

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523  
**BIBLIOGRAPHIC INPUT SHEET**

FOR AID USE ONLY

1. SUBJECT  
CLASSI-  
FICATION

A. PRIMARY

Education

JG00-0000-G352

B. SECONDARY

Higher and professional education--Central America

2. TITLE AND SUBTITLE

An overall evaluation of INCAE (Instituto Centroamericano de Administracion de Empresas)

3. AUTHOR(S)

Coleman, A. B.

4. DOCUMENT DATE

1976

5. NUMBER OF PAGES

182p.

6. ARC NUMBER

ARC LAT658.007.C692

7. REFERENCE ORGANIZATION NAME AND ADDRESS

Coleman

8. SUPPLEMENTARY NOTES (Sponsoring Organization, Publishers, Availability)

9. ABSTRACT

10. CONTROL NUMBER

PN-AAG-661

11. PRICE OF DOCUMENT

12. DESCRIPTORS

Evaluation  
Graduate study  
Management training  
Business administration  
Central America

13. PROJECT NUMBER

596004400

14. CONTRACT NUMBER

AID-596-223-T

15. TYPE OF DOCUMENT

AN OVERALL EVALUATION  
OF INCAE

Prepared for

ROCAP

Guatemala

July 12, 1976

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## I. INTRODUCTION

### Purpose of This Report

The purpose of this report is to provide a general evaluation of INCAE, including both its academic, administrative, and financial position. In particular, this report is intended to assess whether the original purposes of the 1972 \$3.9 million AID loan have, in fact, been accomplished. These purposes are summarized in the original loan document (green book) as follows:

- a. To strengthen the administrative, teaching, and research programs of INCAE;
- b. To improve the quality of educational programs;
- c. To expand the range of educational programs, both resident (on campus) and continuing education (on and off campus);
- d. To improve the long range-financial viability of INCAE.

Although the purpose of this report is to assess all of these factors, particular emphasis is centered on the long-range financial viability of INCAE since this was one of the crucial factors in granting the original AID loan in 1972. In addition, the financial viability of INCAE is

now perhaps the single most critical factor relative to the permanent success of this educational institution.

#### Procedure in Preparation of This Report

In order to prepare this report, advance written materials were provided to me by the ROCAP mission for study before departure to Central America. Next, several days of discussion and orientation at ROCAP were completed in preparation for the visit to INCAE. Substantial additional background and financial materials were provided for my study during the ROCAP orientation and discussions. Next, a visit to INCAE of several days duration was undertaken to inspect the physical facilities and to talk at length to faculty, staff, and administrative personnel. Several meetings were also held with the Rector, Dr. Ernesto Cruz. In addition, discussions took place with some members of the Board of Directors and several meetings were scheduled with the Chairman of the Board, Mr. Francisco de Sola. Meetings were also held with alumni of INCAE and with some governmental officials in Guatemala and in Nicaragua. Finally, various Central American business executives and other government representatives were interviewed in the course of my stay in Guatemala, El Salvador, and Nicaragua.

Upon my return to ROCAP from these visits in Nicaragua and El Salvador, there were extended discussions with ROCAP personnel based upon the written materials and field interviews, all of which then provide a basis for this report.

#### Comment and Conclusions About INCAE's Academic Performance

Academically, INCAE has made impressive progress during the past several years, and certainly during the period of the AID loan program from 1972 through 1976. The school now possesses a justified international reputation for high quality in its various educational programs. INCAE maintains a beautiful and well-planned campus facility. It has a dedicated and rigorously trained faculty. The school enjoys a loyal and supportive alumni group, although its numbers are relatively small. The academic quality of the MBA program (MAE) is excellent; the extensive and growing nature of continuing education activities provide a sound basis for the expansion of the school's educational activities and the range of its potential impact upon the Central American business community.

There is little doubt that INCAE stands today as probably the best single graduate school of business administration in Latin America. Appendices A,B,E contain considerable data confirming major progress by INCAE under

the AID loan and consistent with the loan purposes as they relate to academic activity (strengthening teaching, research, and administration; improving program quality; and extending executive and continuing education activities). In all these major academic areas, I conclude that INCAE has made excellent and substantial progress.

As illustrations of this academic progress at INCAE, the appendix material A,B, and E document the institution's development in reasonably objective and quantitative terms. For example, faculty quality at INCAE is high (see Appendix B,pp.1-4); student enrollment at the graduate level has increased (Appendix B,pp.8-12).. MBA student attrition in percentage terms has dropped from over 30% in the early 1970's to approximately 15% for the most recent year; executive education and various programs of continuing education have increased substantially in number, broadened in geographical distribution, and expanded their coverage of subject matter. (see Appendix B,pp.20-23 ); new special programs have been developed in areas of agri-business management, development banking, and public management; research and case development have increased substantially; the Advisory Center has been organized and become operational. All of this

activity is entirely consistent with the purposes of the original AID loan.

Physical facilities, primarily student housing, have been expanded, although earthquake related inflation sharply reduced the amount of construction possible under the dollar amounts available for the construction portion of the loan.

The student loan fund has permitted considerable expansion in necessary financial aid, although delinquency experience has proven considerably worse than anticipated. (See Appendix C, pp. 1-3)

In summary, from an academic standpoint, INCAE has made genuine progress during the life of the AID loan agreement. The school and those responsible for this important academic accomplishment should be congratulated. It is impressive.

The same conclusions, unfortunately, cannot be reached for the final, and perhaps most critical single reason for the 1972 AID loan: to assist in the financial strengthening of INCAE for the long term. The major portion of this report discusses and analyzes the long-range financial viability of INCAE, since it is in this area, as opposed to academic performance, where major risks and problems remain.

That the school is successful academically shows clearly; but the reason for that success must be evaluated carefully in financial terms since INCAE is very costly to operate and it has required, and will continue to require, large amounts of funds if it proceeds on its present operating and conceptual basis. One important reason for INCAE's academic success, of course, relates to the very large financial investment in the school, especially in AID grant and loan funds. More than \$7 million has now been invested since the beginning of INCAE in 1964, plus at least \$2 million of additional funds from Central American sources, private and public. These funds represent a large investment for a graduate school of business administration of INCAE's size. The absolute size of this investment now poses major policy questions related to the future of the school. In my judgment, these questions must be answered soon and the problems related to them addressed promptly if the school is to avoid major financial difficulty in the period immediately ahead.

II. PROBLEMS AT THE TIME THE AID LOAN WAS WRITTEN: PURPOSES OF THE LOAN AND OTHER BACKGROUND MATERIAL

The financial analysis and the logic underlying the original 1972 AID loan are well summarized in the "green book" in the section entitled "Financial Analysis," which begins on page 51. In that section the following comments are made:

INCAE cannot survive as a quality institution without the financial support of this loan, comprising three major inter-related components designed to expand its facilities and programs. Expanding programs to an efficient size is essential if INCAE is to achieve the desired development impact and if the institution is to reach financial viability within a reasonable period.

The three major loan sections: program administration and staff development, construction and equipment, and student loan fund, are then detailed within this loan document. The interested reader should closely review the material on pages 51 through 66 of the green book for a more thorough review of the original purposes of the loan.

For this report, however, the strategy section on page 61 is particularly relevant and is quoted here:

In an effort to eliminate INCAE's annual deficits, a number of cost-saving measures have already been undertaken and others are planned. Among the more

significant of these was a reorganization of the kitchen/dining room facilities to permit them to be run on a break-even basis. Perhaps the potentially most important of the changes presently being undertaken is the implementation of a new accounting and cost control system developed during the intensive review. All expenses are now grouped under categories which correspond to INCAE's programs (MBA, AMP, seminars, etc.) or major support centers (library, dining, translations and reproduction, etc.). This system will permit better planning, budget to actual comparisons, and cost control.

While budget reductions of a small magnitude are possible, a joint INCAE-ROCAP financial review indicated that reducing costs by an amount sufficient to eliminate the current annual deficit would require severe measures which would have negative effects on the quality of the institution's programs. Deterioration of INCAE's programs would not only lessen INCAE's development impact, but would also be financially counterproductive to the extent that the institution's ability to attract students, research grants, and consulting business, and to solicit financial contributions from the private sector would also be lessened. The plan being undertaken therefore includes cost-cutting to the extent feasible without generating these negative effects, but the emphasis is placed on increasing revenue. Increasing revenue requires both a stepped-up fund raising campaign and an expansion of the revenues earned from INCAE's programs (without proportional increases in expenditures).

(Emphasis added)

Essentially there were four key strategy elements that prompted the 1972 AID loan. These key strategies were:

1. To permit INCAE to grow substantially in size so that economies of scale could be accomplished, while controlling operating expenditures.

2. To plan and develop a "profit making" consulting business which would generate additional revenues for INCAE.
3. To develop a student loan fund which, after a few years, would become a net source of cash revenue to INCAE.
4. To engage in considerably greater fund raising activities from the private sector.

After summarizing these principal strategies, there appears, on page 65, a summary section entitled "Conclusion: Capacity to Repay." The following quotations from pages 65 and 66 summarize the principal conclusions in this section of the loan paper:

The financial projections show that with the support of the \$3.9 million loan, INCAE will be able to eliminate its operating deficit, improve its working capital position, and service its long-term debt. The projections further show that by the end of the four-year disbursement period, FY 75/76, INCAE will for the first time have generated from its own revenues a reserve for contingencies and an endowment fund for a combined total of about \$267,000. Such results would not be attainable without AID's most concessionary terms and a revised repayment schedule of the CABEI loan (now being negotiated) that will permit INCAE to make repayments commensurate with "its ability to repay."

To conclude, repayment prospects of the loan at the terms recommended are favorable. The loan is timely and provides INCAE with the financing it needs to improve quality and expand. As the financial statements indicate, the programs to be developed will be sufficiently diversified so that a failure in any one will not jeopardize the overall viability

of the institution. A great deal of effort went into the preparation of the financial projections, and they look promising, as noted above. In the final analysis, of course, they are only estimates, and the true test of the program lies with INCAE itself in the ability of its management to exercise the leadership and financial discipline which will be required to make the institute truly viable. The job will be challenging and the potential for success is high. INCAE probably ranks today as the leading business school in Latin America, and has the potential of ranking with the best business schools in the United States.

Generally speaking, the above strategies have not proven effective and have not, in fact, accomplished their critical objectives, which were to help create the conditions financially needed to assure the long-run viability of INCAE. Economies of scale have proven very difficult to achieve. Expenses have proven almost as variable as revenues; annual operating deficits have continued; and, in the past three years, including the nine months of 1976, these deficits appear to be increasing--particularly sharply in Fiscal 1976. (For an example supporting these observations regarding "economies of scale" (see Appendix D, pp. 2-9, 23).

The plan to develop a "profit making consulting business" has not proven feasible in the ranges originally intended. The development of consulting revenues on the size anticipated for a school of business such as INCAE is, in fact, a difficult task to accomplish. In order

to undertake such large scale institutional consulting, additional fixed costs are necessary and, in fact, have been added. Revenues from consulting activities are notoriously uncertain and the timing is difficult to forecast and anticipate with any reasonable certainty. Moreover, there is a high degree of competition in consulting work from a variety of professional private and some governmental sources in the region and from inter-American organizations. The development of substantial annual revenues from consulting as a principal means of financing INCAE on a long-term basis is not a sound financing source for a school such as INCAE, where large fixed costs will remain a permanent operating characteristic. Again, economies of scale from consulting activities have simply not materialized.

The third strategy, the student loan fund as a net source of cash flow, also has not proven successful. The original data in the green book used delinquency rates which were quite low and probably unrealistically optimistic. Loss ratios and delinquency rates assumed in Annex 5, Exhibit E, of the green book demonstrate this point. In fact, delinquency rates have run much higher (see Appendix C, pp.1-3) and based on present cash flow estimates (see Appendix C, pp.4-6) it is doubtful that the student loan fund will ever prove a source of net

cash flow beyond the needs of the fund itself. Indeed, it may be that the cash flow generation due to delinquent loans could cause some difficulty in maintaining the level of the fund and hence cause an insufficient cash flow to finance the necessary number of new loans for future students. In any event, it does not seem appropriate to look to the student loan fund as a net source of cash flow for other INCAE operations beyond student financial aid.

Finally, fund raising from the private sector in recent years in fact has been declining after deducting the costs of raising those funds from the several countries concerned with INCAE. (See Appendix D, pp.2,4) The green book, on pages 64 and 65, adopts the view that progressively higher fund raising will prove possible once INCAE gains greater visibility in the Central American region and when the value of INCAE's educational programs becomes more broadly recognized. The green book also lays emphasis on the need for INCAE to devote greater institutional attention to active fund raising programs (see page 65).

The school has, in fact, devoted considerable effort and attention to annual fund raising but, as in every private institution throughout the world, this always represents a difficult task and progress can be slow and uneven, especially for a new, young institution such as INCAE.

Moreover, economic conditions in Central America caused by the recent recession together with serious setbacks in some areas due to earthquakes and their consequences undoubtedly have played an adverse role in fund raising efforts. It should be noted, however, that because of the unusual structure of INCAE (operating in six Central American countries) the cost of raising funds annually is quite high. (See Appendix D, pp.2,4). Again we find that economies of scale have not been achieved, either in larger amounts of funds raised each year or in better utilization of the cost of maintaining offices in each of the six Central American countries.

Finally, there is a question as to how much each year can actually be raised from private sector sources. There are very few business schools in the United States that raise, annually, more than \$300,000 per year. It may not be practical to expect a level that is too high for annual fund raising; and if INCAE's expense budget is geared to a high annual total of unrestricted gift income, the risk of a serious shortfall in any given year may swiftly lead to an unbalanced budget.

The financial review in the green book was not fully realistic as to the long-run financial needs for INCAE because the analysis did not penetrate to the basic concept

and structure of INCAE. It should be clear why a school with INCAE's structure and concept will always prove relatively expensive and complex to operate. The reasons supporting this conclusion will be developed in detail in the next section of this report.

The absence of any provision for permanent, dependable sources of income from funds such as endowment reflects a major problem in the original and continuing planning for INCAE. This is certainly true as to the 1972 AID INCAE loan. A school such as INCAE, given its goals, objectives, and mode of operation, simply cannot function in the long term without permanent capital. A major graduate school of business in the United States could not be fully financed solely from regular operating revenues were it to undertake the full range of services and quality which INCAE presently provides for its students, faculty, and administration.

The lack of sufficient annual revenue to finance the school is clear because:

- (1) INCAE, from the beginning in 1964, has always operated at an annual deficit, recently in the range of approximately \$200,000 per year; and that deficit has grown from \$205,000 in 1974 to \$235,000 in 1975, and to a projected deficit of more than \$350,000 in 1976. (See Appendix D, pp.2-9).

- (2) MBA, AMP, and seminar tuition revenues in 1975 (probably the most dependable sources of annual revenue) totaled only 28% of total operating expenses in 1975--too low as a total source of income for a school without endowment.
- (3) Excessive use of long-term debt has been undertaken to finance fixed assets and the school's operating expansion at the same time that annual deficits have continued. INCAE's debt position is now very heavy for a school of its size and character.
- (4) Cumulative annual operating deficits (financed by AID) from 1970 through May, 1976, total approximately \$1.5 million.

All of these factors suggest a need for a large amount of permanent capital if INCAE continues to operate under its present model.

After extensive discussions with many individuals and a close study of background documents, it is not really clear that all concerned have fully appreciated from the beginning the financial magnitude of what they were undertaking. Especially, it is not clear that the considerable complexity of the concept and structure of INCAE has been fully appreciated from a financial point of view by either AID, INCAE, the Board of Directors or other advisors.

Many of the key elements of the concept and structure of INCAE are summarized below. Taken together they represent a formidable set of operating criteria that, in the aggregate, lead to a school which is of high quality, which is costly to operate, and for which a large, permanent capital base is essential. This need for capital endowment, beyond buildings and the student loan fund, is not recognized in the AID book.

Now that regular financing to cover annual deficits is no longer available from AID, other methods must be found promptly to cover that portion of the school's expenses not covered by operating revenues.

The school now runs a risk of facing a financial crisis due to heavy negative cash flow within the next two years. Steps are outlined below which, if undertaken promptly, may resolve, or at least minimize, some of the school's financial problems. The prompt and coordinated effort of all interested parties will be required, however, to place the school on a sound financial basis.

This conclusion assumes that continuous annual AID grant and loan funds are not available and that such funds would not, in any case, constitute an appropriate method to finance INCAE's long-run financial needs.

### III. KEY FACTORS IN INCAE'S CONCEPT, MODEL, AND STRUCTURE

INCAE is a unique educational institution. Its design, its goals and objectives have provided it with an academic and financial profile which is unusual and which is capital intensive. There are summarized briefly below a series of key elements in INCAE's design which cause it to have a financial profile demanding a comparatively large capital investment and sizeable long-term operating requirements.

1. INCAE is a six-nation, multi-national school located in Nicaragua. It also maintains operational linkages to South America and particularly to the United States. This multi-national mode of operation raises operating costs substantially and makes communication, travel, and coordination more costly. A multi-national design causes INCAE to be administratively complex with greater operating expense due to this single factor than a school which serves an individual country.
2. INCAE operates a full two-year MBA program patterned almost entirely after the Harvard Business School program. This is an expensive educational

...ing to operate in Latin America, especially using many North American faculty. No other business school in Latin America to my knowledge has chosen to emulate it (presumably in part due to cost).

3. Full residential accommodation is required for virtually all students. This is most expensive as a mode of operation since both single and married students live on campus. Very few United States universities can afford this and almost no business school attempts to house all graduate students, single and married.
4. It is particularly difficult for INCAE to achieve important economies of scale whereas most United States business schools can achieve some economies of scale fairly easily: Points 1-3 above and several other cost factors below cause serious difficulty in achieving economies of scale through larger student enrollments. It is critical to understand this aspect of INCAE fully since it causes a major impact on INCAE's financial requirements.
5. There is an exceptionally large physical plant relative to the number of full-time matriculated

students. By one count, there are thirty-seven buildings on campus, an unprecedented ratio for only 175 resident graduate students. Some building space is, of course, used by special academic programs, the Advisory Center, and related activities.

Even if there is some debate on the actual "definition" of the number of buildings, the investment in physical plant relative to student body size is extremely large. Costs of operating this plant and maintaining it are high and are bound to increase (e.g., utilities, maintenance, equipment replacements).

6. High proportional financial aid is needed by most students. INCAE's programs are very expensive by Latin American standards. Total cost to the student now of an MBA for single students is about \$10,000 for two years; for married students with children, about \$13,000, plus nearly two years lost salary income. Financial aid and the total cost of the program will remain critical problems to the prospective student and the school, even with the \$1 million student loan fund and the willingness of some Central American banks and other national institutions to lend money to

INCAE students. High interest costs of borrowing add to the figures cited above. A high proportion of students need some form of financial aid compared to United States schools of business.

7. The case method of instruction is probably the most expensive single technique for teaching business administration. Academically it is quite effective if delivered properly (which INCAE is doing) but it is costly. Only a few schools in the world undertake the case method as it is practiced at Harvard. Part of the reason is due to cost. INCAE should do everything possible to retain the case method--it is most valuable and appropriate in Latin America. Its cost, however, remains an important factor.
8. The total scale of INCAE is small in terms of students while the faculty is large, thus making INCAE expensive to operate. Total resident student body is approximately 170 graduate students plus annual offerings of three advanced management program seminars plus about 25 two/three day short seminars. The faculty totals 40, which represents a very generous commitment of faculty resources for this level of operation. Many

faculty members are engaged in special programs, case writing, research, consulting, and related activities. By any measure of high standards, however, the full-time teaching faculty relative to student body is too high. Even the AMP and short seminar activities do not spread the cost of faculty over a sufficiently broad base.

9. INCAE maintains a policy of delivering high quality in everything it undertakes. This is quite desirable in Latin America, where educational quality standards are not generally high. Insistence on high quality is, however, an expensive characteristic of any school, in Central America or anywhere else.
10. INCAE has a relatively large turnover of key faculty and administrators compared to high quality business schools in the United States. Turnover of key personnel is expensive (moving expense, travel, orientation, and operational effectiveness). INCAE's basic model, including the use of many North American (nearly 50%) faculty causes turnover to be a continuing expense. For example, seven new faculty will be arriving this year and approximately the same number leaving the school.

This is an unusually high turnover for a given year, but it does dramatize the cost problem, which is a continuing consideration for INCAE. At the same time there has been a high turnover of key administrative personnel which further adds to cost.

11. The cost of external fund raising in the private sector is quite expensive for INCAE compared to U.S. universities and business schools. The multi-national model, offices in each country, considerable travel and overhead expense add to the cost of raising funds annually. Some economies probably can be made, but it is, and probably will remain, expensive for INCAE to raise annual funds from the private sector--and it is very expensive by U.S. standards. Again, economies of scale in fund raising would help, but they will probably be difficult to achieve.
12. A study of INCAE's cost accounting system emphasizes that there are only a few true net cash contribution sources while there are many break even cost centers and even more net cost centers. Thus, a few real net revenue centers carry many cost centers (see Appendix D, p.10 ). Moreover, costs tend to be fixed and to increase while

revenues are more variable and can fluctuate downward fairly sharply and on short notice (e.g., in 1976; see Appendix D, pp. 3-8). This pattern of fixed and growing expense levels and fluctuating revenue characteristics makes INCAE's financial structure risky, which is doubly dangerous given its present high level of debt and continuing annual deficits.

13. The INCAE campus operates as would a small university, but with only one revenue producing school, thus emphasizing the high fixed cost characteristics of the program. INCAE is actually like a small community, with roads, grounds, recreational facilities, utility maintenance, security, etc. This high operating fixed cost base does not now relate to a broader stream of operating revenues.
14. Nicaragua itself is an expensive country in which to operate--among the most expensive in the Central American region. Moreover, the earthquake sharply raised certain costs, further complicating the normal operating expense pattern. Inflation accelerated sharply after the earthquake, although recent price increases are now much more modest. Nonetheless, inflationary pressures add an important additional dimension to INCAE's financial problems.

15. INCAE has no endowment. In fact, with \$4.5 million in long-term debt now on its balance sheet, it presently has a large negative endowment, an unusual factor which may cause trouble in later years, especially after 1982. The school is attempting to accomplish operationally what major, top quality business schools do in private U.S. universities. But those private, top quality schools virtually all have an endowment base within their respective schools or within the university, and they also enjoy greater opportunities for economy of scale in their operations.
16. INCAE receives no important financial support from Central American governments except Nicaragua (\$75,000 per year, or about 2½% of current annual budget). Hence, INCAE has neither the endowment of a private institution nor the annual financial support of a public institution. This double lack of major support is critical to the future of INCAE. The school has survived in its present model to this point only because U.S. AID grant and loan funds (plus the loan from CABEI, which in turn was provided by AID) have supplied the necessary difference between revenues,

expenses, and capital requirements. In effect AID grants and a major portion of the AID 1972 loan have acted as temporary endowment which was consumed to finance annual operations. Presumably this source of support is now coming to an end and there is no visible evidence of a replacement source of equivalent magnitude and dependability.

17. The number of faculty and staff now used to operate INCAE on its present model is excessive. In June, 1976, total faculty numbered 40 and total support staff of all kinds was 156, for a total INCAE payroll of 196 persons. This is simply too large for a school of this scale.
18. Finally, because of all the foregoing, the school is complicated and difficult to administer. Complexity always has an administrative and financial cost--sometimes a serious one. INCAE itself is a good sized management challenge and because of its diversity it is difficult to control. Similarly, it is easy to lose financial control unless great care and a constant vigilance is maintained. Finally, the school is always subject to serious factors completely outside of its control (earthquakes, political considerations, sharp swings in commodity prices such as coffee, etc.).

### Summary Observations

Given these key structural factors, INCAE in its present form is not financially viable unless prompt steps are taken by the Board and the management to improve the school's financial base and to make substantial improvements in its operating efficiency, its levels of expenses and revenues, and the scope of its programs.

In the past twelve years more than \$7 million, U.S., has been invested in INCAE plus more than \$2 million from Central American private sources. Thus everyone's "investment" in INCAE is impressively large. That investment must be protected and made more secure if at all possible.

Since 1970 through May, 1976, the cumulative annual operating deficits of INCAE have totalled approximately \$1,5 million. Assuming that deficit can no longer be financed from US. AID sources as in the past, there are below a series of suggestions and recommendations as to what now might be done to resolve these problems. It is critical to remember, however, that the foregoing list of "structural factors" causes INCAE to be an unusual school--perhaps unique in the world. These structural factors will always cause INCAE to be an expensive school to operate on its present basis.

Any solution proposed that does not, in effect, provide a large amount of permanent capital to INCAE will probably only be an intermediate or relatively short term remedy. The 1972 AID loan provides a good example. That loan did not realistically assess how the school could become self-sufficient without continuing support--hence the problem the school faces today. A careful review by all key interested parties must be made to decide, either:

- (1) the present INCAE model and structure can and should be financed long-term: how, when and by whom, and in what amount; or,
- (2) the model and structure cannot be financed on a permanent basis and must be changed to prevent serious financial difficulties.

Throughout my visits in Nicaragua, Guatemala, and El Salvador I encountered many concrete illustrations of the positive and favorable impact of INCAE on Central American regional development. Its financial failure is unthinkable and to be avoided if at all possible. Nonetheless, prompt and remedial action must be taken to avoid the possibilities of severe difficulty which could develop within the next 24 months.

The extensive recommendations below are offered in the hope they will spur serious discussion and exploration,

not only of these alternatives, but presumably of others which could be generated by the Board of Directors, the management, and the faculty of the school. The recommendations below are intended to stimulate discussion and to offer some suggestions for further examination. In any case, however, a prompt and thorough exploration of these problems and various recommendations for their solution should be undertaken promptly by the Board of Directors and the management of INCAE.

## RECOMMENDATIONS TO IMPROVE FINANCIAL VIABILITY

There are summarized below four broad categories of recommendations regarding possible improvements in the financial condition of INCAE. These are: (1) reduction of costs; (2) increases in revenue sources; (3) suggestions for broadening the role of the Board of Directors; and (4) development of a long-term financial strategy.

### A. Recommendations Regarding Operating Costs

1. There should begin immediately a program of cost reduction throughout INCAE. The faculty and staff must understand the reasons why operating costs for the school are too high and why they must be reduced. Every effort should be made to gain support and understanding by faculty and staff regarding the need to reduce costs.
2. The Rector should carefully examine INCAE's organization structure with a view to simplifying it wherever possible. Every effort should be made to reduce overlaps and duplications where they may exist. If there is a possibility to reduce the size of the organization, those steps should be taken as soon as possible.

3. The overall size of faculty and staff should be reduced. Unless material increases in student body can be achieved, there are simply too many people for the present scale of tuition and seminar revenues from all present sources.
4. Faculty teaching loads should be increased. Present teaching loads are light by any high quality standard. The present average for INCAE faculty members is approximately 2-1/4 trimester courses per year. The average for high quality schools in the United States on a trimester basis would be between five and six courses per year. Good but not outstanding schools would have heavier teaching responsibilities for faculty. Even when courses are converted to the number of class meetings per trimester, the teaching loads of the faculty are low relative to the revenue and cost base of the school.
5. The level of investment in case research and development may have to be reduced, perhaps sharply, at least until it is much more certain that financial problems can be successfully resolved.

6. Control of costs must be a top priority objective for the Rector and the Board of Directors. Both should monitor progress very carefully. Specific cost reduction goals should be established and the Board and Rector must insist that those goals be met. This step should begin promptly.
7. The possibility might be explored of reducing the number of elective courses in the MBA program as a means of further reducing faculty size. The number of total courses should be kept at a minimum level. In addition, there should be minimum class sizes before a course can be offered. For example, a course might not be offered unless there were a minimum enrollment of 15-20 students. The school should be careful about adding any additional new courses at this time.
3. Every effort should be made to keep turnover of personnel to a minimum. Such turnover is expensive for reasons outlined above. Specific turnover goals should be set and monitored. INCAE should be particularly careful about the use of North American faculty since they are expensive

and further complicate the turnover problem. In addition, INCAE should review decisions on the financing of doctoral candidates in the United States as prospective future INCAE faculty members. This is a most expensive process, and if these candidates are lost after a reasonably short time, the investment in such doctoral training is not realistic for INCAE. Great care should be exercised that faculty whose doctoral training is financed by INCAE have a long run commitment to the school.

INCAE should be careful about any additions to fixed costs, including plant expansion, until financial problems come under much better control. The school currently has a \$2.6 million expansion program for plant and equipment under study. No important expenditures along these lines should be made until the problems discussed in this respect have been carefully examined by the Board of Directors, and until reasonable solutions can be developed. (See Appendix F)

10. Economies of scale somehow must be achieved to spread costs. Any new activities for INCAE should produce such economies as a primary objective. Any

new programs or activities which do not make an important cash contribution should not be undertaken no matter how desirable they may appear academically, at least until long-run financial problems have been resolved.

It is not really clear if special programs are actually making an important financial contribution to INCAE. They certainly make a substantial academic contribution. Special programs should be studied carefully, however, to be sure they are making a financial as well as an academic contribution. At this time INCAE cannot afford to subsidize any special programs no matter how valuable they may be from an academic point of view.

- Attitudes toward spending throughout the organization must be influenced and oriented towards cost reduction and greater efficiency. These attitudes must be influenced by example and direction from the top--specifically by actions of the Board of Directors and the Rector.

Cost of external fund raising somehow must be reduced. It takes too much of each dollar raised for the expense to raise it. For example,

exploration should be made whether it is absolutely necessary to maintain an Executive Secretary and related support personnel in each of the Central American countries.

14. Travel, external representation expenses, entertainment, etc. should be monitored with great care. The Rector should personally approve travel and representation expenses. Perhaps a quarterly travel cost report should be submitted to the Board of Directors or separately identified in existing reports.
15. AMP programs in the Carribean and in South America should be reexamined closely as to their expense and actual cash contribution to overhead. They appear to be expensive and to generate a smaller contribution than do Central American AMP programs and seminars. Detailed data was not available to assess the point, but this illustrates concern about economies of scale. More dollars of contribution might come to INCAE due to greater numbers of seminars staged in Central America. Even though academically it may be desirable for INCAE to conduct such programs in the Carribean and

South America, it may prove necessary, at least for the short to intermediate term, for the school to concentrate greater efforts on more profitable revenue generation in the Central American region.

- i. The Rector and the Board of Directors should look for opportunities to simplify the school's organization and some of its activities where economically possible. Complexity does add to cost; it makes it difficult to concentrate administrative attention on key problems; complexity makes it more difficult to determine where the actual problems are and how they might be solved.

B. Recommendations On Increasing Revenues

It is essential for INCAE to develop additional sources of revenues as soon as possible.

The Institute should try particularly to explore additional opportunities for short two/three day seminars. These can be "profitable" and they are also most helpful in institutional development. Other new short seminar formats should be explored. In addition, some "in company" special programs might be considered, particularly if they

could be priced rather fully to make an important cash contribution to INCAE operations.

3. The Rector and the Board only should approve new programs after careful joint consideration of the revenue and cost implications of such programs.
4. Steps must be taken promptly to improve the effectiveness of private sector financing and the raising of more funds from private business sources. The base of revenue support from the private sector for INCAE must be expanded sharply as a means of continued financing for the Institute.
5. The Board of Directors should discuss thoroughly, as soon as possible, their attitudes towards Central American government support for INCAE. Some Board members oppose government support and in some countries it may be almost impossible to obtain. The Board should clarify its own thinking on this matter and develop a strategy: (a) to seek or not to seek more Central American government support; and (b) whether such support beyond Nicaragua is realistically available; and (c) whether such support would compromise INCAE's educational

and other objectives. At the moment there is apparently not a Board consensus on this matter.

5. Exploration should be made as to INCAE's capability to undertake seminar activity for the public sector. This might provide one way of raising funds from government in a manner appropriate to INCAE's mission. It might also prove a more acceptable manner for some governments to support INCAE.
6. It appears doubtful that INCAE can count on the Advisory Center for any significant net cash contribution beyond the Center's direct costs. Current INCAE financial projections for the years 1976-1980 suggest a large contribution from the Advisory Center to INCAE overhead. This projection does not appear realistic, especially with the government of Nicaragua contract expiring in December, 1977, with renewal beyond that time presently doubtful.

C. Recommendations To the Board of Directors

1. The Board of Directors must become more familiar with INCAE operations and it must monitor them in

greater detail. The Board as a whole needs to inform itself more about INCAE progress on financial problems.

An Executive Committee of the Board of Directors should be established, composing two/three members, including the Chairman of the Board. This committee should study INCAE finances, costs, and operating performance closely, meeting monthly, at least for the next year. The Executive Committee should insist that budget goals be met or exceeded favorably on a regular basis.

The Executive Committee and the full Board of Directors may want to receive technical assistance and advice from time to time, particularly on financial matters relating to INCAE. Nonetheless, the ultimate authority for INCAE rests with the Board of Directors and they must assume and maintain an active and vigilant role in the Institute's affairs, especially as to the school's financial situation. Any technical advice or assistance to the Board of Directors, the Executive Committee, or to the Institute itself should not be regarded as a substitute for sound, careful, and efficient management of the school. If problems

are to be solved, they must be solved by INCAE management and by the Board of Directors. Technical advice to the Board, however, might be helpful. It is most important for the full Board, and if possible the Executive Committee, to begin at once this process of greater involvement, familiarity, and understanding of the Institute's financial problems.

3. The Board of Directors must insist now, for 1976-77, on a realistically balanced budget. INCAE is now living beyond its present means and this must end. No deficit should be permitted for 1976-77 and management should be so directed. Every possible effort should be focused toward balancing the budget as soon as possible.
4. The Board must insist on realistic, conservative financial projections. In the past revenue has often been over-estimated and expenses under-estimated. This pattern must end. Management must be held fully responsible for achieving operating results consistent with financial projections.
- 5 The Board of Directors should plan to take enough time at each Board meeting to review fully and

carefully the quarterly financial results. An Executive Committee of the Board should assist greatly in accomplishing this regular Board financial review.

D. Development of a Long-Range Financial Strategy

1. A long-range financial strategy for INCAE must be developed, studied carefully by the Board of Directors, then adopted and monitored closely.
2. INCAE must have a permanent capital endowment, or sources of annual income that are certain and fixed for the long run.
3. A school of INCAE's magnitude cannot be safely financed on a year-to-year basis from operating revenues alone. Long-range financial planning should have started several years ago. The AID loan is really only "bridge financing" for the total needs of INCAE.
4. INCAE is attempting to emulate schools of the very highest caliber in the United States. Those schools all have either (a) large endowment or (b) large state support. INCAE has neither. In

fact, it has negative endowment due to \$4.5 million in total debt.

A realistic and careful estimate of long-term capital needs must be prepared. Without such an estimate it is impossible to determine the full magnitude of INCAE's financial problems. It should now be clear, however, that twelve years of continuous deficits cannot long continue. Without further AID financing, a cash crisis could swiftly develop. INCAE's long-term capital needs will be substantially influenced by (a) the amount by which operating costs can permanently be reduced, and (b) the amount of additional operating revenues which might be raised, and (c) the quality of management control which is exercised over operations.

Special Note: INCAE cannot raise prices on academic programs without running the risk of pricing itself out of the market. The Masters program is now fully priced. Executive programs could go up some, but not excessively. At the same time, debt services on the AID and the CABEI loan continue and principal plus interest payments will add heavily to negative cash flow, especially

in the future when AID loan repayments begin in 1983. Negative cash flow then from AID plus the CABEI loan principal and interest will total approximately \$300,000 per year for many years to come.

6. Even if the budget can be temporarily balanced by cutting costs and raising revenues (a possibility), INCAE will still need a large permanent capital base or it risks a financial crisis which could develop at any time, and perhaps suddenly. This is primarily the result of heavy fixed costs, uncertain fluctuating revenue sources, and INCAE's basic structure and operating format. If INCAE wants to retain its present model and operational strategy, it probably needs an endowment of at least \$3 to \$4 million, even with good expense control and some improvement in operating revenues. In addition, it will need future annual revenue sources to repay the \$4.5 million in debt over the long term. Taken together, it is clear that INCAE will need very substantial endowment in order to continue operations in its present form.
7. Continuing long-range financial planning must be a major concern of the Board of Directors for many years to come.

## ADDITIONAL ALTERNATIVES

The foregoing sections of this report have outlined a number of the principal problem areas at INCAE from a financial point of view together with some possibilities for solutions to these problems. As indicated at the outset, INCAE represents a high quality educational program which is setting a new standard for management education in Latin America. A major policy decision must soon be made whether the INCAE model, in fact, can be preserved and properly financed. If major progress along the lines of the various recommendations outlined above, or other similar kinds of recommendations, is not made within the next twelve to twenty-four months, then serious consideration should be given to changes in the basic INCAE model. I am most reluctant to make such a suggestion in view of the standards of excellence and high quality which INCAE has established within the Central American region. Nonetheless, if the model cannot be financed properly, it would be better to have a modified INCAE than no INCAE at all. I would suggest consideration of the points briefly summarized below only if it appears that proper financing cannot be secured for the present concept and structure of the school. In that event, some elements of the model presumably could be

changed

Possible Changes

- A. An 11/12 month MBA program might be offered. Four trimesters instead of the present six trimesters would be included. There are several models for this example, both in Latin America and in the United States. Substantial savings probably could be accomplished through sharp reductions in faculty size, the number of courses offered, more intensive use of physical plant, etc.
- B. More students could be obtained from certain countries with less emphasis on the Central American integration concept.
- C. Relatively more students could live "off campus." An attempt could be made to cut back the full residential campus concept. This presumably would mean raising the number of Nicaraguan students relative to students from other countries.
- D. Attempts should be made towards an extremely vigorous cost reduction program. All but absolute essentials should be eliminated. Use a much smaller faculty with almost no foreign faculty due to costs; cut back

or virtually eliminate case development and reduce or nearly eliminate translation costs. In short, convert the program to a basic minimum stressing essentials only, conducted entirely in the Spanish language.

Perhaps sell or lease some assets, for example, a portion of campus land. Possibly consider leasing some facilities to another school or explore the possibility for joint academic utilization of the campus to gain some additional revenues through sharing overhead costs.

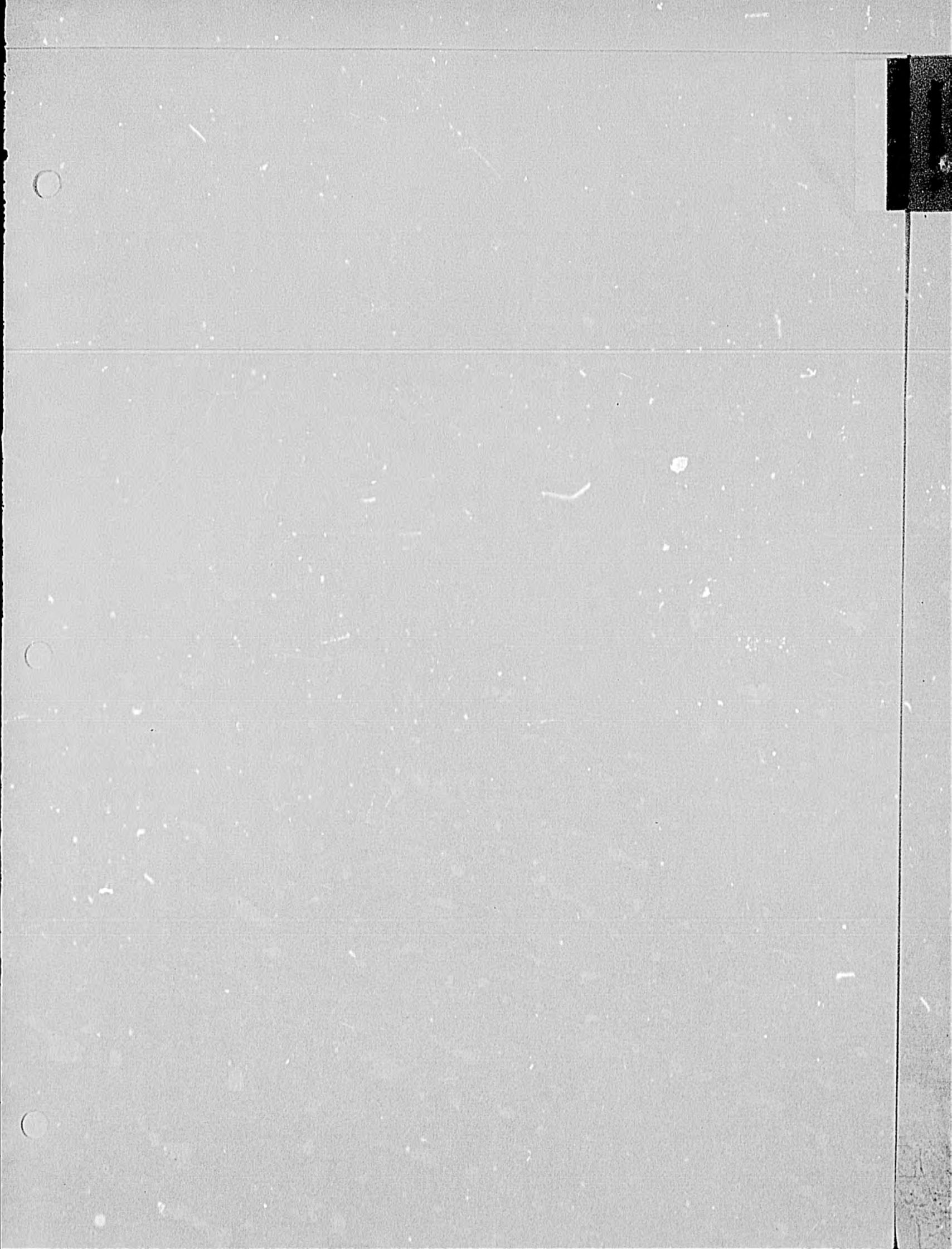
Clearly, most of the above suggestions are drastic ones which would materially change the character of INCAE as it exists today. Any such changes should be made only after extremely careful review of all alternative financial sources and only after a clear determination that the present model cannot be financed.

### Final Conclusions

I strongly urge all responsible parties to move forward as soon as possible in the review and examination of INCAE's financial affairs and its prospects for future survival. INCAE's financial problems have been developing for many

years. Time is now a critical factor, particularly since it may take considerable time to resolve fully some of these matters. The sooner a start is made, the sooner a successful conclusion may be reached.

INCAE is making a substantial contribution to the economic development of the Central American region. Assuring its continued favorable contribution to the region is most important. The significant effort of all concerned in time, effort, and money over many years must also be recognized and protected. The solutions will not prove easy to accomplish and they will require a high level of performance and genuine commitment by all who are concerned about INCAE's long-run institutional survival and success.





**INCAE**

**INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS**

**INCAE: Background, Strategy, Programs & Activities**

**Instituto Centroamericano de Administración de Empresas (INCAE)**

**Apartado Postal 2485**

**Managua, Nicaragua**

## INCAE: BACKGROUND, STRATEGY, PROGRAMS & ACTIVITIES

### STRATEGIC CONSIDERATIONS

INCAE --i.e. the Central American Institute of Management-- is a private, non-profit, multinational institution of higher education, dedicated to the study of management in Latin America. It was established in 1964 through the initiative of the Central American business community with the support of the U. S. Agency for International Development and the assistance of the Harvard University Graduate School of Business Administration.

From inception, INCAE has been conceived as a vehicle for the promotion of economic and social development in the region that it is intended to serve. Operationally, it has aimed its teaching, research and advisory efforts toward the development of a stratum of highly competent and socially responsive professional managers in key leverage organizations.

Initially, the institution focused its attention almost exclusively on training private sector managers. It rapidly became obvious, however, that the private-public sector interface in Central America was such that, as a development institution, INCAE would also have to be involved in training public sector managers.

Today, INCAE's programs are directed at both the public and private sectors with special emphasis on the interface between them. Using fundamental management techniques as the teaching core, INCAE is moving toward an integrated, multi-disciplinary emphasis aimed at basic administrative problems common to virtually all types of organizations. Concurrently, INCAE is in an evolutionary process in which increasing attention is being given to specific activities of critical importance to regional development, e.g. agribusiness, development banking, service delivery systems, urban and rural development, public management, national and regional planning.

### A. OBJECTIVES

INCAE has given careful attention to defining its aims, as well as the policies which guide the institution's growth and development. Four major objectives have been established:

1. Contribute to the rapid development of a significant number of highly skilled, socially conscious managers to provide imaginative, effective and responsible leadership for private and public sector institutions in Central America and other parts of Latin

America which offer significant opportunities for rapid economic development and social change.

2. Develop an increased sense of common purpose between private and public sector leaders, and greater understanding of the mechanisms for managing the business-government interface so that economic and social welfare may be maximized within the context of free societies.
3. Make a high-impact contribution to upgrading management skills and capabilities in selected areas of particular importance in terms of the economic and social development of the region through special programs involving multiple interventions and various delivery vehicles.
4. Make a substantial contribution to improving the quality of management education in Latin America through cooperative efforts which may lead to the development of a strong, closely linked network of quality management schools throughout Latin America.

#### POLICIES

Five basic policies or principles have guided and will continue to guide INCAE's development as it seeks a position of internationally recognized leadership in the field of management education. These policies provide a fundamental institutional continuity and stability while allowing wide latitude for experimentation and adaptation as the institution responds to the rapidly changing needs of its environment.

1. Excellence. INCAE is committed to maintaining, in all of its programs, standards of excellence fully equivalent to those of the world's leading management schools. These standards of excellence underlie the Institute's efforts to develop its unique identity, objectives, and programs relevant to the needs of the local environment.
2. Development Contribution. INCAE exists to provide the communities that it seeks to serve with teaching, research consulting programs in management which may be reasonably expected to make a positive contribution to Latin American economic and social development. Every program undertaken by INCAE is designed and evaluated in light of its potential for making such contribution.
3. Multinationality. INCAE is and intends to remain multinational

in every respect --the composition of its board of trustees, faculty, administration and student body, and its sources of financial support. INCAE recognizes a special obligation toward the Central American region; this will not, however, be allowed to restrict its vision or concern for contributing to the development of other regions in Latin America.

4. Institutional Advantage. INCAE will focus its efforts in those areas of activity in which it has a comparative institutional advantage, i.e. providing high-quality, high-impact education, research and advisory services to top level managers in both private and public organizations who make key decisions affecting the allocation and utilization of resources involved in the production and/or distribution of goods and services.

5. Behavioral Impact. INCAE designs its programs for and judges their success by the behavior stimulated in participants. We believe that the most important result of any educational experience is not the analytical idea grasped by the student or the data fed into his memory by the change in his behavior as a result of the schooling. Consciously or unconsciously, every educational program has behavioral impact. INCAE believes it is crucially important to identify what behavioral change it is looking for in its students and carefully design the form and content of its curriculum, faculty-student relations, student-student relations, and physical environment to enhance the probability that the desired behavioral objectives are met. It is for this reason that most of our teaching programs make use of the case method.

#### PRESENT STRATEGY

At the beginning of the present decade, INCAE was faced with the task of developing a long-term strategy which, in addition to satisfying the principles outlined above, would solve two problems which threatened its existence. One of these was the problem of financial viability or equilibrium. In its first years, II to over half of its operating expenses were covered by grants from AID, resulting in a disproportionate dependence on AID monies. These monies could not and should not continue indefinitely into the future. The second problem faced by INCAE was overdependence on Harvard. In the early years, the school's curriculum was largely shaped by Harvard professors, its teaching materials were developed by Harvard staff, its faculty was mainly recruited at Harvard, and so on. For INCAE to achieve its original objectives it had to attract and hold a strong core faculty of its own, committed

to and capable of designing and implementing its regionally-oriented programs.

The following sections reflect some of the major decisions taken by the Rector, Faculty and Trustees in the process of plotting the course for INCAE's development during the 70's.

D. DEFINING INCAE'S NICHE

In the coming years a growing number of Latin American schools will probably attempt to develop MBA programs of the type which INCAE presently offers. As this development takes place, INCAE will increasingly define its unique place in Latin American management education, not merely in terms of the basic structural design and quality of its programs, but also in terms of its research and teaching expertise in dealing with certain types of Latin American management problems. Several such problems have been identified for special attention by INCAE. The following three occupy a prominent position among INCAE's concerns:

1. Management of Change. Most processes of non-violent change are dependent on the effective leadership of individuals able to work through large scale organizations to manage systems and resources in such a way as to achieve change objectives. This requires skills and qualities of mind and character which are often neglected in the standard management curriculum. Many examples of large scale efforts to manage various types of change are available in Latin America. By in-depth study of these efforts and the preparation of teaching cases based on the experience which they provide, INCAE is developing a unique capability to train present and future high-level managers for leadership roles in the management of change in Latin America.

2. Management of the Business/Government Interface. Effective development requires close coordination of the activities of the public and private sectors. The particular ideologies and theories employed by government in developing the legal and political frameworks in which business leaders must manage their firms can have significant impact on the business decision-making processes and the general development of the private sector. INCAE is developing a special expertise in dealing with these relationships through the development of case materials which focus on the implications for the private sector manager of various governmental policy measures enacted through legislative, administrative, and judicial systems. INCAE is also becoming increasingly involved in the problems of managing public and para-public institutions,

such as development banks, which have a special significance for investment and development. It is further becoming involved, through its research and advisory activities, in the problems of formulating and implementing public policies within the context of economies where the public and private sector share allocative power in varying proportions.

3. Adaptation of Modern Management Practices to Central America. INCAE has a special interest in the problems of adapting modern management concepts and techniques for application within the Central American environment. The Institute's experience has indicated, as others have observed, that the transfer and adaptation of technology is almost as difficult as the process of originally developing the technology. The Institute believes that the technology transfer process requires top-quality managers and executives equipped with the necessary technical tools and capacity for ingenuity, leadership and dedication. INCAE is continuously engaged in studying these transfer problems and in exchanging ideas and experience with Central American leaders of both the private and public sector on the unique constraints, requirements and opportunities faced in the application of modern management practices in the Central American environment.

INCAE seeks to play a central role in the development of an international community of scholars committed to teaching and research focused on the problems of management in Latin America. This is being accomplished through strengthening links of communication and exchange with the major management schools interested in Latin American management in both North and South America, and through training qualified young management scholars for careers focused on Latin America. At the request of the Latin American Council of Graduate Schools of Management (CLADEA), INCAE has established a case distribution center to facilitate the exchange of new Spanish language teaching materials among Latin America's major management schools. INCAE has offered a number of workshops and seminars aimed at training teachers and case writers, and several curriculum planning seminars have been held in cooperation with other Latin American institutions in certain specialized areas like development banking. Eventually, INCAE hopes to establish a Latin American oriented doctoral program in management.

## PROGRAMS AND ACTIVITIES

### A. CORE PROGRAMS

So far, INCAE has relied heavily on five basic types of programs or vehicles for achieving its stated objectives. These are described below.

1. MBA Program. INCAE's MBA Program bears a clear resemblance to that of the Harvard Business School, but it emphasizes strongly those areas which are of greatest relevance to the Latin American management community. Extensive use is made of the case method of instruction and significant effort has been devoted to the development of case materials from Latin America, which help to give the program its unique relevance to the Latin American environment. Consistent with its commitment to a high standard of excellence, only full time faculty members are used in the MBA Program. Likewise, all students are required to enroll on a full time basis and most students live on campus, including married students and their families, for whom special housing facilities have been recently completed. Considerable emphasis is placed on the use of study groups in preparing for discussion of cases in the classroom. The study groups have proven to be an effective device for developing teamwork and facilitating preparation for the classroom discussions. Special attention is given to helping students improve their group interaction skills through use of the most advanced experiential learning techniques.

During the first year of the program, all students follow a uniform program of study which emphasizes the development of analytical skills within each of the fundamental management disciplines. The program is organized into the following courses: Finance I & II: Financial Analysis, Financial Structure & Capital Budgeting; Marketing I & II: Advertising, Sales Management, Distribution, Marketing Strategy, Pricing & Product Policy; Production I & II: Production & Operations Management; Control I & II: Management Accounting & Control Systems; Laboratory of Interpersonal Relations; Organization I & II: Human Problems in Organizations & Design of Complex Organizational Systems; Environmental Analysis for Management I, II & III; Microeconomic, Macroeconomic, Political & Sociological Analysis; Quantitative Decisions I & II: Decision Making under Uncertainty, Risk Evaluation, Sequential Decisions; Written Analysis of Cases.

The second year is comprised almost entirely of elective courses. Only Business Policy is a required course. In addition to the normal course work, each student is expected to engage in at least one field research activity which gives him practical experience in defining a problem situation and in gathering the data necessary for problem analysis and solution. Time is set aside for the gathering of field research data and students are encouraged to undertake projects which will involve data gathering in the various countries of the Central American Isthmus. Frequently, new

teaching cases result from this research. Management laboratories provide students with opportunities to undertake projects which involve them in seeking and implementing solutions to operational problems of business enterprises and other organizations.

Courses are presently offered at the second year level in the following areas: Business, Government, and Society; Business Policy and General Management; Planning and Control; Advanced Finance; Agribusiness; Advanced Marketing; International Business; Production Management and Operations Research; Development Banking and Public Management

2. Advanced Management Program. INCAE's Advanced Management Program is aimed at persons who hold or are being prepared for positions of top level management responsibility in business or public organizations. The program focuses on the problems of general management and treats the organization as an entity functioning in a world setting. As in the MBA Program, extensive use is made of the case method. The faculty is normally comprised of highly experienced professors from INCAE, the Harvard Business School, and other leading educational institutions. Currently, three sessions of the AMP are offered: one in campus for the Central American region, another one in South America and a third one in the Caribbean. Content of the six-week program covers the following areas: Business Policy, Managerial Control, Financial Management, Marketing Management, Production Management, Organizational Behavior, Agribusiness Management, and Planning in the Business Environment. A two-week specialization in Development Banking or General Management has recently been introduced into the program. To be considered for admission to the Advanced Management Program, a candidate must be nominated and sponsored by his company or institution.

3. Seminars. INCAE offers an ongoing program of short seminars to meet the specialized needs of top level executives. Seminars are regularly offered in all the Central American countries, and occasionally outside of Central America, as requested by interested groups and institutions. These seminars are planned with the assistance of local leaders to ensure that they are addressed to clearly identified needs.

4. Consulting & Advisory Services. INCAE has developed a certain capability to accept institutional consulting contracts through which its professional faculty resources can be made available to public and private sector organizations to help them find

solutions to important management problems. The major emphasis is on consulting which helps the organization develop its own problem-solving capability.

In response to the needs created by the Managua earthquake of 1972 and a request from the Government of Nicaragua, INCAE formally established an Advisory Center (Centro de Asesoramiento) in March 1973. The Center's primary function has been research and consulting in areas of public policy, with emphasis on the planning and administration of social and economic development projects, but it is rapidly becoming INCAE's main conduit for consulting and technical assistance in a broad range of subjects. The Center has a professional staff of economists, systems analysts, planners, industrial engineers, management specialists, and resident advisors from the Harvard Institute for International Development. Its professional services are provided on a contractual basis to both government and private institutions. The Center's activities are financed through consulting contracts.

5. Research and Publications. In the development of its teaching programs and consulting work INCAE's faculty has produced a large body of educational materials. Quantitative estimates are difficult but it is probably accurate to say that nearly 85% of INCAE's faculty research time has been given to the development of cases, i.e. empirical, clinical observations of actual situations focused around some management problem. In addition, there have been a number of surveys and technical notes developed, plus a series of occasional papers and assorted articles published by various members of the Faculty.

In recognition of INCAE's special interest and extensive experience in the development of cases, the graduate schools affiliated to the Latin American Council of Management Schools (CLADEA) have asked INCAE to set up a clearing house for exchange and distribution of indigenous teaching materials. Formal links have been established between this Latin American facility -- known under the acronym of CEDO-- and the Inter-Collegiate Clearing House (ICH) at Harvard.

Currently receiving increasing attention at INCAE is the establishment of a Publications Program aimed at the development of case books and packaged didactic materials for use by other management institutions, and dissemination of these materials within the region. It is hoped that with time this activity will grow in relative importance at INCAE.

## B. SPECIAL DEVELOPMENTAL PROGRAMS

Even after INCAE reaches its targeted size and development as elaborated in the Long Range Development Plan it will still be, by U. S. standards, a relatively small school in terms of resources and faculty. Given the emphasis within the faculty on high impact projects and the limitations on institutional resources, it became clear in the long-range planning process that a selective strategy would be necessary. It was decided that INCAE should try to concentrate resources in a limited number of areas in order to gain sufficient critical mass to make significant impact, rather than dissipate its energies trying to advance frontiers in all the areas that come under modern management. This internal decision coincided with the willingness of a number of local and international agencies to fund programs directed at specific high priority areas. The result has been the development of a number of special programs which enrich the faculty and focus the Institute's influence on certain priority areas. Each special program has its own design but a clear pattern is emerging: A comprehensive analysis of the system to be emphasized leads to an identification of critical management bottlenecks. A program of MBA courses, seminars, and consulting activities, supported by a continuing research on the operational problems of the target system, is then designed and carried out to best apply INCAE's management expertise to improving the system's ability to deliver its goods and services.

1. Agribusiness Management. In recognition of the importance of agriculture and agriculturally based industries to the economic development of Tropical America, INCAE launched a special program in Agribusiness in 1970 with the assistance of the Banco Central de Nicaragua. The program is designed to develop a significant teaching and research capability in agribusiness at INCAE. To date, a series of cases and technical notes concerning various commodity systems have been written, agribusiness has been firmly established as an essential part of the MBA curriculum, short seminars have been given to regional businessmen involved in agribusiness activities, and several research projects have been concluded. The establishment of a formal concentration in Agribusiness Management within the framework of the MBA Program is contemplated for the near future. The Program is currently concerned with the possibilities of expanding and improving the linkages between rural subsistence economics and existing agricultural commodity systems so as to raise income levels among the rural poor.

2. Development Banking. The Development Banking Program

extends INCAE's management training expertise to the banking institutions of the region. Specifically, the program places special emphasis on the teaching of managerial skills relevant to the needs of the regional development banking institutions. The program includes: A second year MBA specialization, short seminars for regional bank administrators, intensive training courses for technical and administrative personnel, research and development of teaching materials. The Development Banking Program began in 1973 and is largely supported by the Inter-American Development Bank, the Central American Monetary Council, and the National Bank of Panama.

3. Public Management. With the support of a Ford Foundation grant, INCAE began working in 1974 toward the development of a Public Management Program (P.M.P.) aimed at strengthening the management capabilities of public sector organizations throughout the Central American region. This Program is building upon the experience and resources of several past and present activities at the Institute, especially the Advisory Center, the Development Banking, the Agribusiness and the Family Planning Programs. The activities of the latter program are currently carried on under the umbrella of the P.M.P., but with a broader focus on health delivery systems. The rationale of the P.M.P. is that a multidisciplinary effort --drawing heavily on the basic management skills already developed at the Institute and utilizing the status of economists, public administrators and other social scientists-- can infuse public managers in the region with the same modernizing spirit that private managers are successfully adopting with the help of INCAE. When fully established the P.M.P. will include a major concentration in Public Management within the framework of the M.B.A. Program and a series of outreach activities --including intensive training seminars for public managers and technical advice and consulting for public sector organizations-- and a continuing program of research on management problems in the public sectors and development of teaching materials.

4. Future Programs. INCAE is continually searching for opportunities to develop special impact programs in areas where it can make a significant contribution by breaking critical bottlenecks in the process of economic and social development and where adequate funding to support such efforts can be made available from both regional and international sources.

#### FACULTY

The quality of its faculty has been the critical factor in INCAE's

rapid development and success to date. A relatively small institution committed to effective involvement with regional development needs can aspire to excellence only inasmuch as it is able to attract, retain and efficiently utilize a faculty qualitatively competitive with the best schools of management in the world. INCAE feels that its faculty has the strength to maintain the institution's reputation for academic excellence as Latin America's leading center of management training while expanding into new areas commonly associated with the public sector.

#### A. FACULTY COMPOSITION

As of the beginning of the academic year 1975-76, the INCAE faculty included 19 teaching faculty, 11 research faculty, 7 administrative faculty and three more under training in the U.S. doctoral programs to make a total of 40 different individuals. All of these devote their full time and attention to their academic duties at INCAE with the only exception of two half-time instructors.

Exhibit 1 presents the list of faculty members under each category with their educational background, academic fields of interest, years of professional experience in Latin America and years of association with INCAE. In terms of nationality, there are currently 22 Latin Americans serving in the faculty --or 55% of the total-- 16 U.S. --or 40% of the total-- one Indian and one Jamaican --which accounts for the remaining five per cent. About one fifth of the faculty is made up by men in their first year of service at INCAE, while over a third of the faculty is made up by men with four to eight years of service; the latter group represents a moderate size core of veterans, which provides continuity and stability while allowing for continuous infusion of new blood.

Exhibit 2 presents a view of the rapid expansion of the faculty. Since initially the Institute had to rely frequently on short-term visiting professors, the table gives faculty size in full time year-round man equivalents to ensure comparability between years.

#### B. FACULTY RECRUITING

INCAE has followed a number of policies in its faculty recruiting. One is to look for faculty with equivalent training to that required by the best schools of management in North America and Western Europe. For teaching in the MBA program this means a doctoral degree; for work in most research programs, at least a master's degree and preferably a doctorate. Although INCAE is

increasingly looking to schools in other parts of the world for its faculty, there is an undeniable bias in the current recruiting practices toward candidates who have done their graduate work in top quality schools in the United States.

This bias has its own precedents. The explicit orientation of INCAE's teaching programs to the case method meant that a very large percentage of INCAE's original faculty came from Harvard --the dominant school on the faculty even today. The very high standards set for faculty and the limited amount of recruiting resources have also meant that INCAE has had to recruit at schools with fairly large doctoral programs where the probability of finding exceptionally able and highly trained students was rather high. Hence, recruiting attention has tended to focus on schools like Harvard, MIT, Stanford and Berkeley. It is important to note that through personal contacts, friends and word-of-mouth, more than half of the potential prospects have been drawn from schools other than those just mentioned. Currently, about 50% of the teaching faculty comes from schools other than those mentioned above. Nevertheless, it is still true that INCAE has a strong bias toward top quality education in its selection of faculty and this has been defined largely in U.S. management schools terms. However, efforts are currently under way to expand contacts with top quality management schools in Canada and Western Europe as potential sources for new faculty.

### C. FACULTY DEVELOPMENT

The history of faculty development at INCAE is a long one and perhaps worth summarizing briefly. Part of the initial start-up plan for INCAE included the training of 23 Latin Americans in the ATP and other teacher training programs at Harvard. Very few of the people trained in these programs were actually utilized by INCAE at any time for a variety of reasons and only two --who went from there to complete their doctorates-- have remained in the faculty. A second phase, reflecting a switch in approach to recruiting persons who had already completed their terminal degree, had to be initiated in the period 1968 through 1973. This is the philosophy which has been followed to date. Concurrent with this plan the most promising research faculty has been encouraged, after two or three years of work at INCAE, to go take a doctorate with financial support from INCAE and with a commitment to return to INCAE. Currently, three future faculty members are studying in the U.S. and an additional member among the research faculty has been identified as potential doctoral candidate.

Given the difficulties in finding Latin American faculty who meet

the academic qualifications of INCAE and the desire to maintain a balanced nationality mix among the faculty, the need to set up a more ambitious, formalized faculty development program became patently clear. The basic features of this program are as follows: 1) a phase of work and training at INCAE in which the potential faculty member acquires a sense for the educational philosophy and methods of INCAE and perhaps comes to share the Institute's philosophy and objectives; 2) a period of doctoral studies of about two years abroad in some clearly identified area of need for INCAE; 3) a follow-up period where he returns to INCAE to teach and complete his doctoral thesis; and 4) a phase where he joins the INCAE faculty on a full fledged member.

In the past, funding for faculty development at INCAE came from the original AID grant and subsequently in piecemeal fashion from different foundations and institutions. It has become necessary, now when a regular faculty development plan is under way, to secure programmed external financing.

In the past INCAE has encouraged only the very top students in its MBA program and those with marked academic inclination to join the research faculty and go into academic programs. It should be kept in mind that the MBA Program at INCAE is basically a professional program aimed at developing future practitioners of management, rather than academics. For this reason INCAE does not consider its own MBA training as the sole source for long-term potential faculty members, and is consequently trying to draw them from other disciplines such as psychology, economics, mathematics, political science, etc.

#### D. FACULTY PROMOTIONS & ORGANIZATION

The scale of faculty positions at INCAE is very similar to that of U.S. schools, basically consisting of four types of professors: assistant, adjoint, associate and full. A similar scale exists for research faculty with slightly different nomenclature.

### STUDENT BODY

#### A. SIZE & COMPOSITION

From 1969 to 1975, seven classes totaling 298 students have received their MBA degrees from INCAE. In the recent past, graduating classes tended to average about 50 students, the entering classes around 70. Lately, however, entering classes

have reached the 90 student mark. Of the graduating students in the last four or five years, approximately 80% have been from Central America and Panama; while the remaining 20% have been from South America, with a few from the U.S.A. and Europe.

Between 1964 and 1975, twenty Advanced Management Programs have been attended by nearly a thousand private and public sector managers. Of these, approximately 80% have been from Central America and Panama, and the remainder from South American countries.

Presently, over a thousand private and public sector executives participate annually in INCAE sponsored seminars.

For 1979-80, it is projected that the MBA student body will number 180. There will be three AMP sessions per year with a total enrollment of approximately 180, and about 30 short seminars per year will have a total of 1500 participants.

#### ADMISSIONS POLICY

INCAE's Admission Committee judges candidates on the basis of academic achievement and depth of professional experience. Virtually all students are university graduates (a very few exceptions are made for persons of unusually significant previous professional experience, considerable maturity, and unquestionable potential). Candidates are required to take admissions tests designed and administered by INCAE and have a personal interview plus references from former professors and/or employers.

In selecting an entering class, INCAE attempts to balance geographic representation and professions (i.e. lawyers, engineers, economists, social scientists, business administrators, etc.).

Approximately three applications are received for every student admitted to the first-year MBA Program.

#### RELATIONSHIP WITH OTHER INSTITUTIONS

One of INCAE's long range objectives has been to contribute toward the improvement of management education in Latin America. It is one of the founding members of CLADEA, the Latin American Council of Schools of Management. The Rector, Dr. Cruz, served as the first president of CLADEA and continues to play a very active role in the organization. The CLADEA sponsored case clearing house is located at INCAE.

Some of the Special Programs, like Development Banking, are trying to encourage faculty interchange with other Latin American schools. Several brief exchanges have occurred over the past year with the Instituto de Pesquisas Economicas de São Paulo and several more are contemplated for this year with the same institution and with ESAN in Lima, Peru.

En view of the rather weak academic infrastructure throughout most of Latin America and the fact that most of the people teaching in universities and even graduate schools of business must do so on a part-time basis, INCAE has come to the conclusion that it is not sufficient to merely distribute cases. If such materials are to be inserted effectively into the curriculum of other schools, they must be packaged in casebooks and teaching notes must be prepared for teacher use. Therefore, several of the special programs have now included development of casebooks and packaged materials as a specific objective. At the same time, INCAE has in the past and will continue in the future to put on seminars and symposia demonstrating the use of the case method in teaching and research.

With regard to the local universities of the Central American region, INCAE has followed two policies. On the one hand, in legal, operational and financial terms, INCAE follows a line of total and absolute independence. From the very beginning, INCAE has not been in any official way a part of the university system of Nicaragua or of any other university in Central America, and its faculty policies, tuition policies, student selection and principal programs are quite different from the prevailing patterns in the Central American region. On the other hand, INCAE, as a graduate school, has felt very strongly that its contribution to higher management capacity within the region will be limited if education at the lower levels is not improved. To date, although INCAE has not been able to develop any major strategy for aiding local universities, it has encouraged several activities that contribute in a limited fashion to the improvement of management education at the undergraduate level: 1) Many of its graduates teach in local universities, so many that most university departments of business administration in Central America are virtually dominated by INCAE graduates; 2) It has made its materials available to these universities and in a few instances has participated with consultant aid in curriculum development and institution building; 3) It has identified this as a high, long-term priority area and possible one for a major project.

With regard to INCAE's relationship to other management schools outside of the region, it is obvious that INCAE is a tropical relative of Harvard. Our program reflects many of the experiences and philosophies developed at the Harvard Business School. Members of Harvard's

faculty have made invaluable contributions in virtually all areas of INCAE's development. Nevertheless, in 1973 previously existing contractual ties with Harvard came to an end. Since that time very close personal ties have remained with many of the professors and administrators at Harvard. Three Harvard professors serve on an advisory board to INCAE and visit the school at least once every year.

Since 1973, INCAE has increasingly been developing contacts with other schools in the United States. In December of that year the Academic Director of INCAE made extended visits to MIT, Columbia, Berkeley, Stanford and UCLA, and other faculty members have visited the University of Wisconsin, Northwestern University and Indiana University. In the future INCAE will continue to extend the network of its contacts for faculty recruiting purposes for both the MBA and AMP programs. Additionally, it is assumed the expanded institutional contacts will stimulate more joint research projects.

Through some of its special programs, INCAE has developed very close relationship with certain other schools. For example, the Development Banking Program has a fraternal relationship with ESAN in Peru and IPE in Brasil, which have similar programs in the same field. The Harvard Institute for International Development (formally known as the Harvard Development Advisory Service) is providing a group of resident advisors plus occasional visiting experts for INCAE's Advisory Center. Since 1974/75, Richard D. Mallon, the Director of this advisory group, has been the Center's resident advisor. Additionally, Dr. Mallon has participated actively in the development of INCAE's Public Management Program.

## VI. CULTURAL VALUES

Any observer of INCAE will be quickly aware that a large fraction of INCAE's faculty, some of its student body, much of its curriculum and teaching materials come from outside of Latin America. The observer will also note that INCAE's curriculum stresses analytical rigor, hard work, discipline of time, economic and material progress and a number of other cultural values which might be regarded as external to the Latin American cultures.

Since at this time the issue of cultural imperialism is a very live one, it is probably useful to try to articulate INCAE's rationale or philosophy in this respect. Although in the annual faculty meetings held at the beginning of every academic year there is an attempt to review the underlying philosophy guiding our actions and what precisely it is we are trying to change in student behavior, INCAE today basically

reflects several convictions: 1) An essential prerequisite for any real sustained improvement in the quality of life for all members of the Latin American societies is increased efficiency in the allocation of resources and greater use of suitable technology to expand both the material and service products of the society; 2) In their relationship with the rest of the world, countries which are economically weak, as well as disorganized politically and socially, will always be at a disadvantage; therefore, progress in the sense of greater individual and societal capacity is a necessary requirement for effective resistance to subtle imperialism at an international level; 3) These characteristics of hard work, discipline, and academic excellence are deeply compatible with the valuable Latin cultural heritage. It has been our experience that students and faculty adapt very rapidly to a rigorous schedule and consider INCAE's insistence on efficiency and excellence to be one of its most attractive qualities.

### FINANCES

One of INCAE's most critical problems has been to develop a strategy which will lead to long-term financial equilibrium. INCAE starts with a number of very serious disadvantages in this area which can hardly be imagined in an educational institution in the United States: 1) It does not have an endowment fund that would give it a minimum assured income; one could say in a sense it has a negative endowment, since the construction of physical facilities had to be financed through loans; 2) It works in a region where higher education is normally a free good; although INCAE tuition charges are still below U.S. levels, they are considered to be among the highest in Latin America and close to the maximum which the local market will bear; 3) While in the U.S. there is a well established tradition of private sector support for universities --as well as the financial resources to effect this support-- there is no such tradition within the private sector in Central America. Nonetheless, INCAE has had remarkable success to date in beginning to develop one.

The financial strategy of INCAE is four-fold: 1) Increase earned income from tuition to the maximum paying careful attention to possible economies of scale; even so, the MBA program will still show a deficit; 2) Develop funded special programs which will increase the size, quality and impact of INCAE's teaching program while covering 100% of their costs; 3) Develop a network of friends and alumni who will make yearly contributions to help cover the operating deficit. 4) Use soft loans for capital expenditures and other development costs in the early years.

This strategy has had remarkable success to date. While total operating

expenses have been rising on the average 25% per year (largely due to inflation), earned income has risen from 40% in 1967-68 to 80% in 1974-75. This increase in earned income is due to the expansion of executive development programs, to the creation of new funded programs and new remunerative services and to a stepped-up fundraising campaign. It, therefore, highlights the critically important role which these programs and activities play in INCAE's financial picture.

AID's role in subsidizing INCAE's operations has been steadily diminishing at the same time the part of the budget which must be raised from outright gifts has remained more or less constant in absolute terms, although it has declined significantly as a percentage of total revenues.

One of the critical implications of this financial strategy is the importance of a determined sense of stewardship and frugality on INCAE's part. This does not mean cutting down on the quality of either programs or faculty, but it does mean using monies as wisely as possible. A second implication that must be emphasized is that INCAE has no money of its own to contribute as a counterpart to any project. It is asking the regional private sector for contributions to cover deficits in the MBA and other operating programs.

Consequently, any special program which INCAE undertakes, no matter how critical to development, can only be undertaken if sponsors within and without the region can be found who are willing to underwrite 100% of the actual cost of the program. This must include not just the direct incremental additions to the faculty but also that part of the campus space, the buildings, the support facilities, secretarial help, supplies, and of administrative attention which these programs require. This is a hard and bitter truth. But it is one which INCAE must emphasize to everyone working with it.

### GOVERNANCE

INCAE is governed by a Board of Trustees, made up by eight trustees --one for each country in the Central American Isthmus plus a Chairman at large and the Rector ex officio. The Rector and Faculty handle all academic matters. The current Chairman of the Board is Francisco de Sola, an Oxford and Harvard educated Salvadoran businessman, well known for his dedication to the advancement of education in Central America and to many socially valuable undertakings.

In addition to the Trustees, there is an Advisory Board made up of outstanding educators, businessmen, statesmen and public servants from various parts of the world who have distinguished themselves

for their dedication to international development and cooperation.

**LEGAL & TAX STATUS**

Despite being a creature of private initiative, INCAE has been formally recognized under the laws of the Republic of Nicaragua as an international organization. Also, as a non-profit educational institution it has been declared tax exempt in the six countries of the Central American Isthmus. It has been further recognized as a tax exempt organization in the United States of America, under Section 501(c)3 of the Internal Revenue Code.

EXHIBIT 1

MEMBER FACULTY

	<u>Degree</u>	<u>Nationality</u>	<u>Areas of Special Interest</u>	<u>Years of Prof. Experience in Latin America</u>	<u>Years at INCAE</u>
<b><u>HING FACULTY</u></b>					
<b><u>Full Professors:</u></b>					
1.	Ernesto CRUZ, Rector Harvard University, Ph.I Political Economy and Government Harvard University, M.A. Economics and Governm Universidad Nacional de caragua, J.D.	Nicaragua	Public Finance in Dev. Countries International Taxation Economic Integration Econ. & Polit. Development Public Management	14	
2.	Edward L. FELTON, Jr. Harvard University, D.B. Harvard University, M.B. Univ. of Richmond, B.A.	U. S. A.	Agribusiness Marketing Director, Agribusiness Program		Joined Faculty in Fall
3.	Richard D. MALLON Harvard University, Ph.I Economics U. of Cal., Berkeley, M Princeton University, B.A.	U. S. A.	Economic Planning Management Public Enterprises H.I.I.D. Advisor to Advisory Center Visiting Professor	20	
4.	Robert W. MULLINS Harvard University, D.B. Harvard University, M.B. University of Idaho, A.B.	U. S. A.	Production Management Business Policy Manufacturing Policy Director, MBA Program	7	
5.	Israel UNTERMAN Harvard University, D.B. American College, C.L.I City College, N.Y., B.B	U. S. A.	Business Policy New Ventures Insurance Strategy for Fin. Institution	1	

	<u>Degree</u>	<u>Nationality</u>	<u>Areas of Special Interest</u>	<u>Years of Prof. Experience in Latin America</u>	<u>Years at INCAE</u>
<u>Associate Professors:</u>					
6.	Enrique ALVARADO BARRIOS Harvard Business School, I.T.P. San Carlos University, Guatemala, Licenciado Business Administration	Guatemala	Accounting & Control Mgmt. Info. Systems Director, Executive Education	20	7
7.	Pedro BELLI U. of Cal., Berkeley, Ph.D. Economics U. of Cal., Berkeley, M.A. Economics Amherst College, A.B. Psychology	Nicaragua	Economic Planning Benefit/Cost Analysis International Trade Director, Advisory Center	10	5
8.	Werner KETELHOHN Louisiana State Univ., Ph.D. Quantitative Methods North Carolina State Univ., M.S. Math. Education Universidad Nacional de Nicaragua, B.S. Civil Engineering	Nicaragua	Operations Research Quantitative Analysis Managerial Economics		4
9.	José Nicolás MARIN Harvard University, D.B.A. Tulane University, M.B.A. Universidad Iberoamericana, Mexico Licenciado, Industrial Relations	Nicaragua	Corporate Finance Business Policy International Business	10	7

	<u>Degree</u>	<u>Nationality</u>	<u>Areas of Special Interest</u>	<u>Years of Prof. Experience in Latin America</u>	<u>Years at INCAE</u>
10.	Olfo E. PAIZ Harvard University, D.B.A. Harvard University, M.B.A. Universidad de San Carlos, Guatemala, B.S. Civil Engineering	Guatemala	Marketing Academic Director	10	7
11.	Harry W. STRACHAN Harvard Business School, D.B.A. Harvard Law School, J.D. Wheaton College, A.B. English Literature	U. S. A.	Financial Institutions International Business Director, Development Banking & Finance Program	5	5
<u>Adjoint Professors</u>					
12.	Vihang R. ERRUNZA U. of Cal., Berkeley, D.B.A. International Finance U. of Cal., Berkeley, M.S. Chemical Engineering University of Bombay, B.S. Colored Materials Technology University of Bombay, B.S. Chemistry-Physics	India	Finance & Capital Markets International Business	1	1
13.	Marc LINDENBERG Univ. Southern Cal., Ph.D. Public Administration Univ. Southern Cal., M.P.A. Oberlin College, B.A.	U. S. A.	Public Management Urban/Rural Development Director, Public Management Program	2	Joined Faculty in Fall

	<u>Degree</u>	<u>Nationality</u>	<u>Areas of Special Interest</u>	<u>Years of Prof. Experience in Latin America</u>	<u>Years at INCAE</u>
<b>Assistant Professors:</b>					
14.	Michael H. BERNHART M.I.T., Ph.D. (cand.) Organizational Behavior M.I.T., M.S. Industrial Management Brown University, B.A. Political Science		Organizational Development Social Services Delivery Systems	5	2
5.	John C. ICKIS Harvard Univ., D.B.A. (cand.) Business Policy Harvard University, M.B. International Business Thunderbird School of International Management, B.F. International Marketing Miami University, B.A. International Studies	U. S. A.	non-profit organizations Family Planning Business Policy Public Management	5	3
6.	William E. RENFORTH Indiana University, D.B.A. Indiana University, M.S. Education Crummer School of Finance and Business Administration, M.B.A. Rollins College, A.B. Economics	U. S. A.	International Business Organization Marketing	1	1

	<u>Degree</u>	<u>Nationality</u>	<u>Areas of Special Interest</u>	<u>Years of Prof. Experience in Latin America</u>	<u>Years at INCAE</u>
<b><u>Lecturers:</u></b>					
	Francisco J. MAYORGA Yale University, Ph.D. (Econ.) Economics Universidad Nacional de Nicaragua, Lic. Economics	Nicaragua	Macro-economics Economic Development (half-time)	5	2
<b><u>Instructors:</u></b>					
18.	Fernando GOMEZ INCAE, M.B.A. Universidad del Valle, B.S. Electrical Engineering	Colombia	Written Analysis of Cases Business Administration	2	Joined Faculty in Fall
19.	Glen KERCH U. of Cal., Davis, M.A. Linguistics West. Illinois Univ., B.A.	U. S. A.	English Speed Reading and Study Habits (half-time)	7	3

#### **RESEARCH FACULTY**

##### **Senior Researchers:**

20	Roberto SALOMON Cornell University, Ph.D. Public Administration Cornell University, M.S. Economics Universidad Nacional de Buenos Aires, C.P.M. Accounting	Argentina	Public Management International Development H.I.I.D. Advisor to Advisory Center	10	1
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	<u>Degree</u>	<u>Nationality</u>	<u>Areas of Special Interest</u>	<u>Years of Prof. Experience in Latin America</u>	<u>Years at INCAE</u>
<u>Researchers:</u>					
1.	Jorge INCER BARQUERO Purdue University Industrial Engineering, M.S. Industrial Administration, M.S. Purdue University, B.S. Industrial Engineering	Nicaragua	Industrial Development Project Evaluation	10	2
2.	Alejandro E. MARTINEZ Vanderbilt University, Ph.D. (cand.) Economics Univ. of South Carolina, M.A. Economics McGill University, B.A. Economics	Nicaragua	Economic Development Agricultural Economics Project Evaluation		
3.	Manuel G. OLAVE U. of Cal., Sta. Barbara, Ph.D. U. of Cal., Sta. Barbara, M.A. Economics U. of Cal., Los Angeles, M.S. U. of Cal., Los Angeles, B.S.	Bolivia			Joined Faculty in Fall
<u>Associate Researchers:</u>					
4.	Michael BLOOM Harvard University, M.P.A. Dartmouth College, B.A. Sociology	U. S. A.	Public Management Rural Development		

	<u>Degree</u>	<u>Nationality</u>	<u>Areas of Special Interest</u>	<u>Years of Prof. Experience in Latin America</u>	<u>Years at INCAE</u>
25.	John J. HASTINGS Univ. of Pennsylvania, M.B.A. Marketing Management Univ. of Pennsylvania, B.A. English	U. S. A.	Development Banking Small Industry Development	4	2
26.	Kenneth L. HOADLEY Harvard University, M.B.A. Colby College, B.A. Government	U. S. A.	Agribusiness Rural Development	5	"
27.	Eduardo PEÑA SOLANO U. of Kansas, M.A. Agricultural Economics U. of Florida, B.S. Agriculture	El Salvador	Agricultural Economics Agribusiness	5	Joining Faculty in Winter
28.	Noel J. SACASA Tübingen, West Germany Diplom-Volkswirt Economics	Nicaragua	Economic Planning International Development Rural Development	2	1
<u>Assistant Researchers</u>					
29.	Lorna C. ORR Tufts University, M.A. International Relations Tufts University, M.A. International Law and Diplomacy Wellesley College, B.A. History	Jamaica	Public Management Law & Development		Joined Faculty in Fall

	<u>Degree</u>	<u>Nationality</u>	<u>Areas of Special Interest</u>	<u>Years of Prof. Experience in Latin America</u>	<u>Years at INCAE</u>
1.	David J. PROTAS Univ. of Chicago, M.B.A. Vassar College, B.A.	U. S. A.	Business Administration	-	Joined Facul in Fall
<b><u>ADMINISTRATIVE FACULTY</u></b>					
31.	Thomas A. BLOCH U. of Chicago, M.A. East. N. Mexico Univ., B.A.	U. S. A.	Library Science Librarian	6	4
32.	Helmuth CARL INCAE, M.B.A. U. of Chile, B.B.A.	Chile	Business Administration Controller General	4	Joined Sta in Summer
33.	Pablo A. DURAN INCAE, M.B.A. U. El Salvador, Lic. Psycho y	El Salvador	Business Administration Associate Director, External Affairs	6	3
34.	Harvey P. LEACH INCAE, M.B.A. U. of Seattle, B.A.	U. S. A.	Business Administration Administrative Director	8	3
35.	Luis E. OBREGON INCAE, M. B. A. U. Nac. Colombia, Agron.	Colombia	Business Administration Associate Director, Executiv Education	6	1
36.	José OROMI MULET INCAE, M.B.A. U. de Iapla, Lic. Phil.	Spain	Business Administration Director of Admissions, MBA Program		
37.	Roger QUANT PALLAVICINI U. de Madrid, J.D.	Nicaragua	Law & Public Relations Director of External Affairs	20	2

**EXHIBIT 2**

**FACULTY GROWTH<sup>a/</sup>**

Academic Year	TYPES OF FACULTY <sup>b/</sup>				TOTAL
	Teaching	Research	Admin.	Training <sup>c/</sup>	
1967-68	6	-	2	-	8
1968-69	9	-	2	1	12
1969-70	9	-	2	1	12
1970-71	13	2	3	1	19
1971-72	14	6	5	-	25
1972-73	14	6	5	-	25
1973-74	15	10	6	1	32
1974-75	18	10	6	2	36
1975-76	18	11	7	3	39

**a/** In full time man equivalents.

**b/** Reflects type of appointment, but not necessarily actual allocation of time.

**c/** Pursuing doctoral studies abroad with the commitment to return to INCAI upon completion of their formal training.

## INCAE

### FACULTY STATEMENT OF INSTITUTIONAL GOALS AND PURPOSES

#### INSTITUTIONAL GOAL

INCAE has been established at a time of surging and sometimes wrenching change in Latin America. New patterns of ownership, market structures, trade flows and resource utilization are emerging as new technologies are introduced and as the pressures of rapid population growth and rising economic, social and political aspirations are increasingly felt. It is in the context of such change that the concept of INCAE's institutional goal has evolved.

In its broadest terms, INCAE's ultimate goal is to contribute to the betterment of the conditions of human life in Latin America with particular attention to the Central American region. Such betterment is dependent in part on a process of economic and social development leading to a higher and more equitable standard of living for all, and to an increased opportunity for everyone to define and achieve his or her own individual aspirations. INCAE is built on the premise that effective and enlightened management can contribute significantly to this development process.

#### INSTITUTIONAL PURPOSE

More specifically, INCAE's purpose is to improve management capabilities in the countries and regions it intends to serve. It seeks to achieve this purpose through the following kinds of inputs:

##### 1. Education

Providing educational programs for present and prospective managers of private and public organizations in Latin America. Such programs should undertake to:

- a) Raise their level of awareness of the needs of the societies which they are intended to serve;
- b) Broaden their recognition of the alternative means of meeting those needs and help develop the willingness and ability to rationally evaluate the consequences of each;
- c) Sharpen their ability to recognize and analyze the major problems faced by the organizations they are called to manage;

- d) Provide them with opportunities for acquiring a firm command of the most advanced concepts and techniques of planning and implementation relevant to the needs of Latin American organizations;
- e) Increase their willingness and ability to make and carry out critical management decisions;
- f) Develop the skills and abilities required to design, establish and operate efficiently organizational systems responsive to rapid environmental change.

## 2. Research

Carrying out an active program of applied research aimed at identifying needs for improved management action in Latin America, developing methodologies appropriate to taking such action, as well as indigenous teaching materials to train and develop the executive cadres required to carry out an effective program of action.

## 3. Consulting

Providing advice and consulting services to private and public organizations to help them develop the administrative capabilities and the organizational strengths to effectively cope with the problems both internal and external that such organizations confront.

## C. ORGANIZATIONAL PRINCIPLES

In its approach to its own organization and in the development of its internal organizational focus, INCAE is guided by the values of diversity and community

### 1. Diversity

Diversity in thought, values, ideas, national and cultural backgrounds, as well as in educational, economic and political philosophy gives rise to powerful creative forces and stimulates the competitive drive to excel in the realization of diverse forms of personal and institutional excellence.

### 2. Community

A recognized community of purpose, communication, tolerance, support, and cooperation provides possibilities for expanded human interaction and the growth of strong, viable, adaptive organizations and institutions as required to realize sizable economies of scale in the

use of human and material resources, facilitates the creative exchange of ideas and the development of mutually supportive efforts while allowing for the recognition and acceptance of differences.

D. PCLICY IMPLICATIONS

To preserve diversity and realize the benefits arising therefrom requires maintaining an organizational climate which is supportive of open discussion and debate, even of intellectual deviance. To promote a broader sense of community means that an institution must avoid actions which are partial to or which interfere with the rights of any group or individual.

This is the foundation for the following principles formulated as basic guidelines to individual and institutional decision making for persons carrying out specific roles within the INCAE community. These principles are viewed as necessary to maintaining the organizational system essential to the implementation of INCAE's stated goals and purposes.

1. INCAE will not acquiesce in the actions of any external authority or person in holding any individual responsible for statements made in carrying out the responsibilities of his legitimate role in the INCAE community within the context of academic discussion and research. INCAE claims this right both as an international organization and as an institution of higher learning.
2. The rights of any individual to express any idea or viewpoint within the scope of his role and expertise in the INCAE community and within the context of academic discussion and research will be protected by every means at the institution's disposal so long as that individual continues to remain open to and respectful of alternative ideas and viewpoints.
3. Outside academic programs and activities which have explicit INCAE institutional sponsorship, each member of the INCAE community is responsible for his own statements and actions, and in making any statements of a political nature he should make it clear that he represents only himself and that he does not represent the Institute. Where deemed appropriate, INCAE may take steps to insure that such individuals are not unjustly accused and that they receive the benefits of due process of law.
4. In recognition of its special obligations as an international organization and as an institution of higher learning, INCAE will not undertake any overt political action, nor will it officially support any political action on the part of any individual which constitutes direct interference with the internal affairs of any state or which is knowingly and directly intended to serve the political interests of one nation at the expense of another.

Based on a statement drafted by a faculty committee in December 1970, adopted in principle by the Faculty in May 1971. Edited and updated by the Rector, December 1975.

PROGRAMA.

MASTER EN ADMINISTRACION DE EMPRESAS  
PRIMER AÑO - MAE X - AÑO ACADÉMICO 1976/7

PRIMER TRIMESTRE

LAB. DE REL. INTERPERSONALES  
G. Hare

CONTABILIDAD FINANCIERA  
J.W. Bolaños

PRODUCCION I  
R. Mullins

MERCADEO I  
J.C. Makens

ANALISIS ECONOMICO I  
F.J. Mayorga

TECNICAS DE DECISIONES I  
W. Ketelhohn

ANEC I  
J.W. Bolaños

SEGUNDO TRIMESTRE

ORGANIZACION I  
G. Hare

CONTROL GERENCIAL I  
J. Calderón

FINANZAS I  
J.N. Marin

MERCADEO II  
J.C. Makens

ANALISIS AMBIENTAL  
J. Ickis

TECNICAS DE DECISIONES II  
W. Ketelhohn

LECTURA RAPIDA ---  
G. Kerch

TERCER TRIMESTRE

ORGANIZACION II  
G. Edelberg

CONTROL GERENCIAL II  
E. Alvarado

FINANZAS II  
J.N. Marin

PRODUCCION II  
R. Mullins

ANALISIS ECONOMICO II  
M. Olave

METODOS DE INVESTIGACION  
B. Crosby

ANEC II  
J.W. Bolaños

INGLES  
G. Kerch

PROGRAMA

MASTER EN ADMINISTRACION DE EMPRESAS

SEGUNDO AÑO - MAE IX - AÑO ACADÉMICO 1976/77

CONTROL III  
E. Alvarado

REFERENCIA FINANCIERA AVANZADA  
J.N. Marin

ROL. NAC. DE CRECIMIENT  
E. Mayorga

BANCA DE DESARROLLO

AGRINDUSTRIA I  
E. Felton

MÉTODOS DE INVESTIGACION  
W. Ketelhohn

GESTION PUBLICA I  
Lindenberg

CURSOS HUMANOS  
Ickis

INGLES  
Kerch

POLITICA DE EMPRESAS I  
J.N. Marin

ANALISIS DE COSTO-BENEF  
P. Belli

ADMÓN. DE NUEVAS EMPRES  
J. Makens

INTERVENCION SOCIAL  
G. Hare

AGRINDUSTRIA II  
E. Felton

POLITICA DE FABRICACION  
R. Mullins

GESTION PUBLICA II  
R. Salomon

MERC. CAP. E. INST. FINANCIERAS

INGLES  
G. Kerch

TRABAJO DE CAMPO  
G. Hare

SEM. AGRINDUSTRIA

SEM. BANCA DESARROLLO

SEM. GESTION PUBLICA

LECTURA RAPIDA  
G. Kerch

POLITICA DE EMPRESAS II  
G. Edelberg

LABORATORIO DE CONTROL  
E. Alvarado

DISTRIBUCION DETALLE  
J. Makens

CENTRO AMERICA 2000  
E. Crosby

ECONOMIA Y FINANZAS INTL.  
J. Calderón

SISTEMAS INFORMACION GERENCI  
M. Olave

LOGISTICA GERENCIAL  
W. Ketelhohn

NEGOCIOS INTERNACIONALES  
B. Renforth

INGLES  
G. Kerch



FACULTY COMPOSITION BY TYPE & COMMITMENT

1 9 7 5 - 7 6

	TEACHING <sup>a/</sup> FAC.	RESEARCH <sup>a/</sup> FAC.	ADMIN. FAC.	FACULTY under TRAINING	TOTAL <sup>b/</sup>
A. Resident	17	11	7	3	38
B. Visiting <sup>c/</sup>	--	--	--	--	--
C. Full Time (A B)	17	11	7	3	38
D. Part Time	2	--	--	--	2
TOTAL <sup>b/</sup>	19	11	7	3	40

1 9 7 4 - 7 5

	TEACHING <sup>a/</sup> FAC.	RESEARCH <sup>a/</sup> FAC.	ADMIN. FAC.	FACULTY under TRAINING	TOTAL
A. Resident	16	11	6	2	35
B. Visiting <sup>c/</sup>	--	--	--	--	--
C. Full Time (A B)	16	11	6	2	35
D. Part Time	4	--	--	--	4
TOTAL <sup>b/</sup>	20	11	6	2	39

<sup>a/</sup> Reflects type of appointment, not necessarily actual allocation of time between teaching and research.

<sup>b/</sup> Head count.

FACULTY COMPOSITION BY NATIONALITY

	<u>1974-75</u>		<u>1975-76</u>	
	<u>No.</u>	<u>Per Cent</u>	<u>No.</u>	<u>Per Cent</u>
Central America	16	41.0	16	40.0
Rest of Latin Amer.	<u>5</u>	<u>12.8</u>	<u>6</u>	<u>15.0</u>
LATIN	21	53.8	22	55.0
U. S. A.	17	43.6	16	40.0
Other	<u>1</u>	<u>2.6</u>	<u>2</u>	<u>5.0</u>
NON	<u>18</u>	<u>46.2</u>	<u>18</u>	<u>45.0</u>
TOTAL <sup>a/</sup>	39	100.0	40	100.0

a/ Head count

FACULTY COMPOSITION BY LEVEL OF TRAINING

	<u>1974-75</u>			<u>1975-76</u>		
	No.	Per Cent w/type	Per Cent over all	No.	Per Cent w/type	Per Cent over all
<b>TEACHING FACULTY:</b>						
Doctoral	15	75.0	48.4	16	84.2	53.4
Master's	3	15.0	9.7	2	10.5	6.6
Other	2	10.0	6.4	1	5.3	3.3
Sub-Total <sup>a/</sup>	20	100.0	64.5	19	100.0	63.3
<b>RESEARCH FACULTY:</b>						
Doctoral	3	27.3	9.7	3	27.3	10.0
Master's	8	72.7	25.8	8	72.7	26.6
Other	--	--	--	--	--	--
Sub-Total <sup>a/</sup>	11	100.0	35.5	11	100.0	100.0
TOTAL <sup>b/</sup>	31	--	100.0	30	--	

a/ Head count

b/ Excluding faculty

FACULTY COMPOSITION BY RANK

Professor	5	25.0	12.8	5	26.3	12.5
Associate Professor	6	30.0	15.4	6	31.6	15.0
Adjoint Professor	2	10.0	5.1	2	10.5	5.0
Assistant Professor	2	10.0	5.1	3	15.8	7.5
Lecturer	1	5.0	2.6	1	5.3	2.5
Instructor	4	20.0	10.2	2	10.5	5.0
Sub-Total <sup>a/</sup>	20	100.0	51.3	19	100.0	47.5
Senior Researcher	1	9.1	2.6	1	9.1	2.5
Researcher	5	45.4	12.8	3	27.3	7.5
Associate Researcher	4	36.4	10.2	5	45.4	12.5
Assistant Researcher	1	9.1	2.6	2	18.2	5.0
Sub-Total <sup>a/</sup>	11	100.0	28.2	11	100.0	27.5
Other <sup>b/</sup>	8	100.0	20.5	10	100.0	25.0
T C T A L	39	--	100.0	40	--	100.0

<sup>a/</sup> Head count

<sup>b/</sup> Includes faculty under training, librarian and other administrators with faculty member status.

FACULTY ALLOCATION, 1975-76<sup>a/</sup>

in standard units<sup>b/</sup>

	MBA TEACHING	SPEC. PROGRAMS				GRAL. RESEARCH	ACAD. ADMIN.	GRAL. ADMIN.	CONS. & PERS. DEV.	TOTAL
		Agribusiness	Dev. Banking	Public Mgmt.	Advis. Center					
<b>A. TEACHING FAC.</b>										
1. E. Cruz, Rector	-	-	-	-	-	3	3	-	6	
2. R. E. Páiz, Dir. Acad.	2	-	-	-	-	2	1	1	6	
3. E. L. Felton	2	3	-	-	-	-	-	1	6	
4. R. D. Mallon	1	-	-	5	-	-	-	-	6	
5. R. W. Mullins	3	-	-	-	-	2	-	1	6	
6. I. Unterman	3	-	-	-	1	-	1	1	6	
7. E. Alvarado Barrios	2	-	-	-	-	3	-	1	6	
8. P. Belli	1	-	-	5	-	-	-	-	6	
9. W. R. Ketelhöhn	3	1	-	-	1	-	-	1	6	
10. J. N. Marín	4	-	-	-	1	-	-	1	6	
11. H. W. Strachan	2	-	3	-	-	-	-	1	6	
12. V. Errunza	3	-	2	-	-	-	-	1	6	
13. M. Lindenberg	2	-	-	3	-	-	-	1	6	
14. M. H. Bernhart	3	-	-	-	2	-	-	1	6	
15. J. C. Ickis	2	-	-	3	-	-	-	1	6	
16. W. E. Renforth	3	-	-	-	1	1	-	1	6	
17. F. J. Mayorga	2	-	-	-	1	-	-	-	3	
18. F. Gómez	2	-	-	-	2	2	-	-	6	
19. G. Kerch	3	-	-	-	-	-	-	-	3	
<b>SUB-TOTAL</b>	<b>43</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>9</b>	<b>13</b>	<b>5</b>	<b>13</b>	<b>108</b>
<b>PER CENT</b>	<b>39.8</b>	<b>3.7</b>	<b>4.6</b>	<b>5.5</b>	<b>9.2</b>	<b>8.3</b>	<b>12.0</b>	<b>4.6</b>	<b>12.0</b>	<b>100.0</b>
<b>B. RESEARCH FAC.</b>										
20. R. Salomón	-	-	-	-	6	-	-	-	6	
21. J. Incer Barquero	-	-	-	-	6	-	-	-	6	
22. A. Martínez	1	-	-	-	5	-	-	-	6	
23. M. G. Clave	-	-	-	-	6	-	-	-	6	
24. M. Bloom	-	-	-	6	-	-	-	-	6	
25. J. J. Hastings	-	-	6	-	-	-	-	-	6	

	MBA TEACHING	SPEC. PROGRAMS				GRAL. RESEARCH	ACAD. ADMIN.	GRAL. ADMIN.	CONS. & PERS. DEV.	TOTAL
		Agribusiness	Dev. Banking	Public Mgmt.	Advis. Center					
26. K. L. Hoadley	-	6	-	-	-	-	-	-	6	
27. E. Peña Solano	-	6	-	-	-	-	-	-	6	
28. N. J. Sacasa	-	-	-	-	6	-	-	-	6	
29. L. C. Orr	-	-	-	6	-	-	-	-	6	
30. D. J. Prottas	-	-	-	-	-	6	-	-	6	
<b>SUB-TOTAL</b>	<b>1</b>	<b>12</b>	<b>6</b>	<b>12</b>	<b>29</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>66</b>	
<b>PER CENT</b>	<b>1.5</b>	<b>18.2</b>	<b>9.1</b>	<b>18.2</b>	<b>43.9</b>	<b>9.1</b>	<b>-</b>	<b>-</b>	<b>100.0</b>	
<b>C. ADMINISTRATIVE FAC.</b>										
31. T. A. Bloch	-	-	-	-	-	-	5	-	1	6
32. H. Carl	1	-	-	-	-	-	-	5	-	6
33. P. A. Durán	-	-	-	-	-	-	-	6	-	6
34. H. P. Leach	-	-	-	-	-	-	-	6	-	6
35. L. E. Obregón	-	-	-	-	-	-	6	-	-	6
36. J. Cromf	-	-	-	-	-	-	6	-	-	6
37. R. Quant	-	-	-	-	-	-	-	6	-	6
<b>SUB-TOTAL</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>23</b>	<b>1</b>	<b>42</b>
<b>PER CENT</b>	<b>2.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40.4</b>	<b>54.8</b>	<b>2.3</b>	<b>100.0</b>
<b>TOTAL (STANDARD UNITS)</b>	<b>45</b>	<b>16</b>	<b>11</b>	<b>18</b>	<b>39</b>	<b>15</b>	<b>30</b>	<b>28</b>	<b>14</b>	<b>216</b>
<b>TOTAL (MAN/YEARS)</b>	<b>7.5</b>	<b>2.7</b>	<b>1.8</b>	<b>3.0</b>	<b>6.5</b>	<b>2.5</b>	<b>5.0</b>	<b>4.7</b>	<b>2.3</b>	<b>36.0</b>
<b>PER CENT</b>	<b>20.8</b>	<b>7.4</b>	<b>5.1</b>	<b>8.3</b>	<b>18.1</b>	<b>6.9</b>	<b>13.9</b>	<b>13.0</b>	<b>6.5</b>	<b>100.0</b>

a/ Academic year only. Summer assignments (AMP's etc.) not included.

b/ A man's total time for the academic year is divided into six units, one of which is roughly equivalent to the time required to teach and conduct a one-semester course meeting 25-30 times in the trimester.

c/ One unit of time is normally reserved to the Teaching Faculty for private consulting & personal development. A fairly large portion of this time is spent on the Institute for teaching short courses and participating in institutional consulting projects.

**M.B.A.: Size & Composition of Entering Classes**

**National Distribution of Graduates**

INCAE

DISTRIBUTION OF MBA CLASSES I through IX at REGISTRATION  
BY NATIONALITY

	<u>Guatemala</u>		<u>El Salvador</u>		<u>Honduras</u>		<u>Nicaragua</u>		<u>Costa Rica</u>		<u>Panamá</u>		<u>Other L. A.</u>		<u>Europe</u>		<u>U. S. A.</u>		<u>TOTAL</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
MAE I	8	19%	10	24%	3	7%	8	19%	5	12%	8	19%	0	0%	0	0%	0	0%	42	100%
MAE II	3	10%	10	32%	2	6%	12	39%	0	0%	4	13%	0	0%	0	0%	0	0%	31	100%
MAE III	7	12%	8	13%	6	10%	22	37%	5	8%	3	5%	5	8%	1	2%	1	2%	60	100%
MAE IV	11	17%	7	11%	6	9%	22	33%	9	14%	2	3%	9	14%	0	0%	0	0%	66	100%
MAE V	11	18%	7	12%	5	8%	17	28%	9	15%	3	5%	6	10%	1	2%	1	2%	60	100%
MAE VI	5	7%	8	11%	7	10%	21	28%	9	12%	6	8%	17	22%	0	0%	3	4%	76	100%
MAE VII	6	8%	11	15%	4	6%	20	28%	6	8%	6	8%	15	21%	1	1%	3	4%	72	100%
MAE VIII	8	10%	8	10%	8	10%	18	22%	21	26%	4	5%	13	16%	0	0%	2	2%	82	100%
MAE IX	<u>10</u>	<u>11%</u>	<u>14</u>	<u>16%</u>	<u>11</u>	<u>12%</u>	<u>20</u>	<u>22%</u>	<u>13</u>	<u>14%</u>	<u>12</u>	<u>13%</u>	<u>8</u>	<u>10%</u>	<u>1</u>	<u>1%</u>	<u>1</u>	<u>1%</u>	<u>60</u>	<u>100%</u>
Total	58		83		52		150		82		48		73		4		11		579	

INCAE

DISTRIBUTION OF MBA CLASSES I through IX at REGISTRATION  
BY FIELD OF UNDERGRADUATE STUDIES

	<u>Engineering</u>		<u>Economics</u>		<u>Administration</u>		<u>Agriculture</u>		<u>Law</u>		<u>Other</u>	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
MAE I	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
MAE II	10	33%	4	14%	1	3%	3	10%	0	0%	12	40%
MAE III	14	24%	15	25%	8	14%	6	8%	8	14%	9	15%
MAE IV	24	36%	13	20%	13	20%	4	6%	4	6%	8	12%
MAE V	17	28%	7	11%	11	18%	11	18%	4	7%	11	18%
MAE VI	25	37%	10	13%	16	21%	5	7%	7	9%	13	17%
MAE VII	32	44%	7	10%	11	15%	4	6%	5	7%	13	18%
MAE VIII	32	39%	15	18%	17	21%	5	6%	3	4%	10	12%
MAE IX	37	41%	17	19%	20	22%	2	2%	4	5%	10	11%

INCAE

DISTRIBUTION OF MBA CLASSES I through IX at REGISTRATION  
BY YEARS OF PRIOR EXPERIENCE

	<u>Less than 2 Years</u>		<u>Between 2 &amp; 5 Years</u>		<u>More than 5 Years</u>	
	<u>No.</u>	<u>Per Cent</u>	<u>No.</u>	<u>Per Cent</u>	<u>No.</u>	<u>Per Cent</u>
MAE I	12	29%	11	26%	19	45%
MAE II	9	32%	11	39%	8	29%
MAE III	15	25	13	55%	12	20%
MAE IV	23	36%	8	28%	23	36%
MAE V	6	11%	7	47%	24	42%
MAE VI	23	31%	25	33%	27	36%
MAE VII	33	46%	24	33%	15	21%
MAE VIII	37	44%	29	35%	17	21%
MAE IX	35	39%	22	37%	22	24%

INCAE

DISTRIBUTION OF GRADUATES BY NATIONALITY  
Classes I through VIII

	<u>Guatemala</u>		<u>El Salvador</u>		<u>Honduras</u>		<u>Nicaragua</u>		<u>Costa Rica</u>		<u>Panamá</u>		<u>Other L. A.</u>		<u>Europe</u>		<u>U.S.A.</u>		<u>Total</u>	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
MAE I	5	17%	7	23%	1	3%	6	23%	4	13%	5	17%	0	0%	1	3%	0	0%	29	100%
MAE II	1	6%	6	33%	2	11%	8	44%	0	0%	1	6%	1	6%	0	0%	0	0%	19	100%
MAE III	6	13%	7	15%	4	9%	18	39%	3	7%	2	4%	3	7%	1	2%	1	2%	45	100%
MAE IV	9	16%	7	13%	2	4%	18	33%	9	16%	2	4%	8	15%	0	0%	0	0%	55	100%
MAE V	9	18%	7	14%	4	8%	17	34%	6	12%	2	4%	4	8%	1	2%	0	0%	50	100%
MAE VI	4	8%	7	14%	1	2%	13	26%	8	16%	4	8%	11	22%	0	0%	2	4%	50	100%
MAE VII	4	8%	6	12%	4	8%	14	27%	5	10%	3	6%	14	27%	0	0%	2	4%	52	100%
MAE VIII*	<u>7</u>	<u>10%</u>	<u>8</u>	<u>12%</u>	<u>6</u>	<u>9%</u>	<u>13</u>	<u>19%</u>	<u>18</u>	<u>26%</u>	<u>4</u>	<u>6%</u>	<u>10</u>	<u>15%</u>	<u>0</u>	<u>0%</u>	<u>2</u>	<u>3%</u>	<u>68</u>	<u>100%</u>
Total	45		55		24		107		53		--	--	--	--	0		7		368	

This report summarizes the results of a survey of INCAE MBA graduates conducted during the summer of 1975.

Two first-year MBA students conducted personal interviews throughout Central America. A structured questionnaire was designed to obtain information on placement, employers and activities of graduates, as well as feedback on INCAE courses and recommendations that would help the Faculty of the School review its programs.

Eighty five complete questionnaires were processed, or 29% of all INCAE graduates (298). The sample was distributed as follows:

By Country

Guatemala	20
El Salvador	17
Honduras	7
Nicaragua	16
Costa Rica	21
Panamá	4
	<u>85</u>

By Class

MAE I	(1969)	8
MAE II	(1970)	1
MAE III	(1971)	12
MAE IV	(1972)	18
MAE V	(1973)	14
MAE VI	(1974)	16
MAE VII	(1975)	16
		<u>85</u>

MAIN ACTIVITY OF ORGANIZATION  
WHERE INCAE GRADUATES WORK

Marketing	34%
Agribusiness	19
Manufacturing	17
Banking	14
Consulting and Services	10
Other	<u>6</u>
TOTAL	100%

In Central America 41% of the graduates  
are active in academic functions in  
local Universities.

7444 .

POSITIONS OCCUPIED BY GRADUATES

Finance executive	41%
Marketing executive	19
General Manager	12
Administration executive	8
Head of Project	7
Consultant	5
Assistant to general manager	3
Production executive	3
Head of Department	<u>3</u>
TOTAL	101% *

\* Due to approximations

**CHARACTERISTICS OF THE ORGANIZATION**  
**(averages in selected countries)**

**Guatemala:**

Capital	\$	437,000
Sales	\$	2,878,000
Employees		75

**Costa Rica:**

Capital	\$	934,000
Sales	\$	1,379,000
Employees		99

SALARIES OF GRADUATES, BY CLASS

<u>Class</u>	<u>Salary at Graduation</u>	<u>Current Salary</u>
MAE I (1969)	CA\$12.443	CA\$20.150
" II (1970)	13.000	18.000
" III (1971)	11.911	18.582
" IV (1972)	13.268	20.574
" V (1973)	11.903	16.237
" VI (1974)	16.933	21.488
" VII (1975)	<u>11.870</u>	<u>11.870</u>
Weighted average	CA\$13.197	CA\$18.042

### INCOME FROM OTHER ACTIVITIES

	<u>Average</u>
I (1969)	CA\$ 8.800
II (1970)	14.000
III (1971)	12.822
IV (1972)	3.586
V (1973)	7.343
VI (1974)	3.927
VII (1975)	<u>3.840</u>
	CA\$ 6.897

Note: Includes income from other activities such as teaching, consulting and farming.

COMPARATIVE DISTRIBUTION OF SALARIES  
BEFORE INCAE AND CURRENT SALARY

<u>Interval</u>	<u>Before INCAE</u>	<u>After INCAE</u>
\$ 3000-4500	16%	-
4501-6000	15	-
6001-7500	36	5
7501-9000	8	1
9001-10500	12	8
10501-12000	10	6
12001-13500	3	5
13501-15000	-	13
15001-16500	-	13
16501-18000	-	13
18001-19500	-	7
19501-21000	-	7
21001-22500	-	3
22501-24000	-	9
more than 24000		11

ACADEMIC ACTIVITIES OF GRADUATES  
(all teaching part time)

<u>Country</u>	<u>Number of Graduates</u>	<u>Percentage of graduates interviewed</u>
Guatemala	10	50 %
El Salvador	8	47
Honduras	2	29
Nicaragua	7	44
Costa Rica	6	29
Panama	<u>2</u>	<u>50</u>
	35	41 %

AMP CENTRAL AMERICA  
(PARTICIPANTS)

	1968		1969		1970		1971		1972		1973		1974		1975		CUMULATIVE TOTAL	
		%		%		%		%		%		%		%		%		%
GUATEMALA	4	14	4	8	3	6	1	3	1	2	5	8	7	8	4	4	29	6
EL SALVADOR	5	18	2	4	9	18	5	13	5	8	3	5	11	13	14	16	54	12
HONDURAS	2	7	4	8	3	6	8	21	12	20	17	27	14	16	13	15	73	16
NICARAGUA	11	39	29	58	21	42	13	34	19	32	24	39	31	35	29	32	177	38
COSTA RICA	4	14	7	14	6	12	5	13	13	22	8	13	16	18	17	19	76	17
PANAMA	1	4	3	6	6	12	3	8	4	7	1	2	6	7	5	6	29	6
OTHER	1	4	1	2	2	4	3	8	6	10	4	6	3	3	7	8	27	5
TOTAL	28		50		50		38		60		62		88		89		465	
Cumulative Over Base Year	100		179		179		136		214		221		314		318			

AMP's: OUTSIDE CENTRAL AMERICA  
(PARTICIPANTS)

	1970		1971		1972		1974		1975		CUMULATIVE TOTAL	
		%		%		%		%		%		%
<b>South America:</b>												
Colombia	40	91	37	97	37	66	-	-	-	-	114	43
Peru	1	2	-	-	-	-	-	-	-	-	1	0.5
Ecuador	1	2	1	3	-	-	35	62	20	29	57	22
Bolivia	-	-	-	-	1	2	9	16	8	12	18	7
<b>Central America:</b>												
Guatemala	-	-	-	-	-	-	2	4	1	1	3	1
Honduras	-	-	-	-	5	9	-	-	-	-	5	2
Nicaragua	2	5	-	-	6	11	4	7	4	6	16	6
Costa Rica	-	-	-	-	5	9	-	-	-	-	5	2
Panama	-	-	-	-	2	4	2	4	-	-	4	1.5
<b>Caribbean:</b>												
Dominican Repuk	-	-	-	-	-	-	-	-	35	51	35	13
<b>Other:</b>												
Other:	-	-	-	-	-	-	4	7	1	1	5	2
<b>TOTAL</b>	44		38		56		56		69		263	
<b>Growth Over Base Year</b>	100		86		127		127		157			

DISTRIBUTION OF PARTICIPANTS BY SECTOR

<u>PRIVATE SECTOR</u>	<u>PUBLIC SECTOR</u>	<u>TOTAL</u>
490 Participants	238 Participants	728
67%	33%	100%

DISTRIBUTION OF PARTICIPANTS BY LINE OF BUSINESS WITHIN EACH SECTOR

	<u>PRIVATE SECTOR</u>		<u>PUBLIC SECTOR</u>		<u>CUMULATIVE TOTAL</u>	
Commerce	117	24%	24	10%	141	19%
Manufacturing	169	34%	7	3%	176	24%
Banking & Finance	67	14%	118	49%	185	26%
Agribusiness	62	13%	11	5%	73	10%
Constructio	19	4%	3	1%	22	3%
Services	32	6%	52	22%	84	12%
Other	24	5%	23	10%	47	6%
<b>TOTAL</b>	<b>490</b>	<b>100%</b>	<b>238</b>	<b>100%</b>	<b>728</b>	<b>100%</b>

PERCENTAGE DISTRIBUTION OF PARTICIPANTS BY SECTOR & LINE OF BUSINESS

	<u>PRIVATE SECTOR</u>	<u>PUBLIC SECTOR</u>	<u>CUMULATIVE TOTAL</u>
Commerce	16 %	3 %	19%
Manufacturing	23 %	1 %	24%
Banking & Finance	9.5%	16.5%	26%
Agribusiness	8 %	2 %	10%
Construction	2.5%	0.5%	3%
Services	4.5%	7.5%	12%
Other	3	3	6%
<b>TOTAL</b>	<b>56.5%</b>	<b>33.5%</b>	<b>100%</b>

SEMINARS OFFERED, 1968-1975

<u>NUMBER OF SEMINARS</u>	68-69	69-70	70-71	71-72	72-73	73-74	74-75	<u>CUMULATIVE TOTAL</u>	
Guatemala	1	1	-	2	4	5	4	17	13%
El Salvador	2	-	1	1	3	4	3	14	11%
Honduras	-	2	2	1	3	6	5	19	15%
Nicaragua	2	3	3	1	3	6	10	28	22%
Costa Rica	2	-	-	2	4	6	7	21	17%
Panamá	5	2	-	1	3	4	7	22	17%
Colombia	-	1	1	-	-	-	-	2	2%
Ecuador	-	-	-	-	-	-	-	1	1%
Bolivia	-	-	-	-	-	-	1	1	1%
Dominican Republic	-	-	-	-	-	-	1	1	1%
<b>Total</b>	<b>12</b>	<b>9</b>	<b>7</b>	<b>8</b>	<b>20</b>	<b>31</b>	<b>39</b>	<b>126</b>	<b>100%</b>

<u>NUMBER OF PARTICIPANTS</u>	68-69	69-70	70-71	71-72	72-73	73-74	74-75	<u>CUMULATIVE TOTAL</u>	
Guatemala	33	12	-	37	128	104	130	444	10%
El Salvador	74	-	20	37	101	146	114	492	12%
Honduras	-	34	69	38	61	180	200	582	15%
Nicaragua	49	73	64	20	154	312	366	1038	24%
Costa Rica	34	-	-	101	201	286	295	917	21%
Panamá	99	32	-	35	63	123	295	647	15%
Colombia	-	32	42	-	-	-	-	74	2%
Ecuador	-	-	-	-	-	-	42	42	1%
Bolivia	-	-	-	-	-	-	41	41	1%
Dominican Republic	-	-	-	-	-	-	31	31	1%
<b>Total</b>	<b>289</b>	<b>183</b>	<b>195</b>	<b>268</b>	<b>708</b>	<b>1151</b>	<b>1514</b>	<b>4308</b>	<b>100%</b>

<u>PARTICIPANTS PER SEMINAR (AVERAGE)</u>	68-69	69-70	70-71	71-72	72-73	73-74	74-75	<u>CUMULATIVE TOTAL</u>	
Guatemala	33	12	-	19	32	21	32.5	26	
El Salvador	37	-	20	37	33.5	36.5	38	35	
Honduras	-	17	35	38	20	30	40	31	
Nicaragua	24.5	24	21	20	51	52	36.5	37	
Costa Rica	17	-	-	50	50	48	42	44	
Panamá	20	16	-	35	20	31	42	29	
Colombia	-	32	42	-	-	-	-	37	
Ecuador	-	-	-	-	-	-	42	42	
Bolivia	-	-	-	-	-	-	41	41	
Dominican Republic	-	-	-	-	-	-	31	31	
<b>Total</b>	<b>24</b>	<b>20</b>	<b>28</b>	<b>33.5</b>	<b>35.4</b>	<b>37.1</b>	<b>38.8</b>	<b>34.2</b>	

BIBLIOGRAPHIC RESOURCES

	<u>FY1972-73</u>	<u>FY1973-74</u>	<u>FY1974-75</u>
<u>Total Number of Volumes*</u>	6376	9270	12503
<u>Volumes Acquired</u>	2376	2949	3409
<u>Acquired by Purchase</u>	1046 (44%)	1423 (48%)	1465 (43%)
<u>Acquired by Donation</u>	1330 (56%)	1526 (52%)	1944 (57%)
<u>Withdrawn</u>	---	55	176
<u>Net Increase</u>	2376 (59%)	2894 (45%)	3233 (35%)
<u>Periodical Publications</u> (Titles Received)	500	578	652

\* Books, periodical publications, documents, microfilms. Not included are college catalogs, company annual reports, cultural reading.

LIBRARY

1972 - 1975

USE OF THE LIBRARY

	<u>FY1972-73</u>	<u>FY1973-74</u>	<u>FY1974-75</u>
<u>Number of Loans</u>	1656	2816	5617 <sup>1</sup>
<u>By Type of Reader</u>			
Faculty	575 (35%)	1452 (52%)	2281 (41%)
Students	868 (52%)	883 (31%)	2635 (47%)
Personnel	162 (10%)	359 (13%)	443 ( 8%)
Others	51 ( 3%)	122 ( 4%)	258 ( 4%)
<u>Average by Type of Reader</u>			
Faculty	21 loans per member (27)	39 loans per member (37)	60 loans per member (38)
Students	7 loans per student (129)	7 loans per student (125)	20 loans per student (134)

\* Excludes 240 loans from the cultural reading collection



INCAE SLF - DELINQUENT PAYMENTS

(February - April 1976)

<u>Days</u>	<u>February</u>		<u>March</u>		<u>April</u>	
	<u>No.</u>	<u>1/</u> <u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
0 - 30	(24)	30.8	(27)	37.5	(19)	26.4
31 - 60	(15)	19.3	( 7)	9.7	(11)	15.4
61.- 90	( 8)	10.2	( 6)	8.3	( 6)	8.3
91 - 120	( 1)	1.3	( 3)	4.2	( 6)	8.3
121 + days	(30)	38.5	(29)	40.3	(30)	41.6
Total No. of delinquent loans:	(78)		(72)		(72)	
% of total (amount) payments due:		19.0		18.0		18.0
% of delinquent students at various degrees:		54.0		50.0		50.0

-----  
1/ Number of delinquent loans  
2/ Percent of delinquent loans

ALA:LER:jk 6/21/76

INCAE SLF - DELINQUENT PAYMENTS

(September 1975 - January 1976)

	<u>September</u>			<u>October</u>		<u>November</u>		<u>December</u>		<u>January '76</u>		
	<u>No.</u>	<u>1/</u>	<u>%</u>	<u>2/</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
0 - 30	(27)		50%		(30)	47.6%	(23)	34.3%	(29)	36.7%	(23)	33.8%
31 - 60	( 8)		14.8		(11)	17.4	(13)	19.4	(11)	13.9	(11)	15.4
61 - 90	( 3)		5.5		( 5)	8.0	( 9)	13.4	(10)	12.6	( 5)	7.0
91 - 120	( 1)		1.8		( 2)	3.1	( 5)	7.4	( 9)	11.3	( 7)	9.8
121 + days	<u>(15)</u>		27.7		<u>(15)</u>	23.8	<u>(17)</u>	25.4	<u>(20)</u>	25.3	<u>(25)</u>	35.1
Total number delinquent loans:	(54)				(63)		(67)		(79)		(71)	
% of total (amount) payments due			17.0			16.0		18.0		20.0		18.0
% of delinquent students at various degrees			49.5			44.0		46.8		54.4		49.6

NOTE: It is interesting to note that eleven students (21% of total delinquent students) are behind in 10 or more monthly instalments and account for \$13,702 which is 52% of total delinquent payments due.

---

1/ Number of delinquent loans  
 2/ Percent of delinquent loans

LERojas:jk 3/5/76

SLF Delinquency Trend

April-August 1975

	<u>Payments Due</u>	<u>Total Delinquent Payments</u>	<u>Delinque</u>
1.			
April	71,017.93	14,724.42	21%
May	76,174.89	13,735.65	18%
June	81,535.09	14,726.91	18%
July	86,962.31	14,493.25	17%
August	92,962.99	14,653.95	16%

NOTE: Delinquency rate for March 1975 was 24%. Collection procedure started in April 1975.

2.

	<u>Breakdown of Delinquencies</u>				
	<u>1 - 30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-12</u>	<u>120 + day</u>
April	20.0%	15.0%	13.05	9.0%	43.0%
May	19.1	12.8	11.4	10.5	46.2
June	18.5	11.5	9.6	9.6	50.8
July	20.2	13.1	10.0	8.3	48.4
August	20.8	11.7	9.7	8.9	48.9

3. Number of loans authorized as of August 31, 1975:	190
Number of loans requiring amortization (after grace period):	78
Number of delinquent loans :	37
Percent of delinquent students at various degrees:	47%

*102*



CASH FLOW OF STUDENT LOAN FUND (Continued)  
PERIOD 1975/1991, USING ONLY  
REPAYMENTS ON A INITIAL FUND OF US\$1,000,000  
US\$000's  
August 7, 1975

DEBTS AND REPAYMENTS	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86	85/87	87/88	88/89	89/90	90/91
Net Cash Flow Repay FBR	135.6	234.3	281.4	289.2	303.4	352.3	352.0	322.5	345.8	375.6	372.8	392.2	393.6	397.1	399.5	413.2
Delinquent accounts (12.5% of increment FBR)	(8.1)	(12.3)	(5.9)	(1.0)	(1.8)	(6.3)	(0.2)	3.6	(6.7)	(3.7)	0.4	(2.4)	(0.2)	(0.4)	(0.3)	(1.7)
Bad Loans (5% FBR)	(6.8)	(11.7)	(14.1)	(14.4)	(15.2)	(17.6)	(17.8)	(16.1)	(17.3)	(18.8)	(18.6)	(19.6)	(19.7)	(19.9)	(20.0)	(20.7)
Administrative Costs	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Int. & Amortization	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(51.0)	(51.0)	(51.0)	(51.0)	(51.0)	(51.0)	(51.0)	(51.0)	(51.0)
Sub-total	80.7	170.3	221.4	233.8	246.4	288.4	294.0	239.0	250.8	282.1	283.6	299.2	302.7	305.8	308.2	319.8
Initial balance	254.0	57.7	85.1	110.7	116.9	123.2	144.2	147.0	119.5	125.4	141.0	141.8	149.6	151.3	152.9	154.1
Debt issues during period	(277.0)	(142.9)	(195.8)	(227.6)	(240.1)	(267.4)	(291.2)	(266.5)	(244.9)	266.5	(282.8)	(291.4)	(301.0)	(304.2)	(307.0)	(314.0)
Net cash flow accumulated	57.7	85.1	110.7	116.9	123.2	144.2	147.0	119.5	125.4	141.0	141.8	149.6	151.3	152.9	154.1	159.9

Does not include recuperation of delinquent funds, different to the funds handled through Bank of America.

I N C O M E

COMPARATIVE INCOME STATEMENTS

STUDENT LOAN FUNDS

FOR THE YEARS ENDED 6/30/73, 6/30/74, 6/30/75

REVENUES	<u>FY 6/30/73</u>	<u>FY 6/30/74</u>	<u>FY 6/30/75</u>
Interest Earned From:			
Loans to Students	\$ 2,186	\$ 28,467	\$ 34,662
Cash Deposited as Guarantee	-.- $\frac{1}{2}$	10,175	7,054
Savings Accounts	-.- $\frac{2}{2}$	593	1,554
Total Revenues	\$ <u>2,186</u>	\$ <u>39,235</u>	\$ <u>43,270</u>
EXPENDITURES			
Administrative Expenses	\$ -.- $\frac{2}{2}$	\$ 15,195	\$ 9,720
Interest on Long- Term Debts	-.- $\frac{1}{2}$	7,771	12,189
Bad Debts	12,172	17,589	50,637
Total Expenditures	\$ <u>12,172</u>	\$ <u>40,555</u>	\$ <u>72,546</u>
Net Income (Deficit)	<u>\$ (9,986)</u>	<u>\$ (1,320)</u>	<u>\$ (29,276)</u>

1. Included in the current funds income and expenses statement.
2. Included as part of MBA expenses in the current funds income and expenses statement.



ASSETS

Current Fund:

Cash	\$ 249,364	\$ 259,899	\$ 172,216
Investments	18,863	18,863	18,863
Accounts and Notes Receivable (Net)	223,694	297,508	529,457
Inventories	24,391	47,860	93,863
Prepaid Expenses, Deferred Charges and Other Assets	114,585	152,209	149,728
Due from Other Funds	-	23,703	-
Total Current Funds	\$ <u>630,897</u>	\$ <u>800,042</u>	\$ <u>964,127</u>

Loan Funds:

Cash	\$ 126,103	\$ 118,257	\$ 161,746
Loans to Students (Net)	270,849	509,384	821,698
Due from Current Funds	16,731	24,329	-
Total Loan Funds	\$ <u>413,683</u>	\$ <u>651,970</u>	\$ <u>983,444</u>

Plant Funds:

Cash	\$ -	\$ -	\$ 178
Due from Current Funds	23,845	-	-
Property, Furniture and Equipment (Net)	907,979	1,111,937	2,330,890
Total Plant Funds	\$ <u>931,824</u>	\$ <u>1,111,937</u>	\$ <u>2,331,068</u>
TOTAL ASSETS	\$ <u>1,976,404</u>	\$ <u>2,563,949</u>	\$ <u>4,278,639</u>

LIABILITIES AND FUND BALANCE

Current Fund:

Accounts and Notes Payable and Accrued Liabilities	\$ 144,764	\$ 107,560	\$ 189,842
Accrued Interest	3,893	9,612	23,564
AID	303,000	753,000	1,053,000
Deferred Revenues	114,831	164,893	191,341
Due to Loan and Plant Funds	40,576	24,329	-
Fund Balance	23,833	(259,352)	(433,620)
Total Current Funds	\$ <u>630,897</u>	\$ <u>800,042</u>	\$ <u>964,127</u>

Loan Funds:

AID	\$ 192,650	\$ 431,000	\$ 770,869
Fund Balance	221,033	220,970	212,575
Total Loan Funds	\$ <u>413,683</u>	\$ <u>651,970</u>	\$ <u>983,444</u>

Plant Funds:

Accounts Payable	\$ 22,003	\$ 2,407	\$ 2,407
Loans	647,563	719,078	1,950,131
Due to Current Fund	-	23,703	-
Net Investment	262,258	366,749	378,530
Total Plant Funds	\$ <u>931,824</u>	\$ <u>1,111,937</u>	\$ <u>2,331,068</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,976,404</u>	\$ <u>2,563,949</u>	\$ <u>4,278,639</u>

**INCAE**

**COMPARATIVE INCOME STATEMENTS  
CURRENT FUND  
THREE YEARS ENDED 6/30/73, 6/30/74 and 6/30/75**

	<u>FYE 6/30/73</u>	<u>FYE 6/30/74</u>	<u>FYE 6/30/75</u>
<b><u>Operational Revenues</u></b>			
MBA	\$232,589	\$226,850	\$287,439
AMP	128,368	75,215	193,956
Seminars	160,011	276,098	327,563
Advisory Center	77,293	427,513	483,832
Consulting	18,541	15,538	54,913
Special Programs	92,231	317,963	368,891
Publications	3,705	9,829	12,271
Housing	39,762	42,135	130,644
Cafeteria	99,247	143,135	192,019
Ed. Support Services	83,095	169,119	203,815
Other	47,124	52,832	42,284
Total Operational Rev.	<u>981,966</u>	<u>1,756,227</u>	<u>2,297,627</u>
<b><u>Operational Expenditures</u></b>			
MBA	286,304	334,169	369,036
AMP	52,209	51,801	138,000
Seminars	113,342	238,046	235,749
Advisory Cent	61,834	342,010	387,066
Consulting	37,136	9,855	35,039
Special Programs	122,981	314,051	372,342
Publications	9,557	13,491	14,926
Housing	28,863	41,511	103,761
Cafeteria	150,767	170,822	189,513
Ed. Support Services	121,044	150,939	154,937
Building and Grounds	105,748	158,560	179,030
General Administration	184,236	192,223	243,288
Library	43,733	44,279	43,140
Interest	37,454	44,971	65,902
Ins. Research Development	14,224	12,059	23,533
Executive Development	-----	-----	39,770
Contingencies	4,815	15,844	-----
Other	33,771	16,423	65,572
Total Oper. Expend.	<u>1,408,718</u>	<u>2,151,054</u>	<u>2,660,612</u>
Operational Difference	<u>(426,752)</u>	<u>(394,827)</u>	<u>(362,985)</u>
<b><u>External Support Revenues</u></b>			
Fund Raising	-----	204,683	184,285
Associates	-----	37,830	53,396
Total	<u>117,590</u>	<u>242,513</u>	<u>237,681</u>
<b><u>External Support Expend.</u></b>			
Fund Raising	-----	44,000	62,532
Associates	-----	20,000	30,486
External Expenses	-----	107,888	92,154
Total	<u>121,157</u>	<u>173,402</u>	<u>185,172</u>
External Supp. Diff.	<u>( 3,567)</u>	<u>69,111</u>	<u>52,509</u>
<b><u>Unrestricted Government &amp; Institutional Grants</u></b>			
	<u>150,000</u>	<u>120,000</u>	<u>75,036</u>
Current Funds Deficit	<u>\$(280,319)</u>	<u>\$(205,716)</u>	<u>\$(235,440)</u>

Source: Audited Financial Statements.

I N C A E  
BUDGET VS. ACTUAL REVENUES AND EXPENDITURES.

OR QUARTERS ENDING 11/30/75, 2/29/76, AND 5/31/76

	<u>FIRST QUARTER</u>			<u>SECOND QUARTER</u>			<u>THIRD QUARTER</u>		
	<u>September/November 1975</u>			<u>December/February 1976</u>			<u>March/May 1976</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Diff.</u>	<u>Budget</u>	<u>Actual</u>	<u>Diff.</u>	<u>Budget</u>	<u>Actual</u>	<u>Diff.</u>
<u>M. B. A.</u>									
Income	119.0	120.3	1.3	111.8	113.8	2.0	109.5	115.0	5.5
Expense	123.8	142.8	19.0	125.6	112.0	(13.6)	123.4	147.4	24.0
Net	(4.8)	(22.5)	(17.7)	(13.8)	1.8	15.6	(13.9)	(32.4)	(18.5)
<u>A. M. P.</u>									
Income	-.-	-.-	-.-	-.-	0.2	0.2	-.-	-.-	-.-
Expense	-.-	3.1	3.1	2.0	-.-	(2.0)	3.5	1.8	(1.7)
Net	-.-	(3.1)	(3.1)	(2.0)	0.2	2.2	(3.5)	(1.8)	1.7
<u>SEMINARS</u>									
Income	44.0	92.4	48.4	105.0	74.4	(30.6)	144.0	48.9	(95.1)
Expense	27.9	61.1	33.2	55.6	42.0	(13.6)	75.1	48.1	(27.0)
Net	16.1	31.3	15.2	49.4	32.4	(17.0)	68.9	0.8	(68.1)
<u>ADVISORY CENTER &amp; CONSULTING</u>									
Income	153.8	58.3	(95.5)	156.4	48.9	(107.5)	170.3	110.8	(59.5)
Expense	124.8	58.5	(66.3)	125.3	61.5	(63.8)	129.3	86.2	(43.1)
Net	29.0	(0.2)	(29.2)	31.1	(12.6)	(43.7)	41.0	24.6	(16.4)
<u>SPECIAL PROGRAMS</u>									
Income	179.8	183.4	3.6	183.1	170.5	(12.6)	52.8	41.6	(11.2)
Expense	136.4	101.4	(35.0)	141.6	163.3	21.7	136.9	122.9	(14.0)
Net	43.4	82.0	38.6	41.5	7.2	(34.3)	(84.1)	(81.3)	2.8

	FIRST QUARTER			SECOND QUARTER			THIRD QUARTER		
	September/November 1975			December/February 1976			March/May 1976		
	Budget	Actual	Diff.	Budget	Actual	Diff.	Budget	Actual	Diff.
<b><u>FUND RAISING</u></b>									
Income	39.0	37.9	(1.1)	92.5	27.0	(65.5)	80.0	53.6	(26.4)
Expense	16.2	14.2	(2.0)	16.2	15.4	(0.8)	19.7	13.7	(3.0)
Net	22.8	23.7	0.9	76.3	11.6	(64.7)	60.3	39.9	(20.4)
<b><u>ASSOCIATES</u></b>									
Income	22.0	20.2	(1.8)	27.3	11.7	(15.6)	8.8	15.4	6.6
Expense	8.4	6.8	(1.6)	8.2	8.6	0.4	8.5	11.5	3.2
Net	13.6	13.4	(0.2)	19.1	3.1	(16.0)	0.3	3.9	3.4
<b><u>UNRESR. GOV. INST. GRANTS</u></b>									
Income	25.0	19.0	(6.0)	25.0	18.8	(6.2)	25.0	18.8	(6.2)
Expense	-	-	-	-	-	-	-	-	-
Net	25.0	19.0	(6.0)	25.0	18.8	(6.2)	25.0	18.8	(6.2)
<b><u>PUBLICATIONS</u></b>									
Income	1.1	3.1	2.0	2.1	0.3	(1.8)	3.2	0.4	(2.8)
Expense	1.1	1.2	1	1.3	0.9	(0.5)	1.6	1.0	(0.6)
Net	-	1.9	1.9	0.8	0.6	(0.2)	1.6	0.4	(1.2)
<b><u>HOUSING</u></b>									
Income	44.4	33.1	(11.3)	43.4	53.9	10.5	42.1	41.8	(0.3)
Expense	40.4	13.3	(27.1)	40.5	32.2	(8.3)	40.5	40.3	(0.2)
Net	4.0	19.8	15.8	2.9	21.7	18.8	1.6	1.5	(0.1)
<b><u>CAFETERIA</u></b>									
Income	45.2	58.2	13.0	39.2	45.7	6.5	38.3	42.8	4.5
Expense	44.8	52.7	7.9	38.7	55.8	17.1	41.7	43.6	1.9
Net	0.4	5.5	5.1	0.5	(10.1)	(10.6)	(3.4)	(0.8)	2.6

	FIRST QUARTER			SECOND QUARTER			THIRD QUARTER		
	September/November/1975			December/February 1976			March/May 1976		
	Budget	Actual	Diff.	Budget	Actual	Diff.	Budget	Actual	Diff.
<b><u>EDUC. SUPP. SERVIC</u></b>									
Income	38.7	52.4	13.7	46.0	38.5	(7.5)	49.8	57.6	7.8
Expense	41.8	39.8	(2.0)	41.4	45.7	4.3	43.0	45.7	2.7
Net	(3.1)	12.6	15.7	4.6	(7.2)	(11.8)	6.8	11.9	5.1
<b><u>OTHERS</u></b>									
Income	6.3	13.8	7.5	6.3	14.0	7.7	6.3	8.5	2.2
Expense	4.0	13.8	9.8	4.1	16.0	11.9	4.1	8.6	4.5
Net	2.3	-	(2.3)	2.2	(2.0)	(4.2)	2.2	(0.1)	(2.3)
<b><u>GEN. ADMINISTRAT</u></b>									
Income	-	-	-	-	-	-	-	-	-
Expense	77.5	70.5	(7.0)	72.3	83.9	11.6	71.7	81.5	9.8
Net	(77.5)	(70.5)	7.0	(72.3)	(83.9)	(11.6)	(71.7)	(81.5)	(9.8)
<b><u>LIBRARY</u></b>									
Income	-	-	-	-	-	-	-	-	-
Expense	9.8	8.6	(1.0)	9.7	16.4	6.7	9.8	15.7	5.9
Net	(9.8)	(8.6)	1.0	(9.7)	(16.4)	(6.7)	(9.8)	(15.7)	(5.9)
<b><u>EXEC. PROG. ADMIN.</u></b>									
Income	-	-	-	-	-	-	-	-	-
Expense	12.7	12.4	(0.3)	14.6	13.2	(1.4)	14.7	9.7	(5.0)
Net	(12.7)	(12.4)	0.3	(14.6)	(13.2)	1.4	(14.7)	(9.7)	5.0
<b><u>INST. RES. &amp; DEV.</u></b>									
Income	-	-	-	-	7	-	-	-	-
Expense	19.8	17.2	(2.6)	8.1	6.6	(1.5)	8.1	7.2	(0.9)
Net	(19.8)	(17.2)	2.6	(8.1)	(6.6)	1.5	(8.1)	(7.2)	0.9

	<u>FIRST QUARTER</u>			<u>SECOND QUARTER</u>			<u>THIRD QUARTER</u>		
	<u>September/November 1975</u>			<u>December/February 1976</u>			<u>March/May 1976</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Diff.</u>	<u>Budget</u>	<u>Actual</u>	<u>Diff.</u>	<u>Budget</u>	<u>Actual</u>	<u>Diff.</u>
<u>BLDG. &amp; GROUND</u>									
Income	--	--	--	--	--	--	--	--	--
Expense	54.2	55.6	1.4	50.4	51.0	0.6	49.1	90.8	41.7
Net	<u>(54.2)</u>	<u>(55.6)</u>	<u>(1.4)</u>	<u>(50.4)</u>	<u>(51.0)</u>	<u>(0.6)</u>	<u>(49.1)</u>	<u>(90.8)</u>	<u>(41.7)</u>
<u>INTEREST</u>									
Income	--	--	--	--	--	--	--	--	--
Expense	13.4	26.3	12.9	13.4	24.0	10.6	13.4	22.8	9.4
Net	<u>(13.4)</u>	<u>(26.3)</u>	<u>(12.9)</u>	<u>(13.4)</u>	<u>(24.0)</u>	<u>(10.6)</u>	<u>(13.4)</u>	<u>(22.8)</u>	<u>(9.4)</u>
<u>EXTERNAL SERV.</u>									
Income	--	--	--	--	--	--	--	--	--
Expense	23.2	24.0	0.8	22.3	26.8	4.5	24.0	25.2	1.2
Net	<u>(23.2)</u>	<u>(24.0)</u>	<u>(0.8)</u>	<u>(22.3)</u>	<u>(26.8)</u>	<u>(4.5)</u>	<u>(24.0)</u>	<u>(25.2)</u>	<u>(1.2)</u>
<b>TOTAL INCOME</b>	718.3	692.1	(26.2)	838.1	617.7	(220.4)	730.1	555.2	(174.9)
<b>TOTAL EXPENSE</b>	<u>780.0</u>	<u>723.3</u>	<u>(56.7)</u>	<u>791.4</u>	<u>775.3</u>	<u>(16.1)</u>	<u>814.9</u>	<u>823.7</u>	<u>8.8</u>
<b>NET</b>	<u>(61.7)</u>	<u>(31.2)</u>	<u>30.5</u>	<u>46.7</u>	<u>(157.6)</u>	<u>(204.3)</u>	<u>(84.8)</u>	<u>(268.5)</u>	<u>(183.7)</u>

ESTADO DE INGRESOS Y EGRESOS  
ACUMULADOS SEPT./MAYO 76  
ANALISIS COMPARATIVO PRESUPUESTO  
PERIODO 75/76  
US\$000'S

	<u>PRESUPUESTO</u>	<u>REAL</u>	<u>VARIACION</u>	<u>%</u>
<u>INGRESOS</u>				
M.A.E.	340.3	349.1	+ 8.8	+ 3%
P.A.G.S.	--	--	--	--
Seminarios	293.0	215.7	- 77.3	- 26%
Centro de Asesoramiento	480.5	218.0	-262.5	- 55%
Programas Especiales	415.7	399.1	- 16.6	- 4%
Publicaciones	6.4	3.8	- 2.6	- 41%
Recaudación de Fondos	211.5	165.8	- 45.7	- 22%
Asociados	58.1	47.3	- 10.8	- 19%
Donaciones de Gobierno	75.0	56.3	- 18.7	- 25%
Alojamiento	129.9	128.7	- 1.2	- 1%
Cafetería	122.7	146.7	+ 24.0	+ 20%
Serv.Educativos Ancilarios	134.5	148.5	+ 14.0	+ 10%
Otros	18.9	36.5	+ 17.6	+ 93%
Total	2.286.5	1.915.5	-371.0	- 16%
<u>EGRESOS</u>				
M.A.E.	372.8	402.2	+ 29.4	+ 8%
P.A.G.S.	5.5	3.8	- 1.7	- 31%
Seminarios	158.6	151.2	- 7.4	- 5%
Direc. de Formación Ejecuti	42.0	35.4	- 6.6	- 16%
Programas Especiales	414.9	387.6	- 27.3	- 7%
Publicaciones	4.1	3.1	- 1.0	- 24%
Recaudación de Fondos	49.1	43.3	- 5.8	- 12%
Asociados	24.9	26.3	+ 2.0	+ 8%
Servicios Externos	69.5	76.0	+ 6.5	+ 9%
Serv.Educativos Ancilari	126.2	131.2	+ 5.0	+ 4%
Administración	221.5	235.9	+ 14.4	+ 7%
Biblioteca	29.1	40.7	+ 11.6	+ 40%
Invest. & Desarrollo Instit	36.0	31.1	- 4.9	+ 14%
Centro de Ases. & Consult.	379.4	206.2	-173.2	- 46%
Alojamiento	121.4	85.8	- 35.6	- 29%
Cafetería	125.2	152.2	+ 27.0	+ 22%

	<u>PRESUPUESTO</u>	<u>REAL</u>	<u>VARIACION</u>	<u>%</u>
Campos y Edificio	151.7	197.4	- 45.7	+ 30%
Intereses	40.2	75.5	+ 35.3	+ 88%
Otros	<u>12.2</u>	<u>31.7</u>	<u>+ 19.5</u>	<u>+160%</u>
Total	2.384.3	2.317.2	- 67.1	- 3%
Ingresos-Egresos	( 97.8)	( 401.7)	(+303.9)	

\* Los egresos incluyen US\$72.509.00 que corresponden a gastos de capital. Estos gastos serán capitalizados a final de año.

El desglose por centros es el siguiente:

M.A.E.	US\$ 452.00
Agroindustria	303.00
Servicios Externos	167.00
Alojamiento	21.251.00
Cafetería	3.057.00
Campos y Edificio	33.378.00
Administración	1.653.00
Biblioteca	<u>12.848.00</u>
Total	US\$72.509.00

\*\* No se incluye amortización de construcciones nuevas

**COMPARATIVE ADJUSTED STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED 6/30/73, 6/30/74 AND 6/30/75**

	CURRENT FUND FYE			LOAN FUND FYE			PLANT FUND FYE		
	7/73	6/30/74	6/30/75	6/30/73	6/30/74	6/30/75	6/30/73	6/30/74	6/30/75
<b>UNRESTRICTED BEGINNING BALANCE</b>	\$ 211,339	\$ 23,833	\$ (259,352)	\$ 210,897	\$ 221,033	\$ 220,970	\$ 238,859	\$ 262,258	\$ 366,749
<b>Revenues and Other Additions:</b>									
Operational Revenues	\$ 1,063,439	\$ 1,868,215	\$ 2,284,827	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
External Support Revenues	117,590	242,513	237,681	--	--	--	24,750	24,750	--
Unrestricted, Gov. & Inst. Grnts.	150,000	120,000	75,036	--	--	--	--	--	--
Gifts & Bequests Received (Restr.)	--	--	--	44,160	--	--	--	--	--
Refunds Due	--	--	171,644	--	--	--	--	--	--
Interest Earned	--	--	--	3,179	40,492	44,689	--	--	--
Depreciation Adjustment	--	--	--	--	--	--	--	--	--
<b>Total</b>	\$ 1,331,029	\$ 2,230,728	\$ 2,769,188	\$ 47,339	\$ 40,492	\$ 44,689	\$ 24,750	\$ 24,750	\$ 1,373
<b>Expenditures and Other Deductions:</b>									
Operational Expenditures	\$ 1,408,718	\$ 2,151,054	\$ 2,580,760	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
External Support Expenditures	121,157	173,402	184,163	--	--	--	--	--	--
Indirect Costs Recovered	12,542	109,716	124,302	--	--	--	--	--	--
Provision for Bad Debts	--	--	--	12,172	17,589	50,637	--	--	--
Interest	--	--	--	--	7,771	12,189	--	--	--
Administration Costs	--	--	--	--	15,195	9,720	--	--	--
Scholarships	--	--	--	2,500	--	3,500	--	--	--
Fellowships	--	--	--	--	--	--	--	--	--
Provision for Depreciation	--	--	--	--	--	--	--	--	--
<b>Total</b>	\$ 1,542,417	\$ 2,434,172	\$ 2,869,225	\$ 14,672	\$ 40,355	\$ 76,046	\$ --	\$ --	\$ 80,861
<b>Transfers Among Funds:</b>									
Additions (Deductions)	\$ 23,882	\$ (79,741)	\$ (114,231)	\$ (22,531)	\$ --	\$ 22,982	\$ (1,351)	\$ 79,741	\$ 91,239
<b>END BALANCE - END OF YEAR</b>	\$ 23,833	\$ (259,352)	\$ (493,620)	\$ 221,033	\$ 220,970	\$ 212,573	\$ 262,258	\$ 366,749	\$ 378,530

SOURCE: Audited Financial Statements

Raytor:rl- 6/13/76

COMPARATIVE ANALYSIS ACTUAL 74-75 vs. BUDGET 75-76  
 ACCORDING TO THE NATURE OF EACH CENTER

US\$000's

	Actual <u>74-75</u>	Budget <u>75-76</u>	Variance
<u>CONTRIBUTION PRODUCERS CENTERS</u>			
Executive Programs (net)	108.1	200.7	+ 86%
Advisory Center & Consulting	121.6	142.9	+ 18%
Fund Raising	121.8	201.3	+ 65%
Associates	22.9	47.2	+106%
Unrest. Gov. & Ints. Grants	<u>75.0</u>	<u>100.0</u>	<u>+ 33%</u>
Sub-total	449.4	692.1	+ 54%
<u>BREAK EVEN CENTERS</u>			
Minor:			
Special Programs	8.5	2.8	- 67%
Publications	(2.6)	0.3	+115%
Housing	27.5	46.5	+ 69%
Cafeteria	0.5	2.3	+360%
Educational Support Serv.	48.9	16.7	- 65%
Other	<u>(0.8)</u>	<u>6.0</u>	<u>+750%</u>
Sub-total	<u>82.0</u>	<u>74.6</u>	<u>- 9%</u>
Total Contribution	<u>531.4</u>	<u>766.7</u>	<u>+ 44%</u>
<u>OVERHEAD CENTERS</u>			
Masters Program (net)	81.2	100.9	+ 24%
External Service	92.1	99.0	+ 7%
Genl. Administration	219.4	293.5	+ 34%
Library	37.8	39.1	+ 3%
Inst. Research & Develop.	23.5	44.8	+ 91%
Building & Grounds	177.8	219.3	+ 23%
Interest	<u>64.5</u>	<u>87.9</u>	<u>+ 36%</u>
Total Overhead	<u>696.3</u>	<u>884.5</u>	<u>+ 27%</u>
OVER ALL DIFFERENCE	(164.9)	(117.8)	- 29%

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	TOTAL	M.R.A.	A.M.R.	Seminars	Advisory Con fer & Consult.	Executive Prog. Administration	Special Program	Publications	Fund Raising	Associa-
INCOME	3,213.1	340.3	290.4	351.0	656.2		561.0	10.7	270.0	82.0
EXPENSES:										
200 Teaching Faculty Salaries	372.7	213.0								
205 Non-Teaching Faculty Salaries	390.6	15.9			165.3	8	87.6			
210 Staff Salaries, Wages & Overtime	605.5	28.7	3.5		97.3	15	111.9		10.7	5.0
215 Professional Services	276.1	5.5	57.0	57.0	77.0	7	25.0	2.5	26.0	11.2
220 Fringe Benefits	151.2	4.2			77.2	3	45.1		5.8	2.6
225 Relloc. Mov. & Related Costs	88.5	27.5				1	3.7	0.4	3.8	1.6
230 Faculty & Parson. Development	43.4				16.8	2	23.9		1.4	0.6
235 Communications and Freight	41.5	3.8	4.2	3.0	4.2	0	30.0			
Stationary & Office Supplies	37.5	7.0	1.8	4.5	5.1	2	7.2	1.5	3.2	1.2
245 Supplies	199.3		0.5		6.4	0	5.6	0.4	2.0	0.6
250 Materials, Spare parts & Repairs	36.0				1.9		14.6			
255 Travel & Transportation	163.0	3.8	21.0	30.0	16.6	10	44.6	1.2	0.4	0.4
260 Promotion & Public Relations	112.0	11.5	21.0	31.4	3.6				2.1	1.0
265 Services	180.6		64.0	42.4	14.6	2	14.8		8.4	3.8
270 Charges from other centers	230.4	111.2	17.6	19.4	20.1	1	0.8		2.4	0.8
275 Financial Charges & Reserves	143.7					0	56.3	4.3	0.8	0.8
280 Other	32.1	0.5	0.2	0.8	7.3	0	17.9		0.4	0.2
285 Contingencies	82.3	5.0	3.4	0.9		2	17.4		0.4	1.0
290 Depreciation	140.5	3.6					51.7	0.1	0.1	3.8
TOTAL EXPENSE	3326.9	441.2	194.2	189.4	513.4	57.1	558.2	10.4	68.7	34.8
DIFFERENCE	(113.8)	(100.9)	96.2	161.6	142.8	(57.1)	2.8	0.3	201.3	17.2

CONSOLIDATED OPERATIONAL, SLF AND  
CAPITAL CASH FLOW BUDGET  
FISCAL YEAR 1975/76  
US\$000 's

	<u>QUARTERS</u>				
	<u>FIRST</u>	<u>SECOND</u>	<u>THIRD</u>	<u>FOURTH</u>	<u>TOTAL</u>
<u>INFLOW</u>					
Operational	578.7	853.9	846.5	630.2	2.909.3
Student Loan Funds (SLF)	101.3	118.3	108.7	-	328.3
Capital	118.9	10.7	10.7	10.6	150.9
Total Inflow	<u>798.9</u>	<u>982.9</u>	<u>965.9</u>	<u>640.8</u>	<u>3.388.5</u>
<u>OUTFLOW</u>					
Operational	567.7	694.0	85.0	718.4	2.565.1
Student Loan Funds (SLF)	102.8	101.4	101.4	-	305.6
Capital	373.9	10.7	10.7	10.6	405.9
Total Outflow	<u>1,044.4</u>	<u>806.1</u>	<u>697.1</u>	<u>729.0</u>	<u>3.276.6</u>
Surplus (Deficit)	(245.5)	176.8	268.8	(88.2)	111.9
Bank Balance a	(73.3)	-	-	-	-
Cumulative	(318.8)	(142)	126.8	38.6	38.6

a) Includes SLF Repayme

an. Funds available for Disbursements totaling US\$25.300

OPERATIONAL CASH FLOW BUDGET  
FISCAL YEAR 1975/1976  
US\$000's

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL
<b>INFLOW</b>					
Receivables Beginning Period	278.7	395.7	392.0	283.9	278.7
Accrued Income a)	674.4	787.7	675.9	870.9	3008.9
Receivables Ending Period	<u>(395.7)</u>	<u>(392.0)</u>	<u>(283.9)</u>	<u>(587.0)</u>	<u>587.0</u>
Operating Income	557.4	791.4	784.0	567.8	2700.6
Dev. Cost Income with	<u>21.3</u>	<u>62.5</u>	<u>62.5</u>	<u>62.4</u>	<u>208.7</u>
Total Inflow	<u>578.7</u>	<u>853.9</u>	<u>846.5</u>	<u>630.2</u>	<u>2909.3</u>
<b>OUTFLOW</b>					
Payables Beginning Period	65.2	205.0	205.0	351.2	65.2
Accrued Expenses b)	680.6	678.0	702.2	829.2	2890.0
Payables end of period	<u>(205.0)</u>	<u>(62.6)</u>	<u>(351.2)</u>	<u>(478.0)</u>	<u>(478.0)</u>
Operating Cash	540.8	678.0	556.0	702.4	2477.2
Debt Service	-	16.0	-	16.0	32.0
CABEI	<u>26.9</u>	<u>-</u>	<u>29.0</u>	<u>16.0</u>	<u>55.9</u>
Rocap c)	567.7	694.0	585.0	718.4	2565.1
Total Outflow	<u>11.0</u>	<u>159.9</u>	<u>261.5</u>	<u>(88.2)</u>	<u>344.2</u>
Surplus (Deficit)	<u>(98.6)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98.6)</u>
Bank balance	<u>(87.6)</u>	<u>72.3</u>	<u>333.8</u>	<u>245.6</u>	<u>245.6</u>
Cumulative					

- a) Excludes Internal Billings  
b) Excludes Interest, Internal Billings & Depreciation  
c) Excludes SFL Interest Payments: See SLF Budget

CONSOLIDATED OPERATIONAL, SLF AND

CAPITAL CASH FLOW BUDGET

FISCAL YEAR 1975/76

US\$000'S

<u>INFLOW</u>	<u>FIRST</u>	<u>SECOND</u>	<u>THIRD</u>	<u>FOURTH</u>	<u>TOTAL</u>
Operational					
Student Loan Funds (SLF)	812.1	732.7	640.4	584.4	2,759.6
Capital	101.3	118.3	108.7	-	328.3
Total Inflow	<u>264.6</u>	<u>18.9</u>	<u>-</u>	<u>-</u>	<u>283.5</u>
	1,178.0	869.9	749.1	584.4	3,381.4
<u>OUTFLOW</u>					
Operational					
Student Loan Funds (SLF)	666.9	656.1	611.1	656.4	2,590.5
Capital	102.8	101.4	101.4	-	305.6
Total Outflow	<u>267.4</u>	<u>18.9</u>	<u>-</u>	<u>-</u>	<u>286.3</u>
	1,037.1	776.4	712.5	656.4	3,182.4
Surplus (Deficit)	140.9	93.5	36.6	( 7.2)	199.0
Bank Balance a)	6.4	-	-	-	6.4
Cumulative	147.3	240.8	277.4	205.4	205.4

) Includes SLF Repayments and Loan Funds available for Disbursements totaling US\$25.300

OPERATIONAL CASH FLOW BUDGET  
FISCAL YEAR 1975/1976  
US\$000's

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL
<b>INFLOW</b>					
RECEIVABLES BEGINNING PERIOD	149.9	33.5	151.0	249.0	150.0
ACCRUED INCOME a)	674.4	787.7	675.9	870.9	3008.9
RECEIVABLE ENDING PERIOD	(33.5)	(151.0)	(249.0)	(598.0)	(598.0)
OPERATING INCOME	<u>790.8</u>	<u>670.2</u>	<u>577.9</u>	<u>521.9</u>	<u>2560.9</u>
DEV. COSTS INCOME WITH	21.3	62.5	62.5	62.5	208.7
TOTAL INFLOW	<u>812.1</u>	<u>732.7</u>	<u>640.4</u>	<u>584.4</u>	<u>2769.6</u>
<b>OUTFLOW</b>					
PAYABLES BEGINNING PERIOD	100.0	140.6	178.5	298.6	100.0
ACCRUED EXPENSES b)	680.6	678.0	702.2	829.2	2890.0
PAYABLES END OF PERIOD	(140.6)	(178.5)	(298.6)	(487.4)	(487.4)
OPERATING CASH	<u>640.0</u>	<u>640.1</u>	<u>582.1</u>	<u>640.4</u>	<u>2502.6</u>
DEBT SERVICE					
CABEI		16.0		16.0	32.0
ROCAP c)	<u>26.9</u>		<u>29.0</u>		<u>55.9</u>
TOTAL OUTFLOW	<u>666.9</u>	<u>656.1</u>	<u>611.1</u>	<u>656.4</u>	<u>2590.5</u>
SURPLUS (Deficit)	145.2	76.6	29.3	(72.0)	179.1
BANK BALANCE	(18.9)	-	-	-	(18.9)
CUMULATIVE	126.3	202.9	232.2	160.2	160.2

- a) Excludes Internal Billings  
b) Excludes Interest, Internal Billings & Depreciation  
c) Excludes SLF Interest Payments: See SLF Budget

	1972-73			1973-74			1974-75			1975-76		
	MAN YEARS	SAL. \$	AVG. \$									
Teaching Faculty	12.3	223.3	18.1	12.9	239.7	18.5	16.3	324.0	19.8	16.5	356.7	21.6
Non Teaching Fac.	8.5	99.2	11.6	16.5	210.7	12.7	15.3	226.5	14.8	22.0	343.1	15.6
Section Heads	3.3	22.1	6.7	4.0	27.5	6.8	4.0	30.7	7.6	7.0	57.4	8.2
Clerks	11.5	29.2	2.5	15.5	42.5	2.7	17.0	54.5	3.2	27.0	87.7	3.2
Secretaries	18.9	54.7	2.9	29.5	89.2	3.0	30.0	102.4	3.4	33.0	199.8	6.1
Specialist and Journeymen	13.3	51.1	3.8	17.6	87.4	4.9	22.0	113.8	5.1	26.0	123.8	5.0
Other Personnel	44.3	41.8	0.9	61.7	70.3	1.1	54.0	61.6	1.1	53.0	70.0	1.3
Total	112.1	521.4	4.6	157.7	767.3	4.8	158.6	913.5	5.7	184.5	1243.5	6.7

NOTE: These figures exclude Fringe Benefits such as Social Security expenses.

REVISED FINANCIAL PROJECTIONS

1976-1979

	FY <u>76-77</u>	FY <u>77-78</u>	FY <u>78-79</u>
<u>INCOME:</u>			
M.B.A.	363.0	430.0	430.0
A.M.P.	290.4	314.4	338.4
Semina:	368.6	387.0	406.4
Adv. Center & Consulting	860.0	1,005.0	1,122.5
Special Programs	525.0	605.0	633.0
Publications	12.0	13.5	15.0
Fund Raising	297.0	326.7	360.0
Associates	90.0	100.0	110.0
Unrest. Gov. & Inst. Grants	125.0	150.0	200.0
Housing	183.5	191.4	191.4
Cafeteria	188.8	203.3	219.5
Educational Support Services	181.9	197.8	215.0
Other	30.0	40.0	50.0
TOTAL	<u>3,515.2</u>	<u>3,964.1</u>	<u>4,291.2</u>
<u>EXPENSES:</u>			
M.B.A.	445.8	471.3	492.9
A.M.P.	194.2	212.2	230.2
Seminars	199.0	209.0	219.5
Adv. Center & Consulting	600.0	650.0	700.0
Special Programs	500.0	550.0	550.0
Publications	11.3	12.8	13.9
Fund Raising	75.6	83.1	91.6
Associates	38.2	42.5	46.7
Educational Support Services	181.9	197.8	215.0
Housing	143.7	152.7	161.7
Cafeteria	177.4	188.0	199.3
Other	25.0	35.0	45.0
Executive Program Adm.	60.0	60.0	62.0
External Services	100.0	110.0	121.0
Building & Grounds	235.8	242.0	247.6
Administration	324.9	344.8	366.4
Library	45.0	55.0	65.0
Interest	90.0	90.0	90.0
Inst. Research & Dev.	50.0	80.0	100.0
TOTAL	<u>,497.8</u>	<u>3,786.2</u>	<u>4,017.8</u>
DIFFERENCE	17.4	177.9	273.4

INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS

BALANCE GENERAL PROYECTADO AL 31 DE AGOSTO DE 1976

US\$ 000 000

**CIRCULANTE**

Efectivo	396,96	
Documentos y Cuentas por Cobrar Estudiantes		
Documentos (menos intereses documentados por \$87,295)	305,148	
Cuentas	83,459	
Otras cuentas por cobrar	631,311	
	<u>1.069,918</u>	
Menos: Prov. para cob. dud.	54,379	1.015,538
Inversiones	18,860	
Inventarios (al costo)	125,090	
Gastos Prepagados	<u>131,944</u>	
<b>TOTAL DEL ACTIVO CIRCULANTE</b>		<b>1.688,404</b>

Documentos por cobrar a Largo Plazo (menos intereses por \$292,475)	915,901	
Bienes Muebles, Mobiliarios y Equipos		
Terrenos	118,855	
Edificios, Mobiliario y Equipos	2.739,951	
Menos: Depreciación Acum.	<u>502,110</u>	2.237,833

Depositos en Garantía	7,299	
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**TOTAL DEL ACTIVO** 4.968,292

**PASIVO**

**CIRCULANTE**

Cuentas por Pagar y Gastos Acumulados	293,551
Documentos por Pagar	142,465
Vencimiento etc. deuda Largo Plazo	2,000
Intereses por Pagar	60,089
Ingresos Diferidos	345,636
Reserva para contingencias	<u>23,712</u>
<b>TOTAL DEL PASIVO CIRCULANTE</b>	<b>867,453</b>

**Deuda a Largo Plazo** **3.973,025**

Patrimonio Donaciones	439,384	127,814
Deficit de Ingresos s/Egresos Acumulado	<u>311,570</u>	
Del Periodo	197,570	
	<u>114,000</u>	

**TOTAL DEL PASIVO Y PATRIMONIO**

4.968,292

INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS

ESTADO DE ORIGEN Y APLICACION DE FONDOS

POR EL AÑO TERMINADO EL 30 DE JUNIO DE 1973

US\$000 'S

FUENTES:

Aumento en las Donaciones	135,875
Aumento en la Depreciación	200,562
Aumento en la Deuda a Largo	495,213
	<u>831,650</u>

USOS:

Aumento en el Capital de Trabajo	250,480
Aumento en Doc. por Cobrar Lgó. Plazo	144,430
Aumento en Activo Fijo	61,380
Aumento en Otros Activos	4,995
Diferencia entre Ingresos y Egresos	370,365
	<u>831,650</u>

AUMENTO EN EL CAPITAL DE TRABAJO POR:

Aumento en el Efectivo	
Aumento en Ctas. por Cobrar	118,133
Aumento en Gastos Prepagados	26,172
Disminución en Documentos por Pagar	8,596
Disminución en Ingresos Diferidos	46,133
Disminución en Inventarios	11,627)
Disminución en Inversiones	( 760)
	<u>( 66,902)</u>
	250,480

INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS

ESTADO DE ORIGEN Y APLICACION DE FONDOS

POR EL AÑO TERMINADO EL 30 DE JUNIO DE 1974

US\$000 'S

FUENTES:

Diferencia entre Ingresos y Egresos	19,553
Aumento en Depreciaciones	64,830
Disminución en Otros Activos	2,684
Aumento en la Deuda a Largo Plazo	760,865
	<hr/>
	847,932

USOS:

Aumento en el Capital de Trabajo	143,621
Aumento en Documentos por Cob. a Lgo. Plazo	238,535
Aumento en Activo Fijo	268,788
en las Donaciones	196,988
	<hr/>
	847,932

AUMENTO EN EL CAPITAL DE TRABAJO POR

Aumento en el Efectivo	2,000
Aumento en Cuentas por Cobrar	73,814
Aumentos en Inventarios	23,469
Aumento en Gastos Prepagados	40,308
Disminución en Cuentas por Pagar	48,750
Disminución en Documentos por Pagar	4,653
Aumento en Ingresos Diferidos	50,062)
	<hr/>
	143,621

INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMP  
 ESTADO DE ORIGEN Y APLICACION DE FONDOS  
 POR EL AÑO TERMINADO EL 30 DE JUNIO DE 1975

FUENTES:

Aumento en Depreciaciones	79,488
Aumento en la Deuda a largo pl	1.863,947
	1.943,435
	=====

USOS:

Aumento en el Capital de Trabajo	422,341
Aumento en Documentos por Cobrar a largo plaz	153,407
Aumento en Activo Fijo	1.246,754
Aumento en Otros Activos	1,972
Disminución en las Donaciones	106,007
Diferencia entre los Ingresos y Egresos	12,954
	1.943,435
	=====

AUMENTO EN EL CAPITAL DE TRABAJO POR:

Aumento en Cuentas por Cobrar	509,520
Aumento en vencimiento cte. deuda largo pl	2,000
Aumento en Inventarios	121,052
Aumento en Cuentas por Pagar	87,518)
Aumento en Documentos por Pagar	4,265)
Aumento en Intereses por Pagar	23,564)
Aumento en Ingresos Diferidos	26,449)
Aumento en Reserva para Contingencias	5,855)
Disminución del Efectivo	47,468)
Disminución de los Gastos Prepagados	15,112)
	422,341
	-----

INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS

ESTADO DE ORIGEN Y APLICACION DE FONDOS PROYECTADO

POR EL AÑO TERMINADO EL 31 DE AGOSTO DE 1976

FUENTES:

Disminución en el Capital de Trabajo	216,481
Aumento en las Depreciaciones	153,748
Aumento en la Deuda a largo plazo	208,000
	<u>578,229</u>
	=====

USOS:

Aumento en documento por cobrar a largo plazo	253,110
Aumento en Edificios y Mobiliarios	231,233
Aumento en otros activos	986
Diferencia entre Ingresos y Egresos	92,900
	<u>578,229</u>
	=====

DISMINUCION EN EL CAPITAL DE TRABAJO POR:

Aumento en el Efectivo	66,278
Aumento en Cuentas por Cobrar	206,511
Aumento en Cuentas por Pagar	( 97,762)
Aumento en Documentos por Pagar	( 138,200)
Aumento en Intereses por Pagar	( 36,525)
Aumento en Ingresos Diferidos	( 154,294)
Aumento en Reserva para Contingencias	( 17,857)
Disminución en Inventarios	( 43,820)
Disminución en Gastos Prepagados	( 812)
	<u>( 216,481)</u>
	=====

I N C A E

EXAMPLES OF PROBLI  
"ECONOMIES OF SCALE"

	Revenues <sup>\$</sup> (000)			9 Months
	6/30/73	6/30/74	6/30/75	5/31/76
	MBA	233	227	287
AMP	128	75	194	
Seminars	160	276	328	215
Advisory Center	77	428	484 )	
Consulting	19	16	55 )	218
Special Programs	92	318	369	396
Total Revenues	709	1,340	1,717	1,178

	Expenses			
MBA	286	334	369	402
AMP	52	52	138	
Seminars	113	238	236	151
Advisory Center	62	342	387 )	
Consulting	37	10	35 )	207
Special Programs	123	314	372	387
Total Expenses	673	1,290	1,537	1,147

Contribution:

Ratio:

<u>Expense</u> <u>Revenue</u>	95%	96%	88%	98%
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Conclusion: In spite of substantial revenue increases during the past three years, important cash contributions from economies of scale have not been realized.

PROGRAMA DE MAE, CC O ANUAL POR ESTUDIANTE

	72-73		73-74		74-75		75-76	
	US\$000's	%	US\$000's	%	US\$000's	%	US\$000's	%
Costo directo reconocido	294.2	61.5	334.2	58.4	368.6	62.5	441.2	60.0
Contribución de los Programas Especiales <sup>b/</sup>	15.3	3.2	47.1	8.2	56.8	9.6	75.5	
<b>TOTAL COSTOS DIRECTOS</b>	<b>309.5</b>	<b>64.8</b>	<b>381.3</b>	<b>66.6</b>	<b>425.4</b>	<b>72.1</b>	<b>516.7</b>	
Investigación & Desarrollo Institucional <sup>c/</sup>	3.7	0.8	2.4	0.4	4.7	0.8	9.8	1.0
Biblioteca <sup>d/</sup>	18.5	4.0	17.7	3.1	15.1	2.6	15.6	2.1
Publicaciones <sup>c/</sup>	2.5	0.5	2.7	0.5	2.9	0.5	2.1	0.3
Administración <sup>c/</sup>	44.3	9.3	38.4	6.7	43.9	7.5	58.7	8.0
Servicios Externos <sup>e/</sup>	9.6	2.0	11.4	2.0	14.7	2.5	15.9	2.2
Recaudación de Fondos <sup>f/</sup>	35.6	7.5	52.1	9.1	62.5	10.6	68.7	9.4
Campos & Edificios <sup>g/</sup>	22.2	4.6	31.7	5.5	35.6	6.0	38.4	5.2
Intereses <sup>c/</sup>	9.4	2.0	9.0	1.6	12.9	2.2	8.6	1.1
Déficit de Cafetería y Alojamiento	22.1	4.6	26.0	4.5	(28.2) <sup>h/</sup>	(4.8)	--	--
<b>TOTAL COSTOS INDIRECTOS</b>	<b>167.9</b>	<b>35.2</b>	<b>191.4</b>	<b>33.4</b>	<b>164.1</b>	<b>27.9</b>	<b>217.8</b>	<b>29.7</b>
<b>COSTO TOTAL</b>	<b>477.4</b>	<b>100.0</b>	<b>572.7</b>	<b>100.0</b>	<b>589.5</b>	<b>100.0</b>	<b>734.5</b>	<b>100.0</b>
<b>COSTO DIRECTO/ESTUDIANTE<sup>i/</sup></b>	<b>2,580</b>		<b>3,050</b>		<b>3,170</b>		<b>3,230</b>	
<b>COSTO INDIRECTO/ESTUDIANTE<sup>i/</sup></b>	<b>1,400</b>		<b>1,530</b>		<b>1,220</b>		<b>1,360</b>	
<b>COSTO TOTAL/ESTUDIANTE<sup>i/</sup></b>	<b>3,980</b>		<b>4,580</b>		<b>4,390</b>		<b>4,590</b>	
<b>COLEGIATURA COBRADA AL ESTUDIANTE<sup>i/</sup></b>	<b>1,950</b>	<b>49%</b>	<b>2,050</b>	<b>45%</b>	<b>2,240</b>	<b>51%</b>	<b>2,350</b>	<b>51%</b>
<b>SUBSIDIO IMPLICITO</b>	<b>2,030</b>	<b>51%</b>	<b>2,530</b>	<b>55%</b>	<b>1,960</b>	<b>49%</b>	<b>2,240</b>	<b>49%</b>

NOTAS EXPLICATIVAS

- |   |  |
|---|--|
| a/ Cifras presupuestarias.                                    | h/ No incluye la depreciación correspondiente a los nuevos edificios por estar todavía en proceso                                      |
| b/ Estimación directa del valor de los servicios contribuidos | i/ Tomando como divisor el número de estudiantes inscritos al comenzar el año: 120 en 72-73; 125 en 73-74; 134 en 74-75 y 160 en 75-76 |
| c/ Absorción proporcional al gasto                            | j/ Incluyendo cargo por material didáctico   |
| d/ Por ciento de utilización por estudiante M.A.E.            |  |
| e/ Asignación presupuestaria                                  |  |
| f/ Ciento por ciento del rubro                                |  |
| g/ Proporcional al área utilizada                             |  |





**INCAE**

**INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS**

**Apertado Postal 2485**

**Tel. 9-3272**

**Managua, Nicaragua, C. A.**

NECESIDADES DE EXPANSION FISICA:

JUSTIFICACION, DEFINICION & ESTIMACION PRELIMINARES

Mayo, 1976

NECESIDADES DE EXPANSION FISICA

RESUMEN

	A	B	C	TOTAL
<b>A. <u>ACADEMICAS:</u></b>	311.3	550.0	174.5	1,035.8
1. Aula Nueva	181.0			
2. Salas Estudio	130.3			
3. Ofic. Facultad		550.0		
4. Centro Cómputos			66.5	
5. Serv. Educ. Ancil.			108.0	
<b>B. <u>SOPORTE:</u></b>		614.5	63.3	704.0
1. Centro Comunal		470.8		
2. Remodel. Ofic. Admin.			63.3	
3. Bodegas & Talleres		81.1	26.2	
<b>C. <u>RECREAT. &amp; DEPORTIVAS:</u></b>				
1. Ref. Piscina		16.5		
2. Canchas Volibol		18.5		
3. Canchas Tenis		27.6		
<b>D. <u>INFRAESTRUCTURA:</u></b>	6.0	152.0	65.0	428.0
1. Hidráulica		15.0	10.0	50.0
2. Eléctrica		25.0	10.0	50.0
3. Telefónica		45.0	45.0	
4. Vial		25.0	105.0	
5. Seguridad	6.0	32.0		
6. Arborización & Jardinería		10.0		
Sub-Total	317.3	1,316.5	302.8	2,167.8
IMPREVISTOS	63.2	263.5	61.0	433.9
	380.5	1,580.0	363.8	2,601.7

NECESIDADES DE EXPANSION FISICA

DEFINICION DE PRIORIDADES

- A+ : SUMAMENTE URGENTE. Su falta impone graves inconvenientes o implica riesgo intolerable para la Institución.
- A : INDISPENSABLE. Su falta compromete seriamente el desenvolvimiento de la Institución.
- B : NECESARIO. Su satisfacción, sin embargo, debe forzosamente aguardar la ejecución de obras de más alta prioridad u otra circunstancia similar.
- C : DESEABLE. Su falta, sin embargo, no acarrea perjuicio inmediato al normal funcionamiento de la Institución. Peligroso postergarla indefinidamente.

Mayo, 1976

NECESIDADES DE EXPANSION FISICA

JUSTIFICACION, DEFINICION Y ESTIMACION PRELIMINARES

FACILIDADES ACADEMICAS

1. Aula Nueva Prioridad A+

a) Justificación

El Instituto opera actualmente con sólo dos aulas, la mayor de las cuales acomoda a 100 personas y la menor a 65. Con una clase entrante de 90 a 100 estudiantes cada año en el Programa de MAE y una deserción normal del diez por ciento durante el primer año, la segunda aula resulta obviamente pequeña para la clase de segundo año. Los métodos de enseñanza característicos del Instituto suponen un uso intenso del aula y requieren facilidades apropiadas para la discusión en clase.

La adición de una nueva aula vendría no sólo a resolver el problema señalado; sino que permitiría además ofrecer otros cursos y seminarios concurrentemente con el Programa de M.A.E.

b) Características

Capacidad: 125 asientos dispuestos en anfiteatro..

Area: 400 m<sup>2</sup> incluyendo circulación y servicios.

Ubicación: al Este de las aulas existentes y conectada con ellas.

Especificaciones: estructura asísmica, pupitres contínuos, sillas giratorias, aire acondicionado, aislamiento acústico, equipo de interpretación simultánea, ayudas audiovisuales.

Anexos: servicios sanitarios y corredor de comunicación con edificios académicos existentes.

) Costo Estimado:

Construcción	US\$	130.0
Mobiliario & Equipo		36.0
Diseño, & Supervisión		15.0
	Sub-Total	US\$ 181.0
Imprevistos		36.0
	TOTAL	US\$ 217.0

## 2. Salas de Estudio en Grupos

Prioridad A+

### a) Justificación

Los métodos de enseñanza del Instituto descansan críticamente sobre el estudio en grupos. Actualmente se carece casi totalmente de facilidades apropiadas para ello, supliéndose esta necesidad mediante arreglos provisionales poco satisfactorios. El déficit se estima en diez salas de estudio.

### b) Características

Número: 10 salas de 25 m<sup>2</sup> cada una.

Capacidad: 12 personas cada una.

Area: 400 m<sup>2</sup> incluyendo circulación y servicio.

Ubicación: al Sur del aula nueva y conectada con ella.

Especificaciones: aire acondicionado, particiones acústicas, estructura asísmica.

### c) Costo Estimado:

Construcción		US\$ 106.0
Mobiliario & Equipo		15.0
Diseño & Supervisión		9.3
	Sub-Total	<u>US\$ 130.3</u>
Imprevistos		26.0
	TOTAL	<u>US\$ 156.3</u>

## 3. Oficinas Académicas

Prioridad A

### a) Justificación

De 1968 a la fecha el tamaño de la Facultad se ha quintuplicado sin una expansión concomitante de la planta de oficinas. El espacio disponible bajo la planta existente ya ha sido subdividido dos veces; las oficinas de servicios administrativos han sido trasladadas a una bodega para hacer lugar a profesores e investigadores y, aún así, alrededor del 50% de la Facultad labora en instalaciones provisionales. Las nuevas oficinas vendrían a aliviar

la presente congestión, reunirían en un mismo edificio a docentes e investigadores --facilitando así la interacción entre los mismos y entre ellos y los estudiantes-- y permitiría devolver a la administración sus oficinas originales.

Características

Capacidad: 20 oficinas privadas tamaño A, 20 oficinas privadas tamaño B, 30 locales secretariales, oficinas para la Rectoría, sala de conferencias para Consejo Directivo y Facultad, 2 salas de reuniones y 2 salas de espera.

Area: 1,330 m<sup>2</sup> incluyendo circulación y servicios.

Ubicación: al Sur del cuadrángulo central.

Especificaciones: aire acondicionado central, particiones acústicas, estructura asísmica.

Costo Estimado:

Construcción		US\$ 400.0
Mobiliario & Equipo		110.0
Diseño & Supervisión		40.0
	Sub-Total	<u>US\$ 550.0</u>
Imprevistos		110.0
	TOTAL	<u>US\$ 660.0</u>

tro de Computación y  
cesamiento de Datos

Prioridad B

Justificación

La importancia presente y futura de la computadora en la administración es evidente. La falta de un centro de computación no sólo limita las posibilidades del Instituto de familiarizar debidamente a sus estudiantes con las innumerables aplicaciones de la computadora a la gerencia moderna, sino también sus labores de investigación y hasta sus propias operaciones administrativas. La adquisición de estas facilidades no sólo resolvería el

problema anterior, sino que le permitiría al Instituto ofrecer sus servicios de computación a la comunidad empresarial, dándole así una fuente de ingreso adicional.

b) Características

Capacidad: local para computadora, sala de terminales, oficinas y almacenamiento.

Area: 100 m<sup>2</sup> útiles.

Ubicación: espacio a remodelar en el comedor actual, que vacaría al construirse el nuevo centro comunal.

Especificaciones: aire acondicionado central.

c) Costo Estimado:

Construcción (remodelación)	US\$ 15.0
Mobiliario	5.0
Computadora & Equipo Accesorio	45.0
Diseño & Supervisión	1.5
	<hr/>
Sub-Total	US\$ 66.5
Imprevistos	13.3
	<hr/>
TOTAL	US\$ 79.8

Servicios Educativos Anciliarios

Prioridad B

a) Justificación

Este departamento provee servicios de interpretación simultánea, traducción y reproducción a los diversos programas y actividades del Instituto. Estos servicios se encuentran alojados actualmente en lo que fué originalmente el área de estantería y servicio de la biblioteca. El trabajo se realiza bajo condiciones de extrema congestión con el consiguiente perjuicio a la eficiencia del servicio y a la moral del personal. El taller de imprenta tendría que seguir operando en local separado para evitar ruidos y otras molestias en el área de aulas.

b) Características

Capacidad: 8 cubículos de traducción, 12 cubículos de transcripción, oficinas, servicio de reproducción rápida, laboratorio fílmico, depósito y expendio de tas

Area: 400 m<sup>2</sup> incluyendo circulación y servicios.

Ubicación: espacio a remodelar en la cafetería actual, que vacaría al construirse el nuevo centro comunal.

Especificaciones: aire acondicionado central.

Costo Estimado:

Construcción (remodelación)	US\$ 80.0
Equipo	20.0
Diseño & Supervisión	8.0
	Sub-Total
	US\$108.0
Imprevistos	22.0
	TOTAL
	US\$130.0

Expansión de Biblioteca

Prioridad B

Justificación

La Biblioteca de INCAE es quizás la mejor biblioteca especializada en administración y negocios de toda Centroamérica. Sus servicios de información y referencia no sólo prestan soporte a las labores docentes e investigativas del Instituto, sino que alcanzan día a día a un número creciente de ex-alumnos y asociados, que se valen de ellos para mantenerse al corriente sobre las áreas de su particular interés. Sus colecciones se enriquecen continuamente con nuevos materiales y sus necesidades de espacio crecen concomitantemente. Por otro lado, las demandas de espacio del resto del Instituto obligaron a dar temporalmente otro destino al área originalmente reservada para estantería y servicios de la Biblioteca, situación que urge revertir para no coartar ulteriormente el crecimiento normal de la Biblioteca.

Características

Capacidad: oficina, circulación, catalogación, microfilmación, servicios y ampliación de estantería.

Area: 100 m<sup>2</sup> útiles.

Ubicación: edificio actual de Biblioteca, área contigua a sala de lectura sujeta a remodelación.

Especificaciones: aire acondicionado.

c) Costo Estimado:

Construcción		US\$ 15.0
Equipo		10.0
Diseño & Supervisión		2.0
	Sub-Total	<u>US\$ 27.0</u>
Imprevistos		5.0
	TOTAL	<u>US\$ 32.0</u>

FACILIDADES DE SOPORTE

1. Centro Comunal

Prioridad A

a) Justificación

Las actuales facilidades de cocina y comedor del Instituto fueron construidas para atender a una población estudiantil, facultativa y laboral mucho menor que la presente. La población total del Instituto en la hora pico oscila hoy en día alrededor de 500 personas, incluyendo visitantes; en ciertas ocasiones excede substancialmente de estos niveles. Las similitudes del horario a que están sujetos los diferentes elementos de esta población deja muy poco margen de flexibilidad, particularmente a la hora del almuerzo en que concurren todos. Los estudiantes y el personal carecen, además, de lugares apropiados donde descansar y pasar sus ratos de ocio. El centro comunal propuesto vendría a llenar esta necesidad y a descongestionar el comedor, permitiendo al mismo tiempo mayor flexibilidad en la programación de actividades.

b) Características

Capacidad: comedor principal para 150 personas sentadas a la vez, divisible en tres módulos por particiones acústicas desmontables; comedor auxiliar para 50 personas sentadas a la vez; sala de estar para estudiantes y personal administrativo; fuente de soda; tienda-librería; cocina y servidor; despensa y cuarto frío; oficina económica y control; comedor del personal de servicio; vestidor y baños del servicio.

Area: 1,350 m<sup>2</sup> incluyendo circulación y servicios.

Ubicación: explanada al N.E. de las aulas existentes. Sería servido por un nuevo ramal del camino de acceso, siguiendo el curso de una hondonada cercana.

Especificaciones: ventilación natural, particiones acústicas, estructura asísmica.

c) Costo Estimado:

Construcción		US\$ 328.0
Acceso & Estacionamiento		50.0
Mobiliario & Equipo		60.0
Diseño & Supervisión		32.8
	Sub-Total	US\$ 470.8
Imprevistos		94.2
	TOTAL	US\$ 565.0

2. Remodelación Oficinas Administrativas Prioridad B

a) Justificación

Las oficinas de la Administración se encuertran hoy dispersas por todo el campus, alojadas en instalaciones provisionales y hasta en la bodega, con el consiguiente perjuicio para la eficiencia y coordinación de sus labores. Al construirse las nuevas oficinas académicas podría moverse la Administración a las actuales oficinas de Facultad reuniendo los principales departamentos en un mismo edificio. La remodelación consistiría esencialmente en una redistribución de espacios y en la instalación de un sistema de aire acondicionado central en sustitución de las unidades individuales existentes. El mismo sistema proveería aire acondicionado a las oficinas del Centro de Asesoramiento.

b) Características

Capacidad: oficinas para la Dirección Administrativa, Contratación, Contratación, Autoría de Cuentas, Personal, Admisión y Asuntos Externos.

Area a remodelar: 300 m<sup>2</sup>

Area a dotar de aire acondicionado: 575 m<sup>2</sup>.

Ubicación: edificio actualmente ocupado por la Facultad, que vacaría al construirse las nuevas oficinas académicas.

Especificaciones: aire acondicionado central.

c) Costo Estimado:

Construcción	US\$ 43.8
Mobiliario & Equipo	15.0
Diseño & Supervisión	4.5
Sub-Total	<u>US\$ 63.3</u>
Imprevistos	12.7
TOTAL	<u>US\$ 76.0</u>

Ampliación de Bodegas y Talleres de Mantenimiento

Prioridad B

a) Justificación

Al igual que casi todos los demás servicios del Instituto, las bodegas y talleres operan actualmente en condiciones inadecuadas por falta de espacio. La deficiencia es particularmente aguda en los talleres de impresión, en los talleres de mantenimiento y en la bodega de materiales. El personal de campo carece de facilidades higiénicas adecuadas.

<u>b</u>	<u>Facilidades Requeridas</u>	<u>Prioridad</u>	<u>Costo</u>
(i)	Ampliación y Refacción de Bodega Principal (340 m <sup>2</sup> )	A	13.6
(ii)	Bodega de Materiales (250 m <sup>2</sup> )	A	25.0
(iii)	Duchas, Sanitarios y Vestidores para el Personal de Campo (93 m <sup>2</sup> )	A	19.5
(iv)	Ampliación y Refacción de Talleres de Mantenimiento (130 m <sup>2</sup> )	A	13.0
(v)	Ampliación y Refacción de Talleres de Impresión y Encuadernación (100 m <sup>2</sup> )	A	10.0
(vi)	Cobertizo para Maquinaria Agrícola y Equipo Rodante (350 m <sup>2</sup> )	C	26.2
	Sub-Total		<u>107.3</u>
	Imprevistos		21.5
	TOTAL		<u>128.8</u>

C. FACILIDADES RECREATIVAS & DEPORTIVAS

1. Justificación

El ritmo de estudio y de trabajo en el Instituto son sumamente intensos y hacen necesaria la provisión de facilidades deportivas y recreativas para descargar las tensiones y mantener la salud y vigor que una vida plena demanda. Las facilidades propuestas son sencillas y apropiadas al clima y condiciones ambientales.

2. Facilidades Contempladas

a) Refacción de Piscina y Vestidores Prioridad A

Reforzamiento de la estructura y revestimiento de la piscina, ampliación del equipo de purificación, construcción de alberca para niños, vestidores, sanitarios y duchas.

Construcción	US\$ 8.0
Equipo	7.5
Diseño & Supervisión	1.0
Sub-Total	<u>US\$ 16.5</u>
Imprevistos	3.3
TOTAL	<u>US\$ 19.8</u>

b) Canchas de Volibol (2) Prioridad A

Al aire libre, piso de ladrillo de cemento, iluminación natural.

Construcción	US\$ 15.0
Movimiento de Tierra	2.0
Diseño & Supervisión	1.5
Sub-Total	<u>US\$ 18.5</u>
Imprevistos	3.7
TOTAL	<u>US\$ 22.2</u>

c) Canchas de Tenis (2) Prioridad A

Al aire libre, piso de ladrillo de cemento, iluminación artificial.

Construcción	US\$ 16.0
Cercas, Redes e	

D. INFRAESTRUCTURA

1. Justificación

La expansión de la población permanente y transeúnte del Instituto ejerce una presión creciente sobre la totalidad de la infraestructura física. Las ampliaciones contempladas irían encaminadas a aliviar la presión existente y a proveer un margen adecuado para la futura expansión de planta física y de programas y actividades del Instituto.

La extensión del campus (100 manzanas aprox.) exige para su vigilancia la construcción de puestos de control en los puntos de acceso y en los sitios más expuestos o remotos.

Finalmente, el desarrollo y aprovechamiento de los extensos campos del Instituto demandan un programa ambicioso de arborización y jardinería.

2. Ampliaciones & Mejoras Contempladas                      Prioridad      Costo

Sistema Hidráulico

(i)	Alcantarillado sanitario y tanques sépticos	A	15.0
(ii)	Drenajes pluviales y terracería	B	10.0
(iii)	Pozo e instalaciones accesorias para almacenamiento de agua, prevención de incendios y riego	C	50.0

Sistema Eléctrico

(i)	Bancos de transformadores y red de distribución	A	25.0
(ii)	Iluminación exterior	B	10.0
(iii)	Conductores soterrados	C	50.0

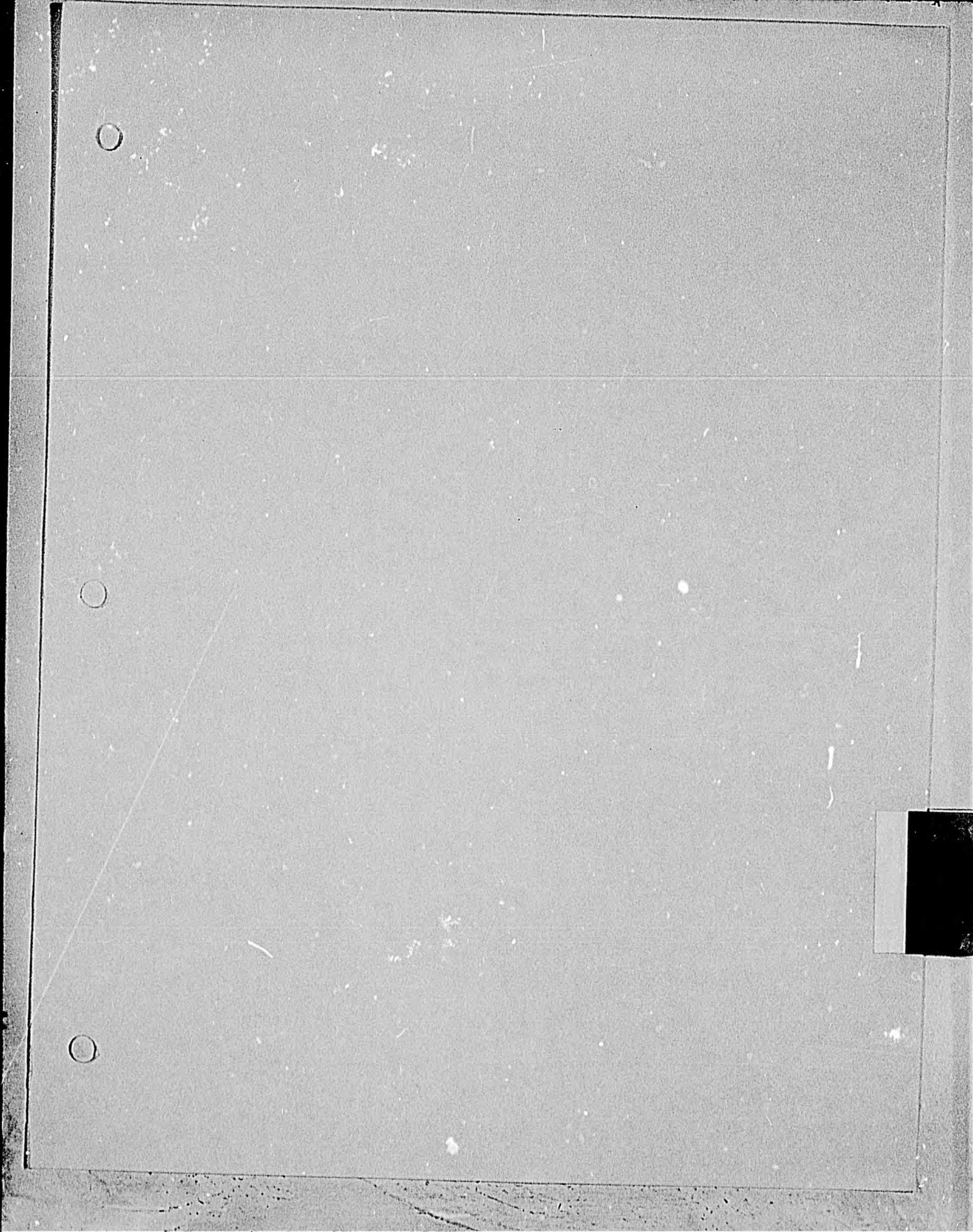
c) Sistema Telefónico

(i)	Planta	A	45.0
(ii)	Líneas internas	B	45.0

d) Sistema Vial

(i)	Estacionamientos	A	25.0
(ii)	Vía perimetral y ramales (1.3 km.)	C	105.0

	<u>Prioridad</u>	<u>Costo</u>
e) <u>Seguridad</u>		
(i) Control de Acceso	A+	6.0
(ii) Casas de vigilantes	A	7.0
(iii) Cercas	A	5.0
f) <u>Arborización &amp; Jardinería</u>	A	10.0
		<hr/>
Sub-Total		428.0
Imprevisto		<u>85.6</u>
TOTAL		513.6





**INCAE**

**INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS**

APARTADO POSTAL 2465  
MANAGUA, NICARAGUA, C. A.  
CALLE: INCAE

**BIBLIOTECA**

FONOS: 9-3402-00-  
9-3404-15

**LIBRARY ANNUAL REPORT  
FISCAL YEAR JULY, 1974 - JUNE, 1975**

**September, 1975**

CONTENTS

GRAPHS

Loans, Acquisitions, Cataloging  
Three Year Summary

Loans By Type of Reader  
Three Year Summary

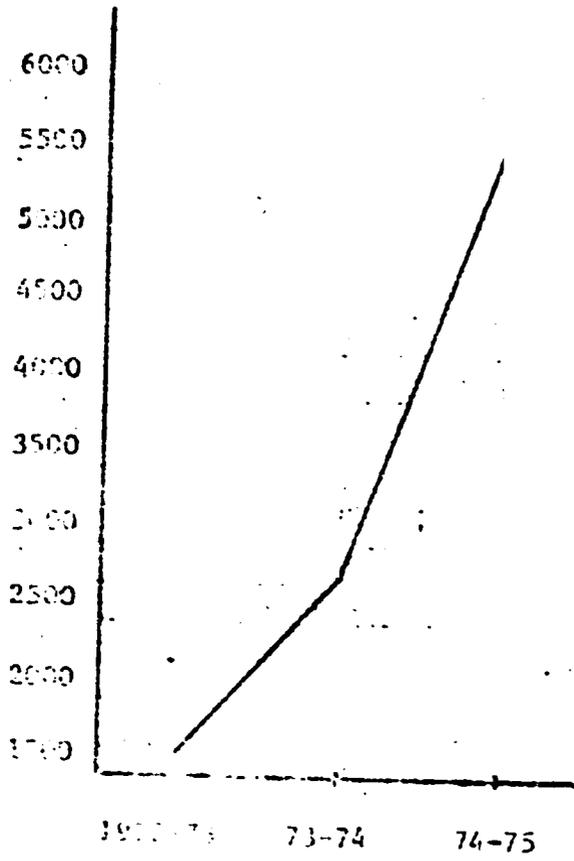
THE YEAR IN REVIEW

Loans . . . . .	1
Publications . . . . .	1
Acquisitions . . . . .	2
Cataloging . . . . .	2
Personnel . . . . .	3
Other Activities . . . . .	3

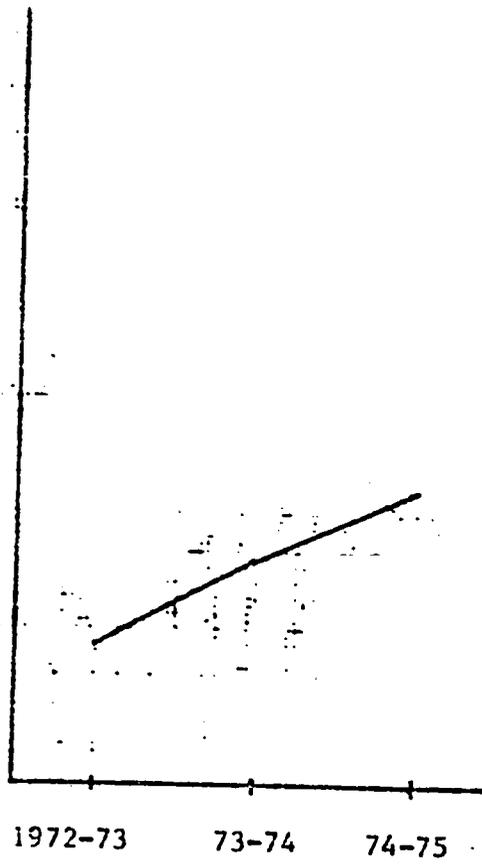
APPENDICES

A. Loans . . . . .	4
B. Acquisitions . . . . .	5
C. Cataloging . . . . .	8
D. Major Office Activities . . . . .	9

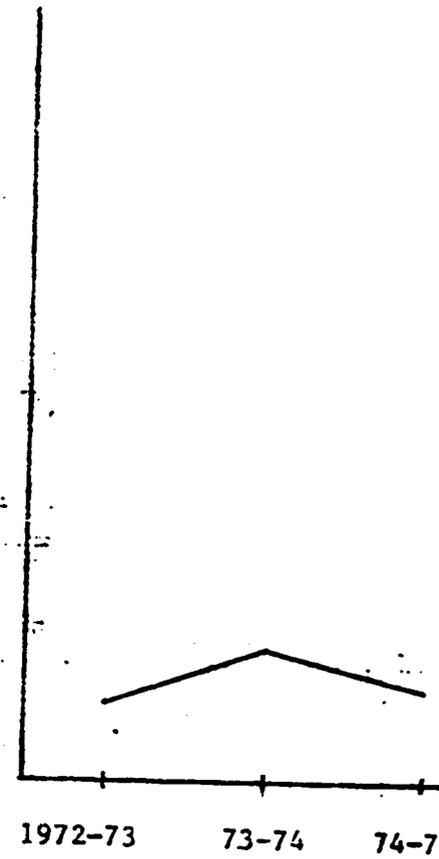
LOANS



ACQUISITIONS

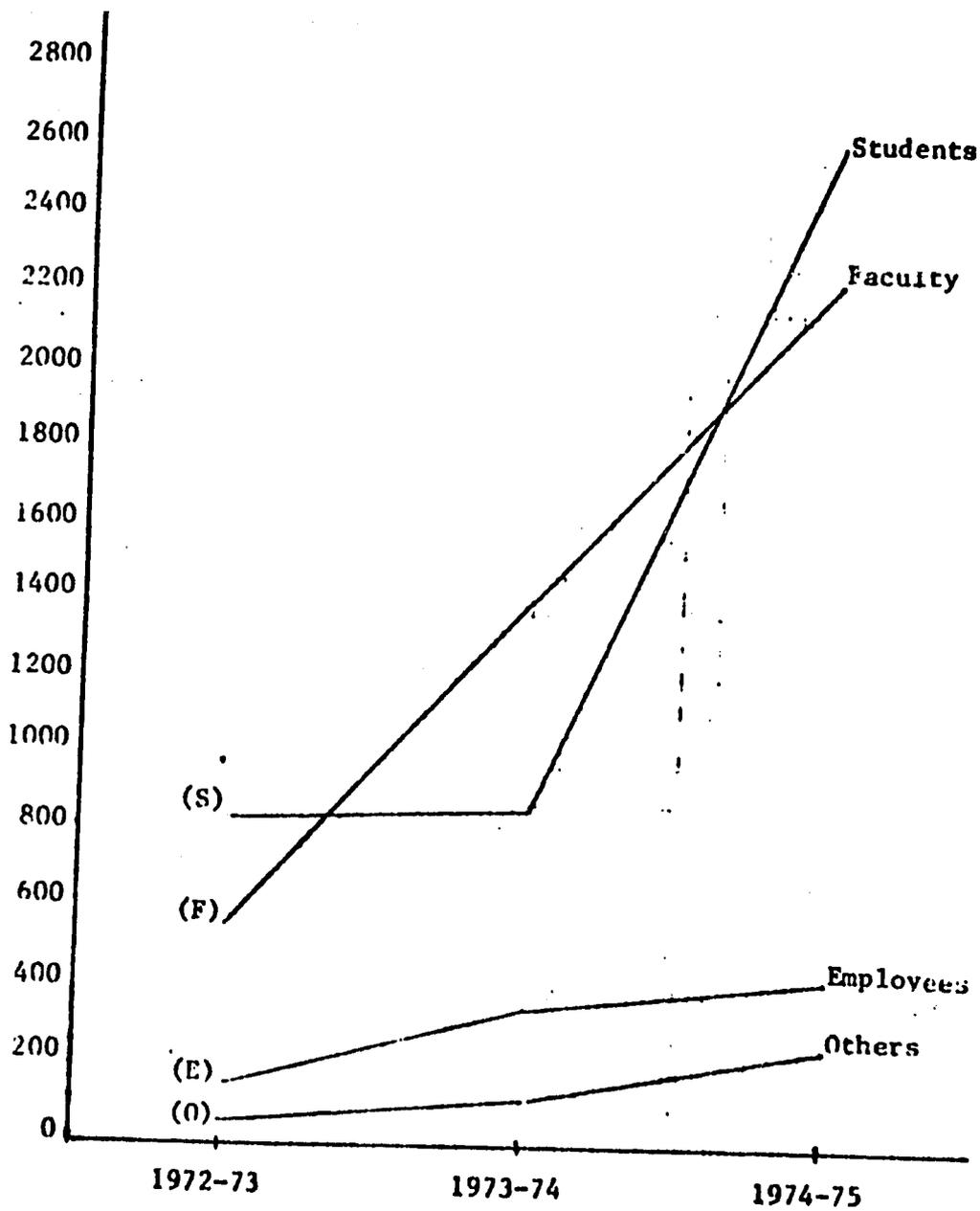


CATALOGING



LOANS, ACQUISITIONS, CATALOGING  
THREE YEAR SUMMARY

LOANS BY TYPE OF READER  
THREE YEAR SUMMARY



LIBRARY ANNUAL REPORT  
FISCAL YEAR JULY, 1974 - JUNE, 1975

LOANS

During the year a total of 5617 loans were made, an increase of 99% over the year before. It is interesting to note that additional student loans accounted for 63% of this increase, reflecting library-oriented projects required by several faculty members for the first time. The faculty continued their trend of increasing library usage, with an increase of 57% in loans from the year before, and a 297% increase over two years ago. The number of loans per faculty member increased to 60, up from 39 in the previous year, and loans per student increased to 20, in contrast to 7 loans in the past year. Audio-visual equipment was borrowed much more frequently than in the past year and many times library staff were called upon to operate the equipment.

PUBLICATIONS

The library continued its publishing program as one of the principal means of bringing its resources to the user's attention. The Guía and Publicaciones Periódicas were revised and brought up to date and Ultimas Adquisiciones continued its monthly appearance, (having missed only one month, that of December, 1972, since its inception in February, 1972). The library's annual publication describing important statistical reference works was revised completely to focus on Central America. The faculty continued to suggest topics for the Mini-Bibliografías, of which six numbers appeared. The distribution of América Latina, a selected list of periodical articles appearing in journals received by the library, was extended to include the Associates of INCAE, and through arrangement with the office of External Affairs, a service of supplying photocopies of these articles to Associates upon request was initiated.

Non-periodical publications that were issued included a bibliography of INCAE faculty publications, a pamphlet on library information for faculty and various circulars announcing the acquisition of publications of exceptional interest. Preparation was begun on a faculty library handbook and a research guide to the library.

#### ACQUISITIONS

The number of volumes acquired was 3409, making a total of 12,503 volumes in the collection. The number of volumes acquired was 16% more than in the previous year, and, as in the previous two years, donations continued to exceed purchases by more than 50%. A total of 255 microfilms was reached, 225 of which were back volumes of journals, 20 dissertations on Latin America and 10 miscellaneous. Periodical publications showed a gain of 74 titles, 24 of which were paid subscriptions and the remaining 50 donations, giving a total of 652 titles received on a current basis. Two new collections were initiated: Educational Reading, consisting of books useful to the personnel of the Institute furthering their education, and Cultural Reading, a collection of publications for entertainment and general information. Based on consultation with the faculty, 176 volumes were withdrawn from the collection and it was decided not to renew twelve paid subscriptions (monetary value: \$433.40) in the forthcoming year. The total amount paid for publications was \$20,629.64, comprised of \$6,189.44 for 184 subscriptions and \$14,440.20 for 1281 books, back volumes of journals and microfilms. The Advisory Center and three programs, Agribusiness, Development Banking and Family Planning, provided 56% of these funds, the remaining 44% coming from the library budget. The average price paid by the library for a publication was \$14.08, for a subscription \$33.63 and for a book, periodical back volume and microfilm \$11.27.

#### CATALOGING

As seen in graph no.1, the number of titles cataloged decreased in comparison to the previous year. This decrease was due to two changes of personnel in position of secretary and a vacancy of one month in that position, during which it was filled part-time by Sra. Rosa María de Quiñónez, whose primary responsibility is cataloging. Cataloging arrearages did not increase during the year

despite the decrease in titles cataloged, because a significant number of acquisitions consisted of back numbers of periodical publications and of microfilms, neither of which required full cataloging.

#### PERSONNEL

The five positions remained basically unchanged in type of activities from the past year (see Annual Report, 1973-1974). Sra. Rosa María Meyer de Quiñónez, as Assistant to the Director and Sres. Antonio Acevedo y Denis Morales as Aides continued to demonstrate their responsibility, dedication and reliability as in previous years; the position of Secretary underwent two changes in personnel during the year and is now filled by Srta. Sandra Gutiérrez.

#### OTHER ACTIVITIES

- Various faculty members were interviewed with respect to ways in which the library could be made more effective for them. Many useful suggestions were received, but nothing was indicated that would involve any basic changes in library procedures.
- Students were also interviewed. Their most significant observation concerned the difficulties encountered in obtaining books borrowed by other readers and not returned when due. This problem is especially serious with books borrowed by faculty members.
- Orientation for the first year students was attended by every study group, for the first time since orientation has been offered.
- At the request of the Centro de Asesoramiento, the Librarian advised and aided in the organization of their office library and coordination of their bibliographical materials with those of the library. Special group orientation in the use of the library's resources was also given to members of the Centro.
- At the request of the Case Department, the Librarian suggested techniques based on library practice that could be useful in the handling of cases.
- External professional activities of the Librarian during the year included one article published, two articles accepted for publication and a consulting project with the American Chamber of Commerce of Nicaragua.

APPENDICES  
FY1972-1973 to FY1974-1975

APPENDIX A

LOANS

FY1972-73

FY1973-74

FY1974-75

Number of Loans

1656

2816

5617\*

By Type of Reader

Faculty	575 (35%)	1452 (52%)	2281 (41%)
Students	868 (52%)	883 (31%)	2635 (47%)
Employees	162 (10%)	359 (13%)	443 (8%)
Others	51 (3%)	122 (4%)	258 (4%)

Average by Type of Reader

loans per  
faculty member (27)

39 loans per faculty  
member (37)

50 loans per faculty  
member (38)

loans per  
student (129)

7 loans per student  
(125)

20 loans per  
student (134)

\*Excludes 240 loans from the Recreational Reading Collection

APPENDIX B  
ACQUISITIONS

<u>FY1972-73</u>	<u>FY1973-74</u>	<u>FY1974-7</u>
	<u>Volumes Acquire</u>	
2376	2949	3409
	<u>Acquired by Purchase</u>	
1046 (44%)	1423 (48%)	1465* (43%)
	<u>Acquired by Donation</u>	
1330 (56%)	1526 (52%)	1944 (57%)
	<u>Withdrawn</u>	
	55	176
	<u>Net Increase</u>	
2376 (59%)	2894 (45%)	3233 (35%)
	<u>Total Number of Volumes** in the Collection</u>	
6376	9270	12.503

\*Includes subscriptions and microfilms.

\*\*Books, periodical publications, documents, microfilms. Not included are college catalogs, company annual reports, recreational reading and educational reading (total of 1893 items).

APPENDIX B (Continued)

Periodical Publications (Titles)

<u>FY1972-73</u>	<u>FY1973-74</u>	<u>FY1974-75</u>
	<u>Titles Added During the Year</u>	
204	63	138
	<u>Total Number Acquired by Purchase</u>	
n.d.	160 (28%)	184 (28%)
	<u>Total Number Acquired by Donation</u>	
n.d.	418 (72%)	468 (72%)
	<u>Total Number Being Received</u>	
500	578	652

Acquisitions Budget, 1973-1974

<u>Fund</u>	<u>Gross Budgeted</u>	<u>Gross Disbursed</u>	<u>Amount Paid For Publicatio</u>
Development Banking	US \$13.500.00	US \$10.637.78	7.091.85
Advisory Center	4.000.00	3.595.39	2.396.93
Agribusiness	2.800.00	2.957.83	1.971.89
Family Planning	—	183.83	122.55
	<u>20.300.00</u>	<u>17.374.83</u>	<u>11.583.22</u>
Library	9.200.00	9.046.42	9.046.42
	<u>US \$29.500.00</u>	<u>US \$26.421.25</u>	<u>20.629.64</u>

Total Number of Items (Subscriptions, Books, Periodical Back Volumes, Microfilms) Purchased: 1465

Average Cost: \$14.00

APPENDIX B (Continued)

<u>Fund</u>	<u>Subscriptions</u> <u>No. of Subscription</u>	<u>Amount Paid</u>
Agribusiness	22	US \$ 876.33
Development Banking	54	2.275.03
Family Planning	2	52.00
Library	<u>106</u>	<u>2.986.08</u>
	184	US \$6.189.44

Average Cost: \$33.63

Books, Periodical Back Volumes, Microfilms

Total Amount Paid: \$14.440.20

Number of items Purchased: 1281

Average Cost: \$11.27

APPENDIX C

CATALOGING

FY1972-73

FY1973-74

FY1974-75

Titles Cataloged

1996

2349

2109

With Library of Congress Ca

1014 (51%)

641 (27%)

291 (14%)

Original Cataloging

982 (49%)

Cards Filed (Card Catalogs and Working Files)

11,976

14,094

12,654





COMITE NACIONAL DE INCAE

GUATEMALA

75/76

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL. #
1. Juan José Urruela	Presidente	Gerente General Fábrica de Jabón La Luz, S A Apdo.1970 1a. Calle 3-42, Zona 9 Guatemala.	62781
2. Carlos E. Rivera	Vice Presidente	Edificio Cámara de Industria 4o.Piso, Zona 4. Guatemala.	64983
3. Alfonso Reimers (MAE)		Gerente General AUTORENTAS, S,A, (BUDGET) Ave. Reforma 15-00, Zona 9. Guatemala.	67669 61546
4. Carlos Páiz Andrade (PAG)		Gerente General Almacenes Páiz, S.A. 8a. Ave. 9-19, Zona 1, Guatemala.	86996
5. Francisco Aguirre (PAG)		Sub-Director ICAITI Ave. Reforma 4-47 Zona 10 Guatemala.	60631
6. Guillermo Contreras (MAE)		Gerente General AUTO-SUBARU 8a. Calle 3-70, Zona 9 Guatemala.	67361
7. Guillermo Coll (MAE)		Gerente Administrativo Cía. Farmacéutica Up - John, S.A Km. 14 1/2 Carretera Roosevelt Guatemala.	490016

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
8. Ismar Stahl		Asociación de Amigos del País 6a. Ave."A" 10-38, Zona 9. Guatemala.	65002
9. Mario Leal Pivaral		Presidente AGA 9a. Calle 3-43, Zona 1 Guatemala	21468
10 Venancio Botrán		Gerente General Industria Licorera Quezalteca, S A. Km.204 1/2, Carrt. a San Marcos (8a. Ave. 6-78, Zona 1 Quezaltenango), Presidente FIGSA 7a. Ave.1-70, Zona 9 Guatemala	061- 4681/5
11. José Luis Asensio	Secretario Ejecutivo	INCAE, Ave. La Reforma No. 1370. Guatemala.	61197 61697

Comité Asesor:

Ing. Rafael Sabbagh  
Director Gerente  
DEINCO, LTDA.  
7a. Ave. 11-71, Zona 9  
Guatemala.

tel. 66577

COMITE NACIONAL DE INCAE

EL SALVADOR

75/76

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
1 Luis Poma	Presidente	Poma Hermanos 19 Ave. Sur #222 San Salvador.	221133 214110
2 Francisco Calleja Malaina		Presidente Banco de Crédito 2ª Ave. Sur y 4ª Calle Oriente.	215585
3 Gianetto Paggi		Eldorado S.A. Ave. Morazan 117 San Salvador.	216444
4 Julio César Salaverría (PAG)		Construcciones Rura- les Prefabricadas Calle Arce 11-33 San Salvador.	219248
5 Manuel Enrique Flamenco (MAE).		Sub-Gerente Industrias Agrícolas San Francisco S.A. Edif. La Centroameri- cana, 4o. Piso. Alameda Roosevelt San Salvador.	236688
6 Roberto Llach		Oficina Particular: 3a. Calle Poniente No.35-15 San Salvador.	238313
7 Roberto M <sup>u</sup> rray Meza		Jefe de Planificación y Coordinación La Constancia S.A. Ave. Independencia 526 San Salvador.	220733
8 Edwin Sagrera B. (MAE).	Secretario Ejecutivo	INCAE, Edificio Paname- ricano, Of. 406 25 Ave. N y 27 C Pte. San Salvador	259039

COMITE NACIONAL DE INCAE

HONDURAS

75/76

NOMBRE

CARGO

AFILIACION  
EMPRESARIAL

TEL.#

TEGUCIGALPA:

1. Juan Marinakys	Presidente	Presidente Corporación Nacional de Inversiones (CONADI). Edificio Midence Soto Tegucigalpa	227736
2. Adolfo Midence h.	Vice Presidente Regional	Edificio Midence Soto Tegucigalpa	225025
3. Alberto Smith		Presidente y Gerente General Banco el Ahorro Hondureño S.A. Tegucigalpa.	225161
4. Alonso Flores Guerra		Ministro de Gobernación Tegucigalpa.	
5. Augusto C. Coello (MAE)		CONADI Edificio Midence Soto Tegucigalpa.	227736
6. Guillermo Medina Santos		Tegucigalpa.	
7. Hernán Cárcamo Tercero (PAG).		Tegucigalpa.	
8. Juan Agurcia		Presidente Asociación Nacional de Industriales. Tegucigalpa.	220045
9. Mario Chinchilla Cárcamo		Ministro de Defensa y Se- guridad Pública. Tegucigalpa.	

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
10. Manuel Antonio Cáceres		Gerente General Desarrollo y Producción S.A. Tegucigalpa.	229713
11. Paul Vinelli		Vice-Presidente y Gerente Banco Atlántida, S.A. Apartado Postal 57-C Tegucigalpa.	223131
12. Roy Smith		Gerente General. El Ahorro Hondureños S.A. Tegucigalpa.	
13. René Cruz		Presidente Azucarera Choluteca S.A. Tegucigalpa.	
14. Rolando Figueroa		Gerente General SAHSA Tegucigalpa.	340121
15. Virgilio Paredes		Director de Comercializa- ción interna. Corporación Hondureña de Banano (COHBANA)	224621
16. Richard Joint	Secretario Ejecutivo	INCAE Apartado 1251 Edificio Bancasahsa Tegucigalpa	221860
17. Moisés Ulloa D.	Secretario Ejecutivo Adjunto	INCAE Apartado 1251 Edificio Bancasahsa Tegucigalpa.	221860

COMITE NACIONAL DE INCAE

HONDURAS

75/76

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NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL #
<hr/>			
<u>SAN PEDRO SULA:</u>			
1. Abufele, Emín		San Pedro Sula, Cortés.	
2. Cáceres P., Hector		Banco Nacional de Fomento San Pedro Sula, Cortés.	
3. Dumas R., Edgardo		Bufete Dumas San Pedro Sula, Cortés.	
4. Elvir, Armando		Banco Financiera Hondureña San Pedro Sula, Cortés.	
5. Gutierrez, Arnulfo		Banco El Ahorro Hondureño San Pedro Sula, Cortés.	
6. Kawas, Ramsés		San Pedro Sula, Cortés	
7. Matamoros, Ernesto		Banco de Honduras S.A. San Pedro Sula, Cortés.	
8. Mahomar, Félix		San Pedro Sula, Cortés.	
9. Mendoza, Carlos		Consultor San Pedro Sula, Cortés	
10. Quiróz S., Juan Daniel		Tabacalera Hondureña S.A. San Pedro Sula, Cortés.	

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL #
11. Rottolo, Michael		Cervecería Hondureña S.A. San Pedro Sula, Cortés.	
12. Ruiz, Marco Tulio		El Ahorro Hondureño S.A. Cía. de Seguros San Pedro Sula, Cortés.	
13. Robinson, Leonel		Cervecería Hondureña S.A. San Pedro Sula Cortés	
14. Rivera G., Camilo		San Pedro Sula Cortés.	
15. Ruiz, Francisco		Teniente Coronel Jefe de la Zona Militar San Pedro Sula Cortés	
16. Urbizo, Carlos		Cervecería Hondureña S.A. San Pedro Sula, Cortés.	521636
17. Zelaya, Rafael Pastor		Gases Industriales, S.A. San Pedro Sula, Cortés.	

RQP/hj. -

COMITE NACIONAL DE INCAE

NICARAGUA

75/76

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
1. Lacayo, Danilo	Presidente	Gerente General Esso Standard Oil Apartado Postal 343 Managua.	61103/4
2. Alvarez Medrano, José		Banco Nicaraguense Apartado 549 Managua.	80791
3. Dorn Holmann, Rodolfo		Julio Martínez Automo- viles S.A. Apartado 1949 Managua.	60081
4. Fernández Holmann, Ernesto		Director Ejecutivo Banco de América Apartado 285 Managua.	26983
5. Gallo Lacayo, Dennis		Gallo y Villa S.A. Apartado 427 Managua.	40037/4
6. Incer Barquero, Roberto		Presidente Banco Central de Nic. Apartado 2252 Managua.	26012
7. McGregor, Donald		Gerente General Casa McGregor, S.A. Apartado 448 Managua.	25306/4
8. Pereira, Luis		Empresa Aguadora de Managua. Managua.	3202/4
9. Sengelmann, Klaus		Ministro de Agricultura Managua.	3501/5

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
10. Terán C., José Francisco		Presidente SURBANA Apartado 2867 Managua.	23865
11. Zeledón, Marco A.		Cereales de Centroamé rica, S.A. Apartado 835 Managua.	40142

RQP hj.-

COMITE NACIONAL DE INCAE

COSTA RICA

75/76

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
1. Celso Surroca de Souza (FAG)	Presidente	Yoshida de Costa Rica Apartado No. 418 San José.	262266
2. Walter Kissling	Vice Presidente	Kativo S.A. Apartado No. 4178 San José.	215044
3. Manuel Ortiz (MAE)	Segundo Vice Presidente	CREDOMATIC Apartado No. 2150 San José.	234689
4. Anibal Ramirez		INFISA Apartado No. 2839 San José.	210055
5. Abel Ortíz		Servicio Consultoria Agroindustrial Apartado No. 10020 San José.	217334
6. Adrián Hidalgo (MAE)		Super Servicios Apartado No. 992 San José.	225544
7. Carlos Araya (MAE)		INCESA Apartado No. 4120 San José.	225266
8. Gary Harvey (PAG)		Atlas Eléctrica S.A. Apartado No. 2166 San José.	370466
9. James Dalhstrom		Super Servicios Apartado No. 992 San José.	225544
10. Jorge Mario Castro (MAE)		Durman Esquivel Apartado 6139 San José.	229411
11. José Antonio Lara		Búfete Lara & Eduarte Apartado No. 3820 San José.	214657

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
12. Marco A. Madriz (MAE)		Servicio Consultoria Agroindustrial Apartado No. 4421	226839
13. Manuel Gavilán		Publicidad Moderna Noble y Asociados Apartado No. 3062 San José.	214044
14. Rodrigo Suárez		I.C.E. Apartado No. 10032 San José.	323239
15. Rodrigo Zapata (MAE).		MATRA Apartado No. 426 San José.	210009
16. Roberto Rojas López		Central American Meats Apartado No. 6072 San José.	326339
17. Rodolfo Jiménez		Hacienda Juan Vinas Apartado No. 3741 San José.	211819
18. Guillermo Castro	Secretario Ejecutivo.	INCAE, Agencia Panamericana de Viajes, contiguo Chalet Suizo. San José.	234569

COMITE NACIONAL DE INCAE

PANAMA

75/76

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
1. Joaquín Vallarino Jr. (PAG)	Presidente	Coca Cola de Panamá Cía Embotelladora Panamá.	600700
2. Fernando Arango G. (PAG)	Vice. Presidente	Gerente General La Equitativa Panamá.	259666
3. Arnoldo Ramírez Eva		Presidente Bolivar International Apartado No. 4508, Panamá 5, Merchant Bank.	649311 647633
4. Clarece Márquez Jr. (MAE)		Asesor Financiero Clarence Márquez Jr. Panamá.	233225
5. Eduardo Vallarino Jr.		Vice-Presidente INDESA Apartado No. 9502 Panamá 4.	259350 640855
6. Guillermo de St. Malo		Presidente Internacional de Rela- ciones Públicas S.A.	237524
7. Jorge Endara (PAG)		Gerente General Industrias Panamá Bos- ton S.A.	263333
8. Leroy Watson		Abogado Bufete Arias, Fábrega y Fábrega.	239200
9. Lamberto Mantovani (MAE)		Presidente Inversiones Urbanísti- cas S.A.	649944
C) Miriam Baruco		Directora Ejecutiva CONEP Panamá.	251639 253251

NOMBRE	CARGO	AFILIACION EMPRESARIAL	TEL.#
11. Marcos de Obaldia (PAG)	Secretario Ejecutivo	Director Ejecutivo APEDE Apartado No.1331 Panamá 1.	250757 253720 253723
12. Roberto Motta		Presidente Roberto Motta S.A. Apartado No.6371 Panamá 5.	296712
13. Raúl A. Hernández		INCAE Apartado 4281 Panamá. 5.	251375



**INCAE**

**MEMORANDUM**

**A:** Consejo Directivo  
**DE:** Comité Nacional de INCAE Guatemala  
**ASUNTO:** Creación Fondo Patrimonial de INCAE.

**ANTECEDENTES:**

Cada año, los miembros del Comité se ven enfrentados a la tarea de recaudar fondos de donación para INCAE. Los empresarios que se visitan son generalmente los mismos, año con año, siendo difícil el otorgamiento tangible de una prueba de la necesidad de seguir recolectando fondos. Se facilita únicamente con aquéllos que están debidamente compenetrados de lo que es INCAE y de los beneficios que representa para el área. Pero, además, en Guatemala hay más de 300 instituciones que solicitan fondos todos los años y todas tienen algún mensaje valioso que ofrecer. Adicionalmente, el grupo donante es generalmente el mismo y está literalmente asediado no sólo por los peticionarios sino por los esquemas más o menos ingeniosos con que cada cual presenta su petición.

**OBJETIVO:**

Se trataría de formar, en un período largo, un fondo patrimonial de INCAE cuyos réditos fuesen lo suficientemente amplios para contribuir al sostenimiento de INCAE.

**ESTRATEGIA:**

Se trataría de presentar al donante una petición, no por una donación, sino por un préstamo a largo plazo (20 años?) y con una tasa de interés baja (4%) que fuera a través de una suma alzada por una sola vez o distribuida a lo largo de un período de varios años (5, 10, 15 años?).

Esta suma (o sumas) sería devuelta al donante con sus respectivos intereses (4%) a lo largo del período pactado (20 años?) después de un período de gracia prudencial (5 años?) si fuese necesario contemplar dicha gracia.

**MECANISMO:**

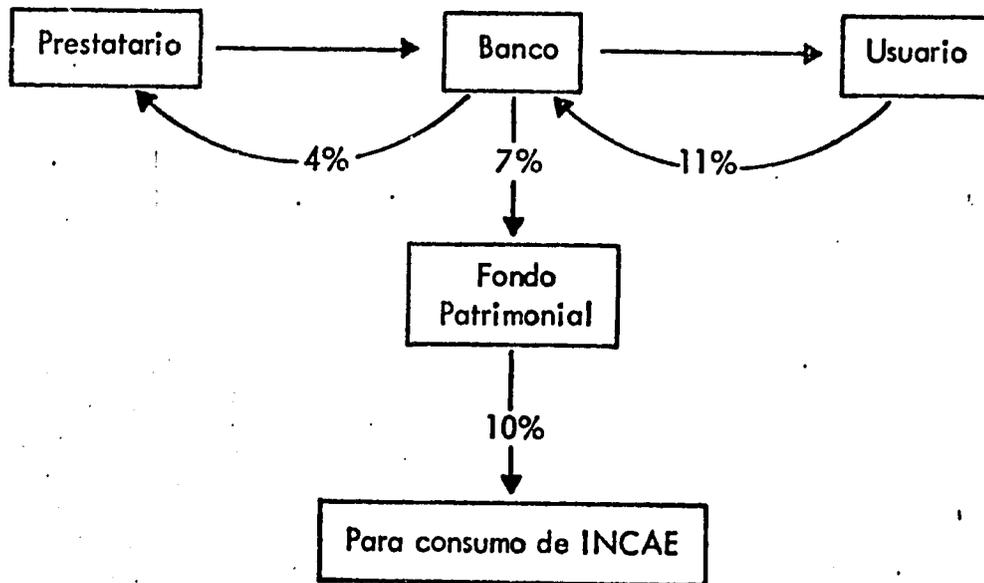
La totalidad de los fondos recaudados constituirían un fondo operado por una institución bancaria (por ejemplo, el BCIE a nivel regional o un banco comercial en cada país) la

cual lo colocaría en el mercado de prestatarios al interés normal (11%?). La diferencial de interés (11 - 4) menos alguna comisión por administración se iría acumulando para constituir el fondo patrimonial de INCAE de cuyos réditos se podría ir disponiendo, para la operación de INCAE en forma creciente (conforme fuera creciendo el fondo patrimonial) asegurando y consolidando así el futuro de INCAE. El pago del capital más los intereses (4%) estaría asegurado para el donante toda vez que el Banco lo colocaría en inversiones seguras y de suficiente margen de garantía.

### TACTICA:

La presentación de este mecanismo a los donantes potenciales permitiría usar un esquema que no ha sido explotado y daría, a la vez, la imagen de una institución alerta en nuevos esquemas. Igualmente, permitiría hacer énfasis en el hecho que INCAE se separa de la tradicional petición de un regalo para optar por un préstamo en condiciones favorables que se justificaría por los nobles fines que persigue la institución.

### ESQUEMA:



### OBSERVACIONES:

- 1) INCAE dispone de los medios para estudiar, a fondo, cuál sería el mecanismo más viable; y las cifras que sería necesario levantar para que a mediano plazo los réditos que generaría el Fondo Patrimonial ya representarían un aporte atractivo en la operación del Instituto.

- 2) La existencia del Fondo Patrimonial, debidamente consolidado, permitiría obtener en el extranjero contribuciones complementarias (matching contribution) que acelerarían el crecimiento del propio Fondo.
- 3) El Fondo mismo podría ser constituido de manera que pudiese recibir legados en bonos, acciones, hijuelas hereditarias, etc.
- 4) El Fondo Patrimonial, consolidado debidamente, podría servir de colateral para conseguir préstamos blandos de desarrollo que pudiesen colocarse en el mercado de capitales centroamericano y derivar ganancias que lo incrementaran.
- 5) Este proyecto deberá analizarse como un proyecto a mediano o largo plazo que asegurara de manera firme el financiamiento de INCAE. A corto plazo no resolvería los problemas financieros de INCAE, pero algún día debe empezarse la tarea de asegurar, en forma sólida, el financiamiento del Instituto. (Cuando a Napoleón le dijeron que los árboles que deseaba plantar en los Bulevares de París tardarían 40 años en crecer, contestó: "Entonces hay que plantarlos hoy mismo")

#### FINALMENTE:

Este proyecto ha sido esbozado al calor del entusiasmo que INCAE se merece. A la luz de los expertos podrá parecer sobre-simplificado y que requiere mucha mayor elaboración y estudio. Pero si la semilla que siembre, en la mente de los interesados, da como fruto, por lo menos, su análisis detenido y concienzudo y de dicho estudio se derivaran esquemas viables, operativos y efectivos, se espera haber contribuido a la solución del problema básico que aqueja a todas las instituciones, que por su novedad en el área centroamericana tienen que padecer de los males que engendra su incomprensión y, por ende, su falta de apoyo.