

PRE-FEASIBILITY MARKET ANALYSIS

FOR THE

BOLIVIAN MANAGEMENT TRAINING PROJECT

(under SBCD contract AID-DAN-5317-C-00-3085-00)

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MAJOR FINDINGS

1. Major constraints in managing businesses in Bolivia are: a) lack of pricing system formulas for buying and selling; b) lack of adequate sources of credit for small and medium businesses; c) lack of available parts or the opportunities to import consumables; d) inability to have confidence in managers to carry out necessary tasks in the absence of supervision; e) lack of quality-control, warehousing, or stock-control; f) little understanding of personnel management; g) decision-making authority limited to one or two people; h) lack of communication between different levels of authority; etc.
2. Management and training needs include: accounting and financial planning; general administrative and management courses; technical courses; secretarial training; etc. Weekend seminars, after office hours courses, and courses allowing staff to take three to four hours daily for up to two weeks were recommended. Executives, middle and lower level management, agricultural producers and ranchers all expressed interest in participating in seminars of some kind to help them and/or their personnel improve themselves in their field of interest.
3. Mid-level management training would begin in years one and two with a series of 24 courses per year. Each course would last six days. In years three and four of the project, total course offerings at this level would be increased to 36 per year. Tuition fee of \$50.00 per person would be charged per mid-management course. Data uncovered in the survey indicates that there is a strong demand in terms of the numbers of people interested in mid-level courses, with people generally willing to pay from about a third up to the total proposed price for such courses, with some willing to pay greater sums for appropriate courses. Some expressed that executive seminars are too conservatively priced (\$100) and such seminars should go for between \$200 and \$300. One reason is that most executives understand and accept the need to underwrite courses for the lowest levels by increasing the prices of these seminars. The seminars should be kept limited in number but priced at a higher figure. A clear demand for training exists at the level of the smallest enterprises, though the \$25 fee per person per course is too high a price for the small entrepreneurs to pay. A more thorough study of this level of businesses is recommended so as to define training needs more

specifically as well as to be able to arrive at a rational value for these courses. Beginning year five tuition fees would increase to \$40.00 per participant, thereby substantially improving the self-financing aspect of this level of training. Costs associated with renting classroom facilities for the small entrepreneur courses would be provided by the local Employer Association as additional support for the program. Yearly dues by interested enterprises and organizations could incorporate an incentive system. The higher the dues paid, the bigger the discount per course for employees.

4. Facilities, personnel, and structure of these two institutes should be thoroughly investigated when beginning operations. The infrastructure of important entrepreneurs in the region could be used for classes and/or for channelling new kinds of educational credit, such as to help support the program for small entrepreneurs.

PfP/I
May 8, 1984

EXECUTIVE SUMMARY

The following Report describes the findings of the Pre-Feasibility Market Analysis for the Bolivian Management Training Project of USAID/Bolivia. The study was conducted by Susan M. Sawyer of Partnership for Productivity/International of Washington, D.C. under the PFP Contract # DAN-5317-C-00308500 in March 1984. Lic. Humberto Fernández Salgueiro of the Bolivian National Chamber of Industry was contracted to help carry out interviews in Santa Cruz and Cochabamba and to assist in compiling the data from those interviews. Nevertheless, the responsibility for the analysis as represented in the Report rests exclusively with the author.

The Introduction to the Report describes the time-frame and extent of the field survey, as well as the specific nature of the sample of enterprises included in the survey. The names of the entities and enterprises interviewed in each region appear in Appendix "A" of the Report.

Chapter I provides an analysis of the basic nature of the business environment in Bolivia and of the kinds of constraints common in enterprises of different scales, due to limited management skills. The basic conclusion of the chapter is that the lack of management skills represents a serious constraint on potential productivity of the private sector in Bolivia, across all levels and sectors.

Chapter II analyzes the data from the field survey with respect to the effective demand for management training. The data from Chart N°1 represents the kinds of courses recommended or requested by the different enterprises interviewed. Those courses are divided into four general categories, and the relevance of each of these is discussed in terms of the project design, with programmatic recommendations included. The data from Charts 2 and 3 is also analyzed, to arrive at a conclusion concerning the financial viability of the proposed project, at each of the management levels to be addressed. This data makes a projection on the potential number of clients for the project, and on the amounts which those clients would be willing to pay for different kinds of management courses. The Chapter concludes with an analysis of the major cost assumptions made for the Project, to arrive at a conclusion relative to the potential of the Institute to become self-financing by the end of its fourth year of operation. Programmatic recommendations are made to ensure that the project is implemented in the most cost-effective way.

Chapter III provides general conclusions and recommendations which were not included or emphasized in the body of the Report.

Aside from the more specific findings which are discussed in the body of the Report, the most significant overall finding of this survey was that the profound economic crisis in Bolivia seems to have produced an even greater demand for management training among the private sector

than would normally have been assumed. The reason for this seems to be that entrepreneurs at all levels and across all sectors are looking for more effective ways of gaining control over their operations so as to be able to survive the crisis. The crisis seems to have made many in top management positions painfully aware of their deficiencies in this respect, and they want to reduce these deficiencies as soon as possible to maintain the economic viability of their enterprises.

The overall conclusion of this Report is that the proposed Bolivian Management Training Institute Project has arisen in a timely fashion, since it will reduce or eliminate a major constraint on the productivity of the private sector in Bolivia. It is hoped that the series of recommendations made in this Report will assist in refining the design of the Project so that fewer bottle-necks will be encountered in the Project implementation phase.

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I N T R O D U C T I O N

The present report summarizes the findings of a brief field survey of management training needs in three of the principal cities of Bolivia, conducted by Partnership for Productivity (PFP) International of Washington, D.C. -a private non-profit organization which has carried out management training programs in the developing world for over 14 years.

PfP was contracted by USAID/Bolivia to conduct this survey under PfP Contract AID # DAH-5317-C-00308500, for the purpose of gaining an objective assessment of the nature and extent of management training needs in Bolivia at this time, and to gain an outside opinion as to the viability of its Management Training Institute project, as presently designed.

THE TIME FRAME FOR THE SURVEY

The contract for this survey included 20 days in-country to review background information, make initial contacts, test survey instruments, conduct interviews with at least 20 private sector establishments, and summarize the findings of the survey into a Final Report with recommendations on the proposed design for the Bolivian Management Training Institute. The survey was conducted by Susan M. Sawyer of PFP, with the assistance in two major cities of Lic. Humberto Fernández Salgueiro of the National Chamber of Industry, and logistical support from USAID/Bolivia. The first three work days in La Paz

provided for briefings with USAID/Bolivia to review background material on the proposed Management Training Institute and the form of the survey. Due to the limited time for conducting interviews, USAID directed the Contractor to worry less about the scientific nature of the sample than about attempting to quantify training needs at each level. The interview procedure in each city should begin with interviews with the major Employer Associations in each locale, who would then help set up interviews with private sector enterprises who were members of their associations. Thus, the size and nature of the sample would depend in part on what enterprises these employer organizations were able to contact on short notice, and which among the enterprises contacted would be available for interviews during the time that the interviewers had available in each city. Despite this constraint on the selection of the sample, the Contractor attempted to develop a reasonable balance in the sample relative to different sizes of enterprises and relative to achieving an adequate representation of different sectors within the sample. The nature of the sample which resulted from these procedures is discussed in the next section of this Report.

THE EXTENT OF THE SURVEY AND THE NATURE OF THE SAMPLE.

The survey included interviews with a total of 18 Employer Associations and with 34 Enterprises in La Paz, Santa Cruz and Cochabamba. The process began with interviews with 5 Employer Associations in La Paz, followed by interviews with 11 Enterprises in that city. (A Summary of the Enterprises and Institutions visited in each city appears in Appendix A of this Report). In Santa Cruz a total of 9 Employer Associations wanted to learn about the

Bolivian Management Training Project, and a total of 11 Enterprises were interviewed regarding their management training needs, with 5 other enterprises briefly consulted. In Cochabamba only four Employer Associations were consulted, while 12 Enterprises were interviewed. The different levels of Employer Associations consulted in each city reflects a different breakdown in private-sector activity in each region, and a different dynamic in the development of initiatives by each sector within each region. An early recognition of these factors by those designing the new Bolivian Management Training Institute will be useful for adopting policies appropriate for each region.

A breakdown of the sectors covered by the interviews to enterprises in each region indicates the following:

MINING INDUSTRY:	3 (Medium-Scale Industries, <u>La Paz</u>)
AGROINDUSTRY:	2 (Large, <u>Cochabamba</u> ; Medium, <u>Santa Cruz</u>)
LARGE INDUSTRY:	8 (4 <u>Cochabamba</u> , 3 <u>Santa Cruz</u> , 1 <u>La Paz</u>)
MEDIUM INDUSTRY:	5 (3 <u>Cochabamba</u> , 1 <u>Santa Cruz</u> , 1 <u>La Paz</u>)
SMALL INDUSTRY:	6 (2 <u>Cochabamba</u> , 2 <u>Santa Cruz</u> , 2 <u>La Paz</u>)
COMMERCE:	6 (2 large, 2 medium, 2 small; 3 cities)
FORESTRY:	2 (1 medium, 1 small - <u>Santa Cruz</u>)
BANKING:	2 (<u>La Paz</u> , <u>Santa Cruz</u> - both large)

Of the large industries interviewed, 5 were Food Processing Industries, 1 a Drink Processing industry, 1 an Animal-feed Processing industry, and 1 a Paper Recycling industry.

The small industries interviewed included 1 industry from the Chemical sector, 1 from the Textile sector, 1 from the Food-Processing sector, 2 from the Metal-working sector, and 1 from Leather Manufacturing sector.

LEATHER-PROCESSING SECTOR.

A total of 3 industries in the Leather Processing Sector were interviewed; these included two in Cochabamba (1 small industry which manufactures leather goods such as belts, wallets, purses, etc., and 1 medium-sized shoe-manufacturer) and one medium-sized industry in Santa Cruz which processes raw leather.

METAL-WORKING SECTOR.

A total of 4 industries in the Metal-Working Sector were interviewed. These included 2 Medium-sized industries, and two small industries. Representative enterprises within this sector were sought in each of the principal cities surveyed.

AGROINDUSTRY AND FORESTRY.

For Agroindustry, only one large and one medium-sized enterprise were sampled. However, this is somewhat balanced by the inclusion of one small enterprise in the Forestry Sector and a strong representation of the interests of small producers in our meetings with the CAO.

COMMERCIAL SECTOR.

A similar balance in the sizes of different enterprises interviewed within the sector of Commerce was also attained, with a representation of 2 small,

2 medium and 2 large enterprises within this sector.

MINING SECTOR.

Similarly, although all of the enterprises within the private Mining Sector fall into the broad category of medium-scale mining, there is a fairly significant difference in the scale of operations represented by the three enterprises, so that different kinds of management needs are reflected within the sector.

BANKING SECTOR.

Even within the Banking Sector, two different kinds of banking operations are represented, with different training needs reflected in each case. Even though both representatives fall into the large or First Category in terms of volume of trade, there is a significant difference in their markets and style of operation -with one focused almost exclusively on wholesale, financial and institutional markets and the other more focused on small or medium-scale private enterprise and individual trade.

Thus, in spite of the constraints represented by the sample-selection process described earlier, it is believed that by insisting on the need to interview enterprises of varying sizes within each sector, that a reasonably well-balanced sample was attained.

Examples of some of these interviews are contained in Appendix "B", and the analyses of the findings are presented in Chapters I and II within the body of this Report.

C H A P T E R I

THE EXTENT TO WHICH THE LACK OF MANAGEMENT SKILLS IS
A CONSTRAINT ON PRIVATE SECTOR PRODUCTIVITY

Even in a brief survey of the kind reported here it could be quickly confirmed that the lack of management skills represents a serious constraint on the productivity of the private sector in Bolivia at this time. This confirmation is based not only on the general level of response to the survey by both Employer Associations and entrepreneurs in Bolivia, but also by observation and analysis of the various ways Bolivian entrepreneurs have organized their enterprises to meet the challenges posed by the present environment for business in Bolivia. This chapter of the Report will summarize some of the principal findings of the survey with respect to the kinds of constraints encountered by private sector businesses in Bolivia, and will suggest some of the ways that improved management skills will help to minimize some of the other constraints present in the business environment of this country.

GENERAL LEVEL OF RESPONSE TO THE SURVEY.

Aside from the enthusiastic and generally helpful response received by the researcher from all of the Employer Associations interviewed, there was a similarly positive albeit more cautious response on the part of the enterprises themselves to the proposed project for upgrading management skills within their businesses. The level of this response can be measured in terms of numbers of areas where the business community felt it had significant weaknesses which

could be overcome by appropriate courses designed to address their needs, by the numbers of personnel which the business community could anticipate sending to such courses, and by the actual amount of money which the business community could commit for such course offerings. That data, which will be discussed in more detail in Chapter II of this Report, is represented on Charts 1, 2, and 3 respectively, but the aggregated information can be summarized as follows:

- ° Number of Courses Recommended by 34 Enterprises: 46
- ° Number of People who would Immediately be Interested in Receiving Training in those Areas: 284 to 350
- ° Amounts Enterprises are Willing to Pay for Courses at Different Levels: (*)
 - Executive Level: Between US\$ 50 - 200
 - Middle - Management: Between \$b 20,000 to 250,000
 - Lower Levels: Rational Values

Perhaps the most relevant indication of the extent to which the private sector considers the lack of management skills to be a constraint on its productivity is the number of people it was immediately willing to send for management training. If between 284 and 350 people are immediately designated as needing some kind of management training from a sample of only 34 firms, it can be assumed that a more representative sample in each city would turn up

(*) These responses to be analyzed further in a later chapter.

several thousand individuals who need some kind of management training. However, the reasons why so many people are looking to upgrade their management skills (or those of their employees) needs to be analyzed further.

THE BASIC NATURE OF THE BUSINESS ENVIRONMENT IN BOLIVIA.

Many of the entrepreneurs and managers interviewed referred to the difficulties of doing business successfully in Bolivia. Some stated that it was a daily challenge to whatever administrative skills they had just to survive as a business. Others were more specific in speaking of the constraints faced in the course of managing their enterprises, referring to a total lack of system in pricing formulas for buying and selling; to the lack of adequate sources of appropriate credit at the levels of small and medium-sized businesses; to the necessity of carrying out most aspects of their business in person rather than by telephone or cable; to the lack of available parts or reasonable opportunities to import needed consumables; to the inability to have confidence that middle-level managers would carry out necessary tasks in the absence of supervision; to the lack of a tradition of quality-control, warehousing, or stock-control, etc. All of these things were referred to as part of the every day context of doing business in Bolivia, but many managers went further in their analyses of the problems, as described below.

BUSINESS TRADITIONS.

When urged to give their candid impressions of business traditions and management procedures in Bolivia, most managers admitted that business was essentially conducted in a non-mercantile way, almost at the level of individual trading, and that the structure of most businesses was such that only

a few people in top executive positions participated in decision-making. This pattern was said to be fortified by the fact that 90-95% of private enterprise in Bolivia is family owned and run, so that little trust is placed in middle-management (with only minor initiatives taken to strengthen the capacity and responsibility of those in middle-level positions).

One manager went so far as to claim that Bolivia is still a non-mercantile, medieval society with top managers playing the role of "hidalgos" (feudal lords) who look down on strictly mercantile propositions. Such executives hire reasonably skilled people to carry out their accounting, production, sales and the like, but they have not been used to really "managing" the whole operation in a rational, systematic way. Rather, they see to it that essential tasks are carried out through a vertical hierarchy of authority, or (at the smallest levels of business) through personally overseeing the details of production, sales and the like.

Thus, one pattern seems to be that the top managers in large enterprises run their businesses in an academic, textbook sort of way, often with little understanding of personnel management or technical problems to be overcome at different levels. Conversely, top managers of the small and middle-sized family businesses often keep decision-making so concentrated in the hands of one or two people, that progress in production or sales is slowed down in those instances when those with the decision-making authority are not available to resolve some problem. The interviewers who conducted the survey observed various instances of both kinds of management problems, including several instances when even members of the immediate family were not able to make simple decisions which absorbed precious time of the one person authorized to make the decision.

Some examples of these kinds of problems in the management of Bolivian firms are represented in Cases No. 2 through 5.

All of the managers who were able to reflect on these issues during the interviews admitted that there was a general need for a change in attitude at the level of top management in firms of all sizes. Many believed that this change in attitude required a new kind of management training which would focus on developing skills in Strategic Planning or Management by Objectives and also Methods of Personnel Management. Some believed that all of the most basic management tools needed to be taught to top-level executives since top management was functioning either from an extremely pragmatic perspective or from vague academic principles, neither of which perspective was adequate to overcome the constraints inherent in the economic crisis presently being faced by Bolivian managers.

CONSTRAINTS AT THE LEVEL OF MIDDLE-MANAGEMENT.

Whereas the previous discussion focused chiefly on the constraints posed by the lack of an adequate management tradition at the top levels of Bolivian businesses, those same traditions have promoted other kinds of constraints at middle-management levels. The basic constraint at these levels is an inability to conceptualize the real nature of the whole business, and thus an inability to communicate in the same language as those at the top levels of the business. The training available for positions at the mid-management level usually consists either of training in specific tools such as accounting (and it is reported that there are excellent accountants in Bolivia), or the pragmatic, technical training in various aspects of the production process for those who have received their training on-the-job and have slowly moved up to positions of greater responsibility. In either case the middle-manager has acquired

only a partial vision of the operation of the business, and lacks the longer-term vision of a planned progression of business activities over time.

In actuality, the problem represented here must be seen from various perspectives in order that the training necessary to fill the gaps at mid-management levels be adequately conceptualized and designed. In the first place, the management constraints at the mid-level positions stem from the authoritarian business traditions discussed earlier, and the lack of truly functional management skills at the top-levels of management. By this it is meant that top-level management has lacked the ability to communicate its perspective and long-range plan to those at other levels, hence lower-level personnel continue to remain in one niche with limited decision-making ability and authority. From another angle, the very training which middle-level management has received keeps their perspective limited to the range offered by the specific tools or experience which formed them, so that top-management hesitates to endow them with greater authority. Thus, the different constraints at each level play on one another to maintain the gap between the two levels. Both the tradition of family businesses and the broader structural environment of a society dominated by a small elite group of European stock, have operated to exacerbate these constraints and keep that gap in place longer than is functional for business in Bolivia.

Aside from confirming that these constraints exist in a broad, generalized form in Bolivia, this discussion of the nature and character of the gap between top management and mid-level management is included so as to throw light on several critical design issues of the new management training institute.

First, some top executives in Bolivia are very aware that these problems at the middle-management level originate with the very structure of their enterprises and their own deficiencies in terms of management skills. These executives are ready for a high-level sophisticated form of management training. Other executives, on the other hand, recognize that an important gap exists between the two levels of management but insist that the problem has its origins in the kind of training that is available to mid-level management in Bolivia, or in the psychological state of those in mid-management positions. These executives require a certain level of consciousness-raising before they will understand how their own management deficiencies contribute to those of their mid-management personnel.

In the meantime, some people in middle-management positions do need to begin to grasp the principles and tools which will allow them to gain a broader and longer-term vision of the enterprise. In other instances, an enterprise may have a progressive group in top-executive positions who have managed to transmit their vision of the enterprise to a select group of middle managers (as in the case of ANSA, Case No. 6, for example); however, in these cases, as the business has grown and become more technologically oriented, the top executives begin to worry about maintaining the technical expertise of its managers on a par with the development of the industry. In these cases, it is legitimate for these executives to consider certain kinds of technical courses to be precisely what their managers are lacking. Thus, the particular kind of training which is lacking at each level differs substantially from enterprise to enterprise, and these needs must be carefully analyzed during the design stage of this project so that the courses offered will really meet the demand in different kinds of enterprises.

MANAGEMENT CONSTRAINTS IN SMALLER BUSINESSES.

Some of the management constraints which affect the productivity of small businesses in Bolivia have already been mentioned and do not need repeating here. Other objective constraints inherent in the environment of severe economic crisis in Bolivia can be ameliorated or overcome by different kinds of management training. One example of such critical training which was brought up repeatedly by owners of small business was the need to develop appropriate systems of cost-accounting and financial planning for times of inflation. Other examples are the need to establish new systems of inventory control during times of restricted availability of supplies, the need to become more familiar with import and export regulations, and finally the need to become more knowledgeable about capital markets and the means of gaining access to them. All of these needs represent specific constraints on the productivity and growth-potential of smaller establishments, which represent the greatest employment generating potential of the private sector in Bolivia.

SUMMARY.

This chapter has provided a brief analysis of management training gaps in Bolivia at this time. The central conclusion of the field survey is clear and unequivocal: The lack of management skills appropriate to the needs of the present economic environment in Bolivia represents a serious constraint on the productivity of private sector in that country, at all levels and across sectors. Chapter two analyzes the present demand for training, according to the enterprises interviewed.

CHAPTER II

THE NATURE AND EXTENT OF MANAGEMENT TRAINING NEEDS IN BOLIVIA
AND THE EFFECTIVE DEMAND FOR MANAGEMENT SKILLS TRAINING

Chapter one of this Report provided a general description of how the lack of management skills constraints the overall efficiency of private sector activity in Bolivia. This chapter refers to the concrete findings of the field survey conducted in La Paz, Santa Cruz and Cochabamba to uncover the basic parameters of management training needs in private sector firms of varying sizes and in different sectors of the economy.

A. THE SPECIFIC NATURE OF MANAGEMENT TRAINING NEEDS IN BOLIVIA.

The specific nature of management training needs in Bolivia are represented in a preliminary way by the courses shown in Chart No. 1, which follows. The four principal categories for courses requested or recommended by the top executives of the different enterprises interviewed were:

- a) Accounting and Financial Planning;
- b) General Administrative and Management Courses;
- c) Technical Courses;
- d) Miscellaneous Course Recommendations

TECHNICAL TRAINING NEEDS.

The category with the largest number of recommendations is that of Technical Courses, indicating the lack of availability of such courses in Bolivia and a tendency, especially in agroindustry, for industrial growth to be ac-

complicated by advanced technologies and the accompanying need of management to keep pace with technical advancements. It should also be noted that by far the greatest number of requests for Technical Training Courses related to management courses^{came} from Santa Cruz, seconded by Cochabamba and followed weakly by La Paz. In part this reflects the omission of agroindustry from the sample of enterprises interviewed in La Paz. However, given the differences in the general character of private sector activity in each of the three regions, it also suggests that the design of the Bolivian Management Training Institute should be sufficiently decentralized at the operational level for the differing needs in each area to be responded to in a realistic and practical fashion.

GENERAL ADMINISTRATIVE AND MANAGEMENT TRAINING NEEDS.

By far the greatest number of enterprises made recommendations for courses to address general administrative and management needs. This indicates a broad consciousness of the need to improve the overall functioning of the business organization to achieve greater efficiency and control of business operations. It also indicates a broad need for executive-level courses across the board, regardless of the size or sector of the firm. This has positive implications for the new Management Training Institute's design, since it confirms the assumption that the demand for training at that level will help pay for the cost of the training offered at lower levels.

TRAINING NEEDS IN ACCOUNTING AND FINANCIAL PLANNING.

Although this category represents the smallest number of suggested courses, the number of firms interested in such courses is high-indicating

a broad demand for a basic, structured approach to all of the major issues of accounting and financial planning.

It is also important to note that enterprises of all sizes, sectors and levels of sophistication are requesting these basic courses, in spite of the fact that some fairly good training in accounting is already available in Bolivia. Information from the interviews suggests two things with respect to this observation: First, there was a feeling among most businessmen in the country that only by refining and sharpening the basic tools of financial planning would the enterprises be able to stay afloat and chart their course to safety in a time of profound economic confusion in Bolivia. Second, the financial issues associated with widespread inflation have so distorted the ordinary accounting principles learned previously that even sophisticated firms need to learn or develop ways of handling financial matters which are more appropriate to the real demands of the economic crisis. For these reasons, it is strongly recommended that the development of a series of appropriate core courses in these areas be a priority of the new Institute from the outset of the Project.

MISCELLANEOUS COURSE RECOMMENDATIONS.

These course recommendations largely reflect the unmet needs of small enterprises and commercial establishments in Bolivia. Commerce is still at a fairly underdeveloped stage in Bolivia, operating more at the level of speculation than in terms of scientific marketing; hence, this sector expresses the need for basic kinds of secretarial training, and so forth, which

would provide the first steps toward organizing these operations efficiently, before provoking more profound changes in the mentality of executives in this sector.

Most of the courses requested by small producers are more serious in nature and reflect the need to find creative solutions to various kinds of objective constraints, such as the lack of access to credit and raw-materials at rates they can afford, etc. Because of the growth possibilities and employment-generation potential at this level, it is suggested that a relatively small investment of effort toward helping these producers to overcome these obstacles will promote a large payoff in the private sector development in each region. Therefore, it is strongly recommended that a team be assigned to develop appropriate courses in these areas directed toward small producers.

APPROPRIATE COURSE-SCHEDULES AND FORMAT.

Almost all of the executives interviewed expressed a preference for week-end seminars, with courses to be held in locations where they would not be easily interrupted.

For middle and lower levels the preference was for classes to be held after office hours, although many executives (including the owners of very small businesses) expressed a willingness to allow part of their personnel to be absent from work up to 3 or 4 hours a day for periods up to two weeks, for the purpose of sharpening financial planning skills in particular.

For agricultural producers and ranchers of all sizes in the Eastern provinces, the best time of year for courses is between December and March, which is the rainy-season in Bolivia. For these producers the recommended

format was that of courses which were rapid and intense (from a few days to a week in duration) followed by a system on-site assessment or technical assistance on individual farms to ensure that new knowledge was truly being put into practice. This format would be equally applicable to the application of new accounting skills or new technical skills. This format is already being used by FOM0 to some extent, and could be combined with self-programming learning methods, or the setting up of "Clinics for Accounting" in each region, or linking training in accounting to short programs which teach people how to prepare credit applications. These kinds of practical reinforcement schemes have been tried with considerable success by PFP and other groups with small and medium-scale enterprises in different parts of the world.

It is recommended that a similar format of on-site assessment of the application of newly-learned technical and accounting skills be used with the smaller artisan industries. Neither these enterprises or those of the small agricultural producers have the advantage of the larger administrative structures of large enterprises, where a system of authority can induce the application of new techniques from within the enterprise. Excellent technical assistance in the design of such reinforcement schemes is available through:

Lic. WERNER ESCOBAR, Fundación Carvajal - Cali, Colombia;

Lic. RAFAEL GOMEZ, Fundación Compartir - Bogotá, Colombia;

Lic. JULIO TEJEDA, Fundación Dominicana del Desarrollo - Santo Domingo, República Dominicana.

 TYPES OF COURSES REQUESTED OR RECOMMENDED BY ENTERPRISES IN THE SAMPLE

A. ACCOUNTING AND FINANCIAL PLANNING.

1. Cost Accounting in Times of Inflation:

<u>Santa Cruz</u>	Productores de la Cámara Agropecuaria del Oriente. (Nutrinal; ANSA; Cruceña de Papel; Curtiembre "VIS" Kuljis; IASA; Aserradero MARABOL; El Roble).
<u>Cochabamba</u>	(CIARAVE; MABOL; IMSA; FEMCO; San Luis; ILA; Taquiña; Estrella Luminosa; Estrella-Quilla; Calza do Venado; Gross Ltda.)
<u>La Paz</u>	(Alameda Ltda.; Industrias Corona; Gundlach; LIDMEN; Casa Kavlin; Algo más; COMSUR).

2. Cost Accounting for Exportation:

<u>Cochabamba</u>	(MABOL; Calzados Venado)
<u>La Paz</u>	(Algo más; Gundlach; Corona; Casa Kavlin)
<u>Santa Cruz</u>	(Productores de ASPEN)

3. Financial Planning in Periods of Inflation:

<u>Santa Cruz</u>	(ANSA; Cruceña de Papel; Curtiembre Kuljis; Aserradero MARABOL; El Roble). Productores de la CAO.
<u>Cochabamba</u>	(FEMCO; Ferretería Gross; Calzados Venado)
<u>La Paz</u>	(COMSUR; Algo más; LIDMEN; Alameda Mining Co.; Citibank; Gundlach; Corona; Casa Kavlin).

4. Basic Cost-Accounting:

<u>Santa Cruz</u>	Productores de la Cámara Agropecuaria del Oriente. (Electrometal; MARABOL; El Roble; Química Sta.Cruz)
<u>Cochabamba</u>	(Industrias del Valle; Estrella Quilla Ltda.; Taquiña; Molinera San Luis).
<u>La Paz</u>	(COMSUR; Gundlach).

A. ACCOUNTING AND FINANCIAL PLANNING. (Cont.)

5. Managing Working Capital/Maintaining Liquidity: Cochabamba (Industrias del Valle; Taquiña S.A.)
La Paz (COMSUR; Gundlach; Casa Kavlin).

6. Budgets: Santa Cruz (MARABOL; El Roble; IASA)
Cochabamba (Taquiña S.A.)
La Paz (COMSUR; Alameda Mining Co.).

7. Pricing Principles: La Paz (Compañía Molinera Boliviana)
(Alameda Mining Company Ltda.)
Santa Cruz (Productores de la CAO)
Productores de ASPEM

CHART N° 1TYPES OF COURSES REQUESTED OR RECOMMENDED BY ENTERPRISES IN THE SAMPLEB. GENERAL ADMINISTRATIVE AND MANAGEMENT COURSES.

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| 1. <u>Principles of Farm Management:</u> | <u>Santa Cruz</u> (ANSA), Productores de la CAO
<u>Cochabamba</u> (CIARAVE) |
| 2. <u>Inventory Control:</u> | <u>La Paz</u> (Alameda Mining; Gundlach)
<u>Cochabamba</u> (CIARAVE; IMSA; Estrella Luminosa; Estrella Quilla Ltda.; Calzados Venado). |
| 3. <u>Processing Export Documents:</u> | <u>Santa Cruz</u> (CAROHAB; MARABOL; Muebles FEBRA; IASA; INTERDECO). Productores de la ASPEM.
<u>Cochabamba</u> (MABOL; Calzados Venado). |
| 4. <u>Commercialization/Marketing:</u> | <u>Santa Cruz</u> (Química Santa Cruz; Curtiembre Kuljis; El Roble; Producers of ASOHFRUT; IASA; CAROHAB). Productores de la CAO.
<u>Cochabamba</u> (ILA; Industrias del Valle; Estrella Luminosa; FEMCO; Calzados Venado).
<u>La Paz</u> (Corona; Casa Kavlin; Gundlach; Algo más). |

CHART N° 1**B. GENERAL ADMINISTRATIVE AND MANAGEMENT COURSES. (Cont.)****5. Computer Techniques for Executives:**

Santa Cruz (Nutrinal; Curtiembre Kuljis)
Cochabamba (ILA; Taquiña; FEMCO)
La Paz (Compañía Molinera Boliviana)

6. Systems for Information-Gathering and Decision-Making by Executives:

Santa Cruz (IASA; Productores de la CAO; MARABOL; El Roble).
Cochabamba (Industrias del Valle; Estrella Quilla Ltda.).
La Paz (Alameda Ltda.; Citibank; Compañía Molinera Boliviana; Gundlach; Casa Kavlin; Inti-Raymi; COMSUR).

7. Up-dating Administrative Techniques (Organizational Administration):

Santa Cruz (MARABOL; El Roble; IASA; Service Sector)
Cochabamba (Industrias del Valle; Ferretería Gross; Calzado Venado).
La Paz (Alameda Mining; COMSUR; Citibank; Compañía Molinera; Gundlach; Casa Kavlin; Inti-Raymi; LIDMEN).

8. Planning/Programming of Production:

Santa Cruz (Química Santa Cruz; Cruceña de Papel; MARABOL; IASA)
Cochabamba (Estrella Quilla Ltda.; Calzados Venado).
La Paz (COMSUR; Compañía Molinera Boliviana).

CHART N° 1**B. GENERAL ADMINISTRATIVE AND MANAGEMENT COURSES. (Cont.)****9. Human Relations:****Santa Cruz** (Cruceña de Papel; Curtiembre Kuljis; MARABOL; El Roble; BANCO DE SANTA CRUZ)**Cochabamba** (Industrias del Valle; Estrella Luminosa).**La Paz** (Citibank; Compañía Molinera Boliviana; LIDMEN; Gundlach; COMSUR).**10. Supervision of Production Personnel:****Santa Cruz** (Cruceña de Papel; Curtiembre Kuljis; MARABOL; El Roble; IASA)**Cochabamba** (IMSA)**La Paz** (COMSUR; Alameda Mining Co.; Corona)**11. Salary Adjustment in Periods of Inflation:****Cochabamba** (IMSA; FEMCO)**12. Personnel Management:****Santa Cruz** (Cruceña de Papel; Curtiembre Kuljis; MARABOL; El Roble; IASA; Banco de Sta.Cruz)**Cochabamba** (FEMCO)**La Paz** (Alameda Mining; COMSUR; Compañía Molinera Boliviana; Cibitank; Corona; Gundlach)**13. Management by Objectives:
(Strategic Planning)****La Paz** (Citibank)**Cochabamba** (Taquiña)**Santa Cruz** IASA

C. TECHNICAL COURSES: (Cont.)

- | | |
|--|---|
| 9. <u>Up-dating on terms of IMPORT and EXPORT LAWS:</u> | <u>Santa Cruz</u> (CAROHAB; MARABOL; El Roble; IASA; Productores de la CAO; Productores de Muebles).
<u>Cochabamba</u> (Calzados Venado; Ferretería Gross).
<u>La Paz</u> (Gundlach; Casa Kavlin; Algo más) |
| 10. <u>Terms of International Transport:</u> | <u>Santa Cruz</u> (CAROHAB). |
| 11. <u>Maintainance Systems for Incubation Plants:</u> | <u>Santa Cruz</u> (ANSA) |
| 12. <u>Hygienic Attention and Management of Fowl:</u> | <u>Santa Cruz</u> (ANSA) |
| 13. <u>Packaging and Preservation for Eggs and Fowl:</u> | <u>Santa Cruz</u> (ANSA) |
| 14. <u>Vitamin Preparations for Fowl:</u> | Santa Cruz (ANSA) |
| 15. <u>Industrial Hygiene and Security Systems:</u> | <u>Santa Cruz</u> (ANSA) |
| 16. <u>Making Steel Molds for Machinery Parts:</u> | <u>Cochabamba</u> (Estrella Quilla Ltda.) |

CHART N°1

D. MISCELLANEOUS COURSE RECOMMENDATIONS.

- | | | |
|---|--------------------|---|
| 1. <u>Successful Participation in National & Regional Fairs:</u> | <u>Cochabamba</u> | (MABOL) |
| 2. <u>Industrial Hygiene and Security:</u> | <u>Santa Cruz</u> | (ANSA) |
| 3. <u>Decoration for Toy Manufacturing and Display:</u> | Cochabamba | (Estrella Quilla, Ltda.) |
| 4. <u>Management of KARDEX SYSTEMS: (for Secretaries)</u> | <u>Cochabamba</u> | (Estrella Quilla Ltda.;
Estrella Luminosa). |
| | <u>La Paz</u> | (Compañía Molinera Bo-
liviana; Alameda Ltda.) |
| 5. <u>Interpretation of Product Graphs & Plans:</u> | <u>Santa Cruz</u> | (Electrometal) |
| | <u>Cochabamba</u> | (FEMCO) |
| 6. <u>Courses for Sales Personnel/Representatives:</u> | <u>Santa Cruz</u> | (CAROHAB); Curtiembre Kuljis) |
| | <u>La Paz</u> | (Gundlach; Casa Kavlin) |
| 7. <u>Enterprise Security Systems:</u> | <u>La Paz</u> | (Gundlach) |
| 8. <u>Business Ethics (Consciousness-Raising):</u> | Banks and Commerce | |
| 9. <u>Devising less-cumbersome channels of credit for small producers:</u> | <u>Cochabamba</u> | (Calzado Venado) |
| | <u>Santa Cruz</u> | (Small producers represented
by the CAO; Electrometal) |
| 10. <u>Search for ways to change laws so that small producers will have more access to the purchase of raw-materials:</u> | <u>Cochabamba</u> | (Calzados Venado) |
| | <u>Santa Cruz</u> | (Electrometal & small producers
represented by the CAO). |

11. Analysis and evaluation of Import and Export regulations to lobby for changes:

<u>Cochabamba</u>	(Ferretería Gross; Calzados Venado; MABOL)
<u>Santa Cruz</u>	(Aserradero MARABOL, Electrometal)
<u>La Paz</u>	(La Lana; Algo más; Casa Kavlin; Gundlach)

12. Analysis of the effects of different kinds of incentives on small and medium producers:

<u>Cochabamba</u>	(Calzados Venado)
<u>Santa Cruz</u>	(CAO Producers)
<u>La Paz</u>	(La Lana, Industrias Corona)

B. THE EFFECTIVE DEMAND FOR MANAGEMENT SKILLS TRAINING.

The demand for management skills training is represented by Charts No. 2 and 3. Chart No. 2 indicates the numbers of people in the private sector who would immediately register for courses designed to fit their specific needs (based on a sample of 34 enterprises interviewed, and 4 enterprises briefly consulted). A total of between 284 and 350 people would be willing to pay rational prices for courses which meet their needs, at estimated prices near those which were suggested in the original project design. Since only about 11 enterprises were sampled in each city during the survey, this figure could be multiplied by at least 10 for the first year of operation. This extrapolation indicates that the project probably has an assured clientele of between 2840 and 3500 beneficiaries in the first year, approximately a third of which would be the executives themselves.

TOP MANAGEMENT.

Chart No. 3 provides a breakdown of the prices that the enterprises surveyed were willing to pay, at the time of the survey, for courses designed to meet their specific needs at different levels. The first conclusion from this part of the survey is that there was an overwhelming acceptance by those in top-management positions of the need to pay more for executive-level courses so as to subsidize courses for the smaller businesses which cannot afford to pay so much. Although some of these executives cautiously proposed that they would pay only a "rational value" for these courses, many who said this represented small or medium-scale enterprises, or enterprises which were clearly having financial problems. One third (33%) of those in the

sample were willing to pay approximately US\$ 100 dollars or more for Executive Seminars, and about one third said they would pay the "real cost" of such seminars.

This indicates that about two thirds (66%) of the sample were clearly willing to pay the necessary amount to participate in courses relevant to their needs, with one third willing to pay substantially more. This represents the group of entrepreneurs which should be sought out for a series of specialized, relevant and high-level seminars to provide the capital necessary to maintain the institute. (Many of these executives were also willing to pay some kind of yearly dues in exchange for special rates for the participation of their middle level personnel, which they would support or partially subsidize to attend the relevant courses).

MIDDLE MANAGEMENT.

Perhaps even more surprising were the price-levels quoted as reasonable for mid-level management courses, although this partially represents the strong feeling among the business community that it is the basic financial courses at this level which will help their businesses to survive the present economic crisis in Bolivia. Almost one third (or 33%) of the businesses surveyed were willing to pay US\$ 50.- dollars or more for basic courses in Accounting, Financial Planning or some sort of Technical Management Skills at this intermediate level. The real significance of this finding is that the numbers of individuals who would register for these courses, or be sent by their employers, is far greater than the numbers of executives who would find the time for attending the weekend seminars. A glance at Chart No. 2

for example, indicates that most of the larger companies would be willing to send from 5 to 10 people or more to such courses, and many would send mid-level management to such courses on a permanent basis. This implies that the second level of courses should not be slighted, even in the first year of operation, since the economic conditions in Bolivia have created an unusually high demand for these courses.

SMALL BUSINESS LEVEL.

The effective demand at the lower level is clearly not as high as that of the other levels, nor is there the clear ability to pay for such courses, a fact which was anticipated in the initial design of the Institute. Nevertheless, the appearance of a much lower demand at this level is partly an artifact of the rather low number of smaller enterprises included in the sample. When that is taken into account, the expression of interest shown on the Chart, and the willingness to pay a "rational value" for courses at this level by 1/2 (or 50%) of the sample is significant. It represents an interest in receiving training which may be far greater than can be expressed quantitatively, since it represents a far greater sacrifice and risk for those at this level to express a willingness to pay for something which has not yet been defined in concrete terms. For this reason it is concluded that a very real demand for training exists at this level, but it is recommended that the exact parameters of this demand should be further explored before courses at this level are launched.

SUMMARY.

All of the data suggest that there is a very large, concrete and unmet demand for management training at all levels of private sector business in

Bolivia. That demand appears to be greatest at the level of middle-management, but the shape of the demand is likely to change depending on the promotion strategies in the first phases of developing the Institute, with the Institute itself creating new demand at different levels. Still, the parameters of the present demand, as uncovered by this survey represent a solid starting-point for developing the strategy of the Institute.

CHART N°2

NUMBERS OF PERSONNEL WHO WOULD IMMEDIATELY
SIGN UP FOR COURSES IN MANAGEMENT TRAINING

<u>ENTERPRISE INTERVIEWED</u>	<u>PERSONNEL</u>
<u>DEPARTMENT: L A P A Z</u>	
1. Alameda Ltd. (Mining)	5 - 7
2. Citibank (Financial Sector)	10 - 20
3. Compañía Molinera Boliviana (Large Industry)	5 - 6 Administrative Courses 12 - 15 Technical Courses
4. Industrias CORONA (Small Industry)	1 - 5
5. Gundlach, S.A. (Large Commerce)	60 - 65 people
6. Casa KAVLIN (Medium Commerce)	3 - 4
7. LIDMEN (Metalwork Sector)	1 - 2
8. La Lana Ltda. (Small Industry)	1 - 2
9. Inti Raymi S.A. (Medium Mining Co.)	1 - 2
10. Compañía Minera del Sur "COMSUR"	5 - 10
11. Algo más (Small Commerce)	1 - 2

NUMBERS OF PERSONNEL WHO WOULD IMMEDIATELY
SIGN UP FOR COURSES IN MANAGEMENT TRAINING

<u>ENTERPRISE INTERVIEWED</u>	<u>PERSONNEL</u>
<u>DEPARTMENT: SANTA CRUZ</u>	
1. Nutrinal S.R.L.	38
2. Importaciones y Exportaciones CAROHAB	3
3. Química Industrial Santa Cruz	2
4. Agropecuaria Nacional S.A. ANSA	10
5. Empresa Cruceña de papel	5
6. Curtiembre Vis Kuljis Ltda.	5
7. Industrias ELECTROMETAL LTDA.	2
8. Banco de Santa Cruz	5 - 10 people/month
9. I.A.S.A.	2 permanently 2 per month, or per course.
10. Aserradero MARABOL	1 - 3
11. Empresa Maderera EL ROBLE	1 - 3
12. Muebles FEBRA	1 - 2
13. Servicios Petroleros Bolivianos Ltda.	1 - 2
14. Cia. Schlumberger Sureño S.A.	1 - 2
15. Sociedad Comercial INTERDECO	1 - 2

CHART N° 2

NUMBERS OF PERSONNEL WHO WOULD IMMEDIATELY
SIGN UP FOR COURSES IN MANAGEMENT TRAINING

<u>ENTERPRISE INTERVIEWED</u>	<u>PERSONNEL</u>
<u>DEPARTMENT: COCHABAMBA</u>	
1. Cervecería Taquiña S.A.	10 (permanently)
2. Industrias Lácteas Andina Ltda. I.L.A.	3
3. Industrias Alimenticias del Valle de Vásquez Hnos. S.R.L.	8
4. Industria Estrella - Quilla Ltda.	4
5. Empresa Estrella Luminosa Ltda.	3
6. Marroquinería Boliviana S.R.L. "MABOL"	3
7. Industria Metal-Mecánica "IMSA"	7
8. Industrias Electromecánicas FEMCO Artero y Cia. S.R.L.	23
9. Complejo Industrial Avícola Rivera "CIARAVE"	21
10. Sociedad Anónima Industrial y Comercial S.A.I.C.O. Molinos "San Luis"	10
11. Industria de Calzados "VENADO"	2 - 3
12. Gross, Ltda., Sociedad de Responsabilidad Ltda.	2

AMOUNTS THAT ENTERPRISES ARE WILLING TO PAY
FOR COURSES AT DIFFERENT LEVELS

<u>ENTERPRISE</u>	<u>TOP MANAGE- MENT LEVEL</u>	<u>MIDDLE MANAGE- MENT LEVEL</u>	<u>WORKERS OR SMALL BUSINESS LEVEL</u>
<u>DEPARTMENT: LA PAZ</u>			
1. Alameda Ltda. (Mining)	US\$ 110 per 2-day Seminar (Max.US\$ 200)	Btwn.\$b 100,000 & \$b 250,000 per 10-day course	Rational Value (will pay for employee train- ing)
2. Citibank (Private Financial Sector)	US\$ 2,000 for 2-week Inten- sive courses in a hotel with all expenses included.	US\$ 2,000 for 2-week inten- sive courses in a hotel with all expenses included.	Rational Value
3. Compañía Molinera Boliviana	Btwn. US\$ 50- 100 per Semi- nar not count ing hotel and food.	US\$ 50-75 per person, 6-8 week courses	Rational Value if courses are practical
		Up to US\$3,000 for 6-8 month Technical Courses	
4. Industrias CORONA	Rational Value	Up to US\$ 5000 for 6-8 month courses in chocolate manufacture.	Real cost if courses are practical and necessary
5. Gundlach, S.A. (Large Commerce)	Approx.US\$ 100	Approx. US\$ 50 for 6-week course.	Rational Value
6. Casa KAVLIN (Medium Commerce)	Btwn. US\$ 100 & US\$ 200 for weekend Semi- nars.	Rational Value	Rational Value

CHART N° 3 - Page 2

<u>ENTERPRISE</u>	<u>TOP MANAGE- MENT LEVEL</u>	<u>MIDDLE MANAGE- MENT LEVEL</u>	<u>WORKERS OR SMALL BUSINESS LEVEL</u>
<u>DEPARTMENT: LA PAZ</u>			
7. LIDMEN (Metal work)	Rational Value	Rational Value	---
8. La Lana Ltda. (Small Industry)	-----	Rational Value	---
9. Inti Raymi S.A. (Mining)	Btwn. US\$ 100 & US\$ 200 for weekend Se- minars.	US\$ 50 per 6-8 week course	Rational Value
10. Compañía Minera del Sur COMSUR	Btwn. US\$ 100 & US\$ 200 for weekend Se- minars.	US\$ 50 per 6-8 week course	Rational Value
11. Algo más (Small Commerce)	----	----	Rational Value

AMOUNTS THAT ENTERPRISES ARE WILLING TO PAY
FOR COURSES AT DIFFERENT LEVELS

<u>ENTERPRISE</u>	<u>TOP MANAGE- MENT LEVEL</u>	<u>MIDDLE MANAGE- MENT LEVEL</u>	<u>WORKERS OR SMALL BUSINESS LEVEL</u>
<u>DEPARTMENT: SANTA CRUZ</u>			
1. Curtiembre "VIS" Kuljis (Medium Industry)	Real Cost	50,000	Rational Value
2. Industrias Electrometal Ltda. (Small Industry)	50,000	30,000	---
3. Empresa Cruceña de Papel (Large Industry)	Real Cost	Real Cost	---
4. Agropecuaria Nacional S.A. (Medium Enterprise)	Real Cost	Real Cost	---
5. Química Industrial Santa Cruz (Small Industry)	30,000	20,000	---
6. Importaciones y Exportaciones CAROHAB (Small Enterprise)	Rational Value	20,000	---
7. NUTRINAL	Real Cost	Rational Value	Rational Value
8. Banco de Santa Cruz	Real Cost	Real Cost	Rational Value
9. IASA (Industrias de Aceite S.A.)	US\$ 100-200 per weekend Seminar	US\$ 50.00 per 6-week course	Will provide in- centives & help workers pay for courses

CHART N° 3 - Page 2

ENTERPRISE

TOP MANAGE-
MENT LEVEL:

MIDDLE MANAGE-
MENT LEVEL WORKERS OR SMALL
BUSINESS LEVEL

DEPARTMENT: SANTA CRUZ

10. Aserradero MARABOL	Rational Value	\$b 150,000	Willing to pay
11. Empresa Maderera El Roble	Rational Value	for a 2-month	for training if
		course	courses are
		(Maximum)	practical &
			costs are rati- onal.
<hr/>			
12. Muebles FEBRA	Rational Value	Rational Value	Rational Value
13. Servicios Petroleros Bolivianos Ltda.	" "	" "	" "
14. Cia. Schlumberger Sureño S.A.	" "	" "	" "
15. Sociedad Comercial INTERDECO	" "	" "	" "

Note: Companies 12 - 15 were interviewed together, so information was not disaggregated.

AMOUNTS THAT ENTERPRISES ARE WILLING TO PAY
FOR COURSES AT DIFFERENT LEVELS

<u>ENTERPRISE</u>	<u>TOP MANAGE- MENT LEVEL</u>	<u>MIDDLE MANAGE- MENT LEVEL</u>	<u>WORKERS OR SMALL BUSINESS LEVEL</u>
<u>DEPARTMENT: COCHABAMBA</u>			
1. Cervecería Taquiña S.A.	35,000	35,000	---
2. Industrias Lácteas Andina Ltda. I.L.A.	Rational Value	Rational Value	---
3. Industrias Alimenticias del Valle de Vásquez Hnos. S.R.L.	Rational Value	Rational Value	---
4. Industria Estrella - Quilla Ltda.	Rational Value	Rational Value	---
5. Empresa Estrella Luminosa Ltda.	Rational Value	Rational Value	---
6. Marroquinería Boliviana S.R.L. MABOL.	Real Cost	30,000	---
7. Industria Metal-Mecánica IMSA	Real Cost	30,000	---
8. Industrias Electromecánicas FEMCO Artero y Cia. S.R.L.	Real Cost	50,000	---
9. Complejo Industrial Avícola Rivera "CIARAVE"	Real Cost	Rational Value	---
10. Sociedad Anónima Ind. y Comercial S.A.I.C.O. Molinos "San Luis"	Real Cost	25,000	---
11. Industrias de Calzados Venado	Rational Value	Rational Value	Rational Value
12. Gross, Ltda. Sociedad de Res- ponsabilidad Ltda.	Rational Value	Rational Value	Rational Value

C. POTENTIAL OF THE INSTITUTE TO BECOME SELF-FINANCING BY THE END OF ITS FOURTH YEAR OF OPERATION.

The estimated project budget was based on a set of cost assumptions for each level of training provided by the Institute, as well as assumptions regarding the amount of tuition and fees each level of participant would be able to pay. The following is an examination of those assumptions in light of the data uncovered in this survey. (*)

FIRST SET OF ASSUMPTIONS:

"The mid-level management training would begin in years 1 and 2 with a series of 24 courses per year, with 8 courses per year in each principal city within the corridor. Each course would last 6 days. In years 3 and 4 of the project, total course offerings at this level would be increased to 36 per year based on a schedule of 12 courses per city. A tuition fee of \$ 50.- dollars per person will be charged per mid-management course. Tuitions collected from mid-level courses according to these assumptions would be adequate to cover approximately one-half of all costs associated with this component over the four years of the project."

An examination of the data uncovered in the field survey indicates that there is a strong demand in terms of the numbers of people interested in mid-level courses in each city, with people generally willing to pay from about 1/3 up to the total proposed price for such courses, with some willing to pay greater sums for appropriate courses.

(*) Assumptions are taken from a draft of the original project budget.

From responses in the individual interviews, the researchers believe that the larger businesses will be willing to pay close to the \$ 50.- tuition for such courses, if courses are efficient and practical. In addition, it is believed that the demand for appropriate middle-level courses warrants more than 8 courses per year in each city, during the first two years, so that more revenue can be earned from this sector with even lower tuitions if cost-effective means are used to distribute the courses. This strategy would also be dependant upon the use of an adequate promotional campaign for such courses among the larger businesses during the first year, since the payment of top prices for courses at this level depends in part on convincing top management to help pay for the training of their personnel at this level.

SECOND SET OF ASSUMPTIONS.

"Eight executive seminars would be held each year with an initial capacity of 50 entrants per seminar in years 1 and 2, increasing to 75 participants per seminar in years 3 and 4. Revenues of \$ 100.- per person, per seminar, are expected to be generated. The collection of these fees would be promoted not only as payment for the content of the course, but also as a contribution to the overall support of the Institute. (\$ 75.- per course content payment and \$ 25.- for contribution to the Institute). It is envisioned that fees generated from the executive management seminars would be sufficient to cover all costs of the 3-day course in years 3 and 4, by an increase in participation from 50 to 75, and given a reduction in international costs with more qualified Bolivians assuming the role of Seminar Instructors."

Data from the field survey indicate that \$ 100.- per 3-day executive seminar is a much too conservative price, and that such seminars should go for between \$ 200.- and \$ 300.- dollars. One of the reasons for this is that most executives understand and accept the need to underwrite courses for the lowest levels by increasing the prices of these seminars. In addition, they want a sense of a high-class product from the Institute and are generally, willing to pay whatever necessary to get that..

Thus, it is strongly recommended that the executive seminars be kept limited in number but priced at a higher figure. It is believed that this group can and will pay double the price for the sake of establishing the Institute on a firm financial footing. Therefore, the estimated revenue at this level could be doubled.

THIRD SET OF ASSUMPTIONS.

"The small entrepreneurial training program would initially provide for 20 courses per year to be held in 4 cities, with Santa Cruz or Cochabamba as the most likely choice for having two sessions per year, with Tarija or Trinidad hosting a session if warranted by demand. Curriculums would be increased to 32 courses per year in years 3 and 4, with each city offering 8 course sessions annually. Participants in these courses would be expected to pay a fee of \$ 25.- for the six day course, which will generate enough revenue for the Institute to cover slightly more than 1/3 of the cost of the small entrepreneur project component over the life of the project. However, beginning in year 5 tuition fees would increase to \$ 40.- per participant, thereby substantially

improving the self-financing aspect of this level of training. In addition, the cost associated with renting classroom facilities for the small entrepreneur courses would be provided by the local Employer Associations as additional support for the program."

According to the responses obtained in the interviews held during this field survey, the \$ 25.- fee per person per course is too high a price for the small entrepreneurs to pay, although a more thorough study of this level of businesses is recommended so as to define training needs more specifically as well as to be able to arrive at a rational value for these courses. As stated earlier, the strategy which should be used from the outset of the Institute is to charge even higher prices for executive-level seminars, and to try to have as many low-cost middle-level courses as possible to bring in more revenue from those sectors.

At the same time it should be emphasized that the small entrepreneurial training program should not be abandoned. Such programs can indeed become self-supporting especially when linked to certain kinds of credit programs. A new credit program for street-vendors in Santo Domingo, for instance, seems to indicate that programs providing working capital for that sector at reasonable interest rates (i.e., interest rates slightly lower than those paid to neighborhood loan sharks) can cover all administrative costs through interest payment alone. (*) It is strongly recommended that this type of program be investigated as an adjunct to the small entrepreneur training program.

(*) Asociación de Desarrollo de Micro-Empresas, Santo Domingo, República Dominicana.

As stated early in this Chapter, a clear demand for training exists at the level of the smallest enterprises, although the specific parameters of this demand still need to be "flushed out" in order to design this component of the training properly. It is suggested that such investigation should take place during years 1 and 2 of the project, so as to be able to launch a full-fledged program for small proprietors not later than the third year of the project. If such a program is not launched before the fourth year, it is feared that the training program will remain top-heavy, given the structure of Bolivian society. If this occurs, a real opportunity for ^{developing a} program having tremendous employment and income-generation potential could be missed.

FOURTH SET OF ASSUMPTIONS.

"Project management costs for organizing and administering the training program are estimated to run approximately \$ 60,000 per year for staff salaries (Director, Asst. Director/Accountant, Coordinator of Curriculum Development, Secretary and Driver), and approximately \$ 12,000 per year required to support the Institute's overhead and operational expenses. The costs will be offset by AID grant funds and will gradually be financed with contributions from the Bolivian Chamber organizations, the Bolivian and International Business Communities, as well as international philanthropic organizations. Once economies of scale are reached toward the end of year 2 and beginning of year 3, overall program costs per student will be diminished, with increased revenue generation expected to be derived from greater course participation and Bolivian private sector financial support."

This set of assumptions is essentially valid, since people in the Bolivian Chamber organizations and from Bolivian enterprises have expressed a willingness to make yearly contributions for the support of the Institute. Because of the strong interest in the Institute on the part of the Bolivian business community, it is recommended that a schedule of yearly dues be worked out in advance of actually beginning the Institute, in consultation with the interested enterprises and organizations. It has been suggested that such dues could incorporate an incentive system of the following kind: The higher the amount of dues paid, the bigger the discount per course for employees of the organization or enterprise paying those dues. Such a system would have the double advantage of (1) inducing large companies to pay very large dues so as to be able to send more of their employees to courses offered by the Institute; and (2) of drawing more students to courses than might initially enroll if their companies were not promoting the courses from within the enterprise.

In addition to financial contributions in the form of yearly dues, all of the Bolivian chambers and federations have offered contributions in kind to the Institute. These offers have included those of (a) personnel to help in the design of courses; (b) personnel to help in the teaching of courses; (c) classrooms and meeting rooms for the Institute; and (d) help in establishing links with private universities and various public institutions for the use of their facilities if necessary. These offers have not been quantified here, but every employer institution consulted has made ample offers of in-kind support for the Management Training Institute.

Santa Cruz leads the way in this respect because of the existence of a Private University founded by the business leaders in the community (as well as the existence of an organization called CIDEP -the "Centro Impulsor de Educación Profesional"-, which is a small foundation supported by the regional Development Corporation which provides educational credit to professionals in the region).

It is recommended that the facilities, personnel, and structure of these two institutes be thoroughly investigated when beginning operations in this region since this was somewhat outside of the scope of work of the present contract. Important entrepreneurs in the region have said that CIDEP does not in any way respond to the real needs of the enterprises in the region where training is concerned; however, it is possible that their infrastructure could be used for classes and/or for channelling new kinds of educational credit, such as to help support the program for small entrepreneurs. In any case, the possible contributions from such sources should be more thoroughly investigated.

In summary, the Bolivian Management Training Institute does have the potential of becoming self-financing by the end of the fourth year of operation, since the Project Design is consistent with the nature of the demand at each level of training. With an appropriate promotional strategy the high levels of interest can be maintained and amplified over the life of the Project. In addition, there is sufficient interest in the Project at the level of Bolivian Employer Associations to build an adequate financial base for the Project.

CHAPTER III

GENERAL CONCLUSIONS AND RECOMMENDATIONS

In general the Project Design for the new Bolivian Management Training Institute corresponds to identified needs in the private sector. It would provide a forum for members of the private sector to explore the possible shape of new banking laws, control policies, revisions of foreign exchange regulations, etc., in order to make concrete recommendations to members of the government. It would also help the private sector to make more efficient use of new technology, and assist the sector in overcoming the negative aspects inherent in the family organization of its business. Most of all the Project would help the private sector to overcome the serious deficiencies in management described previously, so as to become more efficient and productive in its activity. Such productivity would seek to close the gap in local markets as well as increase the level of exports for Bolivia, if external constraints in this area can be overcome.

The effective demand for management training appears at this time to be greatest at the executive and intermediate levels, although this is partly a reflection of the sample, where more large and medium-sized firms were interviewed than smaller firms. There also proved to be a greater effective demand at middle-management levels than expected. This is partly because more enterprises are looking to improve their tools of financial planning.

and prediction, so as to gain greater control over their businesses in times of great financial confusion and economic insecurity. For these reasons, it is recommended that a high priority be placed on developing short and effective course modules in all areas of financial planning and accounting. If this is done in a creative way which meets the needs of businesses at different levels, it is believed that the demand at this level will grow rapidly and thereby assure that the Institute will become self-sustaining in a period of 4 years.

As mentioned in a previous section of this Report, there is an important relationship between the need for consciousness-raising at the executive levels and the demand for training at the middle-management levels. The more positive changes in mentality and business perspective that are produced at the top levels of Bolivian business, the more these executives will be willing to invest in training for their personnel at the middle-management levels. This finding is significant in terms of the promotional strategy for the new Institute, as well as for the design of the curriculum for courses at the Executive level.

Also relevant for the design of curriculum is the finding that there is an important management component in the technical courses recommended by agro-industry, medium-scale mining and small enterprise. Many of the industries mentioned need to up-date the technical aspect of middle-management skills in order to keep their enterprises moving forward. Therefore, it is recommended that special attention should be paid to defining the

specific needs in these areas and developing management courses which incorporate technical skills in some areas. This would be especially important in the following sectors:

PROBLEMS AND POTENTIAL IN DIFFERENT SECTORS.

Two of the sectors which should be noted as having tremendous potential for development are poultry-raising and leather-manufacture. Of these the one which needs the most technical assistance related to the improvement of management skills is poultry-raising. These needs are described as follows:

THE POULTRY-RAISING SECTOR.

The poultry-raising sector began a period of accelerated growth in the 1970's, due partly for the demand for chicken as a partial substitute for the consumption of beef. This growth was not accompanied, however, with an infrastructure which permitted sustained development. Thus, one of the principal problems encountered by the sector is a reduced supply of agricultural products which make up the balanced-feed needed to raise poultry (e.g. corn, soya, sorghum). Similarly, the industry has not had a supply of adequate technical training for the management of the poultry. Thus the agro-industries interviewed, in both Cochabamba and in Santa Cruz, coincide in requesting technical training in the management of poultry-raising farms, since no specific instruction in this line of management is presently offered in Bolivia. The management training needs of these industries are thus more technical than administrative.

It should be indicated that this sub-sector is in a growth mode, so there would be a large payoff to such training in terms of the productivity of the sector. It has a great potential in terms of exportation, having already had isolated instances of exporting to Paraguay. Moreover, its potential for growth in terms of the internal market is significant, ^{since} the consumption of chicken has become common in Bolivian households.

LEATHER-CURING AND MANUFACTURING

One of the industries which possesses a comparative advantage within the Industrial Sector is the production of leather and the manufacture of leather products. These products are already exported from Bolivia, but there is still greater potential for exportation in the manufacture of belts, billfolds, card-holders, purses, leather jackets, etc. The exportation of cured leather has been one of Bolivia's traditional exports, but manufactured leather goods have only recently begun to be exported. Excellent artisan ability exists in Bolivia for the manufacture of these goods, as well as a comparative advantage for these exports in terms of price. For this reason, it is believed that it would be advantageous to support this sector so that it will diversify its production and begin to export in large quantities. Among the training needs which exist in this sector are the need to learn more about foreign trade, product design, cutting and sewing techniques, as well as principles of buying, pricing and marketing. There is also a need to reduce some technical limitations related to the production of an acceptable standard of cured leather. Thus, some of the

management problems in this sector are also related to the need for adequate kinds of technical training.

THE METAL-WORKING SECTOR.

This sector represents the industrial line which has been most drastically affected by the economic crisis. According to those interviewed, the activity in this sector has been reduced by more than 50% in the past two years. One of the reasons for this reduction in the productivity of this sector is because many of the raw materials have to be imported and insufficient dollars have been provided by the government for this purpose. Similarly, the activity of the construction sector has reduced its market by about 75% in the past few years, and the metalwork sector had traditionally supplied materials to that sector. Due to this contraction of the market, the fixed costs of the metalwork sector have gone up while inflation raised the prices of raw materials, so the prices which the industry can offer to smaller consumers are not competitive.

Thus, in the situation which this sector now faces, special training is needed in both technical and administrative skills which will allow them to face the present economic crisis more efficiently. Regionally, this sector is more concentrated in La Paz and Cochabamba. A center for the development of this industry (CEDIMA) exists in Cochabamba, so the new Management Training Institute might find a way to coordinate administrative courses for this sector with that institute, which provides only technical training.

SECTORAL DIFFERENCES.

One of the important recommendations which emerged from this survey was the need to emphasize management training in the productive sectors of the economy, since it is in those sectors where the lack of management skills produces the greatest obstacles. This is due, in part, to the fact that the tertiary sectors -i.e. banking and commerce-, have had a comparative advantage over agriculture and industry during the period of rapid inflation. Thus, banking and commerce have expanded during this period, albeit in a speculative fashion. The courses directed toward the tertiary sector should emphasize the ways that they can produce a positive impact on the productive sectors, so that all sectors might begin to work together for the benefit of the Bolivian economy.

REGIONAL DIFFERENCES.

Regarding regional differences, it is strongly recommended that the operation of the Institute be kept sufficiently decentralized to permit an adequate response to the different needs in each Region of the central corridor. Specific ways to do this have been suggested in the body of this Report.

Finally, it is suggested that the first phase of courses at the Executive Level try to capitalize on the new awareness of management deficiencies produced by the economic crisis. Many top-management people have become aware that their old mode of operation is not efficient enough

to carry them through the crisis, even when they do not yet identify the exact nature of their management deficiencies. Thus, a high-level of consciousness-raising should be carried out during the first phase of the Institute's operation.

A P P E N D I X "A"

SUMMARY OF INSTITUTIONS AND
ENTERPRISES INTERVIEWED

S U M M A R Y

ENTERPRISES & INSTITUTIONS VISITED OR INTERVIEWED

L A P A Z - 5 Institutions
11 Enterprises

MEDIUM-SCALE MINING COMPANIES - 3

COMSUR
Alameda Ltda.
INTI RAYMI, S.A.

LARGE INDUSTRY (FOOD PROCESSING) - 1
Compañía Molinera

MEDIUM INDUSTRY (METAL-WORKING) - 1
LIDMEN

SMALL INDUSTRY (TEXTILES & FOOD) - 2
La Lana
Industrias CORONA

COMMERCE - 3

1 large: Gundlach
1 Medium: Casa KAVLIN
1 Small: Algo más

BANKS - 1 (large)
CITIBANK

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S U M M A R Y

ENTERPRISES & INSTITUTIONS VISITED OR INTERVIEWED

SANTA CRUZ - 9 Institutions, 11 Enterprises and brief contact with several more.

LARGE INDUSTRY - 3

Cruceña de Papel
Nutrinal (food processing)
IASA (food processing)

MEDIUM INDUSTRY - 1

Curtiembre Kuljis - Leather

SMALL INDUSTRY - 2

Electrometal - Metal-Working
Química Industrial Santa Cruz - Chemical

FORESTRY - 2

Aserradero MARABOL (Medium) - Extraction
Empresa Maderera El Roble (Small) - Extraction & Treatment

AGROINDUSTRY - 1

Agropecuario Nacional S.A. (Medium)

COMMERCE - 1

CAROHAB (Small)

BANKS - 1 (large)

BANCO DE SANTA CRUZ

S U M M A R Y

ENTERPRISES & INSTITUTIONS VISITED OR INTERVIEWED

COCHABAMBA - 4 Institutions, 12 Enterprises

LARGE INDUSTRY - 4 (Food & Drink Processing)

Taquiña
Industrias Del Valle
ILA (Industrias Lácteas Andinas)
Molinera San Luis

MEDIUM INDUSTRY - 3

Industria de Calzado Venado (Shoes)
Industria Estrella Quilla (Plastic & Rubber Products)
FEMCO (Metal-Working)

SMALL INDUSTRY - 2

MABOL (Leather)
IMSA (Metal-Working)

COMMERCE - 2

Estrella Luminosa (large)
Ferretería Gross (Small/Medium)

AGROINDUSTRY - 1

Complejo Industrial Avícola Rivera (Large)

INSTITUTIONS VISITED

LA PAZ

CHAMBER OF INDUSTRY

Lic. Humberto Fernández S.

AMERICAN-BOLIVIAN CHAMBER OF COMMERCE

Lic. Ricardo Paz Soldán

NATIONAL CHAMBER OF COMMERCE

Dr. René Candia Navarro

ASSOCIATION OF MEDIUM-SCALE MINERS

Dr. Raúl España Smith

CONFEDERATION OF PRIVATE ENTERPRISES

Ing. Fernando Illanes

Ing. Fernando Candia

SANTA CRUZ

FEDERATION OF PRIVATE ENTERPRISES

Sr. Jorge Marcos Salvador, President

Sr. Juan Carlos Landívar, Executive Secretary

CHAMBER OF NATIONAL FORESTRY

Sr. Humberto Castedo L., Manager

ASSOCIATION OF FRUIT & VEGETABLE PRODUCERS

Agr. Arturo Molina, President

CHAMBER OF INDUSTRY & COMMERCE

Lic. Juan Mario Soria Galvarro, Industry Manager

Lic. Arturo Bowles Olhagaray, Export Div.

CHAMBER OF AGRICULTURAL & CATTLE PRODUCERS OF THE EAST (CAO)

Lic. Alfonso Kreidler G., Economical Dept. Chief

Lic. José Guillermo Justiniano S., Manager

CORDECruz (Agriculture Emergency Plan)

Eng. Juan Gálvez Pardo, Executive Director

FEDERACION DE GANADEROS DE SANTA CRUZ

Sr. Freddy Teodovich Ortíz, General Manager

ASOCIACION DE PRODUCTORES EXPORTADORES DE MUEBLES

Lic. Wilfredo Rojo P., General Manager

BUSINESS AND PROFESSIONAL WOMEN ASSOCIATION OF SANTA CRUZ

Julia Casal de Bowles, President

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INSTITUTIONS VISITED

COCHABAMBA

CHAMBER OF INDUSTRY - COCHABAMBA

Lic. Bely Ríos, Manager - Lic. Angel Prada, President

CONFEDERATION OF PRIVATE ENTERPRISES - COCHABAMBA

Dr. Enrique Levy Meruvia, Executive Secretary
Lic. Renán Crespo Suárez, Economical Advisor

DEPARTMENT CHAMBER OF COMMERCE - COCHABAMBA

Dr. Nestor Saavedra, Manager
Sr. Javier Rodriguez, Director

SHOE MANUFACTURERS ASSOCIATION

Sr. Juan Ponce, President

A P P E N D I X "B"

CASE STUDIES OF ENTERPRISES

IN BOLIVIA, MARCH 1984

CASE STUDY N° 1

L A P A Z

ENTERPRISE: Alameda Ltda.
General Manager: Charles S. Williams
Type of Enterprise: Mining Industry
Line: Lead-Silver Primarily

SIZE OF THE INDUSTRY: Small/Medium.

Administrative Staff: 13
Workers: 13 Total 1984: 26

Personnel have been drastically reduced in the past 2 years due to the closing-down of the lead-silver mines and the lazing out of the construction company which was linked to the mine. The enterprise has thus gone from a level of 230 employees to 26 employees over that time -a reduction in personnel of about 80% in just 2 years.

In terms of Capital Investment, the company would be considered medium-sized, with 14 million dollars invested.

ORGANIZATION OF THE ENTERPRISE.

- a) PRINCIPAL ADMINISTRATIVE STAFF: General Manager
Administrative & Finance Manager
Chief Accountant
Bookkeeper
Chief Purchaser
Secretary
- b) AT THE MINE: Administrative Staff
Technicians
Mine-workers

This is not a family enterprise, but a subsidiary of a larger organization called S.J. Grobes Company based in the U.S. The parent company operates mines in various countries through different subsidiaries, so major policy-decisions of Alameda Ltda. reflect the objectives and broader financial planning of S.J. Grobes, which will look for efficient operations which allow for fairly high profit-margins.

PROJECTION OF THE ENTERPRISE.

Although the economic crisis in Bolivia has brought about a drastic reduction in all levels of Alameda Limitada's operations, there exist two possibilities for "gearing up" the operation again in Bolivia.

1. One option is to re-open the Lead-Silver mine.
The conditions which are necessary for this to occur are as follows:
 - a) The Bolivian government must be cooperative;

- b) A competitive exchange rate is needed;
 - c) There must be guaranteed availability of U.S. dollars for debt-repayment and for the purchase of consumables each month;
 - d) There must be competitive prices from Bolivian smelters - i.e., better than the present rate of 41 ¢ (cents in U.S. currency) per ton.
2. The second gearing-up possibility relates to a new Potassium-Lithium-Boric Acid mining venture in Bolivia.
- a) This possibility has been under study since 1979.
 - b) Alameda is trying to get the Bolivian government to go for an international bid for the product of this venture. If such a bid is successful, Alameda could shift most of its efforts in that direction.

LEVEL OF PREPARATION OF PERSONNEL.

The executive personnel seem to have ample experience and specialization in their line of work. They also believe that their accountants have a good basic professional background and that the secretarial skills represented in the company are adequate. Nevertheless, they do note deficiencies in the skills represented at various levels of their organization. Many of the gaps noted are indicative of broader constraints for operating businesses within the Bolivian context, but the managers believe that the new institute might reduce these constraints by offering training in the areas which are indicated below.

COURSES OF INTEREST TO THE ENTERPRISE.

- 1) Accounting during periods of high inflation;
- 2) Organizational Training and LOGISTICS;
- 3) Personnel Management;
- 4) Inventory control and warehousing;
- 5) Systems of Purchasing and Pricing.

The managers note that Bolivia has no real system of warehousing, charge-accounts, or pricing by telephone, so that everything in the area of purchasing must be done in person almost in a "trading mode". The lack of systematic and generalized procedures in these areas make all related operations awkward, time-consuming and costly. Thus, it is believed that courses to systematize procedures in these areas to many levels of management in all sectors could vastly enhance the business environment in Bolivia.

DURATION AND SCHEDULES FOR COURSES.

The best time for all mid-management level courses is after 5:00 P.M. The enterprise cannot afford to let employees go full-time except for about one week per year. Weekends are fine for Executive Seminars.

SUGGESTED COSTS FOR COURSES.

A maximum of between \$b 100,000.- and \$b 250,000 can be paid for 10-day, 2 week courses for mid-level personnel.

A maximum of US\$ 200.- can be paid for Executive Seminars.

HELP OFFERED.

The enterprise would be willing to pay yearly dues if this meant lower prices per person/per course for their employees.

CASE STUDY N° 2

LA PAZ

ENTERPRISE: Industrias Corona Ltda.
Owner/Manager: Sr. René Freidheim R.
Type of Enterprise: Industrial
Industrial Line: Food Processing
Products: Molded Chocolates: Different kinds, sizes, shapes, and different kinds of preparation.

SIZE OF THE ENTERPRISE: Small

Total Personnel: 21 people
Administrative Staff: 2
Sales Personnel: 3
Workers: 16

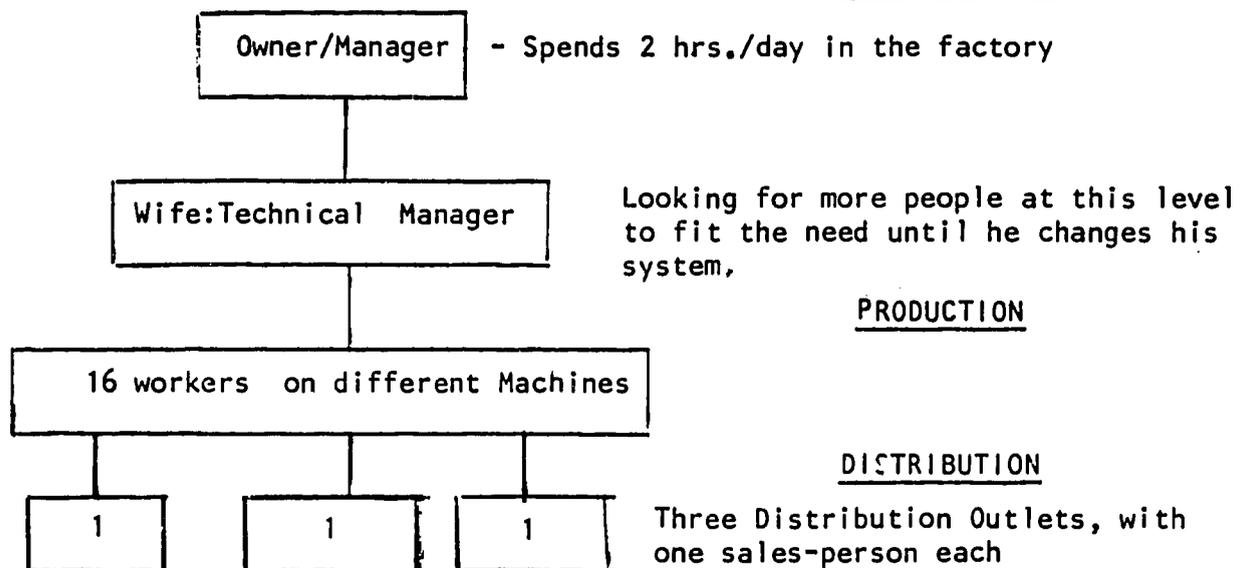
ORGANIZATION OF THE ENTERPRISE.

This is a family enterprise with relatively low production and distribution costs, high (and increasing) volume of sales, high profit-margin. It is moving toward becoming more capital-intensive to further cut production costs and increase profit-margin even more.

The administrative production and commercialization functions of the enterprise are presently structural as shown in the following diagram. The owner/manager and his wife presently supervise in person all aspects of the industry from decision-making to production to commercialization of their products.

STRUCTURE:

FUNCTIONS
ADMINISTRATION



PROJECTION OF THE ENTERPRISE.

- a) To computerize administrative functions so as to cut costs in administrative personnel. (The administrative personnel have already been reduced to the bare minimum to cut costs).
- b) To invest in more efficient production machinery and become more capital-intensive.

- Their market has expanded because of inflation, so the chief goal is to increase production.
- 99% of his raw material is national in origin so he does not have the problems with imports which other industries have.

- c) TO KEEP DISTRIBUTION COSTS LOW BY MANAGING HIS OWN DISTRIBUTION OUTLETS ON THE NEED FOR A MANAGEMENT TRAINING INSTITUTE IN BOLIVIA.

It is a challenge for entrepreneurs to work in Bolivia because the flow of imports, productivity, etc., is so different than in other countries.

- A great deal of imagination is needed to handle the real conditions that business face here.
- For example, great ingenuity is needed just to keep machinery going, since there are few parts available for most machines.
- Also, there is a gap between Top Management and the workers since the Medium-level technicians do not have entrepreneurial skills or values.
- No one in Bolivia has worried about developing Mid-level Management, which is one reason why family industries continue to be run chiefly by family members. (Difficult to have faith in middle-level managers who do not conceptualize the business as a whole).
- This gap exists in businesses of all sizes.
- The unemployment problem in the country is related to this factor: Only by developing middle-management skills will more positions be developed within industry.
- Because there is no tradition of training at this level, a DIPLOMA or DEGREE of some kind has to be offered to motivate people to get this training.

COURSES NEEDED BY THE ENTERPRISE.

Courses should be focused on what the businesses in Bolivia really need -i.e., on practical issues.

COST OF THE COURSES.

Willing to pay rational prices for the courses offered - amounts equivalent to similar courses offered in Bolivia and higher amounts for developing specialties in areas where no training is offered in Bolivia.

If the Institute begins to produce mid-level managers or technicians at a relatively low cost, all of the factories in Bolivia will begin to send their personnel to the Institute, since there will be less risk of these people later being robbed by other factories.

HELP OFFERED.

Interested in collaborating as a professor for the new institute.

CASE STUDY N° 3

COCHABAMBA

ENTERPRISE: Fábrica de Calzados Venado Ltda.
Manager: Mr. Juan Ponce Balderrama
Type of Enterprise: Industrial
Line: Shoe-Manufacture
Production: Shoes for Men, Women and Children

SIZE OF THE INDUSTRY: Small to Medium Industry

Total Personnel: 66
Administrative Staff: 6
Number of Workers: 60 (Reduced from 110 a few years ago)

PROJECTION OF THE ENTERPRISE.

There basically should be no problems commercializing these products since the shoe industry is considered part of the sector of primary necessities, and the basic raw materials are available. However, the volume of sales was reduced over the past year, primarily because the owner had to change his policy of selling on credit since the inflation rate reduced people's ability to pay their debts on time. Part of the national market had also been the institutional one of making boots, on order, for the Bolivian Army. However, after delivering the last order to this group, the owner has had problems collecting the accumulated debt from the Government sector, so he considers the local market to be more limited now than ever before.

The growth-curve of this industry has been tremendous, but it has been seriously affected by the economic crisis of the past two years. It began as a small shoe-repair shop with only two people and reached a level of manufacturing 600 pairs of shoes in eight hours, with a factory of 110 people. During that period the rubber factory, which produced rubber parts for the shoes, processed 2000 kilos of rubber on a daily basis. Now the rubber factory is completely paralyzed and the shoe factory only produces 200 pairs of shoes per day.

The severe constraints making the rubber factory close down are related to the lack of dollars needed for the importation of raw materials, primarily chemicals needed to process the rubber. Those chemicals previously came from the United States and Germany, whereas Argentina provided the synthetic rubber. The entrepreneur attributes these problems to the unrealistic and unfavorable exchange policies established by the present government. Two results of these problems has been the drastic reduction in the volume of production in the shoe factory, and the related reduction in personnel.

In spite of these problems, this entrepreneur is continuing to import synthetic rubber from Argentina and is optimistic about the possibility of beginning to export shoes to Argentina. His studies indicate that this venture would be profitable, so this will be his next move.

ORGANIZATION OF THE ENTERPRISE.

The enterprise is efficiently organized with three major administrative departments under the direction of the Owner/Manager and his daughter, who performs the function of Executive Secretary, while she studies Business Administration in the Instituto de Educación Bancaria. The three departments are represented as follows:

1. Financial Department, with two people;
2. Sales Department, and
3. Stock Department.

The Owner/Manager, who is himself a technician in shoe-making, performs the function of production manager himself. He handles strictly administrative matters at night and in the early morning, so that he can work directly with his workers during most of the work-hours.

LEVELS OF PREPARATION OF PERSONNEL.

At the executive level there exists an enormous amount of practical experience in all aspects of shoe-manufacture and commercialization, including short courses on exportation. However, real specialization in the area of exportation could be of benefit at this level, just as other kinds of expertise could be beneficial at middle-management levels.

In a family business of this kind, where decision-making is concentrated in one or two people, there is generally a significant gap between the accumulated expertise of the owner-manager and those at the next level. This entrepreneur displays tremendous knowledge of every aspect of his business but it is unclear to what extent he has passed this knowledge on to other members of his staff. He does, however, indicate a strong desire to upgrade both his skills, as well as those of his staff and others in the sector.

SPECIAL AREAS OF INTEREST.

1. Devising less-cumbersome channels of credit for small producers in the sector;
2. Search for ways to change the laws so that small and medium leather-manufacturers will have more access to the purchase of raw materials;
3. Analysis and evaluation of import and export regulations;

4. The effects of different kinds of incentives on small and medium producers in the sector.
5. Cost-accounting in periods of inflation.

DURATION AND SCHEDULE OF COURSES.

The best time for middle-level courses is after-work-hours. Executive-level courses could be held on weekends.

COST OF COURSES.

Reasonable amounts should be asked for all of the courses. He would provide incentives for his personnel to attend courses of interest. (The smallest producers in the leather manufacturing sector need special incentives because their businesses have become decapitalized due to the economic crisis; many have even had to stop working temporarily to find the financing needed to buy or rent the machines needed to cut the leather).

HELP OFFERED.

As President of the Shoe Manufacturers' Association, he will be glad to help develop the interest of this sector in participating in the new Institution.

RECOMMENDATIONS.

The emphasis of the new institution should definitely be on the productive sectors. One of the most important productive sectors in Cochabamba is that of the various leather-manufacturers, but the real constraints on those industries must be seriously addressed by the Institute for these producers to participate fully in activities and courses of the Institute.

CASE STUDY N° 4

COCHABAMBA

ENTERPRISE: Marroquinería Boliviana S.R.L. "MABOL"
Manager: Sr. Darko Franulic M.
Type of Enterprise: Industrial
Line: Leather Products (except shoes)
Production: Leather Manufacture - Billfolds, Carnet Holders,
Purses, Belts, etc.

SIZE OF THE ENTERPRISE. Small Industry

Total Personnel: 35
Administrative Staff: 3
Number of Workers: 32

PROJECTION OF THE ENTERPRISE.

The enterprise has greatly increased its personnel since it began in 1978 with 3 workers. However, since 1983 it has only maintained constant its personnel, due to the contraction of the internal market and the impossibility of exporting its products at profitable levels. The enterprise exported successfully to the Venezuelan market.

The machinery used by the enterprise could be characterized as relatively modern and intensive. At present it is only being used at 50% of its actual capacity.

ORGANIZATION OF THE ENTERPRISE.

The enterprise is organized efficiently and has developed the best way of commercializing its product. However, it is evident that the total responsibility for decision-making rests with the Manager, and that there is a major gap at the level of Middle-Management.

LEVELS OF PREPARATION OF PERSONNEL.

At the executive level there is some practical experience and preparation through short courses on exportation, but real specialization in this area is lacking. Similarly, at the level of middle management, there is a lack of specialization in the actual work of the enterprise.

INTEREST IN MANAGEMENT TRAINING.

The entrepreneur demonstrates great interest in getting training for himself and his personnel in various aspects of foreign trade (imports and exports), so he has requested that courses in the following subjects be provided by the new Institute:

1. Managing Foreign Trade Documents;
2. Analysis and Evaluation of Courses on Exportation;
3. Cost-accounting during periods of inflation;
4. Successful participation in Trade Fairs.

DURATION AND SCHEDULE OF COURSES.

At the executive level a maximum of one week after work hours is suggested. At the level of employees, special permissions of 3 hours per work-week could be provided if necessary.

SUGGESTED COST FOR COURSES.

The enterprise would pay the real cost of the executive-level courses and up to \$b 30,000.- pesos per course for its employees (at the exchange rate of March 30, 1984).

The entrepreneur considers that those in the leather-industry will respond to the courses he has suggested by at least 50%.

RECOMMENDATIONS OF THE ENTREPRENEUR.

The courses should be delivered in "the language of Bolivian entrepreneurs" and with examples from the Bolivian economic context.

OBSERVATIONS.

The enterprise has oriented its production to the export market, hence at the moment it cannot increase its production because of the constraints on exports at present (given the real price of currency at present). Nevertheless, this enterprise could be a leader of small industry in Bolivia which could share its experience with others, showing them how to achieve efficient production methods.

CASE STUDY N° 5

SANTA CRUZ

ENTERPRISE: Industrias Electrometal Ltda.
Type of enterprise: Industrial
Line: Metal Manufacturing
Production: Manufacture of metal furniture for the home, for offices and for hospitals. Olympic equipment, metal doors, electric panels ("tableros")

SIZE OF THE ENTERPRISE: Small Industry
(Located in the Industrial Park)

Total Personnel: 8
Administrative staff: 6
Number of workers: 2

The enterprise has reduced its personnel since 1981, when it had 12 workers and a perspective of growth ahead. Nevertheless, due to the contraction of the market because of the economic crisis, and the lack of adequate financial support, it now faces the possibility of financial collapse.

The enterprise has the machinery necessary to carry out its production, although not modern machinery. Some of the machinery is not being utilized at this time because of the lack of a market for some products, so that the factory is functioning only at about 10-20% of the capacity of its installation.

One of eight metal/manufacturing industries in Santa Cruz, this enterprise is one of the smallest in that category.

ORGANIZATION OF THE ENTERPRISE.

The enterprise is a family business in which the owner works as manager and his children carry out administrative tasks. The organization is vertical with all the problems of an entrepreneur developing a small industry, who has to carry out all of the administrative work, from General Manager to Production Manager to Commercialization of his products, etc.

Thus, it could be observed that serious administrative deficiencies exist in the organization of the enterprise, such as in the way of doing accounting, the way of calculating costs, etc. In addition, the enterprise does not have its own channels for commercializing its products. Even the physical distribution of the machinery does not allow for comfortable working conditions.

It should be indicated, however, that if offered training relevant to its task, and supported with appropriate forms of credit, the enterprise could increase its productivity since it has the capacity to manufacture different articles, such as tricycles for children, for example. If offered the training and resources to diversify its production and develop its own channels of commercialization, the enterprise could still achieve productive efficiency and survive.

LEVEL OF PREPARATION OF PERSONNEL.

The administrative personnel has a basic preparation as well as a great deal of practical experience. The workers do not have adequate technical preparation. Although they are trained laborers, they have not had specialized training in some of the specialty areas of the work involved in the factory.

INTEREST IN TRAINING

The kinds of courses suggested by the entrepreneurs as courses which would be useful to him and his personnel are as follows:

1. Basic and Middle-Level Accounting
2. Reading and interpretation of graphs for machinery
3. Elaboration of Costs and Prices for Buying and Selling
4. How to make steel Molds for Machinery Parts ("Matricería")

DURATION AND SCHEDULES FOR COURSES.

For medium and lower-level personnel course schedules held after hours are preferable. However, depending on the specific course and its importance, the entrepreneur could allow half-days for his personnel to take the courses, suggesting that they be of rational duration.

For executive-level courses weekends are preferred, full-time, or courses of 15 days after office hours. Nevertheless, if the subjects given justify longer lapses of time, he would be willing to adjust his schedules accordingly.

SUGGESTED COSTS.

The enterprise is willing to pay up to \$b 50,000.- pesos per course for its executive and up to \$b 30,000.- pesos for its employees.

RECOMMENDATIONS OF THE ENTREPRENEUR.

The courses and seminars should essentially be practical, not academic, and taught in a way that what is learned can be easily understood and applied.

It is also noted by the entrepreneur that the training and the suggestions on how to improve the business are not sufficient in and of themselves. Such training needs to be accompanied by some form of financial assistance in order to put into practice what is learned.

OBSERVATIONS.

The entrepreneur says that his problems and their possible solutions are not being adequately attended to by his Chamber, so that small industry has no official support. He also says that the Industrial Park has not offered any support to small industry. Thus, small industry has neither private nor government support, so he believes that only by organizing and grouping together will small industry be able to survive the crisis.

The entrepreneur could provide the connection necessary to make plans for training in small industry in the region of Santa Cruz, and particularly in the Industrial Park.

Similarly, it would be convenient to develop a permanent Exposition or Sales Center for products manufactured by small industry.

CASE STUDY N° 6

SANTA CRUZ

ENTERPRISE: Agropecuaria Nacional S.A. "ANSA"
Manager: Ing. Miguel Ferreira
Interviewed: Lic. Edgardo Oviedo
Type of Enterprise: Agroindustry
Line: Poultry Raising
Production: Baby chicks, raising of reproducing chickens, broiling chickens and "Ponedoras" (Egg-laying chickens)

SIZE OF THE ENTERPRISE: Medium

Total Personnel: 50
Administrative Staff: 10
Number of Workers: 40

The enterprise has maintained the level of its personnel during the past 2 years, without adding new people. The technology employed in its incubation plants are modern and require constant maintenance. This enterprise is actually one of the largest of 9 agroindustries in Santa Cruz.

ORGANIZATION OF THE ENTERPRISE.

The enterprise is organized horizontally, so that decision-making can be carried out by teams of people. Similarly, they have their own distribution channels in the interior of the Republic for the commercialization of their products.

LEVEL OF PREPARATION OF PERSONNEL.

The executive and technical personnel have professional backgrounds and experience in the raising of poultry. Nevertheless, neither the mid-level technicians or support personnel have any real specialization.

INTEREST IN TRAINING.

The enterprise has sent its technical personnel for training but not its middle-level managers, since there is a lack of courses adequate for that personnel. Therefore, it is interested in sending its middle-level managers for training, depending on the functions of the employee and the importance of the course. They believe that the Poultry-Raising sector would probably respond to the following kinds of training at about 50% of their capacity.

SPECIFIC COURSES OF INTEREST TO THIS SECTOR.

1. Maintenance systems for Incubation Plants
2. Hygienic attention and management of fowl
3. Packaging and preservation for eggs and fowl
4. Vitamin preparations for fowl
5. Industrial Hygiene and Security Systems
6. Cost-Accounting in periods of inflation
7. Financial planning in periods of inflation

DURATION AND SHCEDULE OF COURSES.

For executive-level courses intensive weekend seminars are suggested, or courses after office hours with a maximum of one week duration. For courses for personnel at all other levels the enterprise could provide permission to be absent from work to attend courses up to half-time during a lapse of 15 days (2 weeks).

SUGGESTED COSTS FOR COURSES.

For executive-level and middle-management level courses the enterprise would pay the real cost of each course, whenever such courses are beneficial to the enterprise.

RECOMMENDATIONS OF THE ENTERPRISE.

It is necessary that the courses offered be practical in their orientation.

OBSERVATIONS.

The enterprise has exported baby-chicks to Paraguay, and it has the capacity to increase its productivity. Hence, it is suggested that it should receive support in the form of training of its middle-level personnel.

CASE STUDY N° 7

SANTA CRUZ

ENTERPRISE: NUTRINAL S.R.L.
Manager: Sr. Pedro Bleyer P.
Type of Enterprise: Industrial
Line: Manufacture of Animal Feed
Production: Balanced Feed for Animals and corral fowl

SIZE OF THE ENTERPRISE: Large (on First Category) in terms of Capital Investment.

Total Personnel: 83
Administrative Staff: 38
Number of workers: 45

The enterprise has increased its activity since 1982, when it had 50 workers. It employs modern technology, so its productivity could increase without employing more workers. This enterprise is one of the four largest of 8 manufacturers of animal feed in Santa Cruz.

ORGANIZATION OF THE ENTERPRISE.

This is a family enterprise which is organized in such a way that decisions fall to family members who carry them out. It has not sent its middle-level personnel for any training because the specific subjects which would be of interest to the enterprise are not available.

LEVEL OF PREPARATION OF PERSONNEL.

Both executive and middle-level personnel have professional training, but they have not had a chance for up-grading or complementing their professional skills, so certain areas of training are recommended.

INTEREST IN TRAINING.

There is an interest in courses and/or seminars which are practical and specific in focus, not any interest in courses which are general in character. The principal topics of interest to the enterprise at this time are as follows:

1. Cost Accounting during periods of inflation
2. Information and Analysis for Executives
3. Courses for Computer Operators
4. Replacement Costs in Periods of Inflation

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DURATION AND SCHEDULE FOR COURSES.

At the executive level intensive weekend seminars, in locations where interruptions are unlikely, are considered most efficient. For the other levels course-schedules after work hours are considered most viable, with a maximum course-duration of 30 days.

SUGGESTED COSTS.

The course fees for Executive-level courses should reflect the real cost of the courses. For courses offered to personnel at other levels, the enterprise would pay for the course depending on its importance and its duration.

RECOMMENDATION.

The topics and form of the courses should be practical in character and adjusted to the reality of each region and each sector.

CASE STUDY N° 8

COCHABAMBA

ENTERPRISE: Complejo Industrial Avícola Rivera "CIARAVE"
Manager: Ing. Raúl Zegarra
Type of Enterprise: Agroindustry (Line: Poultry-Raising)
Production: 120,000 baby chicks per month
100,000 broiling chickens per month
Balanced feed to meet their own necessities.

SIZE OF THE ENTERPRISE: Large (First Category)

Total Personnel: 181 people
Administrative Staff: 12
Middle-Level Technicians: 9
Number of Workers: 160

PROJECTION OF THE ENTERPRISE:

The enterprise is integrated in its production and possesses modern machinery and equipment. It has maintained the level of its personnel over the past two years and is now planning to increase production, with the perspective of beginning to export baby chicks to Paraguay.

ORGANIZATION OF THE ENTERPRISE:

The enterprise is organized efficiently and all decisions are made in teams, with consultation by the technicians involved with the technical aspects of production. Thus, there is a relatively high degree of efficiency in the production and commercialization of their products.

The enterprise is actually a subsidiary of a larger company, Lohmann of Germany, so it is managed with a commercial perspective which is quite different from that of enterprises which have developed out of the small family-enterprise model. It is fairly capital-intensive and technical in its approach to production and commercialization.

LEVELS OF PREPARATION OF PERSONNEL:

The executive personnel has ample experience and adequate specialization in this line of work. However, deficiencies exist at the level of the support staff. The Manager notes that training is definitely needed from the mid-level technicians on down to the workers.

COURSES NEEDED BY THE ENTERPRISE:

- 1) Farm management techniques (for plant Managers);
- 2) Management of raw materials (for preparation of balanced feed);
- 3) Training in Hygiene for fowl;
- 4) Acquisitions and Inventory Control;
- 5) Cost-Accounting in Periods of Inflation.

DURATION AND SCHEDULES FOR COURSES:

For mid-level personnel a course-schedule after office hours is suggested, with course duration of about one month per course.

For executive-level courses a maximum of two days (full time) is considered most adequate, depending on the topic and importance of the course.

For the highest level technicians it is still considered important to provide scholarships for these people to study specialties abroad.

SUGGESTED COSTS FOR COURSES:

The enterprise will pay the real cost of executive-level courses and a reasonable value for all other levels of training.

RECOMMENDATIONS:

The training offered by the Institute should place major emphasis on Middle-Level Management Training.

OBSERVATIONS:

This enterprise is being managed efficiently and appears to be a leader within the sector of agroindustry, so its collaboration should be sought in the area of curriculum design for the new Institute.

CASE STUDY N° 9

COCHABAMBA

ENTERPRISE: Industria Estrella-Quilla Ltda.
General Manager: Sr. Jaime Quilla
Type of Enterprise: Industrial
Industrial Line: CIIU 3559 - Manufacture of Rubber and Plastic Products (caucho).
Products: Main Line: Balloons, gloves, rubber balls, serpentine.
Secondary Products: Toilet paper, rubber bands, plastic toys, replacements for certain types of vehicles.

SIZE OF THE ENTERPRISE:

Administrative Staff: 4
Number of workers: 20 Total 1984: 24 people

In 1983 the industry occupied a total of 15 people, of which 3 were administrative personnel and 12 were workers (according to the Gufa Industrial de la Cámara Nacional de Industrias). The personnel occupied in 1984 has increased by 33% in terms of administrative staff and by 67% in terms of workers. This growth is due to an increase in production over this period, which is related to the fact that it is the only factory in Bolivia which produces these plastic and rubber products.

According to number of workers the industry would be considered "small industry" in terms of ILO guidelines. However, it should be noted that this industry, which began in 1977 producing only rubber balloons, was able to increase and diversify its production through adopting a capital-intensive growth-strategy rather than through labor-intensive methods. It acquired largely automatic German machinery which uses Brazilian-made accessories, so fewer workers are needed in the productive plant.

Thus, the industry is considered "large" (on First Category) in terms of Capital Investment, and "small" in terms of numbers of employees. (Both investments and sales have increased by about 40 to 50% since 1980).

PROBLEMS OF THE INDUSTRY:

The replacement parts needed for the modern machinery used create some problem for this industry during times of high inflation and restrictions on imports, since the more sophisticated parts have to be imported from Brazil or Argentina. (The smaller, less sophisticated parts are made specifically for the factory by workshops in Bolivia).

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The present economic crisis has affected the industry's sales to some extent, but not as much as in the case of other industries, since it is the only enterprise in the country which procures these particular plastic and rubber products. In addition to the fact that it has not had to struggle to maintain its place in a reduced competitive market, the owners of the industry also fought the effects of inflation by using their own commercial outlet for their products: a commercial enterprise called "Estrella Luminosa Ltda." (described in a separate CASE STUDY).

Perhaps the biggest problem facing the industry at this time is related to the unfavorable exchange-rate of the Bolivian peso, and other restrictions related to imports, since about 90% of the raw materials used in production are imported.

PROJECTIONS OF THE INDUSTRY:

The enterprise has two projects for the immediate future: The production of plastic tricycles and the production of fiber-glass aprons. Neither of these products would face competition from national industry in Bolivia. There is the expectation that the plastic tricycles could also be exported.

ORGANIZATION OF THE ENTERPRISE:

The enterprise was organized with the explicit purpose of limiting and/or substituting the importation of certain plastic and rubber products. In previous years about 50% of the raw-materials used in production were of national origin, but the availability of some of these raw materials has been greatly reduced in recent years. Thus, increases in the costs of raw-materials had to be balanced by lowering other production-costs, which led to the capital-intensive strategy which allowed labor-costs to be drastically reduced.

Some of the products manufactured also require linkages to other national industries. For example, dolls-clothing is made by another national industry.

ADMINISTRATIVE STAFF:

In line with the policy of keeping salary costs as low as possible, the administrative staff is limited to four executives who carry out all of the managerial functions. There is an Administrative President who oversees the functions of the Administrative Manager & the Financial Manager. Then, there is a General Manager who is also the Production Manager for the productive plant. All of these people are professionals, whereas those at the middle and lower levels are not. The enterprise has trained its lower-level personnel in the specific functions to be carried out within the enterprise. Some are continuing their studies on a part-time basis.

COURSES OF INTEREST TO THE ENTREPRENEUR:

- 1) Toy decoration;
- 2) Management of Kardex Systems;
- 3) Inventory Control;
- 4) Cost-Accounting;
- 5) Production costs in times of Inflation;

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- 6) Planning/programming of Production
- 7) Information systems for decision-making.

Courses should be held after 4:00 or 5:00 P.M. and, in general, they should be short and intensive. Regular vacation periods of the enterprise could also be used for courses; these vacations are usually in March or April, depending on the dates of Carnival. Weekends are fine for Executive-level courses.

COST OF THE COURSES:

The entrepreneur is willing to help pay for its employees to take courses related to its needs.

RECOMMENDATION:

The courses should be announced to all industrial sectors with advance notice.

CASE STUDY N° 10

L A P A Z

ENTERPRISE: Citibank
Vice-President: Sr. Gonzalo Paz
Type of Enterprise: Financial Sector (Private)
Line: Wholesale sector, Public sector and Financial Sector

SIZE OF THE ENTERPRISE. Large

Total personnel: 32 (to be increased to 34 by end of 1984)
Executive Staff:
Lower Levels:

Personnel reduced from 130 in 1972-73 to 32 in 1984, through a change in strategy and technology.

The enterprise should be considered large in terms of volume of business, now centered in La Paz.

ORGANIZATION OF THE ENTERPRISE.

Growth of this enterprise should be measured in terms of volume of business rather than numbers of personnel. The period between 1966 and 1972 was a period of expansion to meet private banking needs in Santa Cruz and Cochabamba. The period between 1973-1984 represented a time of consolidation of financial operations in more restricted sectors of the Bolivian economy. The change in strategy was also accompanied by a change in technology, which are both described below.

CHANGE IN STRATEGY. Around 1972-73: CONSOLIDATION.

- Operations made more intensive
- Entered the wholesale sector, the public sector and financial sector.
- Restricted many services to concentrate on the more profitable markets, based on productivity studies.

CHANGE IN TECHNOLOGY.

- From Personal Banking to Computerized Banking.
- This resulted in a major reduction of personnel (from 130 to 32-34)
- They have a permanent training system: All Management level personnel take courses each year. (A system of INTENSIVE SEMINARS AND ON-THE-JOB TRAINING).

CONCERNING MANAGEMENT TRAINING NEEDS IN BOLIVIA.

- Capable people but little matching of human resources with specific productive objectives.
- Good empirical knowledge at Middle-Management Levels, but they do not know the LANGUAGE OF TOP-MANAGEMENT.
- There are good accountants, auditors, lawyers, economists, etc. BUT LITTLE ORGANIZATION TO MEET SPECIFIC OBJECTIVES.

THE BASIC KINDS OF TRAINING NEEDED.

- 1) Organizational Administration
 - 2) Financial planning (adjusting products to the real conditions of the country.
 - 3) Personnel Management (*)
 - 4) Technological courses also needed. Eg. Computer Software
 - 5) Courses in Business ETHICS also needed, at all levels.
- (*) CONSCIOUSNESS-RAISING needed at TOP-MANAGEMENT LEVEL so that Top-Management will move out of the academic sphere into the pragmatic sphere, thereby beginning to speak the same language as Middle-Management. (get rid of titles, etc.).

RECOMMENDATIONS.

- Courses should be small, intensive and participatory: 15-20 people per course, maximum (full-time for 2-3 weeks)
- Should have consultants give intensive courses, from within the business community in Bolivia.
- Courses should be offered to people in the Government, with the following objectives:
 - 1) Better regulatory laws;
 - 2) More efficient government businesses.

HELP OFFERED.

Can offer a course in STRATEGIC PLANNING, help design curriculum, and perhaps give other courses.

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