to be a preliminary attempt at developing a strategy. The plan proposed would benefit by greater specificity with regard to both content and intention in the three proposed areas of activity -- curriculum development, program development, and staff development. Although costs are developed for activities in each of these areas, it is not clear exactly what is to be done or why. For instance, under curriculum development, the proposal speaks of assisting in development of certificate and diploma programs, but it is not specific in what areas or with what institutions. Likewise, under program development, activities for technical assistance are budgeted but there is no indication in what areas or with whom. In sum, the proposal needs considerable more explicitness with respect to what it wants to do, what it expects to achieve, and how it expects to carry out those activities.

  It should be noted that of the five institutions cited in the CMD's proposal to receive assistance, two of those are training centers for companies owned by members of the CMD's Board of Directors. The appropriateness of assistance to these Centers should be reviewed.

- It does not appear that there have been any formal activities aimed at the assistance of satellite training organizations. Indeed, in one of the institutions slated for assistance by the Proposal, the Principal was not aware that the CMD had included his organization. Assistance to satellite organizations is now well behind the original targets. Given the rather preliminary nature of the assistance proposal and the actual workload of the CMD, it is unclear how this component will be able to get back on track.

- The CMD, according to the project paper, is supposed to assist in the coordination of training in the region to avoid duplication and overlap among training delivery organizations. However, since proposed collaborative assistance has yet to be implemented, no coordination has taken place, nor is there any suggestion of how it will take place within the proposal.

Conclusions:

The project paper states that the CMD will be unable to respond to all the management training needs within the region and that moreover, its niche is reasonably specialized -- hence the need for institutional strengthening. However, the CMD, to date, has made little progress on this component, and there is little to indicate that significant progress will be made anytime soon. Beside the draft proposal just referred to, a strategy for developing the institutional strengthening component was developed by the Program coordinator, but thus far, nothing further has been decided with regard to the strategy. (At one point, Mrs. Pat Simpson was assigned the task of follow-up for the Institutional strengthening component and prepared a strategy to begin implementation of activities. However, for reasons not entirely clear to the evaluation team, that strategy has not been given the green light by the CMD's Executive Director.)

Lack of progress does not either invalidate the rationale behind institutional strengthening or indicate that the component neither feasible nor desirable. The fundamental problem is that institutional strengthening has simply not been attended to, with the exception of the study carried out by Price Waterhouse and the draft proposal presented by the CMD's executive director.

- There is only a very limited amount of time remaining to accomplish some significant tasks. Re-consideration will have to be given to what is do-able.
- There is no clear "owner" of the institutional strengthening component. Neither the UWI or the CMD have any obvious rewards to reap.
- The CMD does not have the human resources to fully manage the institutional strengthening component. The component probably requires the assistance of a full-time staffer during the start-up phase, which could be reduced after the program is fully operational.
- There is no clear statement about what is to be achieved by the project for any of the principal actors, much less a clear strategy about linkage and purpose -- and whether or not the linkage should be permanent and what that would entail.

Recommendations:

- A strategy for this component should be developed with clear objectives for the UWI, the CMD, and the Regional Centers. This process should be initiated through a workshop which includes representatives of the various candidate institutions, the CMD, members of the board from OECS states, and the OECS representative.

- A professional should be designated by the Center with responsibility for organizing and implementing the activities of the component. That designation should be full-time during the start-up phase.

- A temporary sub-committee from the Board should be organized to supervise the efforts of the component. This sub-committee could be chaired by the OECS representative, to meet perhaps twice a year.

- The board could be complemented or substituted by a permanent coordinating committee (heads of the regional institutions) to meet on a regular (quarterly) basis.

- The length of commitment by and obligations of the CMD should be clearly specified.

Grantee Management:

Overall, coordination of the project between AID, UWI/CH, and the CMD has not been satisfactory. The problem of coordination is in large measure due to the problematic working relations among the key actors. This has resulted in delays in reporting and lack of timeliness in responding to requests.

Findings:

- The Bursar's office personnel at UWI/CH feel that they are constrained by their own bureaucracy at the University. They cannot respond in a timely manner to CMD's requests. It is felt that as long as CMD is perceived as a private sector organization, then they (the University) should not be the controller and administrator of the funds. They also feel that the Executive Director has been unreasonable and difficult. In addition, there is a perception that AID has been too rigid on a number of issues.

- Generally, financial reporting of the use of grant funds by UWI/CH to USAID appears to have worked well. A system of quarterly reporting, and requests for advances by UWI to USAID is functioning.

- The accounting area in USAID feel that UWI requests excessive advances on a quarterly basis. UWI feel that this is because AID does not appreciate that their accounting is on a commitment basis. They make requests for funds, based not only on what their current expenditures are, but also what they know what they will need in the succeeding period after request for an advance.

- USAID has trouble getting annual budgets and workplans from the University. UWI is slow to correct errors in their own reports sent to USAID.

- UWI maintains the funds left over from the Pilot project. However, to date, there are no plans for how these funds (approx. $US 200,000) will be used.

- The Grantee has not complied with all conditions precedent to disbursement and covenants of the project.

- The quantitative achievements of the project to date clearly are behind schedule compared with the original projected outputs in the project paper. These include elements regarding the strengthening of the DOMS, Institutional Strengthening, program development in the CMD, and the development of the Reserve Fund. It might be noted, however, in one very significant area, the development of the EMBA, the project is far ahead of the original targets. Nevertheless, viewed overall, the project will be very hard-pressed to meet original targets.

Conclusions/Recommendations:

- Several of the issues raised above can be dealt with through the delegation of greater financial autonomy to the CMD. If the greater burden of reporting is shifted to the CMD, there will be greater directness, both between CMD and the UWI as well as quicker access to financial data by USAID and the Board.

- Other issues cited above can be remedied through the appointment of a Deputy Director, or change of responsibilities of the Executive Director away from administrative areas, to both handle the financial reporting requirements of the project as well as to deal with UWI administration for requests and other matters.

- A plan for the utilization of participant fees and residual funds from the pilot project needs to be developed. The feasibility of blending these into the reserve fund for the CMD should be explored.

- The quantitative achievements of the project will likely not be met. USAID and Grantee should review and reassess priorities for the project and design a revised set of targets for the remainder of the project. A tracking system for monitoring performance will also need to be developed.

Overall Design and Management of the Project:

There are a number of findings that emerge from the overall evaluation of the project which must be taken into account for either remedying the current situation or for potential re-design or modification of the project. Although some of these findings relate more to specific components, they are all of importance to and impinge on the overall management of the project.

Findings:

- The position of project director has never been fully implemented. The Director of the CMD was supposed to have the task but never fully accepted responsibility.

Later, the Assistant Registrar of Cave Hill took the post and improvement began to be shown in project implementation. After six months, however, he was promoted, and the project directorship lies idle.

- The limits of authority/initiative of the CMD's Executive Director with respect to the Board or UWI authorities are unclear. This has led to the not infrequent presentation of "faits accompli" by the Executive Director.

- It is unclear who is responsible for the DOMS and the Regional Institutional strengthening components. Here, the lack of an overall project director muddies placement of responsibility and limits of authority.

- The lack of financial control muddies the position of the Board of Directors vis a vis the Executive Director and the UWI. While the Board has policy responsibility, it possesses few means to monitor performance. There are no sound mechanisms to assure that the various project components will be implemented.

- There appears to be some uncertainty about the role of a private sector led Board in a project where the grantee is the public sector. It raises concerns about whose needs are to be served and how they are to be served.

- The role of the Board vis a vis the UWI and vice versa are not clear. It is not clear what UWI expects of the Board in the implementation of the project and what the Board expects of UWI.

- Communication channels and reporting requirements at all levels are unclear and/or generally unenforced.

- Decisional authority with respect to procurement of certain equipment or other material by the DOMS or the CMD are unclear.

- It is unclear how the CMD links back into the University and vice-versa. This problem is compounded by the Executive Director's tendency to ignore University rules and procedures on a variety of issues, including approval of courses and the use of external examiners.

- Several of the project's assumptions have yet to be tested -- several components have been delayed or blocked for a variety of reasons. It has yet to be demonstrated that certain assumptions can or cannot be achieved.

- There is an absence of leadership for the project as a whole. It is very difficult to say who is in charge.

- There is no well defined concept of what the UWI wishes to achieve through this project -- particularly with the CMD. Revenue generation? Increased responsiveness to the private sector? Development of a School of Business? When asked, the question drew only vague responses.

- It is not clear who "owns" the project. Although the private sector claims to have a keen interest, its activity is mainly through the Board and is frequently sporadic (lack of attendance at meetings, activity between meetings). The University, on the other hand, though apparently intent on maintaining control, has been unable to establish clear lines of direction and authority.

Recommendations -- What Might be Done?

Alternatives:

It seems most useful to present the Mission with a set of alternatives to deal with the current status of the RMTP. Since it is difficult to say with any precision what or how much the key actors in this project are willing to commit and because it is difficult to judge which set of lenses the key actors will use to judge the likely benefits and costs to each, it is likewise difficult to make a recommendation of best solution. That will depend on which set of lenses is used and how much one is willing to do.

The following options, in the judgement of the team, are all do-able, and justifiable. Desirability will much depend on preferences and what one thinks the project should do.

Option One: Stop the Project

Under this option one would let the project continue as is, and then either let it wither as funds continue to be frozen, or exercise the project covenants and simply issue a stop order.

There is currently sufficient cause to terminate the project. Covenants have not been fully complied with and even when they have been there are differences of opinion as to what constitutes compliance (even now, the Grantee expresses the opinion that the project is "on track".)

On the positive side, this option has the benefit of being quick and simple. Stopping the project would end the management headaches the Mission has had to contend with over the life of the project and presumably free funds for other activities (although the de-obligation, re-obligation process can be a dicey one).

The down side of this option is that there will likely be protests and recriminations from the project's principal constituents both in the University and the private sector -- and the corresponding political fall-out. Perhaps worse, it would probably cut-off the EMBA program in mid-stream and turn committed students into innocent victims -- not a pleasant prospect.

None of the team recommend this option.

Option Two: Modify the Agreement

Under this option, the CMD would have full autonomy and would be made a completely separate and independent entity. To reinforce this autonomy, the Grant Agreement would changed or modified to make the CMD or its Board the Grantee of record, and thereby give it full control over the AID funds as well as residual participant fees.

The Private sector would be completely in the lead, although provision would (could) be made for the University in order to assure accreditation of the EMBA. Under this option, the CMD should develop a clearer and more narrow sense of purpose.
It is assumed that performance targets and return rates would be strictly enforced.

Both the DOMS strengthening and the institutional strengthening components would be dropped. The latter might partially remain as a mechanism for development of CMD field representation. Focus of the CMD's activities would shift entirely to revenue generation to assure the eventual sustainability of activities.

Strong consideration should be given to turning remaining project funds (including participant fees) into an endowment to help recover possible operating deficits. It is likely that early development costs will represent a heavy drain on these funds.

Managerially, this option is much simpler than the present since it eliminates several components and actors. It also has the advantage of much greater clarity of purpose. It would also allow the market to determine the viability of the project, and allow the CMD to more agilely respond to market demands.

There appear to be several potential negatives with this option: what will be the response of the University -- will it withdraw accreditation if it no longer has an interest in the project? Would the CMD be capable of offering credibility of the EMBA? The project would appear to lose part of its core philosophy -- strengthening the DOMS (as is the case in the Mona Project). Would it be feasible to change the grantee, or would new analysis need to take place, or worse -- deobligation and reobligation of funds? Would the CMD be able to qualify as a grantee, or the Board?

The benefits in terms of clarity, simplicity, and market direction are substantial.

Option Three: Fix the Management of the Project

Under this option, the Grantee would remain the University but the management of the project would be improved and slightly modified. This option is predicated on the assumption that the management can be fixed and that the appropriate actors are willing to put forth the necessary effort and commitment to the option. This will require that certain key actors become more engaged with the project than they currently are.

This options consists of a series of actions to be taken to begin to move the project away from its current management paralysis and re-invigorate the institutions involved.

- Strategic Planning Exercise: A strategic planning (or management) meeting must take place before any other actions to define and decide issues, actions, and responsibilities. The session will need the full involvement of the Board. It will be used to clearly define roles and responsibilities as well as to help develop a greater sense of ownership. A concrete action plan, defined implementation responsibilities and agreed upon, monitorable goals will be developed for the CMD in the following areas:

  Finances and control thereof
  Reserve fund
  CMD activities
  Institutional development of the CMD
  Development of greater autonomy

- Finances: Mechanisms will need to be developed for more agile financial reporting with new procedures to be phased in as capacity develops.

  Separate accounts (income and expenditure) created for the CMD with separate management but Bursar continues to monitor.

  A budget will be prepared with the intention of using as a financial control instrument. Budgets will be required for each and all CMD events with close monitoring to get better data on real costs of activities.

  Provision will be made for a financial officer

- Institutional Development:

  Clarify, define, and enforce the role of the Executive Director. The Executive Director's role should be modified to specifically focus on design, marketing, fund-raising, and external relations. The Executive Director and the Board should define a mutually agreed upon workplan with observable, measurable targets. The Board should then carefully enforce compliance of these conditions.

  The Board should appoint an Administrative Director with clearly defined responsibilities for CMD administration, finance, and reporting to certain constituents.

  Implement internal planning and organizational development sessions in the CMD to help better define roles, tasks, responsibilities and to improve distribution of the workload. A team building approach should be used.

  Increase the role of the chairman of the Board (a concept of "executive chairman") in the management of the CMD via more and more frequent communication both face to face and over the telephone with the Director. Increase accessibility to other staff via meetings apart from the Executive Director.

The Board should carefully monitor the implementation of the modifications to the CMD's organization and operation.

The Grantee should appoint a Project Director to oversee implementation of all the projects components and to monitor the re-structuring of the CMD and the project. Provisions should be made for Project Director's compensation through the project. The Project Director will liaise with the Executive Director, Chairman of the Board, the Principal of Cave Hill, the DOMS head, the Bursar, and USAID.

Create a Management Committee (replacing the currently moribund Project Steering Committee) to alleviate pressures on the Board and reduce the burden on the Principal. The Committee could consist of the Project Director (Chair), CMD Director, Chairman of the Board, DOMS Head, Bursar, and a representative of USAID.

In addition to the above, funds to support DOMS activities and procurement should be released as quickly as procedural requirements will allow. Such an incentive is needed to maintain their motivation.

Mechanisms or models to increase CMD's autonomy (the developing "company" model at Mona) should be explored at soonest. Greater autonomy could then begin to be phased in. At the same time, mechanisms to achieve greater control over assets and expenditures by the CMD should be explored.

A review should take place at the end of five months to examine progress regarding agreed upon actions based on the discussions with the Project's principals in July, 1993. If progress is unsatisfactory, the project should be terminated by the end of December, 1993.

ANNEX ONE:

SCOPE OF WORK

SCOPE OF WORK

Mid-Term Evaluation of Regional Management Training Project (538-0148)

I. Background

Phase II of the Regional Management Training Project (RMTP) is a successor to an earlier pilot phase, authorized in 1986 at a level of $2.7 million. The current project is funded at $3.224 million over a five year period, with a PACD of 12/31/95. An evaluation of the RMTP will be conducted in May 1993 in order to appraise the project at its approximate mid-term. As a critical component of the mission's strategy to expand and diversify trade in the region, the RMTP must meet its obligations if the mission is to achieve its broader trade objective. This evaluation will help the mission to identify specific areas in which the RMTP can be strengthened during the remaining 2.5 years of the project to ensure that managers of the private sector are sufficiently skilled to compete successfully in an increasingly competitive global economy.

The pilot project and, in large part, its successor, RMTP, was designed to help alleviate the shortage of upper and middle level managers in the Eastern Caribbean (EC) through the provision of training by local institutions on a cost-recovery basis. The final evaluation of the pilot project found that employers of the region were willing to purchase high quality training at nearly full cost. This discovery is what led the mission to institute the RMTP, a much broader project than the pilot, which aims to not only continue the provision of fee based management training, but also establishes a private sector oriented regional management development center offering an executive MBA and management seminars and symposia, upgrades the Department of Management Studies at the University of West Indies/Cave Hill and, where necessary, strengthens the quality of other management training institutions in the EC. Through assistance to the University as well as the handful of management training institutions of the region, such as Barbados Institute for Management and Productivity (BIMAP) and the Caribbean Association for Industry and Commerce (CAIC) the project responds to both the short-term and long-term management education and training needs of the region.

Specifically, the RMTP has three components: 1) establishment of a semi-autonomous, self-financed Center for Management Development (CMD), affiliated with the University of West Indies/Cave Hill (UWI/CH); 2) improvement of the Department of Management Studies (DOMS) at UWI/CH; and 3) strengthening the capacity of some of the existing training institutions in the EC region to deliver high quality training in management.

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II. Evaluation Methodology

As a consequence of the multiple number of project components and project beneficiaries, the evaluation team will need to interview a broad spectrum of Barbadian, Trinidadian and Eastern Caribbean training institutions, private sector associations, business persons, and university representatives and students. This will require the team to conduct its field research in several and, possibly, all of the OECS states as well as in Barbados. Additionally, the team will need to consult a number of project and RDO/C mission related background documents, including the RMTP PID and PP, annual work plans, budgets, correspondence, steering committee minutes, status reports and studies generated by the project, most current RDO/C Project Objectives Document (POD) and several recent RDO/C semi-annual review reports (SARs). In assessing the quality of training delivered by both the CMD and DOMs, it also will be necessary to review all related written training and education materials.

III. Purpose of Evaluation

In the broadest sense, the evaluation will help the mission determine to what extent the project, at mid-term, is progressing toward meeting the stated project purpose of "alleviating the shortage of skilled upper and middle level managers...within the Eastern Caribbean." In order to do so, evaluators will <u>both</u> review the appropriateness of the original design of the project <u>and</u> determine whether project implementation has been consistent with the design. This evaluation will assess the extent to which at the mid-term the implementation plan of the project has been adhered, as outlined in the project paper, and stated project outcomes have been accomplished.

At the same time, the evaluation will assess whether the project needs amendments to reflect the current status of the project, changes in USAID mission priorities, and/or changes in project assumptions. The recent addition of Guyana to the countries served by RDO/C will also be taken into account by the evaluators.

IV. Evaluation of Specific Project Components

The evaluation will assess the three main project components as well as the ability of the grantee to adequately manage the project. Comments will be made for each component on (a) the appropriateness of expectations in the design and (b) the adequacy of implementation by the grantee. The components of the project are as follows:

1. The establishment of the Center for Management Development
2. Upgrading the Department of Management Studies at Cave Hill Campus

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3. Strengthening the capacity of other training institutions in the OECS.

The evaluation team will determine the specific evaluation tasks in consultation with the Chief, General Development Office, RDO/C and her staff. The following provides suggestions of what should be covered for each component:

1. **The Establishment of the Center for Management Development (CMD)**

A. CMD Establishment, Structure and Orientation

-- Conduct a review of the progress made toward the establishment of a sustainable CMD to service the training and consulting needs of the EC and Barbados private sector.

-- Review the appropriateness of provisions made for the autonomy of the CMD and the role of the EC and Barbadian private sector in determining the policy and monitoring of the CMD's activities.

-- Determine whether the decision-making structures of the CMD ensure long-term responsiveness to the management development needs of the EC private sector.

-- Assess whether the CMD Board has assumed a proper role in overseeing the establishment of the CMD, representing the interests of the private sector, and setting policy for the Center.

-- Review the plan for the establishment of a reserve fund, and progress of the CMD in soliciting contributions for the fund from the private sector to help the CMD attain self-sufficiency by the PACD.

-- Assess the feasibility of the Financial Plan (deadline for submission 3/31/93) for meeting the recurrent costs of the CMD in both the medium-term (FY '93-94) and after the PACD. Relatedly, determine whether the financial plan is realistic based on the actual operating costs of the CMD, estimated size of market, and willingness of EC and Barbadian private sectors to pay the costs of CMD provided training.

-- Determine whether the training fees charged by the CMD cover the <u>full</u> cost (including overhead) of providing those services.

-- Review the CMD's management information system in terms of its utility.

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-- Review the management and financial control procedures established for the CMD.

-- Review the staff of the CMD and determine the adequacy of its organizational structure in relation to the Center's functions and activities.

-- Review the quality of the staff in terms of its management of the Center, relationship with the CMD Board, UWI, other management training institutions, and USAID, responsiveness to the training needs of the EC and Barbadian private sector, and attention to institutional efficiency and financial sustainability.

-- Review the equipment requirements of the CMD, including the proposal to install a Business Information on Disc System.

B. EMBA Program, Seminars and Consultations

-- Review the program output of the CMD in the areas of (a) symposia and seminars, (b) contracted research and consulting, and (c) materials development and related training in terms of its appropriateness, quality, cost-recovery, quantitative targets, and responsiveness to the needs of the EC and Barbadian private sector in an increasingly competitive global economic environment.

-- Assess whether the market for a relatively high priced EMBA program is sufficiently large in the EC and Barbados to permit the program to continue indefinitely, thus ensuring the CMD of a predictable source of steady income.

-- Compare the quality of the EMBA program in relation to similar programs offered elsewhere in the Caribbean and in the U.S.

-- Determine the reception to the services offered by the CMD to date by the EC and Barbadian private sectors.

-- Assess whether the CMD has developed in-house training materials, including case studies, and trained instructors to deliver CMD seminars and symposia.

2. Department of Management Studies, UWI/CH

-- Conduct a review of progress made in upgrading the faculty, programs, curriculum, teaching methods, library and computer equipment of the Department of Management Studies.

-- Assess the impact of project activities to date on the ability of the DOMS to provide improved services to its students.

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-- Review the adequacy of UWI's plan under the project for upgrading DOMS faculty and retaining them after completion of their studies.

-- Assess the quality of curriculum materials which have been developed under the project.

-- Reassess the audio-visual, office equipment, and library/journal needs of this component, including the detailed proposal for equipping a computer laboratory.

3. **Strengthening Capacity of Other Training Institutions**

-- Assess the quality of the studies contracted by the CMD which relate to the demand for management training in the EC and Barbados, and the appropriateness and quality of services provided by other management training institutions of the region.

-- Assess the degree to which contracted studies have been used to formulate a program.

-- Assess the adequacy of the CMD's plan for upgrading satellite training institutions to serve as training centers for CMD sponsored training outside Barbados. Relatedly, determine the extent to which the CMD has assisted satellite training organizations upgrade their own programs.

-- Assess the extent to which the CMD has coordinated management training in the region to avoid duplication and overlap among training deliverers.

In addition, the team will assess the following:

4. The grantee's management of the project
5. The need to provide management training for Guyana
6. The extent to which gender concerns have been addressed.

4. **Grantee Management of Project**

-- Review the adequacy of project management, coordination and reporting procedures established by the Grantee.

-- Assess the appropriateness of plans made by the Grantee for the utilization of revenues inherited from the pilot phase of the project.

-- As contained in the project paper, determine whether the grantee has complied with all conditions precedent to disbursement and covenants of the project.

-- Determine whether the quantitative achievements to date predict that all planned project outputs will be met by the PACD.

5. **Management Training in Guyana**

-- Review the need for the provision of management training to Guyana

-- Make recommendations to RDO/C on whether RMTP should be modified to include provision for Guyana

6. **Gender Concerns**

-- Were the interests and role of women taken into account in design and implementation stages of the project?

-- In what ways did women participate in these processes?

-- What were the effects, positive or negative, of the project concerning women's (compared to men's) access to training?

-- Were gender-specific data available for each of the following project stages?
  - Design
  - Implementation
  - Monitoring
  - Evaluation

-- How did women's integration in project activities affect the sustainability of project outcomes?

-- Are the results achieved by the project equally sustainable between men and women beneficiaries?

V. Recommendations

On the basis of the assessment a determination will be made on the validity of the project design and a set of recommendations will be proposed regarding the structure, management, components and activities of the RMTP for the period June 1, 1993 to the PACD of December 31, 1995. Assuming that the project design is determined to be valid, these recommendations should focus on helping the project to attain its proposed outcomes (EOPS) by the PACD; in the case of a determination that the design is faulty, a set of options should be proposed for redesigning the project.

VI. Consultants' Skills

A three person team is recommended to conduct this evaluation, with representation from the Eastern Caribbean considered critical.

BC

Chief of Party: An individual with 5-10 years project evaluation and chief of party (COP) experience, familiarity with a number of well regarded MBA and management education and training programs, excellent writing skills, knowledge of AID reporting requirements, and proven ability as COP to maximize productivity of other team members. Experience in Eastern Caribbean is also desirable.

Management Training Specialist: An individual with 5-10 years experience working with the public and the private sector of the Eastern Caribbean, familiarity with the majority of management training programs offered in the Caribbean region, and an understanding of the management needs of the region's private sector.

Financial Management Analyst: An accountant, economist, or financial expert able to analyze both the cost and revenue structure of the CMD to determine the feasibility of the Center becoming self-sufficient by the PACD. This individual should also be familiar with endowments, fund-raising, and the management and organizational peculiarities of fee based training institutions. Shatmy

VII. Schedule and Reporting Requirements

The evaluation is scheduled to take place during the period May 1 - June 15, 1993, a total of 36 work days, given a 6 day work week. By June 1, the team will provide a first draft of the evaluation report to the USAID Project Manager of the RMTP. The format of the report will be consistent with A.I.D.'s requirements (see Attachment 3). A subsequent draft, supplemented by an oral briefing, will be provided to a wider USAID mission audience one week later; the final report will be due by June 15.

VIII. Administrative and Logistical Support

Throughout the evaluation period, the General Development Office of RDO/C will provide logistical support to the evaluation team. In this capacity, Mr. Morrissey, the Project Officer, will assist the team with making the necessary travel and lodging arrangements within the EC region, scheduling interviews with key informants both outside and within the RDO/C mission, and providing access to all relevant project and mission documentation. The General Development Office will be supported in Washington, D.C. by Beverly Jones of the Academy for Educational Development (AED), and Director of the Education and Human Resources Technical Services Project (EHRTS), the project through which the evaluation team will be contracted. Mrs. Jones will have primary responsibility for staffing the team, administering consultant contracts, and facilitating the procurement of relevant documents for team members prior to their departure for Barbados.

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Reporting Requirements

The report should include:

-- Executive Summary

-- Project Identification Data Sheet

-- Table of Contents

-- Body of the Report

-- Appendixes

The executive summary states the development objectives of the activity evaluated; purpose of the evaluation; study method; findings, conclusions, and recommendations; and lessons learned about the design and implementation of this type of development activity.

The body of the report should include discussion of (1) the purpose and study questions of the evaluation; (2) the economic, political, and social context of the project; (3) team composition and study methods (one page maximum); (4) evidence/findings of the study concerning the evaluation questions; (5) conclusions drawn from the findings, stated in succinct language; and (6) recommendations based on the study findings and conclusions, stated as actions to be taken to improve project performance. A page limit must be stated for the body of the report--usually 30 to 40 pages is sufficient--with more detailed discussions of methodological or technical issues placed in appendixes.

Appendixes should include a copy of the evaluation scope of work, the most current Logical Framework as pertinent, a list of documents consulted, and individuals and agencies contacted. Additional appendixes may include a brief discussion of study methodology and technical topics if necessary.

ANNEX TWO:

DOCUMENTS CONSULTED

RMTP PROJECT

SUMMARY OF DOCUMENTS CONSULTED

1. Quarterly financial reports from UWI/CH to USAID, 1991-1993

2. USAID Pipeline Report for RMTP, 5/24/93

3. CMD Consulting Proposals

4. IOB Trinidad 1993 Workplan and budgets, 1992 and 1991 Financial statements.

5. CMD 1993 Internal cash requirements reports submitted to UWI.

6. UWI Cumulative Financial Report for period August 1, 1991 to January 31, 1993.

7. University of Guyana, Faculty of Social Sciences, Department of Management Studies, curricula for Diploma in Banking and Finance, Diploma in Accountancy, Diploma in Personnel and Industrial Relations, Diploma in Marketing, Degree in Accountancy, Degree in Management Studies.

8. Regional Management Training Project Paper, 8/31/90.

9. Program Objectives Document/Action Plan, FY 93-94, USAID, RDO/C, May 1992.

10. CMD, Management Training Needs Survey, Final Report, Price Waterhouse, January 1992.

11. Project Grant Agreement between USAID and UWI for RMTP, July 28, 1986, and amended August 31, 1990.

12. USAID Project Status Report, April 1, 1992 - September 30, 1992.

13. Minutes of meetings of Project Steering Committee for CMD.

14. CMD. Invitation to tender for MIS needs, 4 September, 1992.

15. CMD Workplans, August 1991-July 1992 and August 1992 - July 1993.

16. Internal correspondence in RDO/C, and external correspondence with UWI/CH regarding status of the RMTP.

17. List of accepted participants to EMBA Program, October 8, 1992.

18. IOB Trinidad, Executive Director's Report, 3/5/93 - 5/5/93.

19. IOB Trinidad, Financial Statements for first three months of 1993.

20. CMD Status Report, August 1992 - 1993.

21. CMD Status Report, 1 September 1991 to 31 January, 1992.

22. CMD Annual Report, August 1991 - July 1992.

23. CMD Status Report 1 May 1992 - 31 July 1992.

24. CMD Status Report 1 Feb 1992 - 30 April 1992.

25. CMD Collaborative Institutional Support 1992 - 1993 Workplan.

26. CMD Proposal for Collaborative Institutional Support 1992 - 1994.

27. University of Guyana, Proposal for Rationalisation of Tertiary Education 3/25/93.

28. UWI/CH, CMD, Establishment, Organization and Procedural Guidelines 2/6/91.

29. CMD Board minutes.

30. External Examiners Report to UWI for EMBA first cohort, 4/1/93.

31. USAID PIL No. 60, May 6, 1993 and earlier PILS.

32. Internal memoranda on status of RMTP from L. Russell USAID Washington D.C. to USAID Barbados.

33. Consultative Association of Guyanese Industry Ltd, Course Programme 1993.

34. Consultative Association of Guyanese Industry Ltd, Report and Accounts, 1992.

35. CMD, " Managing Financial Institutions in a changing environment ", Edited by S. Reid. 1991.

36. Published biographical data of CMD Board members.

37. CMD " Management in Focus " Newsletter, January - March 1993.

38. CMD brochures for EMBA Program and various seminars and symposia. ie Managing for Quality and Profits , Industrial relations Management and Practices, Strategic Business

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Planning, Managing the Hospitality Enterprise, Carilec Seminar, Strategic Management in Agro Industry, Strategic Management in Tourism, Strategic Management in the Hospitality Industry, Strategic Management for Retail Enterprises, Cases, Multi - Media and Instructional Effectiveness, Managing the Arts for Economic Development, Manufacturing Success.

39. IOB Trinidad, brochure for EMBA Program.

40. IOB Trinidad, brochure for Seminar on Strategic and International Marketing.

41. CMD Unaudited and Unadjusted Balance Sheet and Income Statement, ending 31 January 1993, provided by Chairman of CMD Board.

42. Peat Marwick Audit of CMD Participant Fees, August 1, 1986 - July 31, 1991.

43. Peat Marwick Audit of CMD Receipts and Payments, August 1, 1991 - July 31, 1992.

44. CMD Plan for Financial Sustainability, March 1993.

45. CMD Organizational Restructuring, S. Reid, November 1992.

46. Draft Trust Deed for CMD Reserve Fund, March 1993.

47. RMTP Workplan and Operational Budget August 1, 1992 to July 31, 1993.

48. RMTP Performance report on Institutional Strengthening of DOMS, September 1992.

49. Final Evaluation Regional Management Development Pilot Project 1988 - 1989. The Pragma Corporation, March 1989.

50. Financial Analysts audit of CMD expenses, July 21 - 22, 1992.

Persons met with by Financial Evaluation Specialist (Excluding meetings involving other evaluation team members).

* Stan Reid, Executive Director, CMD.

* Tyrone Watkins, Senior Financial Analyst, USAID.

* Adebola Arogbokun, Deputy Financial Controller, USAID.

* Todd S. Pearce, EMC, Michigan, USA.

* Nizam Ali, Partner, Peat Marwick, Bridgetown, Barbados.

* Pat Simpson, CMD.

* Cheryl Forte, Accounting Assistant, USAID.

* Anne Wallace, CMD.

* Elson Harewood Financial Analyst USAID.

ANNEX THREE:

SUBJECTS INTERVIEWED

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RMTP INTERIM EVALUATION: SUBJECTS INTERVIEWED

USAID/RDO/C

Mosina Jordan, Director

Barry Burnett, Deputy Director

Rebecca Cohn, Chief, General Development Office

Michael Morrissey, Special Education Advisor

Winston McPhie, Project Development Officer

Sylvia Samuels, PRS

Cheryl Forte, Accounting Assistant

Tyrone Watkins, Senior Financial Analyst

Adebola Arogbokun, Assisant Controller

USAID (other):

Stafford Griffiths, USAID, Jamaica

Gary Russell, EHR/LAC/AID/W

Center for Management Development (CMD):

Stanley Reid, Executive Director

Ann Wallace, Assistant to Executive Director

Patricia Simpson, Seminar Coordinator

Michael Handley, Logistics and Reproduction Assistant

Vernon Forde, Information and Reproduction Manager

Joyce Deane, Secretary, Word-processing

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Board of Directors, CMD:

Ken Boyea, Chairman CMD and Managing Director, ECGC

Sir Keith Hunte, Principal, U. West Indies, Cave Hill

John Goddard, Chairman, Goddard Enterprises

Michael King, Chairman and CEO, TDC

Brian Stuart-Young, Chairman, ECSEDA

Vaughn Lewis, Secretary General, OECS

Charmaine Gardner, Senator, St. Lucia Parliament

Neville Duncan, Dean, Social Sciences, UWI, Cave Hill

Lawrence Nurse, Head, DOMS, UWI, Cave Hill

Andrew Lewis, Registrar, UWI, Cave Hill

Rudolph Gibbons, Executive Director, BIMAP

Patterson Thompson, Executive Director, CAIC

Edward Lambert, President, East Caribbean Manufacturers

Jean Holder, Executive Director, Caribbean Tourism Organisation

University West Indies, Cave Hill, Barbados:

Sir Keith Hunte, Principal

Woodville Marshall, Deputy Principal

Neville Duncan, Dean, Social Sciences

Andrew Lewis, Registrar

V.A. Cooke, Bursar

Maurice Webster, Assistant Bursar

Lawrence Nurse, Head, DOMS

Michael Anyadike-Danes, Lecturer, Economics, EMBA

Monya Anyadike-Danes, Lecturer. Business Law, EMBA

Maxine Maclean, Lecturer, Marketing, Business Policy, DOMS

Jamal Khan, Lecturer, Public Sector Management, DOMS

Emily Dickford, Lecturer, Accounting and Finance, DOMS

University of the West Indies (other campuses):

Alistair McIntyre, Chancellor, University of the West Indies

Cezley Sampson, Executive Director, IOB, UWI-Mona

Bhoendradat Tewarie, Executive Director, IOB, UWI-St. Augustine

Others (OECS):

Adrian Augier, Exec. Director, Chamber of Commerce, St. Lucia

Victor Poyette, Training Coordinator, CARILEC, St. Lucia

Richard Petrokin, Partner, Price Waterhouse, St. Lucia

K. Andrew Richardson, Surgeon, Victoria Hospital, St. Lucia, EMBA student

Mark Louis, Ministry of Planning, St. Lucia, EMBA student

Aloysius Barthelmy, Ministry of Planning, St. Lucia, EMBA student

Linda Augier, Manager, J.Q. Charles, Ltd., St. Lucia, EMBA student

Ingrid Bullard, Ministry of Finance, St. Lucia, EMBA student

Matthew Beaubrun, Gen. Manager, Cox & Co., St. Lucia, EMBA student

Leiton Thomas, Principal, Sir Arthur Lewis Community College, St. Lucia

Julian Ferdinand, Vice-President, Chamber of Commerce, St. Vincent (EMBA, 2nd Cohort)

Leroy Rose, Executive Director, Chamber of Commerce, St. Vincent

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Lavinia Gunn, EMBA, 2nd Cohort, St. Vincent

Daniel Ezekiel Cummings, Central Water and Sewage Authority, St.Vincent, EMBA student

Mrs. ____ Astaphan, Chief Establishment Officer, Dominica

Justin Vincent, Executive Director, ECSEDA, Roseau, Dominica

Carl Roberts, President, Chamber of Commerce, Antigua (EMBA, 2nd Cohort)

John Benjamin, Manager, Antigua Commercial Bank, Antigua, EMBA student

Val Henry, Executive Director, St. Kitts & Nevis Hotel Association, St. Kitts & Nevis

Clyde Christopher, Vice Chairman, Foundation for National Development, St. Kitts/Nevis

Graydon Walker, Managing Director, PICO Ltd., Chairman, Manufacturers Association, St. Kitts/Nevis

Andrew McHale, East Caribbean Central Bank, St. Kitts/Nevis

Dwight Venner, Governor, ECCB, St. Kitts/Nevis

Carl Mitchell, Ministry of Finance, Grenada

Hon. Nicolas Braithwaite, Prime Minister, Grenada

Aaron Moses, President, Chamber of Commerce, and Manager, Grenada Bottling Co.

Lauriston Wilson, Managing Director, Price Waterhouse, Grenada

Anne Ingrid Campbell, McIntyre Bros., EMBA student.

Others (non-OECS):

Todd S. Pearce, EMC, Michigan, USA.

Nizam Ali, Partner, Peat Marwick, Bridgetown, Barbados.

Guyana:

Byron Henry, Director, Training and Staff Development, Office Public Service Ministry

Dale Bisnauth, Minister of Education

Noel Adonis, Permanent Secretary, Ministry of cation

Lewis Bobb, Director, Guyana Management Institute

___________, Deputy Director, Guyana Management Institute

Dennis King, Chairman, Consultative Association of Guyanese Industry (CAGI)

Flavio Camacho, Training Director, CAGI

Dennis Craig, Principal and Vice-Chancellor, University of Guyana.

Sheik Baksh, Lecturer and Head, Department of Management Studies, University of Guyana

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ANNEX FOUR:

FINANCIAL EVALUATION

The purpose of this annex is to offer a more detailed and complete presentation of findings regarding the RMTP's, and more specifically, the CMD's financial outlook and prospects. Since the production of data on the CMD's finances has been spotty, an effort to construct projections based on standard financial practices. The annex contains the following:

1. An assessment of the feasibility of the financial plan prepared by CMD, for meeting recurrent costs, both medium term and after PACD.

2. A review of the plan for the establishment of a Reserve Fund to help sustain self sufficiency for CMD by the PACD.

3. A review of the management and financial control procedures established for CMD.

4. A review of the CMD's Management Information Systems, in terms of their utility, and review CMD's equipment requirements, in particular it's proposal to install it's business magazines and periodicals on a compact disc, read only memory system (CD ROM).

5. A brief assessment of Grantee management of the RMTP.

1. ANALYSIS OF COST AND REVENUE STRUCTURE OF CMD.

To date, no meaningful financial data has been produced as a basis to perform financial analysis on CMD's viability. Neither CMD, nor UWI/CH have so far, been able to produce a coherent set of financial statements. The CMD has no costing system, analyzed by revenue center, to determine the marginal contribution (i.e., revenues minus variable costs), for it's various products. No breakeven analysis, taking into account it's fixed costs, has been performed.

Peat Marwick have audited the participant fees for CMD between August 1, 1986 and July 31, 1991, and a schedule of receipts and payments between August 1, 1991 and July 31, 1992. However, these are limited by the supporting documentation that was available, and do not include full costing, which currently are concealed within the UWI/CH accounting system.

Some preliminary financial data, with a pro-forma balance sheet have been produced by Coopers and Lybrand, at the request of the CMD Chairman. Again, this does not provide detailed costing or breakeven analysis of the products.

Finally, CMD itself, has provided financial projections for it's activities. However, as discussed below, these projections, do not appear to either analyze or disclose the variable cost structure of the various CMD activities. Nor do the projections factor in fixed costs. In fact, those projections, explicitly exclude fixed costs, on the assumption that UWI/CH will provide in kind contributions to support CMD, even after PACD. On the assumption that financial sustainability means inclusive of all costs, this assumption precludes a conclusion on financial viability.

Against this background of limitations, a set of cost and revenue assumptions has been constructed, for the purposes of analyzing the activities of CMD.

Assumptions

As Appendix One shows, the CMD can be divided into six revenue centers as follows:

i. EMBA.

ii. Seminars and Symposia.

iii. Consulting.

iv. BBA programs.

v. Specialized courses (CMA, CLU etc.).

vi. Text book and materials sales.

In addition, as Appendix Two shows, there is a schedule of fixed costs for the CMD, taking into account all overheads (e.g., rent, depreciation, travel, power and light etc).

Appendix Three shows, how these revenues and cost patterns inter-relate in year one (1993,94), and two years into the future (i.e., until 1995/96), after PACD.

Appendix One analyses the variable costs of each revenue center, i.e., the direct costs of running the program, and compares these costs to the price of the product, to arrive at a net contribution (or profit), before factoring in the fixed costs.

For the EMBA program, for an intake of forty students, costs factored in include fees paid to speakers and lecturers, travel and hotel costs for EMBA students to be brought to the teaching site for each module, costs of materials, printing, telephone and other overheads attributable to the EMBA program. It is assumed that only half the students actually have to take advantage of the travel option. Travel and per diem costs have been kept conservatively low.

The margin earned on an EMBA student is thin. Based on these figures, the annual cost of training one EMBA student is $US 4,286, and the current annual fee is $5975, yielding a net margin of $1689, or 28% on sales. The current perception of the Executive Director of CMD is that the margin is probably lower than this, hence the contribution figures given are higher than they might really be. Travel and per diem of $110,000 ($80,000 + $30,000), account for 64% of total costs.

For **seminar and symposia**, the model taken is a five day seminar, with four speakers, and factor in speakers fees, travel and per diem, materials development costs and some administrative overheads. The price per participant at a seminar is $US 750, and the cost is $547, yielding a net contribution per participant of $203, or 27% on sales. Although the five day model is the one

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taken, there are other models, i.e. one, two or three day seminars. The institute of Business (IOB) in Trinidad has experimented with some success with the one day executive seminars, which charge about $200 per day, and yield a greater margin. Compressing the time period cuts direct costs, and $200 for one day is more profitable than $750 for five days. Margins on seminars might be increased in this way.

Consulting assumes a typical contract offered by CMD requires four consultants, to work five days, i.e., twenty person days, at a daily rate of $US 750. Thirty person days have been factored in for travelling and per diem, and additional expenses for administration of the project (e.g. photocopying, telephone, faxes etc.). A margin of 25% of costs has been added to give the price for a consulting contract. This is in line with current CMD consulting proposals. The average price per consultancy is $22,625, and the direct cost is $18,100, yielding a net contribution of $4,525 per contract, or 20% on sales.

BBA Program costs are tentative, given the infancy of the program in CMD. Currently, CMD are negotiating with the Government of St Lucia for a personalized BBA program for Government employees. As yet, this program is still in the design stage. It is assumed here that the annual fee a student might pay for a BBA offered by the CMD is $US 1,500 per year, and the direct costs of administering the program is $1,000, yielding a net contribution of $500 per student or 60% on sales. This margin has been kept high, in order to show how sensitive the CMD is to changing performance in different product lines, and also to show how the CMD is expected to perform in the bet of worlds.

For the **CMA (Certified Management Accountants), and CLU (Chartered Life Underwriters)**, again the margin figures given are tentative. The IOB in Trinidad administers a CMA bridging program which is priced at $TT 1,000 ($US 180) per paper, with an anticipated 110 papers taken in 1993. Costs of CMA texts in IOB are budgeted at 10% of the price, i.e. a 90% margin. Since there is going to be allocation of other direct administrative overheads, the margin on CMA for the CMD for the purposes of this evaluation is $200 per student, at a price of $300, and a cost of $100, or 67% on sales.

For sales of **manuals and test books**, it is assumed that manuals and books developed by CMD are sold retail, off the shelf, at $US 50 per text, and cost $40 to develop, yielding a margin of $US 10 pretext or 20% on sales.

Currently, CMD's activities are considerably subsidized by UWI/CH. It does not have to cover it's own rent, administrative overheads, salaries, utilities and other fed costs. UWI has, until recently been charging 10% of CMD's overheads in it's quarterly financial reports sent to USAID. Given the objective of making CMD financially sustainable by PACD, ignoring AID funding, it needs to be able to recover not only it's variable overheads, as laid out above, but also to cover it's fixed and recurring costs, which will be incurred irrespective of the products and services it offers on an annual basis.

Appendix Two - Fixed Cost Structure, sets out how the fixed cost structure for the CMD would look. Overall, annual fixed costs are estimated to be $US 337,120. This cost structure incorporates all of the items incurred by an organization in the normal course of business, e.g.

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rent, depreciation, salaries and benefits, travel, utilities, professional fees and administration. This amount of fixed expense is not unreasonable, compared to the cost structure for IOB, Trinidad which total $US 526,000 (both fixed and variable) compared to total fixed and variable costs for CMD in 93/94 of $US 651,370, and considering that CMD is offering a broader range of products.

Appendix Three combines the information on prices and direct costs in Appendix One and fixed cost from Appendix Two, to show how profitable the CMD is over a three year period, starting with the 1993/94 financial year.

For the purposes of this analysis, it is assumed that the intake on the **EMBA Program** is at a steady state of fifty students per year. The first cohort in 1992 was over forty, and the next cohort in June, 1993 is approximately thirty five students. Given the sluggish economy in the Eastern Caribbean Region (25% unemployment) and the worldwide slowdown in the demand for EMBA's, combined with the fact that the relative size of the Caribbean market place is small, the intake is kept at fifty. The acceleration of the EMBA program by the CMD with the introduction of two cohorts, if maintained, would, assuming a July and October intake every year, result in an average student body of approximately 150, given overlapping cohorts. Given the current infrastructure of CMD and the state of the market, it is unlikely that either CMD or the market could sustain a student body of this size, hence the assumption of a steady state of fifty.

It is assumed that the price of the EMBA, per year will increase from it's current level of $US 5,950, to $US 7,500 next year (a 25% increase), and to $US 8,250, the following year (a 10% increase). The price increase to $US 7,500 is based on discussions with the CMD Executive Director. An increase of direct costs is also factored in to the calculation, resulting in an increase of the direct contribution per student to $US 2,680 in 1995/96, from $US 1,688 in 93/94, (an overall increase of 53% over the three year period).

Seminars and symposia assumes two seminars in year one, three in year two and four in year three. Prices and variable costs are assumed to increase by 15% each year. Overall, this has the effect of increasing the contribution per seminar from $US 6,100 in 1994 to $US 8,067 in 95/96, (an overall increase of 32% over the three year period).

Consulting assumes one, two and three contracts in each of the three years, and again an increase in prices and variable costs of 15% each year, resulting in an increase from $US 4,525 per contract in 93/94 to $US 5,985 in 1995/96 (an overall increase of 32% over the three year period).

The **BBA** program assumes an annual intake of thirty students, prices and costs increasing by 15% each year, resulting in an increase in per student contribution from $US 500 in 934 to $US 662 in 9516 (an overall increase of 32% over the three year period).

CMA, CLU assumes over 150 students, (compared to 110 at IOB Trinidad), prices and costs increasing by 15% each year, resulting in an increase in per student contribution from $US 200 in 93/94 to $US 265 in 94/95 (an overall increase of 32% over the three year period).

Text book sales are 100 in year one, 200 in year two and 300 in year three, prices and costs increasing by 15% each year, resulting in an increase in per book contribution from $US 10 in 93/94 to $US 13 in 95,96 (an overall increase of 30% over the three year period).

Evaluation

Even factoring in price increases for the EMBA, increasing sales in all product lines with the resultant increasing in marginal contribution from sales of CMD's products, as appendix three shows, CMD is and will in the foreseeable future continue to be, a loss making entity. This is assuming that CMD will be a fully autonomous organization, able to support itself without subsidies or in kind contributions from UWI/CH or other entities.

Losses in 93/94 after deduction of fixed costs, are $US 189,995, in 94/95 are $US 139,873, and in 95/96 are $US 128,941. Although losses between year one and two reduce by 27%, between year and year three, the reduction in losses is 8%, suggesting a decrease in the profit turnaround behavior from year to year. It may therefore be some time before breakeven is reached on CMD activities.

Part of the challenge to the profitability of CMD lies in the cost structure of the EMBA program. 64% of the variable expenses of the EMBA program are due to flight, hotel and per diem costs to bring in EMBA students. The all inclusive nature of the EMBA program offered by CMD makes it unique from other EMBA programs, and the addition of this overhead, squeezes product profitability. What also makes the EMBA program unique is although it is an executive EMBA program in the sense that it takes executives from existing organizations, without preventing them from continuing to be employed, the CMD program provides ten weeks of tuition time per year, far greater than the typical executive MBA which provides perhaps two to three tuition days per month, and a further two to three weeks of full time tuition. The CMD EMBA more resembles a traditional MBA in it's workload and content. This additional tuition time adds to the direct costs again squeezing the profitability of the EMBA program.

Sensitivity/Breakeven Analysis

It is worth analyzing the performance of CMD given changes in assumptions for this model.

- Effect on performance given changes in the EMBA assumptions.

    i. Number of students.

In 1993/94, to reach breakeven, the intake of EMBA students would have to rise by 113, making the total student body, 163 students. At this intake, net profit for the CMD would be $749. This ignores the additional fixed costs that would arise from having to enlarge the institution's operational capacity to deal with a larger student body. Similarly, in 94/95, the breakeven point is 105 students (CMD net profit $ 1477), and in 1995/96, 100 students, (CMD net profit $59).

ii. Price of the EMBA program.

In 1993/94, to reach breakeven, EMBA fees would have to increase from $5975 to $9775 per year, an increase of 63%. Similarly, in 1994/95, the breakeven price is $10,298 (an increase of 37%), and in 1995/96, the breakeven price is $10,828, (an increase of 32%).

iii. A mix of increased intake and higher EMBA fees.

In 1993/94, an increase in price to $7,500 and increased intake to 85 students would cause CMD to just about breakeven. In 1994/95, a price of $8,500 and student body of 80, would cause CMD to pass breakeven point. In 1995/96, a student body of 85, and a price of $8,750, would cause CMD to pass breakeven point.

iv. Changes in direct costs of the EMBA program.

In 1994/94, direct costs of the EMBA program would have to decrease by 90% per student, i.e. from $4,287 to $487, to reach breakeven. In 1994/95, direct cost would have to decrease by $2,798 to $2,132 per student, a decrease of 57%, to reach breakeven point. In 1995/96, direct costs would have to decrease by $578 to $3,092, a decrease of 45%, to reach breakeven point.

Were the increases in direct costs from year to year of 15% to be held down, then in 1995, net contribution from the EMBA program would increase by $32,150, and in 1995/96 by $69,150. This would make some inroads into the losses, but at the levels of losses shown, i.e. $139,873 in 1994/95 and $128,941, it can be seen that the effect would not be significant, although in percentage terms, the losses in each of the two years would reduce by 23% and 53% in each of the two successive years. This could significantly reduce the time required for CMD to reach breakeven.

- Effect on performance given changes in seminar and symposia.

In 1993/94, thirty four seminars would have to be held instead of two, ignoring changes in any other areas of CMD, to reach breakeven. Similarly, in 1995, the number would have to be twenty three instead of three, and in 1996, twenty instead of four. The performance of CMD is therefore highly in-sensitive to anything other than significant increases in seminar activities.

- Effect on performance given changes in consulting.

As with seminars, CMD profitability is unresponsive to marginal changes in consulting activity. In 1993/94, forty-three consulting contracts instead of one would have to be executed to reach breakeven. In 1994/95, twenty-nine instead of two. In 1995/96, twenty-five contracts instead of three.

- Effect on performance given change in the BBA program.

Clearly, marginal changes in activity in the BBA program would not significantly affect performance of CMD. Unless some major contracts are negotiated for specialized BBA programs, such as that being discussed with the Government of St Lucia, the BBA program, based on current assumptions, is not significant. This is also true given the fact that the BBA is still in it's formative changes. In 93/94, the student body would have to be 410 instead of 30, for CMD to breakeven. For 94/95, 273 instead of 30, and in 95/96, 224 instead of 30.

- Effect on performance given changes in the CMA program.

In 93/94, student intake would have to be 1,100, instead of 150 to reach breakeven. In 995, 758 instead of 150, and in 95/96, 636 instead of 150. Again, these activities are marginal in relation to CMD's overall profitability.

- Effect on performance given changes in text book sales.

Based on profit margins of $10, $12 and $13 in each of the three years, text book sales would have to be dramatically increased to make a difference. In 93/94, sales would have to be over 19,000 books instead of 100, in 9495, 11,856 instead of 200, and in 95/96, 10,218 instead of 300.

- Effect on performance given changes in fixed costs.

In 93/94, fixed costs would have to be reduced by $189,995, i.e. by 56%, to breakeven In 94/95, fixed costs would have to be reduced by $139,973 from $353,976 to $214,103 i.e. 39%. In 95/96, the reduction would have to be $128,941 from $371,674 to $242,733, i.e. 35%.

Conclusion and Recommendation

- The performance of CMD is heavily dependent on the EMBA flagship program, followed by seminars and consulting services. Other activities, e.g. the BBA program, CMA and textbook sales, are still on the margin, given CMD's current state of development.

- The EMBA program suffers from low margins, due to it's all inclusive nature, it's above average tuition time for an EMBA, and the fact that it is saddled with a high level of travel and per diem overheads.

- To be a free standing financially self sustaining organization, the CMD needs to be able to support it's own fixed costs, currently estimated to be between $300,000 and $400,000 per year.

- CMD is likely to be a loss making organization in it's early history. This is not surprising given it's start up nature. IOB in Trinidad, which has been in operation for three years, sustained financial losses in it's first two years, and is now beginning to reach breakeven.

- Given these above considerations, it would appear that a broad strategy of cost controls, and product diversification would help CMD to achieve financial sustainability. For example, consider the effect on CMD's profitability, given the following changes:

    - The EMBA intake increases to sixty per year.

- The travel and hotel costs per student, are reduced by 50%, due to introduction of a policy only to subsidize only those students who have true financial need, given that participants and sponsors do not object to paying their own travel costs.

- CMD strengthens it's seminar business, based on a strategic plan to perform ten seminars in year one, thirteen in year two and fifteen in year three.

- Through a stringent program of cost controls, fixed costs are reduced by 25% each year. This might be achieved through a number of cot control techniques such as leasing rather than buying computer equipment, keeping salaries under control, and economies of scale achieved through cross interventions of EMBA modules, executive seminars, and external enrolment in classes from other educational institutions in the region, although these are difficult to quantify. This might also be achieved through securing some in kind contributions such as free use of buildings and land.

- The introduction of a specialized BBA program, yielding an additional $30,000 per year.

- Increased text book sales to 200 in year one, 400 in year two, and 600 in year three.

This scenario would result in a profit of $73,525 versus a loss of $189,996 in year One (93/94), a profit of $171,851 versus a loss of $139,873 in year two (94/95), and a profit of $205,540 versus a loss of $128,941 In year three (95/96).

The above analysis suggests that as a minimum, to ensure finial sustainability, the CMD will need to have a stringent policy of cost controls, enforced by a strong Financial Officer with authority to report to the Board, and product diversification. As a private sector organization, CMD will need to be responsive to changes in the marketplace as well as it's own cost structure, 80 that it can position it's various products in a timely manner, based on these changes. Underpinning it's ability to achieve this, will be a well developed costing system for each product plus it's fixed costs, to assist the organization monitor these changes.

2. ASSESSMENT OF CURRENT FINANCIAL PLAN PREPARED BY CMD.

The analysis in section one of the CMD revenue and cost structure would be incomplete without reviewing the **Financial Plan of CMD** prepared in March, 1993. (See Appendix Four).

Assumptions of the Plan

The plan in it's current format assumes that CMD will fully recover it's costs for operation after August 1, 1995; that USAID funding ceases after July 31, 1995; and that UWI/CH will continue to provide in - kind contributions of office space, utilities and broad administrative support, such as finance administration and procurement after USAID funding ceases.

This last assumption is a point of departure from the analysis in section one of this paper which assumes that CMD is fully responsible and accountable for all of it's overheads. Clear, the inclusion of in kind contributions would have a significant impact on CMD's profitability. Indeed, in kind contributions are always welcome however, if one accepts that the concept of financial sustainability also means permanence as an independent institution, in this case one which is private sector, then the model of an autonomous, independent organization that is able to support itself should be the accepted one.

In order to be conservative, the plan also excludes the $US 200,000 left over from the Pilot Study, and regards the establishment of the reserve fund as a "margin of safety to meet any shortfalls in projected revenues which may arise during project implementation" and to finance "the expansion of income generating services".

Given the cost- revenue study in section one of this document, and the fact that there are losses in the first three years of operation of CMD, then even a fully funded reserve ($250,000) would be insufficient to cover projected accumulated losses of $US 458,809 (**see Appendix Three**). That is, unless the reserve fund can be built up at the same rate as that at which is being depleted.

Also, no provision is made for an expanded staff core. Given the clear need for a Deputy Director, a senior Financial Officer, and possibly a Project Manager/coordinator, as originally envisaged, this assumption needs to be challenged.

There is also an assumption that the Board will meet less frequently. One of the concerns noted during the project is the lack of frequency of Board meetings in the recent past. In a growing organization, one would expect a new Board which takes an active interest in this private sector organization, would meet more frequently rather than less, and at least quarterly. The creation of an executive committee will also ensure more active Board involvement.

The plan acknowledges that by 1994/95, CMD should through it's cost accounting system, be assigning to respective programs, full direct and indirect expenses, and some element of administrative overhead. Given the assumption of continuing support from UWI/CH, this assumption needs once again to be challenged.

The plan also states that it is expected that there will be an increased use of short term contractual assignments on a program by program basis. Presumably, these items will be a component of direct costs associated with various programs offered by CMD.

A further assumption is that non salary expenses are expected to show a significant reduction through joint economies by planning staff travel around CMD programs/activities on location, use of teleconferencing for meetings, and reduction of Board meetings. This latter point is covered above. In general, such economies are difficult to quantify. Although reduction of staff travel is a cost issue, as already pointed out, the major travel costs are those of the EMBA students rather than staff travel costs.

The plan assumes a 50% decline in non-salary expenses, between now and July, 1996. These are treated as variable rather than fixed and so are tied to programs which produce income. It seems unlikely, given the analysis already performed, that all of the fixed costs of CMD can be offset against income, without implementing some of the changes already mentioned in section one.

Review of Financial Projections in the Plan

Exhibit A of the current plan assumes net profit of CMD to be $95,921 in 1993/94, $50,004 in 1994/95, and $2,416 in 1995/96. Ordinarily, in a new start up, one would expect the organization to sustain losses, which eventually turn into profits as the project reaps income. This has been the experience with IOB in Trinidad. In this case, the reverse appears to be true. It is primarily explained by the inclusion of the USAID grant on a reducing balance from $388,204 in 1993/94, to zero in 1995/96, offset by CMD net revenue, increasing from $ 113,000 in 934, to $182,000 in 1996/96. It also shows that AID's contribution to CMD operating expenses is 95% in 1993/94, and 68% in both of the following two years. The original project paper envisaged phase one expenses of approximately $600,000, of which AID would provide $425,000. The fall in overheads not assignable to programs from $406,283 in 93/94, to $179,684 in 95/96 would be in line with an expansion of productive activities of CMD.

CMD operating expenses in Exhibit A, as detailed in **Exhibit B-1** are steady at $173,283 in 1993/94, $173,432 in 1994/95, and $179,684 in 1995/96. However, as Exhibit B-1 shows, salaries in the Financial Plan, are considerably lower than those laid out in the revenue-cost analysis in section one of this document. This is due to the fact that the CMD plan does not factor in additional staff in particular, a Deputy Director, and a Chief Financial Officer. With growth in it's activities, CMD will additional administrative staff, although it is accepted that it should function as a lean, cost conscious organization.

In addition, **Exhibit B-1**, salaries and operating expenses, do not include items such as rent, depreciation, electricity, and the numbers for telephone and Board meeting expenses appear low for a growing organization.

Exhibit A-2 of the CMD financial plan, sets out net revenue from the various activities after deduction of direct costs. the plan does not explain how these net figures are arrived at, but do appear to be fairly conservative. The margins were discussed with the Executive Director of CMD, and the following comments are made on the various line items.

Seminars/Symposia net of direct costs are $18,000 in 93/94, $20,000 in 94/95 and $24,000 in 95/96. This compares with our analysis of $12,200 in 93/94, $21,045 in 94/95 and $32,268 in 95/96 (see **Appendix Three**). Overall, the two analyses are only $3,13 apart over the three year period The CMD Executive Director has indicated the margin on this product as being between 1/3 and 1/6 on sales. This is close to the margin of 27% on seminars as costed by us in Appendix Three.

Consulting net of direct costs is $6,000 in 93/94, $8,000 in 94/95 and $9,000 in 95/96. This compares with our analysis of $4,525 in 93/94, $10,408 in 94/95, and $17,956 in 95/96. Based on a review of some CMD consulting proposals, the margin on sale (i.e. consulting fees), appears to be 30%. Applying this margin to the CMD numbers, this would suggest that fees in 93/94 are $20,000, in 1994/95 are $26,667, and in 95/96 are $30,000. This would be consistent with an activity level of one or two consulting contracts per year. This projection appears conservative.

EMBA net of direct costs is $60,000 in 1993/94, $65,000 in 1994/95 and $100,000 in 1995/96. This compares with our analysis of $84,400 in 1993/94, $128,500 in 1994/95 and $129,000 in 1995/96. Given that there are already two committed cohorts in 1993, it is not unreasonable to include some income in the fiscal period 1993/94. The Executive Director of CMD has indicated that the margin on the EMBA program in 5%, compared with our margin of 31% (average over the three year period, per Appendix Three). The CMD figures therefore appear more conservative than our numbers. However, there does appear to be an inconsistency here in that at a 5% profit margin, $65,000 net income in 1994/95 would mean sales of $1,300,000. At an annual fee of $8,250, this would mean a student body of 17.

Text book/materials yield $8,000 in 1993/94, $10,000 in 1994/95 and $12,000 in 1995/96. These are more optimistic than our figures of $7,300 for the whole period. ($1,000 in year one, $2,400 in year two, $3,900 in year three).

BBA program sales yield $9,000 in 1993/94, $18,000 in 1994/95 and $20,000 in 1995/96. These compare with our numbers of $15,000 in 1993/94, $17,250 in 1994/95 and $19,860 in 1995/96. They are therefore only different from our numbers by $5,110 over the three year period. As with our numbers, the CMD numbers assume an annual intake of thirty students. They are also based on the St Lucia BBA program starting this year.

The CMD figures also figure in **other certified programs** of 69,000 in 1993/94, $11,000 in 1994/95 and $12,000 in 1995/96. This compares with our figures for CMA, CLU etc. of $30,000 in 1993/94, $34,500 in 1994/95, and $39,750 in 1995/96. However the CMD numbers also factor in some other services. Our figures have been kept deliberately optimistic, assuming 150 students per year.

Overall Conclusion on CMD Financial Plan

A financial plan to show sustainability needs to show that the organization can stand on it's own two feet. This means the full inclusion of all overheads. Currently the plan appear to contain well thought projections on the income side for it's various products, which are conservative. However, they exclude a number of fixed cost items such as rent, depreciation, salaries based on a full complement of staff, some utilities and Board meeting expenses. This primarily explains the differences from the analysis performed in section one of this document. The exclusion of these items is further based on the premise that CMD will continue to receive in kind contributions from UWI/CH, thus reducing the fed cost component. However, it is likely that CMD would have to pay a management charge to the University, were this in kind support to continue. Also, the inclusion of AID funding in the income line item for the CMD program create a perception of greater profitability. This was deliberately kept out of our analysis, because AID funding is of a temporary nature, and will cease shortly. To judge financial sustainability means to look at the permanent long term income and expense structure. At this point in the project, financial sustainability should be assessed without this factor.

Given the actual operating costs of CMD, the financial plan appears optimistic.Although the plan acknowledges some elements of conservatism in it's income projections. Clearly income generations will depend on the estimated size of the market. As the Price Waterhouse study shows, and confirmed by our discussions with Board members, and other personnel in the business community in the OECS, there is a very firm need for improved management training at the middle and upper levels of both the private sector in the region. This need falls not just in the EMBA area, but at the academic level through tertiary institutions, at the professional level, particularly in financial management, accounting, banking and insurance, at the executive level through seminars and symposia, and at the organizational level through consulting and research services. For example, with the economic recession still in progress, the tourism sector will need to differentiate itself in terms of quality and environmental attraction, from other tourism areas worldwide. Organizations need to improve their marketing strategies, customer service and internal efficiencies. Also, given that there are also over six hundred non domiciled OECS Companies operating in the region,there is potential to develop a market for training for these institutions, which are geared to region and sector specific problems. With economic growth, comes the need to reform financial institutions. This is another market source.

There is a willingness of EC and Barbadian private sector organizations to pay for these services. However, as with all organizations with recession constrained budgets, they will be looking for value for money, and for courses to have practical application. The expectation of what the EMBA and other programs can deliver will be high. It will therefore be important for CMD to be perceived both by the private sector and the public sector as an efficient well run organization which applies the concepts of management internally as equally as it preaches it through it's own courses. Given the economic recession, growth in the various revenue center, for the foreseeable future, is likely to be steady, after eliminating pent up demand factors. CMD will need therefore to be responsive to changes in market conditions which affect demand for it's products, and will need to be able to respond to these changes, rapidly if necessary, and sometimes involving mid-course corrections.

3. REVIEW OF CMD'S PLAN FOR A RESERVE FUND.

Appendix Five sets out CMD's plan for a reserve fund of $US 250,000. To date, CMD has raised $BDS 58,750 ($US 29,375) from the private sector. This is made up as follows:

- $BDS 10,000 from the St Kitts/Nevis/Anguilla Trading Company.
- $BDS 3,750 from Carasco and Son.
- $BDS 15,000 from the East Caribbean Group of Companies.
- $BDS 20,000 from Goddard Enterprises Ltd. (It was not clear from discussions from CMD personnel if these have been received yet).
- $BDS 10,000 from the Caribbean Financial Services Corporation.

The plan envisages a two tier strategy for raising funds from the private sector.

Strategy A involves raising funds from fifty key companies on a sponsor, patron or partner basis, depending on the size of their initial contribution, followed by annual contributions. Classification as a sponsor, patron or partner yields for the donor a package of benefits for CMD's course, seminars, newsletters etc. on a reducing scale. Funds will be raised through a direct mail program with telephone and personal selling follow up. Organizations will have turnover exceeding $10 million are targeted.

Strategy B is a country strategy where primary emphasis is placed on securing individual financial contributions from groups of companies on a territorial basis through fund raising campaigns organized with the assistance of the Board members.

The philosophy underlying the plan is that the reserve fund should have credibility among potential donors as a legitimate vehicle for financial support for the center, and secondly donors must have confidence in the management of the fund. The funds will be kept in a segregated account and governed by a trust deed, already drafted by CMD.

The first section of the plan sets out projected covenanted contributions from four existing donors through to 1994/95 which total $63,500. This leaves target funding required of $186,500 to reach the desired target of $US 250,000.

The plan also states that $US 24,50 has already been raised in 1992/93,compared with the figure given above of $US 29,375. The cumulative target for 1992/93 is $US 60,000 leaving a shortfall currently of $US 30,625 ($US 60,000 minus $US 29,375).

For 1993,/94, the plan projects funds raised to be $US 19,250 against a target of$US 60,000, leaving a shortfall of $US 40,750. There appears to be a typographical error in the cumulative target for 1993,94 which should be $US 139,50 instead of $US 140,000.

For 1994/95, the plan projects covenanted funds raised to be $10,000. Target funding is $10,000, although this appears to be a typographical error. In order for the accumulated target funding to be $US 186,500 for the whole period, this number would have to be $US 100,750. Against a target of $100,750, this would leave a shortfall of $US 90,750 for 19995.

The basic message from this projection, is that excluding existing and projected covenanted contributions from current donors, estimated to be $US 63,500, CMD will need to raise a further $186,500 to meet the $US 250,000 mark by financial year 1994/95.

These funds would be raised using Strategy A and Strategy B above. Under Strategy A, it is estimated that assuming an average contribution of $US 2.500,and a one third response rate from the fifty companies, the annual yield would be $US 45,000. The cumulative yield would be $90,000 over two years and $225,000 over five years.

Under Strategy B, sixty eight donors spread around the Islands would raise over a one year period $US 66,750, $US 113,600 over two years, and $283,760 over five years.

Taking Strategy A and B together, new fund collected over two years would be$US 203,500 and over five years, $US 508,760. Well in excess of the projected new money requirement of $US 186,500.

The plan claims to be conservative in terms of low average contributions, low response rates in the territories and from key donors and average length of donor commitments.

A positive response rate of 33 1/3% from key donors may be optimistic. We would project a lower success rate given the current state of the economy.

The plan does not set out how it plans to raise the remaining $US 29,375 for the remainder of this year to meet it's target of $US 60,000.

It is not clear at this point what follow up has been done since the launching of the Reserve Fund in St. Kitts earlier this year.

While we would not wish to dampen the projections given, certain factors which may have a bearing need to be pointed out:

- The OECS is currently depressed economically, with 25% unemployment, and low per capita income. The performance of the Fund will be very closely linked to the economies of the region.

- The plan as it is set out is dependent on contributions from the Board. Over time, the composition of the Board will change, which will also affect fund raising capacity. There is also a real danger, that funds may only be forthcoming from Board members based on their own interests, as opposed to that of the CMD.

- Fund raising will be limited, unless CMD considers alternative forms of fund raising, for example Bond issues (as already mentioned), raising funds from private foundations which usually entail a more long term relationship with donors, and challenge grant, i.e. for every $2 CMD raises, a donor could put in say $1.

- If fund raising is confined to the OECS private sector, there is a danger that those companies sending their employees on the EMBA program, may not wish to dig again into their pockets to contribute to a Reserve Fund.

- Given the projections in section one of this document, there is a danger that the Reserve Fund could be eaten away by accumulated losses.

4. MANAGEMENT AND FINANCIAL CONTROL PROCEDURES IN CMD.

Currently, CMD does not have control over it's finances, nor does it maintain a set of accounts. Ultimate approval of all transactions vests with the Bursar's Office at UWI/CH, as the primary grantee, as well as USAID as Grantor.

The Executive Director of CMD submits a quarterly cash projection to the Special Projects Office in the Bursar's Office at UWI/CH, detailing it's purchasing needs by line item and broken down by month for the quarter. The request is signed by the Executive Director who has control over all procurement within CMD.

For specific purchase requirements, e.g. computers, travel advances, etc., the Administrator prepares a purchase order (known as an indent), once a supplier has been selected. Again this is signed by the Executive Director, prior to submitting the indent to UWI/CH, who in turn use it as a basis to request funds from USAID.

In summary, all transactions and cash projections in CMD are controlled by the Executive Director, subject to the further approval of UWI and USAID.

CMD has no access to a bank account and as already mentioned has no responsibility for it's finances, accounts and budgets. Control and approval rests at the University and USAID level.

The system of internal controls is therefore dependent on the approval of proposed expenditures by one senior officer within CMD. Without responsibility for it's own finances however, the normal range of transactions and accounts that exist in an autonomous independent institution, are not there to be controlled (e.g. account reconciliation procedures, accounts preparation, check signing authorities etc.).

The fact that one Officer is in control might be a source of concern. Once CMD has control over it's own finances, and prepares it's own accounts (which it will need to have external credibility), an independent set of controls, independent of the Executive Director, will need to be put in place.

The Peat Marwick audit of participant fees, and receipts and payments, were based on a review of the system of internal controls operating at UWI/CH as primary grantee. Their review therefore makes no comment on the system of internal controls in CMD.

5. REVIEW OF CMD'S MANAGEMENT INFORMATION SYSTEMS.

Internal MIS

Currently, CMD has eight desk-top computers, (Vector 386's) two of which are obsolete, but which are being replaced.

Four of the computers are linked into a local area network (LAN) within the CMD office.

There does appear to be a problem with capacity. There is a shortage of hardware space. One of the workstations acts as file server for the LAN, restricting general use of the desktops. Purchase of two new desktops will in one case be dedicated to act as a file server, and in the other case, provide a computer for general use.

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There are two Hewlett Packard Laser printers, and one dot matrix One Laser Jet is linked to the LAN.

Software used includes Windows, WordPerfect 5.1, Lotus 123, Foxpro and PageMaker.

MIS for courses/tuition

CMD currently has five note-book computers (ASA Anywhere, 386, 40 MB Harddrives), and has requested another five. These are supposed to be used for training purposes. They have not been used on the EMBA program. Perhaps,more use could be made of the "notebooks" to benefit students participating both on the EMBA program, as well as providing them for participant use on seminars.

In addition, CMD has a Compact Disk Read Only Memory unit (CD ROM), made by NEC. It is currently used for information purposes, e.g. science, world map and an encyclopedia package.

There is a Hewlett Packard Scanner, used mainly for extracting illustrations, for texts and manuals.

Future MIS needs of CMD

The following is a list of the future system needs of CMD:

- The existing CD ROM needs to be connected to LAN 80 that it can be accessed by all CMD staff.
- The network needs updating to allow it to be upgraded to DOS/Windows compatibility.
- An in-house accounting system will need to be developed for CMD's needs as it takes over responsibility for it's financing. No evaluation of alternatives has yet been performed.

Proposed CD ROM System for Periodicals

The CMD would like to purchase a further CD ROM system to address it's periodical/business publication needs. AID has not as yet agreed to this. We met with EMC, who have provided a proposal to supply the CD ROM. In summary, it provides all required periodicals on compact disc, which are updated monthly for CMD. In addition, an index disc is provided, which allows the user to access specific articles through the index. The current proposal provides a package of 488 periodicals, and provides at the outset, all periodicals going back to 1987/88. The vendor is also supplying a high resolution 19" monitor, and two Canon printers, one a bubble jet for printing extracts and indexes, as well as a Laser for printing the full texts of articles. A second disk is being provided. It is intended that this disc will be used as part of CMD's LAN, which will be offered to third party users via fax/pc/modem for a fee.

The price of the above has been quoted as an annual fee of $US 21,000 for the above, for three years. The second index disc will be provided for $US 6,500 per year for three years. The total price is therefore $US 82,500, less a $US 10,000 discount, making the net price $US 72,500.

The EMC representative felt that there had been a misunderstanding regarding the pricing. There is a perception that the price is too high, however, the price is higher because of the addition of the second index disc. Therefore, two products, are being offered rather than one.

The real issue is whether the CMD and DOMS need a system of this level of sophistication, and whether it is cost effective when compared to a traditional periodical and microfilm system. The CD does have the advantage of providing back dated periodicals up front, which would have to be purchased additionally, under the alternative option. As CMD is a new institution, the CD ROM is appropriate because it can start with a clean slate without having to displace an old system, and there is some merit to the argument that it's technology is advanced. There is also potential for earning fees from the subscription to the second index, which could go some way towards recouping the costs of the system. This has not been quantified by CMD.

6. GRANTEE MANAGEMENT.

Overall the coordination between AID, UWI/CH and CMD has not been satisfactory 80 far in the project. Based on discussions with personnel at UWI, CMD and USAID, the following are our findings.

- Relationships between the three parties have been difficult. CMD feels that it's hands are tied, because of it's lack of control over it's fiscal affairs, and it's lack of autonomy. It is frustrated at the slow turnaround of it's requests for expenditures to the University. No coherent set of financial statements that would be credible with the private sector, exist. The Bursar's office personnel at UWI/CH feel that they are constrained by their own bureaucracy at the University. They cannot respond in a timely manner to CMD's requests. It is felt that as long as CMD is perceived as a private sector organization, then they (the University) should not be the controller and administrator of the funds. Therefore, the sooner they are removed as the primary grantee, the better. They also feel that the Executive Director of CMD has been unreasonable and difficult. In addition, there is a perception that AID has been too rigid on a number of issues.

- The grant agreement contains too many conditions, and contains no incentives e.g. a matching/challenge grant.

- Generally, financial reporting of the use of grant funds by UWI/CH to USAID appears to have worked well. A system of quarterly reporting, and requests for advances by UWI to USAID is functioning.

- The accounting area in USAID feel that UWI requests excessive advances on a quarterly basis. UwI feel that this is because AID do not appreciate that their accounting is on a commitment basis. They make requests for funds, based not only on what their current expenditures are, but also what they know what they will need in the succeeding period after request of an advance.

- USAID has trouble getting annual budgets and workplans from the University. UWI are slow to correct errors in their own reports sent to USAID.

- UWI/CH have been moving funds between the RMTP project and other accounts. This has been confirmed by the recent audit of participant fees by Peat Marwick. However, they claim that the funds are being taken from other AID projects, because USAID is not providing funds in a timely manner, for this project. In order to fulfill their commitments they therefore disburse funds from these other accounts, and reimburse those accounts once the AID check funds for this project are provided.

- UWI maintains the funds left over from the Pilot project. To date, there are no plans for how these funds ($US 200,000) will be used.

- The grantee has not complied with several conditions precedent of the grant in a number of areas.

Appendix One - Cost Centers, Variable revenues and costs,(annual)	$US
1. EMBA Program, Variable costs	
10 Modules taught per year, $2,500 per module(Fixed Fee) (10 Lecturers)	25000
Lecturer's per Diem($50 per day) (10 weeks of Lectures, assume 5 lecturers are visiting)	1250
Travel and per Diem 20 students on average away from home, Hotel($50 per night), per diem($30) For 10 weeks, five day weeks	80000
Flight costs for half intake(20 Students), $150 per module,10 modules	30000
Fees for marking scripts 10 weeks'10 Hours per week, $20 per hour	2000
Costs of books and materials 10 Text books per student, $20 per Book, 40 students	8000
Case and material research and development 5 researchers, two weeks, $500 per week	5000
Photocopying, 40 students, 10 manuals, 100 pages each, 10 cents a page	4000
Telephone expenses, 40 students, 60 minutes of calling time per student (50 cents per minute)	1200
Postage (40 Students, 10 mailings, $5 per mailing)	2000
Hire of Hotel Space (10 weeks per year at $1,000 per week)	10000
Printing expenses (10 Texts per Student, 40 students, $5 per copy)	2000
Liability Insurance	1000
Total EMBA Variable costs	171450
Annual Price per student, 1993	5975
Total Revenue (40 Students, $US 5,975 per student)	239000
Net contribution	67550
Contribution per student	1688.75

Appendix One - Cost Centers, Variable Revenues and costs, (Annual)	$us
2. Seminars and Symposia, Variable costs	
Seminar fees, four speakers for five days, $400 per day	8000
Speakers per diem and Hotel, $110 per day, five days, four speakers	2200
Speakers flights, four round trips($600 per trip)	2400
Materials and books (30 attendees), $50 per attendee	1500
Materials development cost, 2 researchers, 1 week, $500 per week	1000
Photocopying, 30 attendees, $10 per attendee	300
Hotel space, five days, $200 per day	1000
Total Seminar/Symposia variable costs	16400
Fee per person, per seminar	750
Total fees per seminar (30 people)	22500
Net contribution	6100
Contribution per participant	203.3333
3. Consulting fees, variable costs	
Consultants fees (Typical consulting contract requires 20 person days, 4 at 5 days each) Three contracts per year, 60 person days,$750 per day	45000
Hotel and per diem, assume 30 person days at $110 per day	3300
Photocopying/printing/faxes/mail ($1,000 per consultancy)	3000
Flight costs (Assuming $1,000 per consultancy)	3000
Total costs for three consultancies	54300
Cost per consultancy	18100
Margin (based on 25% of burdened overheads)	4525
Total Revenue per consultancy	22625

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APPENDIX TWO

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Appendix Two - Fixed cost structure for CMD(Annual expenses)

Rent per annum		10000
Depreciation (based on $200, 000 fixed assets at 20%)		40000
Salaries and allowances:		
1. Executive Director	47000	
2 Deputy Director	40000	
3 Financial Officer	30000	
4. Systems Manager	15000	
5. Systems Assistant	10000	
6. Administrator	20000	
7. Secretary	10000	
8. Program Co-ordinator	10000	
Total salaries	182000	
Add: benefits(25%)	45500	
Total salaries and allowances		227500
Business travel:		
Three officers, five trips, three days		
(Per diem and Hotel - $80 per day)		1200
('Flights, $300 per trip)		4500
Board travel		
(8 members, three trips, Hotel and per diem, $80)		1920
Flights($300 per trip)		7200
Professional fees(Legal and audit)		10000
Research and development costs		10000
Publications		1000
Entertainment		1000
Telephone(fixed element), $400 per month		4800
Electricity		5000
Faxing		1000
Printing and stationary		1000
Advertising and publicity		1000
Subscriptions/periodicals		10000
Total fixed costs		337120

APPENDIX THREE

Appendix three - CMD projected revenues and costs, 93/94 to 95/96

	93/94	94/95	95/96	Total
Projected Revenues				
1. EMBA Program				
(Assume 50 students per year)				
Price per student(increasing each year)	5975	7500	8250	
Cost per student(increases 15% per year)	4287	4930	5670	
Contribution per student	1688	2570	2580	
Total net contribution	84400	128500	129000	341900
2. Seminars/Symposia				
Numbers of seminars	2	3	4	
Price per seminar, increasing 15% each year	22500	25875	29756	
Cost per seminar, increasing 15% per year	16400	18860	21689	
Contribution per seminar	6100	7015	8067	
Total net contribution	12200	21045	32268	65513
3. Consulting and research services				
Number of consulting contracts	1	2	3	
Price per contract, increasing 15% each year	22625	26019	29922	
Cost per contract, increasing 15% per year	18100	20815	23937	
Contribution per contract	4525	5204	5985	
Total net contribution	4525	10408	17955	32888
4. BBA Program				
(Assume 30 students)				
Fee per Student,increasing 15% per year	1500	1725	1984	
Cost per student, increasing 15% per year	1000	1150	1322	
Contribution per student	500	575	662	
Total net contribution	15000	17250	19860	52110
5. CMA, CLU and other specialised courses				
(Assume 150 students)				
Revenue per student, increasing 15% per year	300	345	397	
Cost per student, increasing 15% per year	100	115	132	
Contribution per student	200	230	265	
Total net contribution	30000	34500	39750	104250
6. Textbook and material sales				
Number of books/manuals sold	100	200	300	
Price per book, increasing 15% each year	50	58	66	
Cost per book	40	46	53	
Net contribution per book	10	12	13	
Total net contribution	1000	2400	3900	7300
Net contribution from all products	147125	214103	242733	603961
Fixed costs, increasing 5% per year	337120	353976	371674	1062770
Total net profit	-189995	-139873	-128941	-458809

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4. BBA Program-Variable costs

Assuming a 50% margin Annual cost per student	1000
Fees per student	1500
Net contribution per student	500

5. CMA, CALU and other specialised courses

Cost per student	100
Revenue per student	300
Net contribution per student	200

6. Text book sales

Cost per book	40
Price per book	50
Net contribution per book	10

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APPENDIX FOUR

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Plan for CMD Sustainability Project 538 0148

Stanley Reid - Executive Director
Ken Boyea - Chairman

March 1993

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Background

The Centre for Management Development (Eastern Caribbean) was established with the following assumptions:

- full cost recovery in operations after August 1st 1995
- No USAID contribution to financing of CMD operations after July 31st 1995
- University in-kind contributions of office space, utilities and broad administrative support such as finance administration and procurement to continue after USAID funding ceases.

The donor (USAID) seeks documented reassurance that the Centre has adequately provided for its sustainability after USAID project funding ceases.

Key Considerations

Some key considerations arise as far as CMD sustainability is concerned. These are as follows

(1) Does the CMD's operating history validate initial project projections with respect to expenses, revenues and surplus?

(2) Are the CMD projections for sustainability realistic and consistent with its past performance?

(3) Are CMD projections for sustainability generally in line with those of the initial project.

(4) Does the key critical assumption on which projections are based show conservatism.

The Conservatism Issue

A critical test for CMD sustainability is the ability to show an operating surplus under the most restrictive conditions. In this regard, the Centre does not recognise in its projections for sustainability

(1) Almost US$200,000 in funds representing participant's fees for the Centre and predecessor pilot project programmes.

(2) The establishment of the Reserve Fund "to provide a margin of safety to meet any shortfalls in projected revenue which may arise during project implementation......" and "to finance the expansion of income generating services."

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Conservatism impacts directly on revenue projections. Planned income bearing programmes are assumed to be gradually introduced and expanded in contrast to the most likely scenario of the Centre introducing multiple programmes simultaneously. All training programmes that are currently in the pre-feasibility stage are ignored. Cost projections are also treated conservatively. No provision is made for an expanded staff core. In fact, there is a planned reduction in staff core by attrition in 94/95 when the CMD would have completed its USAID funded institutional development activities.

It should also be noted that by 94/95 the CMD's cost accounting system will be assigning to respective programmes full direct and indirect expenses and some element of administrative overhead. While there will be general increases in staff benefits and salaries over the period there will also be increased use of short term contractual assignments on programme by programme basis. Non salary expenses are expected to show significant reduction through joint economies achieved by planning staff travel around CMD programmes/activities on location, use of teleconferencing for meetings, reduction of Board meeting frequency.

Sustainability

The financial details shown in the attached projections support sustainability as a natural course of events for the Centre for Management Development by the 95/96 period and identify the following:

- a cumulative surplus of US$177,505 when USAID funding ends (see Exhibit A)
- an operating surplus of US$2,416 when USAID funding ends (See Exhibit A)
- a cumulative revenue of US$502,530 in contrast to original projections of US$409,743 (see Exhibit A-1)
- a cumulative growth of 13% in direct staff expenses and greater use of flexible contracting (variable costs) over a five year period (Exhibit B-1)

recognition of benefits - linked to reliability -

- a 50% decline in non-salary expenses which are treated as variable rather than fixed and so are tied to programme and assignable income bearing activity to programme.
- CMD's operating performance continues to be ahead of initial projections.

The above data provide evidence along with CMD's actual performance to date that the financial viability of the Centre using the most conservative projections and restrictive operating conditions. The real issue for the Centre is not the achievement of financial viability per se but rather the impact of the donor's (USAID) actions on the speed with which CMD programmes are implemented.

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CMD Financial Statements and Projections

August 1991 - July 1996

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Exhibit A

Centre for Management Development

Annual and Projected Budget (August 1991 - July 1996) (US$)

	Actual	Projected				
	91/92	92/93	93/94	94/95	95/96	Total (91-96)
Revenue Sources						
USAID Grant	489,250	522,560	388,204	188,056	0	1,588,070
CMD (Net activity revenue) (see Exhibit A-1, A-2)	24,000	46,530	113,000	137,000	182,000	502,530
Total Revenue	513,250	569,090	501,204	325,056	182,000	2,090,600
Budgeted Expenses						
CMD operating expenses including staff salaries (see appendix Exhibit B-1)	168,500	175,780	173,283	173,432	179,584	870,579
Needs assessment studies	105,000	0	0	0	0	105,000
Marketing & management information systems	150,000	0	0	0	0	150,000
Other expenditure - Strategic planning/CMD Board	11,700	0	0	0	0	11,700
Institutional Support	0	155,000	100,000	0	0	255,000
Equipment/Supplies/Materials	50,000	45,000	0	0	0	95,000
Material Development specialist	15,000	108,600	67,400	71,500	0	262,500
Short term technical assistance	0	27,000	28,600	0	0	55,600
Case development						
Case development workshop	0	15,000	16,900	17,810	0	49,710
• Case development inventory of cases	[illegible]	5,680	0	3,310	0	9,490
• Teaching workshop	0	10,000	10,600	0	0	20,600
Total Case development expenses	[illegible]	30,680	27,500	21,120	0	79,800
EMBA	0	8,000	8,500	9,000	0	25,500
Total Costs	500,700	550,060	405,283	275,052	179,584	1,910,679
CMD Surplus (deficit)	12,550	19,030	95,921	50,004	2,416	179,921
Accumulated surplus (deficit)	[illegible]	12,550	31,580	127,501	177,505	349,136
Total Reserves	12,550	31,580	127,501	177,505	179,921	529,057

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Exhibit A-1

Centre for Management Development

Projected Revenue (original) as per project document (538-0148) (US$)

	91/92	92/93	93/94	94/95	95/96	Total (91-96)
Seminar/Symposia (net of direct costs)	11,250	22,500	23,850	25,281	26,789	109,670
Consulting services (net of direct costs)	200	5,000	5,300	5,618	5,955	22,073
EMBA program (net of direct costs)	0	0	0	76,000	152,000	228,000
Textbooks/materials (net of direct costs)	0	0	0	0	50,000	50,000
Other Services	0	0	0	0	0	0
Total Net activity revenue	11,450	27,500	29,150	106,899	234,744	409,743

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Exhibit A-2

Centre for Management Development

Revised Revenue Forecasts (1991-96)

	Actual	Projected				
	91/92	92/93	93/94	94/95	95/96	Total (91-96)
Seminar/Symposia (net of direct costs)	11,350	12,650	18,000	20,000	24,000	86,000
Consulting services (net of direct costs)	1,850	2,150	6,000	8,000	9,000	27,000
EMBA program (net of direct costs) (60 students)	0	23,000	60,000	65,000	100,000	248,000
Textbooks/materials (net of direct costs)	6,300	2,700	8,000	10,000	12,000	39,000
Other certified programs	2,500	3,500	9,000	11,000	12,000	38,000
BBA program (30 students)*	0	0	9,000	18,000	20,000	47,000
Other Services	2,000	2,530	3,000	5,000	5,000	17,530
Total net activity revenue	24,000	46,530	113,000	137,000	182,000	502,530

* Key assumptions

- EMBA programme with 2 cohorts per year beginning 1994
- BBA programme begins '93 in St. Lucia
- Fee increases to match inflation rate of 9.0% annually
- Current exchange parity between Barbados, O.E.C.S.and U.S.A. remains

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Exhibit B-1

Centre for Management Development

Salaries and CMD Operating Expenses
(August 1, 1991 - July 31, 1996) US$
Actual & Projected

		Actual	Projected				
		91/92	92/93	93/94	94/95	95/96	Total (91-96)
Salaries							
Staff salaries	USAID (funded)	130,100	119,700	123,800	52,300	0	425,900
	CMD (funded)	11,400	27,460	29,246	106,868	165,535	340,509
Total Salaries		141,500	147,160	153,046	159,168	165,535	766,409
Non-salary expenses							
Office supplies		1,000	1,060	1,124	1,191	1,262	5,637
Travel budget		6,000	6,360	6,742	3,500	4,000	26,602
Telephone		12,000	12,700	6,000	4,000	4,000	38,700
Equipment servicing		3,000	3,200	3,371	3,573	3,787	16,931
Board meetings (per diem etc.)		5,000	5,300	3,000	2,000	1,000	16,300
Total non-salary expenses		27,000	28,620	20,237	14,264	14,049	104,170
Total expenses		168,500	175,780	173,283	173,432	179,584	870,579

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Exhibit C

Disagrees with University

Centre for Management Development

CMD Interim Income Statement for Period
(August 1, 1992 - ~~July~~ 31, ~~1993~~) BDS$
Dec. 1992

INCOME			
• EMBA Programme (net)	$ 58,091.68	no's from univ.	
• Caribbean Association of Life Underwriters (net)	7,834.56		
• CMD (net)	8,771.20		
• Consulting services	3,768.70		
			$ 78,466.14
USAID grant			202,346.80
Total Income			$280,812.94
EXPENSES			
CMD Development Costs			
• EMBA development	7,752.50		
• Technical assistance	14,898.99		
• Institution support	8,634.50		
• Material development specialist	150.00		
Total Developing Costs		$ 67,509.99	
CMD Operating Costs			
Salaries	155,518.52		
Non-Salary expenses	14,723.80		
Total Operating Expenses		170,242.32	
Total Expenses			237,752.32
Net Income			$ 43,060.63

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Strategic Plan
for
Generating at least $250,000 US in contributions to the CMD reserve fund

Stanley Reid - Executive Director
Ken Boyea - Chairman

March 1993

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CMD RESERVE FUND

DESCRIPTION

A fund based on contributions in different categories covenanted for set periods and set up as a trust fund managed by the Board of Trustees appointed by the Directors of the CMD. The funds are kept in a segregated account and governed by a deed of trust.

Funding Projections Based on Covenanted Contributions (US$)

	Actual					
	Contributor	1991/1992	1992/1993	1993/1994	1994/1995	Total
Actual (to date)	(i)	10,000	10,000	10,000	10,000	40,000
	(ii)		7,400	7,400		14,800
	(iii)		1,850	1,850		3,700
	(iv)		5,000			5,000
Actual (Total)		10,000	24,250	19,250	10,000	63,500
Target funding required			25,750	60,000	10,000	186,500
Cummulative target		10,000	60,000	~~[illegible]~~	250,000	250,000

139,250

MARKETING STRATEGY

Two concerns dominate the strategy.

(1) The reserve fund in itself must have credibility among potential donors as a legitimate vehicle for financial support of the Centre.

(2) Donors must have confidence in both the managers and management of the fund's monies.

The strategy for raising contributions focuses on "offering a bundle of benefits" and affinity to the CMD over a fixed period in exchange for donor support. The basic message is "a valued relationship and partnership" from which organisations benefit rather than "give a donation to support a worthy cause concept". It is possible that the latter positioning may have some secondary appeal and this is acknowledged in the strategy.

Documentation must therefore be provided which validates the focus of the promotional appeal. This

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would include evidence of CMD achievement and output. It would show the range and type of products and services that are available to organisations through the CMD and encourage donors to contribute by way of factual hard nosed appeal for support on the basis of "what the CMD is doing" and "deserves support to expand" as opposed to "let us give $100 and get rid of them" orientation. Providing organisations with extensive information on the CMD is expected to induce positive responses. This when reinforced by a further telephone solicitation and personal follow-up completes the selling cycle. This personalised three-phase approach is very time intensive and costly. It is best used for intensive selling to small groups. Personally known donors who can be preselected on "likelihood to contribute criteria" should therefore form the basis for a complete promotion. A pre-selected donor base of fifty companies from across the CMD's market area should yield an average annual unit contribution of US$2,500 minimum.

A complementary strategy focussed at smaller unit contributions requires a larger potential donor base and a different focus. This is best achieved through organising an event (typically a luncheon or breakfast meeting) for the express purpose of raising some specified level of contributions. It involves extensive use of a resident Board member who would be the principal fund raiser. This strategy is particularly useful in smaller communities where the member director has close connections and extensive personal persuasive power and influences.

Strategy A   The key company strategy

Primary emphasis will be placed on securing individual financial contributions from key companies in the following three (3) categories:

Categories	One-time contribution US$	Annual contribution US$
Sponsors	$50,000	$15,000
Patrons	$25,000	$5,000 - $10,000
Partners	$15,000	$2,500 - $4,000

A direct mail programme supported by telephone follow-up and intensive personal selling will be used for the targeted key organisations. These organisations will typically meet the criteria of having more than US$10 million in annual sales revenue. Assuming an average contribution of US$2,500, a 33-1/3% response rate from fifty contacts the annual yield would be US$45,000. The cumulative yield over a 2-year and 5-year period would be US$90,000 and US$225,000 respectively.

Strategy B   The Country Strategy

Primary emphasis will be placed on securing individual financial contributions from groups of companies on a territorial basis through fund raising campaigns organised with the assistance of the Board of Directors. The first campaign will be launched during April 1993 in St. Kitts with subsequent initiatives planned for the other territories over an 18 month period. St. Lucia and St. Vincent represent immediate priorities after St. Kitts.

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Territories	Anticipated Nos. of donors	Amount of average annual contribution (US$)	Annual Contribution (US$)
Antigua	10	$750	$7,500
Barbados	10	$1,000	$10,000
Dominica	5	$1,000	$5,000
Grenada	5	$1,000	$5,000
Montserrat	3	$1,000	$3,000
St. Lucia	15	$750	$11,250
St. Kitts/Nevis/Anguilla	10	$750	$7,500
St. Vincent	10	$750	$7,500
Totals	68	$7,000	$56,750

These contributions over a 2-year and 5-year period represent cumulative amounts of US$113,500 and $283,750 respectively.

Summary of Strategies

The strategies yield collectively US$203,500 and US$508,750 in new funds over a 2-year and 5-year period. Such contributions are secured under "a worse case scenarios" that makes the following assumptions

- relatively low average annual contributions
- low response rates from territories
- relatively low response rate from key donors
- average length of donor commitment (2 years)

The promotion package

The promotion package contains a

- a solicitation letter
- a copy of draft deed for the reserve fund
- specimen package containing material from the CMD.

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Donor Categories and Benefits

CMD Reserve Fund

Stanley Reid - Executive Director
Ken Boyea - Chairman

March 1993

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DONOR TYPE (STATUS)	CONTRIBUTION	BENEFITS
SPONSOR (Status 5 years)	One-time contribution (US$50,000) Annual contribution (US$10,000 - US$15,000)	One copy of all newsletters, working papers, texts and training materials. Advanced and Guaranteed placement on all symposia, seminars, workshops and the Executive MBA programme to a maximum of four (4) persons. Free placement for one person on all symposia, seminars and workshops. 15% discount on all programme fees and the Executive MBA tuition fees.
PATRON (Status 5 years)	One-time contribution (US$25,000) Annual contribution (US$5,000 - US$7,500)	One copy of all newsletters, working papers, texts and training materials free. Advanced and Guaranteed placement on all symposia, seminars, workshops and the Executive MBA programme to a maximum of four (4) persons. Free placement for one person annually on a symposium, seminar or workshop of your choice. 10% discount on all programme fees including the Executive MBA tuition fees.
PARTNER (Status 5 years)	One-time contribution (US$15,000) Annual contribution (US$2,500 - US$4,000)	Newsletters and working papers free. Advanced and Guaranteed placement for all symposia, seminars and workshops to a maximum of four (4) persons. 5% discount on all programme fees, including the Executive MBA tuition fees.
ASSOCIATE (Status 5 years)	One-time contribution (US$10,000) Annual contribution (US$1,000 - US$2,000)	Newsletters and working papers free and guaranteed placement on all symposia, seminars and workshops to a maximum of two persons. 10% discount on all publications, training materials and programme fees except the EMBA.
AFFILIATE (Status 5 years)	One-time contribution (US$2,000) Annual contribution (US$250 - US$750)	Newsletters and working papers free. Advanced and guaranteed placement on all symposia, seminars and workshops to a maximum of two persons.

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APPENDIX FIVE

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Appendix Five: CMD. Possible Strategy for an Endowment ($US 000's)

	1993/94	1994/95	1995/96	Total
Opening Endowment (Pilot study fees)	200	869	1571.9	200
CMD Profits and losses	190	-140	-129	-79
Funds raised for Reserve Fund	100	175	225	500
Funds provided by AID	300	525	675	1500
Total Receipts	590	560	771	1921
Balance on endowment	790	1429	2342.9	2121
Income at 10%	79	142.9	234.29	456.19
Closing endowment	869	1571.9	2577.19	2577.19

ANNEX FIVE:

MANAGEMENT TRAINING PROSPECTS IN GUYANA

Management Training in Guyana:

Three days were spent in Guyana by team leader Crosby, accompanied by AID project officer Morissey. The purpose of the visit was to make an initial assessment of management training needs and to make recommendations regarding the possible modification of the RMTP to include Guyana.

Interviews were held with three groups of potential constituents: the Public Sector, the organized private sector, and the University of Guyana. It proved impossible to arrange appointments with individual businessmen because of the EID holiday and the shortness of the visit. Nevertheless, within the limited scope of the assessment, there was sufficiently strong interest in executive training in both the private and public sectors as to merit recommendation for a further, more systematic investigation of market potential for management training.

Findings:

Within the Guyanese environment there are several factors which can be viewed as opportunities for development of more comprehensive and systematic senior level training. At the same time, there are a number of elements which can be viewed as impediments and which will need to be factored into to any attempt at a serious program of senior level training.

Opportunities:

- Loss of managerial and technically trained individuals through extensive out-migration. Low wages, lack of incentives, and contraction of economic activity during Guyana's socialist period caused an extensive out-migration of trained talent. While some have returned, there remains a very large vacuum to be filled.

- Since the transition away from the socialist model began there has been a rapid growth in the private sector. Firms that were once quite small with only limited objectives have become much larger with an increasing need for adoption of modern management techniques. The demand for trained individuals has accelerated in the private sector. This may be noted in private sector versus public sector salaries where there is often a 4 to 5 multiple over salaries paid in the public sector.

- According to the interview subjects, in most firms, there is little management depth. Firm growth is limited by the inability of managers to take on additional tasks and the lack of a readily accessible pool of trained management talent to fill the gaps. It is argued that managers frequently do not have backstops to whom they can delegate responsibility and that there is a serious need for capable second level individuals.

- Foreign investment in Guyana has grown rapidly in the last few years and is expected to accelerate with the process of transition from the socialist model. The creation of new companies as well as the expansion of existing enterprises has created a hunger for capable and forward looking management. The increasing presence of foreign investment will create demand for managers capable of easily interfacing with highly trained foreign or expatriate management and translating local needs and demands to the company's overall management.

- The changeover from a socialist to a market driven economy creates many opportunities and as well as problems for management. The assumptions of the socialist framework and its management requirements are quite different. Individuals skilled in the management of socialist enterprises will need new tools and techniques to succeed in the marketplace. While a fairly large pool of managers with such skills exists, they will need to be re-tooled to the needs of private-sector led growth.

  A study that was recently carried out by Peat-Marwick (available from the British High Commission?) indicated a vast market for management training at three different levels for the public sector (junior or entry level management, middle, and upper management). The potential number with need for training, according to the Head of Training and Staff Development for the Public Service Ministry is upwards of 10,000.

- The shrinking role of government, cutbacks in overall levels of resources, and rationalization and efficiency conditions imposed by the international financial institutions have created the need for different kind of management, one that is capable of extracting the same amount of services from a diminishing amount of resources. It requires a more modern and strategic approach to public sector management, one that has much in common with the criteria of modern business management. In that sense, the need for management training in the public sector appears to be quite large.

- An increasingly dynamic and organized private sector concerned with the skill levels and practice of management also contributes to an environment of opportunity for management training. There is greater concern with problems of transparency, accountability, and competitiveness in the private sector and the need to both train and inculcate the manager and entrepreneur with values appropriate to achieving improvements in these areas.

- The absence of locally based senior management training activities. While the Guyana market can avail itself of distance learning or travel abroad to participate in other programs, the interview subjects argued that it would be much more desirable to have locally based capacity for management training. The absence of competition geared to local needs presents a unique opportunity.

- University of Guyana's Department of Management Studies is interested in developing linkages with an international program to target senior level managers. However, they do not want simply to be a pass through mechanism but want to see their own department strengthened as part of the process. IOB proposal to

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simply deliver programs does not propose to offer the institutional strengthening desired.

Impediments: While the above seems to clearly indicate the need for improved management skills, there are a number of impediments in Guyana to an immediately large or rapidly developing market for senior level management training.

- According to several interview subjects Guyana lacks a "training consciousness" in either the public or the private sector. This is manifested in the lack, with few notable exceptions, of established training programs or budgets in either public or private sector organizations. In the public sector, this is to some extent compensated for through the Public Service Ministry's training program (aimed at the entire at the greater part of the public sector.)

  It was asserted that with the exception of a few larger and foreign operations, companies do not budget for training for senior level managers.

- Training is not considered a priority for the present government. According to the interview subjects, government is trying to slim operations and that other elements take priority over training.

- There is no existing institutional framework for short-term executive or senior level training in Guyana. The CAGI has made some preliminary attempts at short seminars but has not dealt with the problem of longer term training. The existing mechanisms are presently distance learning programs or those for which the participant must travel abroad.

  Some studies (now being carried out by the Guyana Management Institute) would appear to indicate a need and a ready market for training, but there is no mechanism in situ to respond to that need.

  The GMI, which has been the Government's main mechanism for the delivery of public sector management training, appears to be in decline, and there was some discussion about whether or not it will survive.

- There is no clear view of either the dimension or the priority needs of the market in the private sector. Any investment in the establishment of management training infrastructure will require that needs and realistic potential demand be more carefully assessed. Progress in this area may be in the offing with a study being carried out by the GMI, but because of problems in generating adequate response levels, that study will probably need to be corroborated by another. Comments that the team received on both needs and market size were all intuitive.

- A major impediment noted by subjects was the problem of the capability of firms doing without key employees while they are being trained. The Chairman of CAGI argued that this is quite likely a larger impediment than the cost of senior level management training. While thin management staffing clearly presents an opportunity, it also can act as an impediment to training senior executives.

- Several subjects also noted the potential problem created by the "fear of training a subordinate too well" to the point that person could eventually become a competitor. The Chairman of CAGI argued that this sort of fear was actually fairly widespread and owes its existence to the fact that Guyanese businessmen have not really had to worry much about competition. As the economy begins to open, the fear has begun to emerge.

Conclusion: There is most certainly a market for senior level management training in both the public and private sectors of Guyana -- the question is how large is the market and what sorts of mechanisms or mix of mechanisms would be the most suitable for attending to that market. Although the market may be equally strong for both the public and the private sectors, it appears that given the "streamlining" and cost reductions in the public sector, the private sector will be in a better position to respond to offers for senior management training. However, the public sector, despite its comparatively weaker position, should not be ignored -- it is potentially a very large consumer of senior management training.

Recommendations:

Further investigation of the market for management training: Before any additional actions are taken it is recommended that a more extensive study be done to get a better grasp of the market for management training. Such a study should examine the following:

- Is it necessary and/or desirable to develop a linkage with a local institution for program delivery? If so:

- What sort of local infrastructure is available for putting on short and medium term management development programs (GMI, the University of Guyana's Department of Management Studies). What level of assistance would be needed to respond to logistical requirements for program delivery? Are local resources able to assist? How much assistance would be necessary to bring them up to a point where they could play a significant role in the delivery of a program? Cost/ benefit of University versus an independent (i.., CAGI) mechanism?

- What is the level of faculty resources locally available? Are local materials available? To what degree will materials have to be tailored to the local audience?

- What sorts of models for management training are the most suitable for the needs and conditions of the Guyanese environment? EMBA? Short term, eg., 1-3 day executive level seminars? Medium term specialized managerial skill development? Advanced or senior management programs of 3-6 weeks duration?

- What is the real level of demand -- for modular EMBA training; for short-term executive development seminars at the top level; for advanced management programs of 4-6 weeks duration; for specialized managerial skill development? What will the market be able to afford to spend on the various products both in terms of cost and time? How often should the various products be offered (ie., an EMBA every year or only once every two-three years, with advanced management programs offered in between?

- Is the University of Guyana a suitable mechanism for collaboration? To what extent? Could a joint degree between the University of Guyana and the UWI be considered?

If the CMD is to undertake this by itself, it should be made quite clear to the board and to USAID, exactly what it expects to achieve through activity in Guyana, and to be equally clear as to what such a venture would imply in terms of resource expenditures and needs. However, it is not at all clear to the evaluation team that CMD by itself, and as it is currently configured, has the capacity to offer an extensive program of services to Guyana. It is therefore recommended that consideration be given to carrying out this study through a joint venture between the CMD and the Institute of Business in Trinidad.

Provision for Guyana in the RMTP:

At this time, and considering that the RMTP has fallen behind in meeting project objectives, it does not appear advisable to fully add Guyana to the RMTP's list of activities. If something on the order of an EMBA is to be the product for the Guyanese market, it will require more resources than the CMD has available to it. Short seminars, as market probes or as stand-alone products could be developed, but they too would require resources the CMD does not have. Nevertheless, the CMD should maintain contact with potential Guyanese partners to keep abreast of other developments in management training and to develop a better view of the market for CMD activities.

Although a joint venture, or limited activity to better probe the market could be both feasible and desirable, any such activity should be carefully planned and consulted with the CMD's Board and USAID before proceeding, in order to be perfectly clear about the objectives sought and to be certain that they not detract from the CMD's ongoing activities.

At the moment, the IOB in Trinidad appears to be better equipped than the CMD to take on the Guyana market. The latter should first get on track with its current targets and objectives in Barbados and the OECS countries before it launches into potentially time and resource consuming activities in Guyana. Once current activities are better under control, however, the CMD should begin to examine ways to approach the Guyana market.

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