

PN-ABG-738

69273

Administrative Study for
the Ecuadorean Graduate Management
Program

Prepared by
the University of Houston, Indiana
University and Florida International University

January 31, 1986

REI No. ROD/LAC-85-002

Table of Contents

Executive Summary	1
Introduction	3
I. Mission and Scope Statement	7
II. Consortium Administration	12
III. Project Administration	15
IV. Instructional Administration	34
V. Implementation Schedule	38
VI. Evaluation Plan	64
Appendix I Administrative Structure of INCAE	67
Appendix II The Fundacion Privada Ecuatoriana	78
Appendix III Guidelines for Evaluation	82

Executive Summary

This study describes the organizational structures required to develop a free standing Ecuadorean Graduate Management Program. It defines the management mechanisms for the Consortium, for project management, and for the GMP once it achieves independent status. The Consortium will carry out oversight functions through an executive committee composed of representatives of the participating institutions. Direct management responsibilities are assigned to the Dean of the College of Business Administration, University of Houston, University Park, the Chief of Party, and the Principal Investigator.

In the implementation phase of the project the Chief of Party will be the chief administrative officer for the school, with his responsibilities gradually being transferred to an Ecuadorean Rector. Middle management functions will be carried out by an Academic and an Administrative Director. Local oversight will be the responsibility of a Junta Ejecutiva which represents the institution's Board of Trustees. By the end of the five year implementation phase the Rector will have assumed full management responsibility for the school, and the GMP will be functioning as a free standing institution.

This study also provides an implementation schedule for the critical path items, and tasks which must be accomplished

before the first class enters the school in June 1987. These items and tasks are delineated in a series of PERT and GANTT charts which indicate the interfacing of the tasks, and the time required for their accomplishment. The study concludes with an evaluation plan that describes a series of progress reports that will be provided over the life of the project to ensure its proper and timely development.

Administrative Study

Introduction

The administrative structure designed for the Ecuadorean GMP is based on the conclusions of the Institutional and Financial studies and the requirements of the collaborative assistance mode. In terms of the Institutional and Financial studies, the structure is geared to the creation of an Ecuadorean managed, independent, privately funded program of high quality. At the same time the administrative design seeks to address issues inherent in the collaborative assistance mode: management of the inputs of the Consortium, the Fundacion and AID, the relationship between the Consortium and the Board of Trustees in the implementation phase of the project, the need for the GMP to evolve into a purely Ecuadorean program, and the role of AID in the development of the program.

One of the most critical issues for the administration of the project is the need to incorporate the inputs of AID, the Fundacion Privada Ecuatoriana and the Consortium. This is further complicated by the fact that the Consortium itself is a cooperative venture by several different academic institutions. The administrative structure must on the one hand insure that each entity effectively contributes to the project, and exercises appropriate oversight and review responsibilities. At the same time there must be direct

lines of authority established so that effective day to day management of the project is assured. Therefore, the administrative plan delineates both the contributions of each entity in the collaborative assistance mode, and the administrative and management responsibilities both within the consortium and among the partners of this project during the implementation phase.

A second critical issue in administration of the program is the fact that implementation is a transitional phase in the development of the GMP. In other words the GMP should be evolving toward a point where it becomes an Ecuadorean managed, free standing institution. Therefore the administrative plan describes specific assignments of responsibilities for the program, and provides for shifting of those responsibilities, increasingly into the hands of Ecuadoreans.

A third important area addressed in the study is the structure of the GMP once it has become an independent institution. This requires not only a description of the responsibilities of such elements as the Board of Trustees and the Rector but also a delineation of the relationship between the GMP and the sister institutions which comprise the Consortium. Although the GMP will provide an MBA equivalent program, and some of its functions will replicate those of a U.S. College of Business Administration, it is

also true that it will be distinct in many ways from American institutions and must be structured to function effectively in the Latin American environment. For these reasons, the study team, in preparing the design for the implementation and free standing phases of the institution, looked closely not only at the administrative mechanisms of American Colleges of Business, but particularly at the administrative structures of INCAE (see Appendix I) a free standing Latin American institution comparable to the planned Ecuadorean GMP.

A fourth topic analyzed in this study is that of scheduling. Clearly, effective planning of the project must include consideration of the critical path items required for establishment of the school and its evolution to a free standing entity, the tasks that must be completed to achieve these goals, and estimates of the time required to carry out the tasks and meet target dates for the major goals.

Finally, to insure that the institution, and its programs are of the highest possible quality, the study incorporates an evaluation plan which describes the mechanisms for insuring that effective management of the program is initiated and maintained throughout the implementation phase and on into the period when the institution become a fully independent one.

This study addresses these issues in the following sections:

- I. Mission and Scope Statement
- II. Consortium Administration
- III. Project Administration
- IV. Institutional Administration
- V. Implementation Schedule
- VI. Evaluation Plan

I. Mission and Scope Statement

Mission

The mission of this project is to establish a small, high quality institution which offers a post graduate program in business administration equivalent to an MBA degree. The program is intended to serve the needs of the Ecuadorean private sector with the potential of expanding to meet needs in the public sector as well. The curriculum will include core courses in management, finance, marketing, accounting, production and strategy, as well as areas of specialization, particularly agribusiness, export marketing and English language training. The curriculum will be characterized by a generalist approach reflected in a balance between functional and policy areas. This same balance will be reflected in pedagogical methodology with the selection of methods (for example, case vs. lecture) driven by the objectives and needs of specific courses. Moreover, the curriculum as a whole will be sensitive to and reflective of the requirements and limitations of the Ecuadorean environment. Course selection and design take into account the characteristics of the potential student population, the needs of the private sector and the characteristics of the Ecuadorean economy.

While the provision of a high quality post graduate program in business administration will remain the primary goal of the new institution, it must also be responsive to

the broader needs of the Ecuadorean business community. To achieve this objective, the institution will maintain close contact with the private sector by incorporating business community representation on governing bodies and advisory boards. In addition, the institution will address the broader needs of the business community by serving as a resource center for the private sector. This will be accomplished through the development of quality faculty and research facilities and the initiation of specific outreach efforts including executive programs, consulting and research.

Scope

The new GMP will offer the equivalent of a U.S. MBA program adapted to Ecuadorean needs. This will require 15 calendar months to complete, assuming minimal vacation time. Enrollments will range from approximately 35 at the outset to a maximum of 90 students over the long term. These figures in part reflect economic considerations, but they are also affected by what must be rigorous admission standards to ensure a quality student body.

The GMP will be a full time program for both students and faculty. In terms of faculty, a Ph.D. degree will be a minimum qualification. Furthermore, a degree of breadth in teaching capabilities will be required of these faculty members to ensure effective coverage of what is defined as

the generalist orientation of the curriculum. Faculty members will also be capable of carrying out a wide range of administrative tasks. Even under these conditions, the program will require a minimum of four full-time faculty members.

Since it is assumed that the program will initially be staffed by non-Ecuadorean faculty, provisions have been made for the training of Ecuadorean students at the Ph.D. level to serve as the permanent faculty of the institution. At least 11 Ecuadoreans will be trained in order to provide a core faculty for the new institution.

Administration

The new institution will be an independent non-degree granting organization, since that status appears to be the most viable under current Ecuadorean conditions and offers the maximum degree of latitude in developing the program. However, its degree granting status may be altered over time if approval of degree granting becomes feasible over the next few years. That issue is addressed in the Ecuadorean Institutions study.

In the implementation phase of the project, the program will be developed by the Fundacion Privada Ecuatoriana in collaborative assistance with the Consortium, led by the University of Houston and including Indiana University and Florida International University. The Instituto

Centroamericano de Administracion de Empresas will also provide assistance in the collaborative mode. Management of the Consortium is the responsibility of an executive committee comprised of representatives of the participating institutions.

Overall governance and policy making for the institution will be vested in a Board of Directors comprised largely of Ecuadoreans but also including representatives of the international academic community. The Board will include some thirty members to ensure broad representation of the Ecuadorean community. However, practical management responsibility will be vested in a Junta Ejecutiva appointed by the Board which will review the Junta's activities.

Initially, management of the institution will be divided between three positions: Chief of Party, Academic Director and Administrative Director. The Chief of Party will be the on-site representative of the Consortium in Ecuador responsible for managing the Consortium's inputs into the project as well as liaison with the Fundacion, other representatives of the Ecuadorean community and AID/Ecuador. The Chief of Party will also serve as the institution's Academic Director. Management of the GMP will be progressively transferred to an Ecuadorean Rector. The Academic Director will work with the Chief of Party in carrying out the development of the GMP. The Administrative

Director will be responsible for managing facilities, support staff and financial operations. An important aspect of the management structure is the transition from its initial form to the free standing position envisioned at the end of the collaborative assistance phase. In addition, an agreement will be finalized to ensure continued cooperation between the GMP and the Consortium's member institutions in the years after the collaborative assistance mode has expired.

II. Consortium Administration

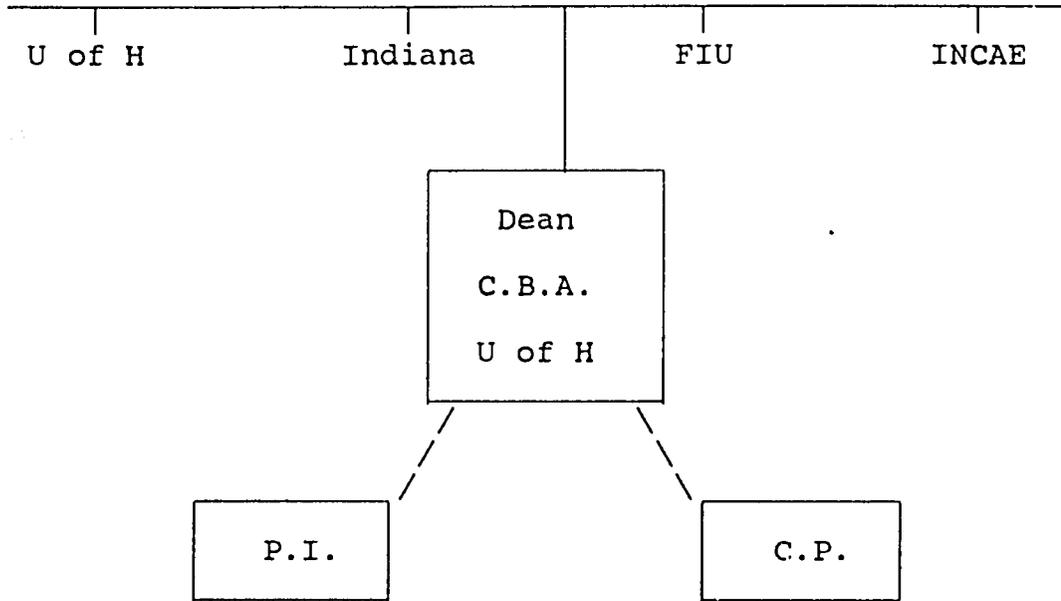
The Consortium involved in the Ecuadorean GMP includes the University of Houston, Indiana University and Florida International University, with additional assistance to be offered by the Instituto Centro Americano de Administracion de Empresas. The Consortium is responsible for the provision of technical assistance to the project. Those contributions are specifically delineated in section III of this study. Management of the Consortium's inputs into the GMP will occur on several different levels as indicated in the Consortium organizational chart (Chart #1).

Oversight of the Consortium and its contributions will be the responsibility of an Executive Committee. Each university will appoint one representative to the Committee which will also include the Principal Investigator who will serve as Chairman of the Committee. The Committee will meet semiannually and will be responsible for long range planning for the Consortium's contributions to the project, quality control, and will assure continued inputs from the members to the project. The three university representatives will also carry out an annual on-site evaluation of the GMP, and will prepare the annual Progress Report described in section VI of this study. The Dean of the College of Business Administration of the University of Houston, University Park will have the direct management responsibility for the

Consortium's inputs. Both the Principal Investigator and Chief of Party will report directly to the Dean on the progress of the project. The Chief of Party will be the on-site representative of the Consortium in Ecuador, responsible for organizing and managing the Consortium's inputs into the project as well as liaison with the FPE, other representatives of the Ecuadorean community, and AID/Quito. He will also serve as the institution's Academic Director. The Principal Investigator will serve as project manager for the program development tasks outlined in the REI, recruitment of faculty and other U.S. personnel, securing of material inputs in the U.S. for the project and will have general sign off authority on Consortium funds before they are expended in the U.S. or Ecuador.

Chart 1
Consortium Administration

Executive Committee



III. Project Administration

The most critical element in the administrative plan is the interaction between the Consortium, the Fundacion and AID. For successful management of the project there must be a clear understanding of the contributions of each entity in the collaborative assistance mode and well defined assignments of responsibilities among the various actors. In addition there must be a description of the manner in which responsibility for the GMP will shift increasingly to the hands of Ecuadoreans, as the Consortium phases out its role in the project. This section of the study addresses those topics in the following subsections.

1. Contributions by Partners in the Collaborative Assistance Mode
2. Organizational Structure for Project Administration
3. Transition Plan

1. Contributions by Partners in the Collaborative Assistance Mode

i. Consortium Contributions

- Secure Chief of Party, Principal Investigator, Faculty and other U.S. personnel required for the GMP

- Assist in obtaining and setting up temporary site, library, computer system and translation facilities.
- Administer funds provided to Consortium by AID as well as any funds generated for the operating expenses of the GMP
- Administer the Academic Program of the GMP
- Train a sufficient number of Ecuadorean Ph.D. candidates to staff the GMP in its independent phase
- Prepare project evaluations in conjunction with the GMP's Junta Ejecativa and AID/Quito

ii. Fundacion/Board of Trustees/Junta Ejecativa

- Establish a separate endowment for the long term support of the GMP
- Carry out fund raising activities to achieve the goals for the endowment specified in the financial plan
- Provide a site for the permanent facility of the GMP

iii. AID/Quito Contributions

- Fund the project during the implementation phase in accordance with the specifications of the Financial Plan

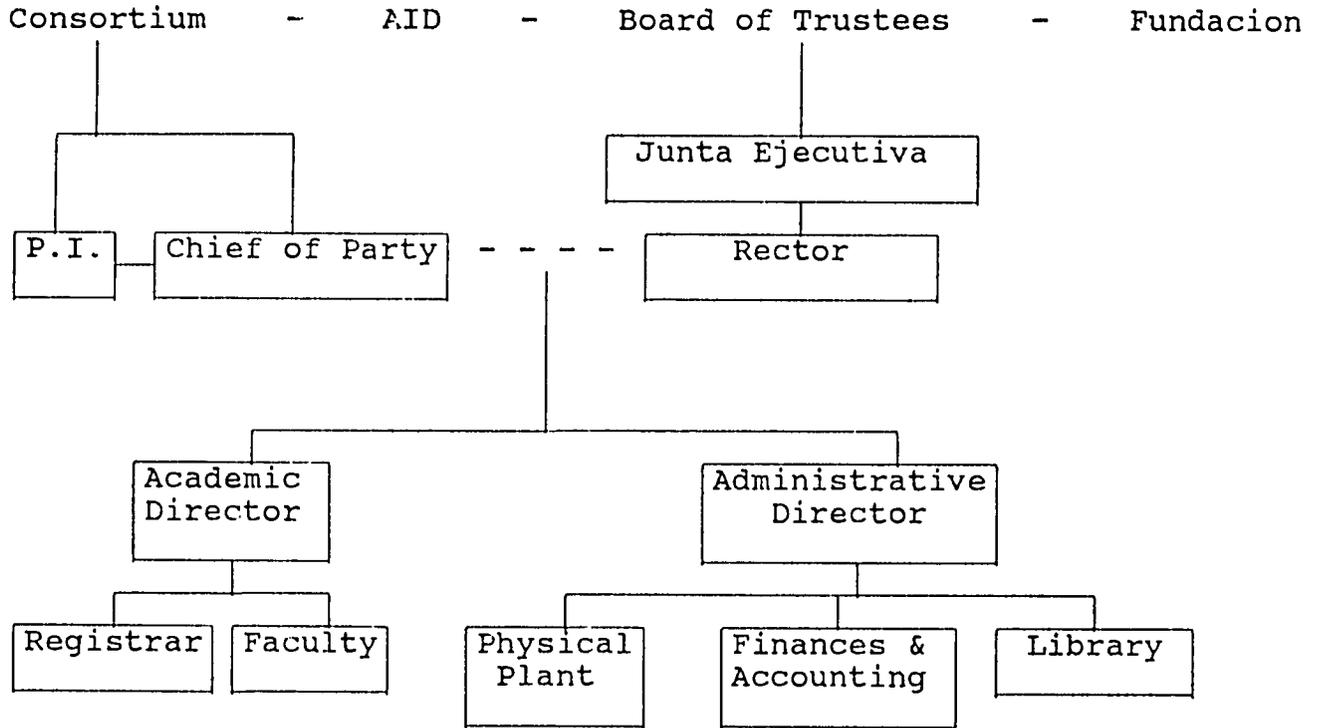
- Evaluate the progress of the project

2. Organizational Structure for Project Administration

This subsection describes the administration of the project by the partners in the collaborative assistance mode, as delineated in the Project Administration Organizational Chart (Chart #2). Specifically it describes the responsibilities of the various administrative elements and their interaction.

US AID will serve not only as the principal financial supporter of the project during implementation but will also review and evaluate the performance of the Consortium and the Fundacion Privada Ecuatoriana in such critical areas as the school's administration, the quality of the masters program and executive programs, financial integrity, fund raising efficiency and the impact of the GMP on Ecuador's economic and social development.

Chart 2
Project Administration



The pivotal Ecuadorean institution in the development of the GMP is the Fundacion Privada Ecuatoriana. Founded in 1983 the Fundacion represents the Ecuadorean private sector and has played the leading role in promoting the project's development and in initial fund raising for the GMP. The history of the Fundacion and its membership is described in greater detail in Appendix II of this study.

As the project moves toward implementation the Fundacion is responsible for the creation of the GMP's Board of Trustees and the selection of its members. The Fundacion is also responsible for legally restructuring the current endowment fund to ensure the exclusive dedication of those monies to the future support of the GMP. During the implementation phase the Fundacion will continue to assist in fund raising for the new institution's endowment. It is also important that the Fundacion seek to expand its membership both to ensure that it is as representative as possible of the Ecuadorean private sector, and to enhance its fund raising capabilities.

The Board of Trustees will serve as the governing body of the GMP. Its members will include current members of the Fundacion, as well as any other individuals selected by a majority vote of existing Fundacion members. It is essential that its members include representatives of the national private sector, public sector, as well as the national and

international academic communities. Since the Fundacion's membership currently numbers twenty, the Board of Trustees under these guidelines will come to number at least thirty. While this expanded group will be more representative of national interests and enhance the fund raising capabilities of the new school, it is also a number that is far too cumbersome for effective oversight of the institution's operations. Therefore, many of the functions traditionally vested in a Board of Trustees will be assigned to a Junta Ejecutiva, designated by the Board of Trustees. The other function of the Board under this plan then is to review and approve the major policy decisions of the Junta Ejecutiva on an annual basis.

The Junta Ejecutiva will consist of five members to be selected by the Board of Trustees. Those members should include four representatives of the national private and public sectors, and a representative of the international academic community. The members of the Junta will each assume specific areas of responsibility for the school's development including: fund raising, liaison with the private sector, institutional administration, academic programs and government relations.

The specific responsibilities of the Junta are described below. It should be noted that in terms of the school's head administrator, the terms Chief of Party and Rector are used

in tandem. This denotes that in the implementation phase of the project, an Ecuadorean Rector will be appointed as soon as a suitable candidate is indentified. The Rector will gradually assume increasing responsibilities until by the end of the project he has assumed full responsibility for the administration of the GMP. This process is described in greater detail in the sections addressing the responsibilities of the Chief of Party and Rector.

The functions of the Junta Ejecutiva are as follows:

- Evaluates and approves strategic decisions by the Chief of Party/Rector
- Studies and approves the annual budget of the GMP
- Is responsible for fund raising
- Advises the Chief of Party/Rector on the needs of the business and academic communities as well as the public sector which can be met by the new institution
- Assists in proposing and selecting the Rector
- Manages the institution's endowment
- Monitors the progress of the project

The principal administrator of the GMP will be the Chief of Party with his responsibilities progressively shifting to an Ecuadorean Rector. The responsibilities of the Chief of

Party at the beginning of implementation are:

- Manages all AID contributed funds and any revenues generated by GMP
- Approves all major financial transactions including loans or fund transfers made by the institution
- Reviews and submits the annual budget for approval by the Junta Ejecutiva
- Makes decisions on hiring and firing of faculty
- Directs development of the academic and executive programs
- Approves major changes in the academic program including curriculum, student admission and performance standards
- Formulates strategy and policies for the institution

The Chief of Party will work closely with the Ecuadorean Rector. The selection of the Rector is of vital importance to the long term success of the GMP. Certain criteria are essential to that selection process. Given the distinctive nature of the GMP, those criteria do not necessarily correspond to the academic credentials (such as a Ph.D. degree) for a Dean of a U.S. College of Business Administration. However, a set of criteria can be established which are most appropriate for the individual who will fill this position. Candidates should possess a Masters Degree, although not necessarily in business. They should have at least twenty years management experience in business and command the respect of their peers in the private sector. They should also have five years or more of at least part-time teaching experience in a university. In addition, they

should be completely bilingual.

Once an appropriate candidate has been selected, he will begin working with the Chief of Party in the development of the GMP. Based on the strengths of the new Rector (extensive experience in the Ecuadorean business community) his first responsibility will involve relations with the private sector. This will include informing the community of the institution's development, encouraging companies to send their employees to the GMP, identifying specific needs of the business community in terms of executive programs and research, and of course, fund raising. At the same time the Rector will begin familiarizing himself with the academic policies and procedures of the new institution. Subsequently he will exercise oversight on the activities of the Administrative Director. In the latter stages of this process he will assume full managerial responsibility for the Administrative Director, the Academic Director, and finally full financial responsibility for the institution.

The middle management level of the institution will consist of two positions: the Academic Director and the Administrative Director. The role of Academic Director, whose responsibilities include the faculty, curriculum, and students will be filled by the Chief of Party until a suitable Ecuadorean candidate is prepared to assume those functions. The Administrative Director, who will be an

Ecuadorean, will be responsible for managing the physical plant, the staff, as well as accounting and financial operations. This post is particularly critical in the early years of the GMP when a number of tasks will be undertaken for the first time, such as importing of equipment, hiring a full staff, site preparation, development and control of a budget, etc. The position requires a manager with a proven record of success and complete familiarity with business practices, personnel procedures and financial operations in Ecuador. The long term responsibilities of the Administrative Director include hiring and management of the staff, administration of the physical plant, the library, reproduction services and the computer system, as well as financial management.

The faculty, in addition to its responsibilities for teaching, course development, student advising, and executive programs has an important role to play in the administration of the school. These responsibilities will be carried out in faculty meetings chaired by the Chief of Party. They include:

- curriculum design
- student admissions and dismissals
- grading systems
- standards for teaching
- all issues relating to academic freedom

The faculty represents the most important means of establishing and maintaining levels of academic excellence which will carry on into the later period when the institution becomes an independent entity. Standards of excellence in teaching, academic objectivity and academic freedom must be put in practice by faculty members and conveyed to their Ecuadorean successors in the implementation phase.

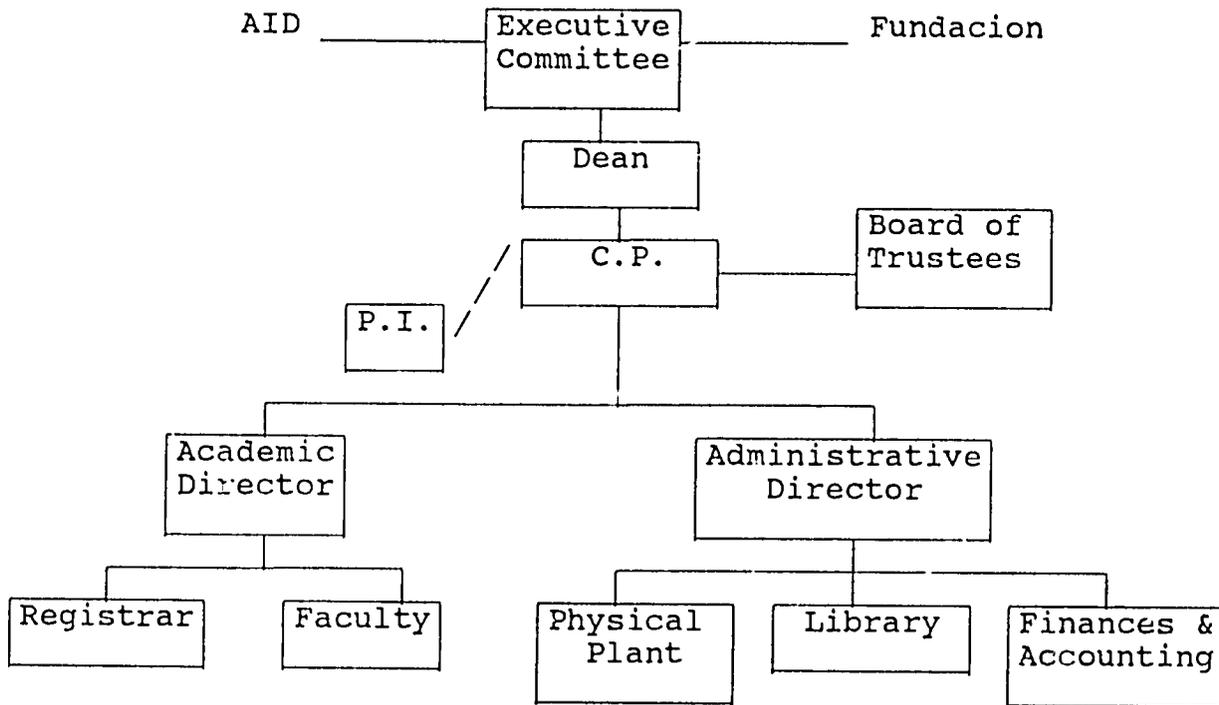
The Registrar, who will report directly to the Chief of Party/Rector, is responsible for processing student applications, admission standards, maintaining student records, verifying student eligibility for graduation and, in conjunction with a faculty member, developing and carrying out a marketing plan for selling the Masters program in Ecuador.

3. Transition Plan

Much of the structure discussed in subsection 2 is dictated by the conclusions of the Ecuadorean Institutions study, which concludes that a free standing institution is the optimum goal for the GMP. Creation of a Board of Trustees, a Rector, Academic and Administrative Directors and the tasks assigned to them closely parallel the organizational design of such institutions as INCAE and are similar to academic administrative structures in the United States. However, because the GMP, during the implementation

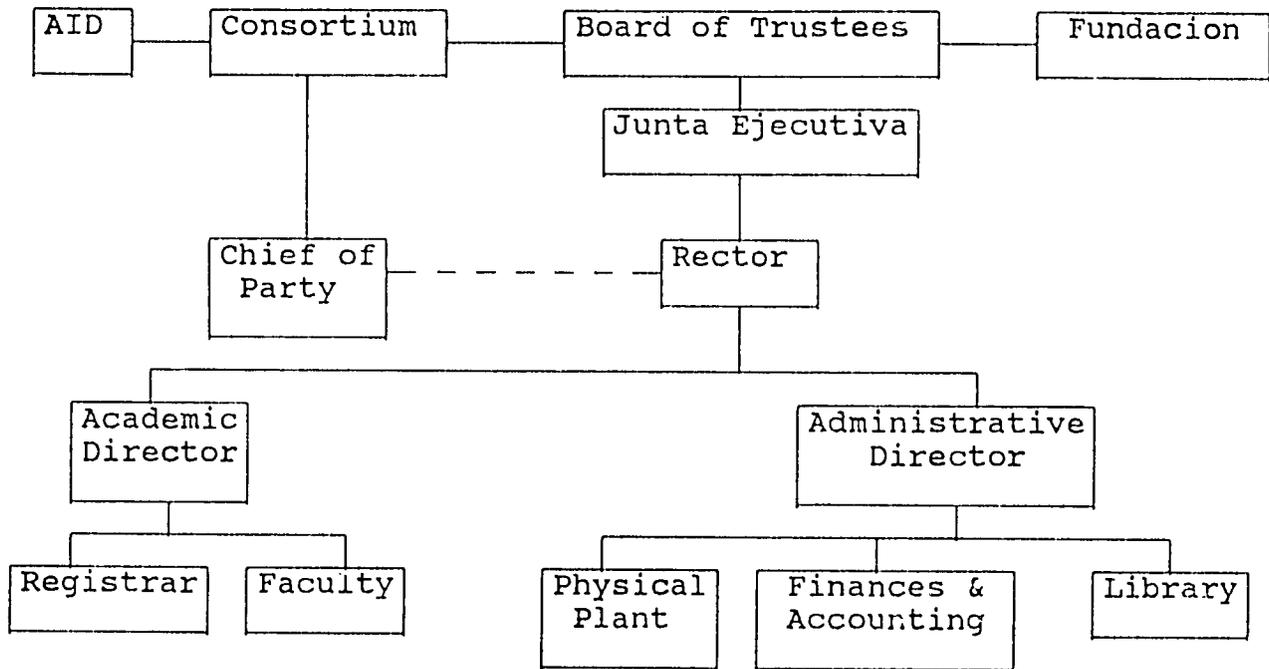
phase, is being developed with the technical assistance of the Consortium and the financial support of AID/Quito, alternative administrative structures were considered. The first such option placed complete control of the institution in the hands of the Chief of Party, reporting directly to the Consortium, with the Board of Trustees serving in an advisory capacity to the Chief of Party (see organizational chart #3). This plan was rejected on the grounds that it did not place sufficient control in the hands of Ecuadoreans. It is essential that from the outset the GMP be an Ecuadorean project not only in appearance, but in fact. The implementation phase must not only be utilized to create a high quality Masters level program, it must also provide the opportunity for Ecuadoreans to exercise increasing control over the program so that the transition to a free standing institution will be as smooth as possible. This first option was rejected on the grounds that it placed excessive control in the hands of the Consortium, and failed to create a smooth transition toward Ecuadorean control.

Chart 3
Project Administration (Option 1)



The second alternative considered was the selection of an Ecuadorean Rector with the Chief of Party serving essentially as an advisor to the Rector who in turn would report directly to the Junta Ejecutiva/Board of Trustees (see organizational chart #4). Although this alternative resolved the issue of Ecuadorean participation, it assumed the availability of an Ecuadorean prepared to assume full responsibilities as a top-level academic administrator and a Junta Ejecutiva, whose members are fully versed in the management of an academic institution of the type envisioned in the GMP. Neither of these assumptions are valid in the current Ecuadorean context. A further problem arose from concerns of the Consortium over control of financial resources for which it has a contractual responsibility to AID/Quito. If the Chief of Party is vested with complete financial control and serves as Academic Director under this plan, then lines of authority flowing from the Chief of Party and Rector become hopelessly entangled and crossed. What was clear from this version of the administrative plan was that Ecuadorean authority must be established but not in such a manner as to cause administrative chaos at the critical management level of the Chief of Party/Rector. Based on these findings, the administrative study team opted for the administrative structure outlined in subsection 2. This plan places control of the finances of the GMP as well as

Chart 4
Project Administration (Option 2)



Academic and Administrative control in the hands of the Chief of Party who reports to the Junta Ejecutiva. Meanwhile, the Rector is responsible for external relations of the institution. However, over the five year implementation phase, the Rector will assume increased control of the institution. This process will occur in a series of phases. The sequencing of those phases is predicated upon the assumption that the Rector's strongest experience will be in business management. That sequence would occur as follows:

- External relations for the GMP
- Oversight of Administrative Director's responsibilities for physical plant and staff
- Management of the endowment fund
- Responsibility for the academic program
- Full financial responsibility for the institution

Thus by the fifth year of implementation, the Rector will have assumed full control of the Institution with the Chief of Party's role reduced to that of an advisor with joint sign off responsibilities on only those funds still being expended by the Consortium. By the end of the fifth year, the Rector will have assumed the full responsibilities detailed in section IV of this study.

Another area of concern in terms of transition, is the period of overlap between U.S. faculty, and the new

Ecuadorean faculty. The major problem is that most of the Ph.D. candidates will not begin their program until September 1986, and therefore would not return to Ecuador until the last quarter of 1990. For this reason the Chief of Party's term has been extended to five and one half years, and the beginning of the fourth professor's term has been delayed until 1989 to insure that at least two U.S. faculty members will have a full year to work with the new faculty. This process, which constitutes an important part of the transition, is detailed in Table 1.

While this phased transition should achieve the desired results of effective management during implementation and creation of a high quality free standing Ecuadorean academic institution at the end of five years, consideration must also be given to an ongoing relationship between the GMP and the Consortium's member institutions in later years.

At the end of five years, the GMP will be serving as a center of excellence for graduate business training and research in Ecuador, but it must continue to strengthen its programs in succeeding years. Although it will be interacting with other business programs in Ecuador, such as ESPOL and the Politecnica in Quito, its role can be expected to be more of a contributor than a beneficiary in those interfaces. In the United States, colleges of business administration enhance their own programs through cooperative efforts with sister institutions both in the U.S. and other

Table 1
Manning Chart (in man years)

	1986	1987	1988	1989	1990	1991
Chief of Party	.5	1	1	1	1	1
Professor #1	.5	1	1	1	.5	
2		1	1	1	1	
3		.5	1	1		
4			.5	1	1	1
Rector	.5	1	1	1	1	1
Admin. Director	.5	1	1	1	1	1
Academic Director						1
Ecuadorean Faculty #1			// 1	1	1	1
2						1
3						1
4						1
5						1

countries. Therefore, continued links with sister institutions in the United States would be of significant benefit to the GMP. As the technical advisors for creation of the new institution with a vested interest in its long term success, the members of the Consortium are logical choices for such a relationship. This does not exclude, of course, links with other institutions both in the United States and Latin America. The plan for such a relationship can be fully developed during the implementation phase. However, certain elements that should be included as a part of the plan are:

- An annual visit by the Dean of the Colleges of Business Administration to evaluate the program's development and suggest strategies for strengthening the program
- Continuation of agreements to train Ph.D's for the GMP
- Joint research projects
- Representation by the U.S. institutions on the Board of Trustees

These items and any additional cooperative ventures should be detailed in a formal agreement to be signed by the U.S. institutions and the GMP prior to the conclusion of the implementation phase.

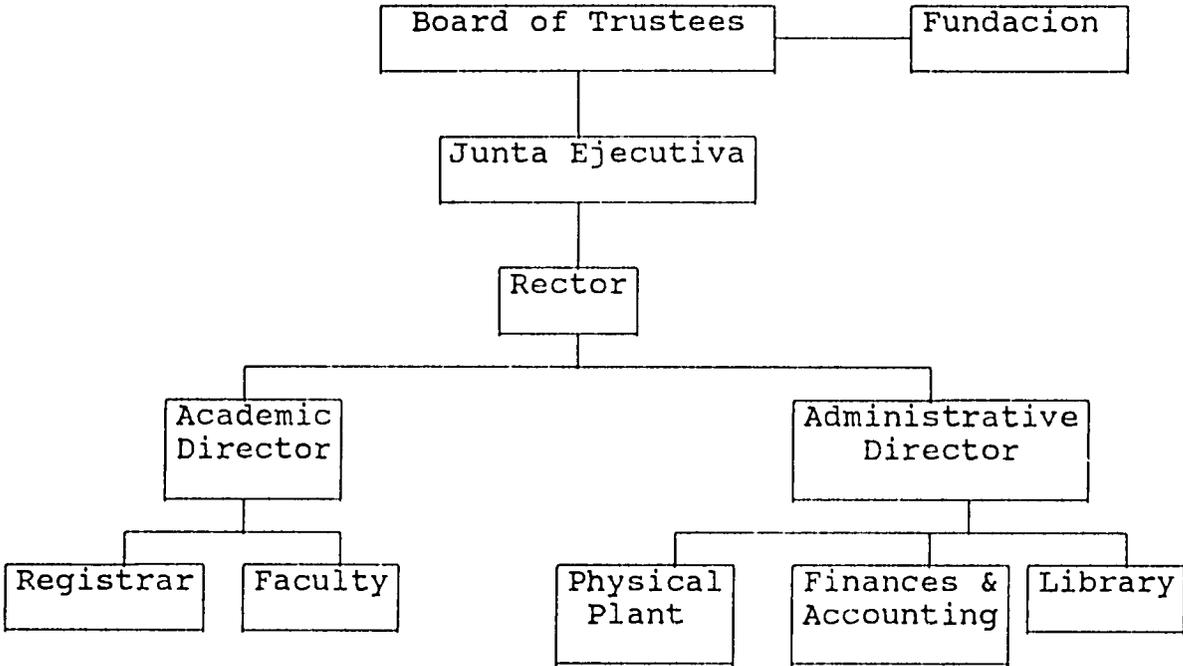
IV. Institutional Administration

This section of the study describes the organizational structure of the GMP once it has become a free standing institution (see Organizational Chart #5). It bears a strong similarity to the organizational structure described in subsection 2 of this study, since the Project Administration structure is intentionally designed to evolve into the independent institution described here.

The purpose of the Fundacion Privada Ecuatoriana is broadly defined in its charter i.e. it does not exclude projects other than the school from its range of interests. Therefore while it can continue to play a role in fund raising for the school and serving as a liaison with the business community those activities, especially fund raising, must be clearly defined as being conducted on behalf of the school. Furthermore, the principal responsibilities for fund raising and business community liaison will rest with the Board of Trustees, the Junta Ejecutiva and the Rector.

The Board of Trustees will continue to serve as the governing body of the GMP. Its membership should continue to include representatives of the national private and public sectors as well as the national and international academic communities. This latter characteristic can be achieved by appointing academics from sister institutions in the U.S. to the board. Again, as under implementation, the conventional

Chart 5
Institutional Administration



responsibilities of a Board of Trustees, i.e. approval of budgets and strategic decisions of the Rector, and liaison with the business community will rest with the Junta Ejecutiva, with the Board providing an annual review of the Junta's performance.

The Junta Ejecutiva will represent the national private and public sectors as well as the national and international academic communities. To assure this broad representation, the Junta will be expanded to seven members with the following breakout:

- 4 Ecuadorean private sector
- 1 Ecuadorean public sector
- 1 Ecuadorean academic
- 1 U.S. academic

The Junta members will again be assigned individual responsibilities such as fund raising, liaison with the public and private sectors, institutional administration, review of academic programs, and relations with international organizations.

The Junta's functions are as follows:

- Evaluates and approves strategic decisions by the Rector
- Studies and approves the annual budget
- Assists in fund raising

- Advises the Rector on the needs of the business and academic communities as well as the public sector which can be met by the school
- Selects the Rector with the advice of the school's faculty and administrators.

The responsibilities of the Rector are as follows:

- Manages fund raising and the endowment with the assistance of the Administrative Director
- Reviews and submits the annual budget for approval by the Junta Ejecutiva
- Makes final decisions on the hiring and firing of faculty
- Approves major changes in academic areas i.e. curriculum, student admission and performance standards etc.
- Formulates main strategies and policies of the school.

The responsibilities of the academic and the administrative directors as well as those of the faculty and the registrar would remain the same as those described in subsection 2 of this study.

V. Implementation Schedule

This section of the study outlines the timing and interconnection of a series of critical path items required to develop and initiate the Ecuadorean Graduate Management Program during the first eighteen months of the implementation phase of the project. These items include staffing, site preparation, student recruitment, endowment fund development, and curriculum development. Those items are then broken out into a series of subtasks which must be accomplished.

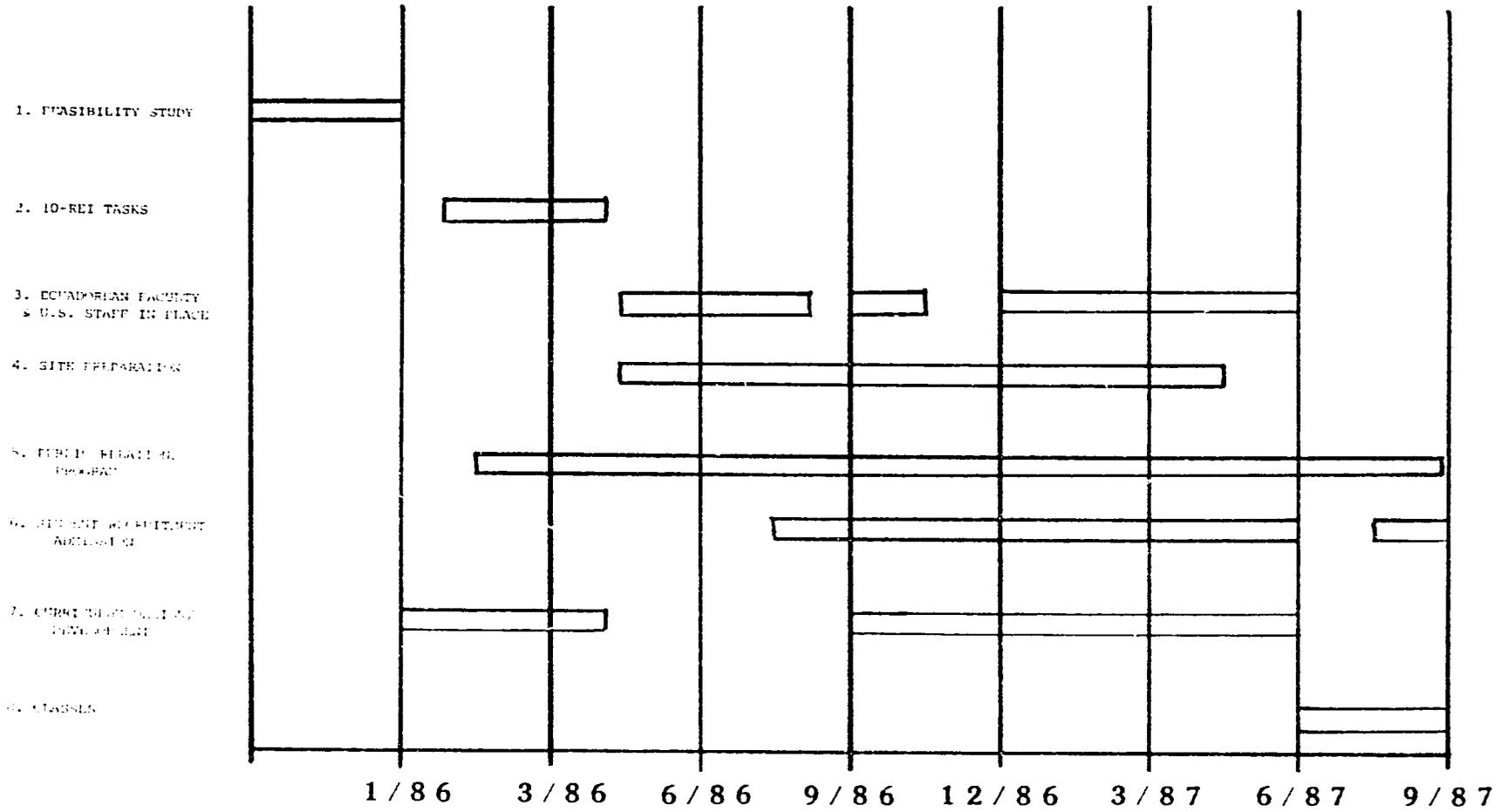
Several of these items deserve particular attention. First, it is essential that the Chief of Party be in place in Guayaquil in June 1986 to insure the prompt execution of the numerous activities (site development, student recruitment, public relations program, Ecuadorean staff hirings, etc.) which are essential to the successful initiation of the GMP. Second, since it is estimated that one year will be required before the first class begins, the public relations program, particularly the seminars conducted as a part of it, is critical to maintaining the image of the school before the public. This is particularly important for fund raising and student recruitment. Third, since endowment fund goals are provided in the financial plan, they are not detailed here, however, achievement of those goals in the first and succeeding years are critical to the long term success of the

GMP, and must be closely monitored.

The timing and interfacing of the implementation phase tasks are illustrated in a series of GANTT and PERT charts under the following headings:

1. General Project Development
2. Ten REI Tasks
3. U.S. & Ecuadorean Staff and Faculty
4. Site Preparation
5. Public Relations Program
6. Student Recruitment and Admission
7. Curriculum Development

1. General Project Development

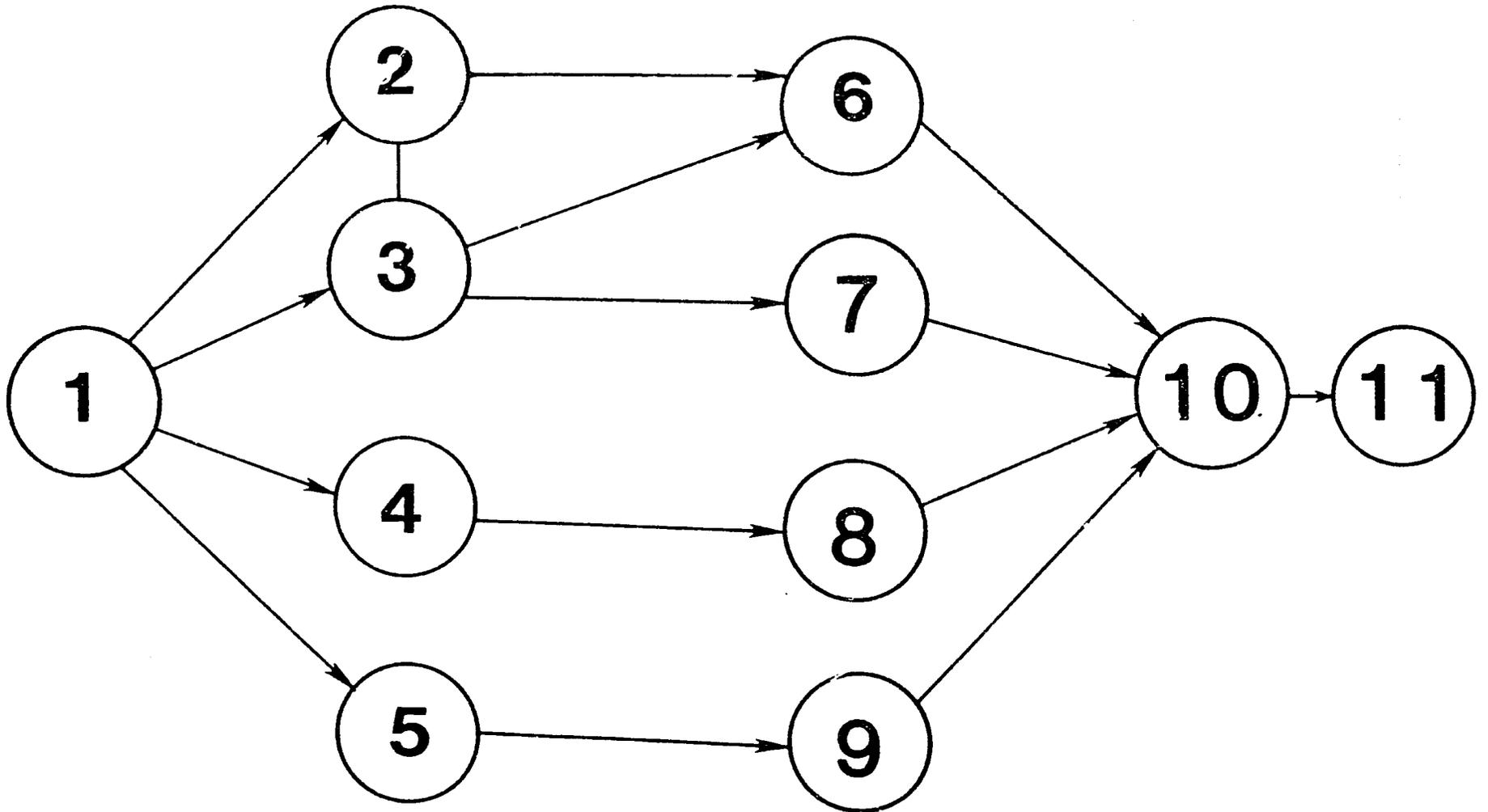


—
oh,

The 10 REI Tasks - Pert

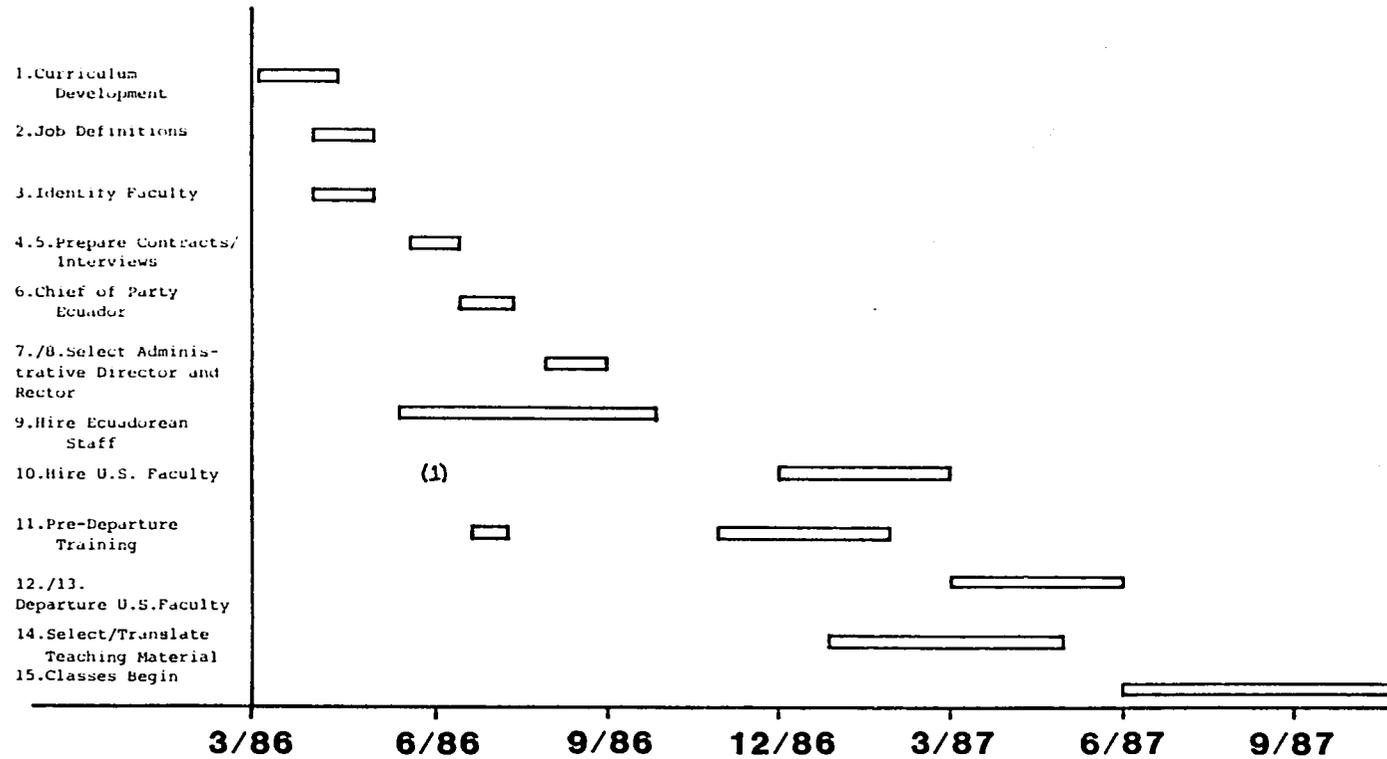
<u>No.</u>	<u>Description</u>
1.	U.S. AID Approval of addition to design contract.
2.	Curriculum design
3.	Selection/Translation of teaching material
4.	Detailed design of administrative structure
5.	Refine investment plan
6.	Formulate specifications for educational infrastructure
7.	Develop student selection criteria
8.	Develop policies for faculty and staff development
9.	Refine operating budget
10.	Develop endowment program and student loan program
11.	Develop placement program for graduates

2. THE 10-REI TASKS PERT.



2/11

3. Faculty and Staff - GANTT Chart



(1) One Member Starting in July '86

423

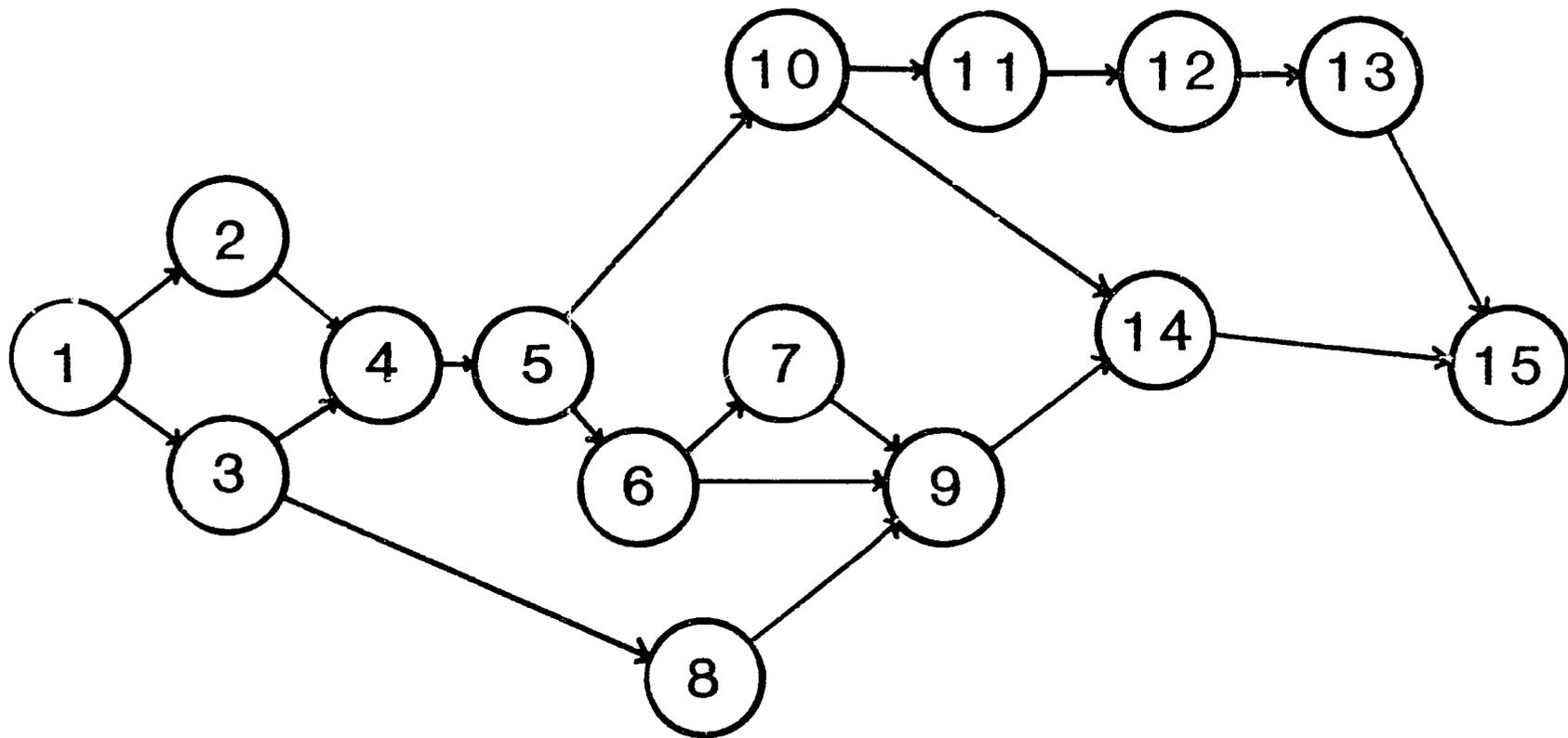
Faculty and Staff - Pert

<u>No.</u>	<u>Description</u>
1.	Develop curriculum
2.	Job definition for faculty and staff
3.	Identify faculty and staff required
4.	Prepare contracts for hiring
5.	Interview U.S. faculty
6.	Chief of Party to Ecuador
7.	Select Administrative Director
8.	Begin search for Rector
9.	Hire Ecuadorean staff
10.	Hire U.S. faculty
11.	Predeparture training
12.	Departure of U.S. faculty to Ecuador
13.	Post-departure assistance to U.S. faculty
14.	Select and translate class materials
15.	Classes begin

Faculty and Staff - Pert Analysis

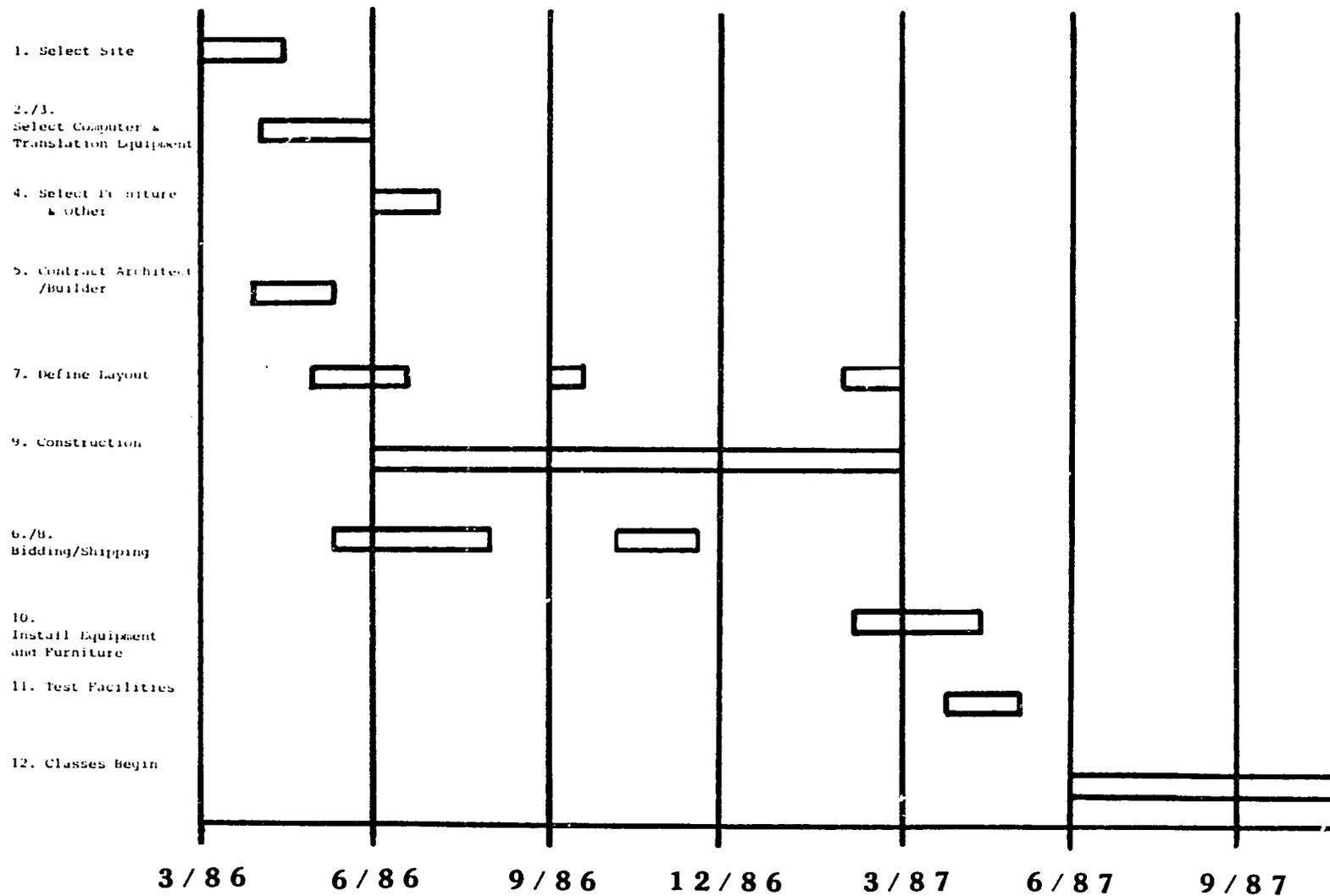
1. A final decision on the curriculum design will be reached before March '86
2. By April 15 '86 faculty requirements should be defined
3. Based on the requirements, by the end of May, a group of potential candidates should be listed.
- 4/5. A contract will be prepared and interviewing started by May 30 '86.
6. The Chief of Party will move to Guayaquil in June '86.
7. An Administrative Director should be selected and hired by July 15 '86
8. The search for a Dean (Rector) will be initiated by July '86
9. The required Ecuadorean staff will be in place by Nov '86
- 10/11. The U.S. faculty for the first year will be finally selected and hired by March, 1987. A predeparture program-including Spanish classes-will be given immediately after hiring
12. By May 30 '87 all U.S. faculty will be in place
13. There will be a post-departure assistance program for the U.S. faculty in Ecuador
14. By May 30 '87 all teaching material to be used will be translated and reproduced-ready for classes.

3a. Faculty and Staff - PERT



2/16

4. Site Preparation - GANTT Chart



17

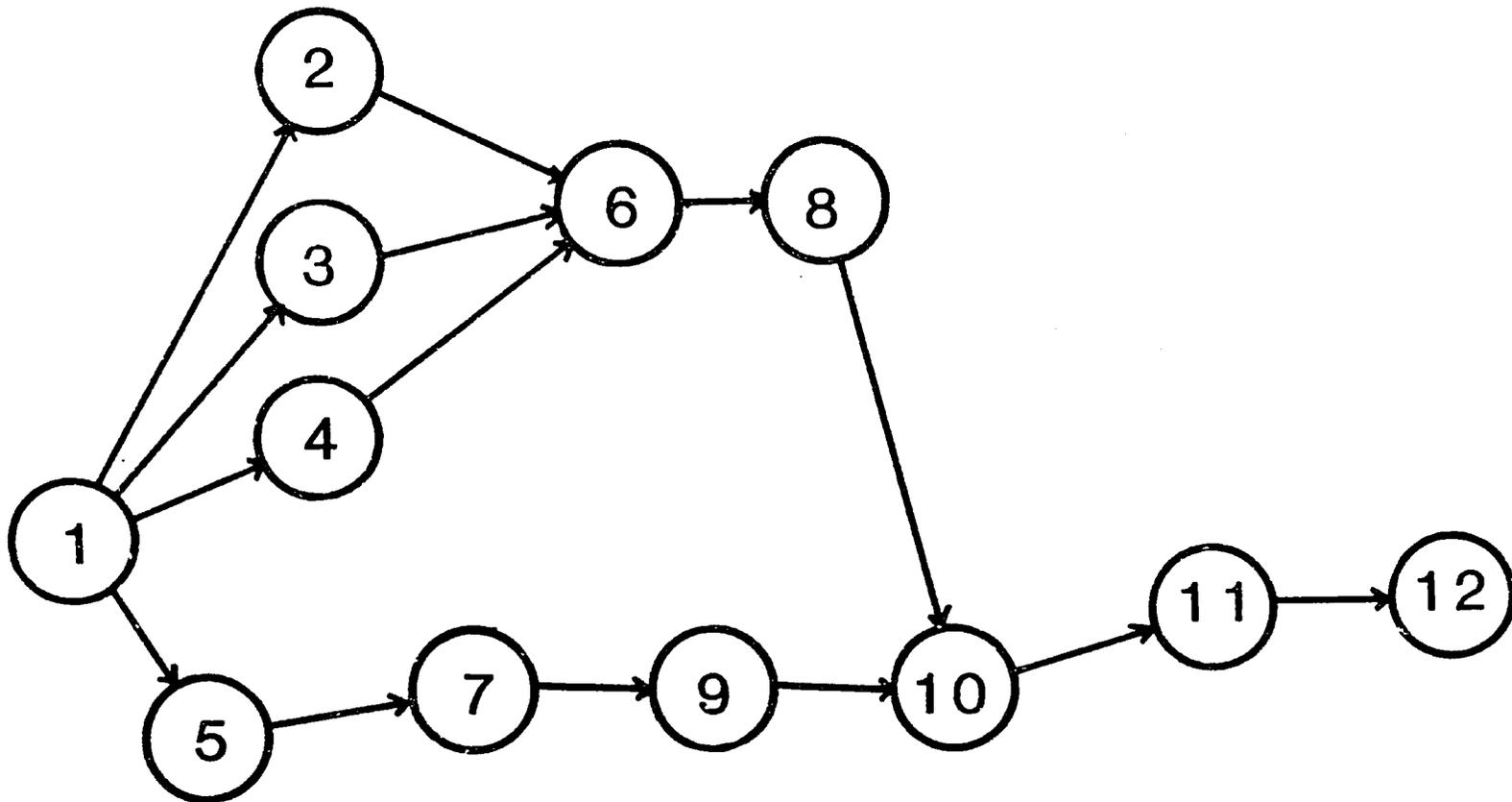
Site Preparation - Pert

- | <u>No.</u> | <u>Description</u> |
|------------|---|
| 1. | Select site |
| 2. | Select computer equipment |
| 3. | Select simultaneous translation equipment |
| 4. | Select furniture and other equipment |
| 5. | Hire architect |
| 6. | Independent bidding |
| 7. | Define layout |
| 8. | Order equipment/shipping |
| 9. | Start construction |
| 10. | Install equipment |
| 11. | Test facilities |
| 12. | Classes begin - |

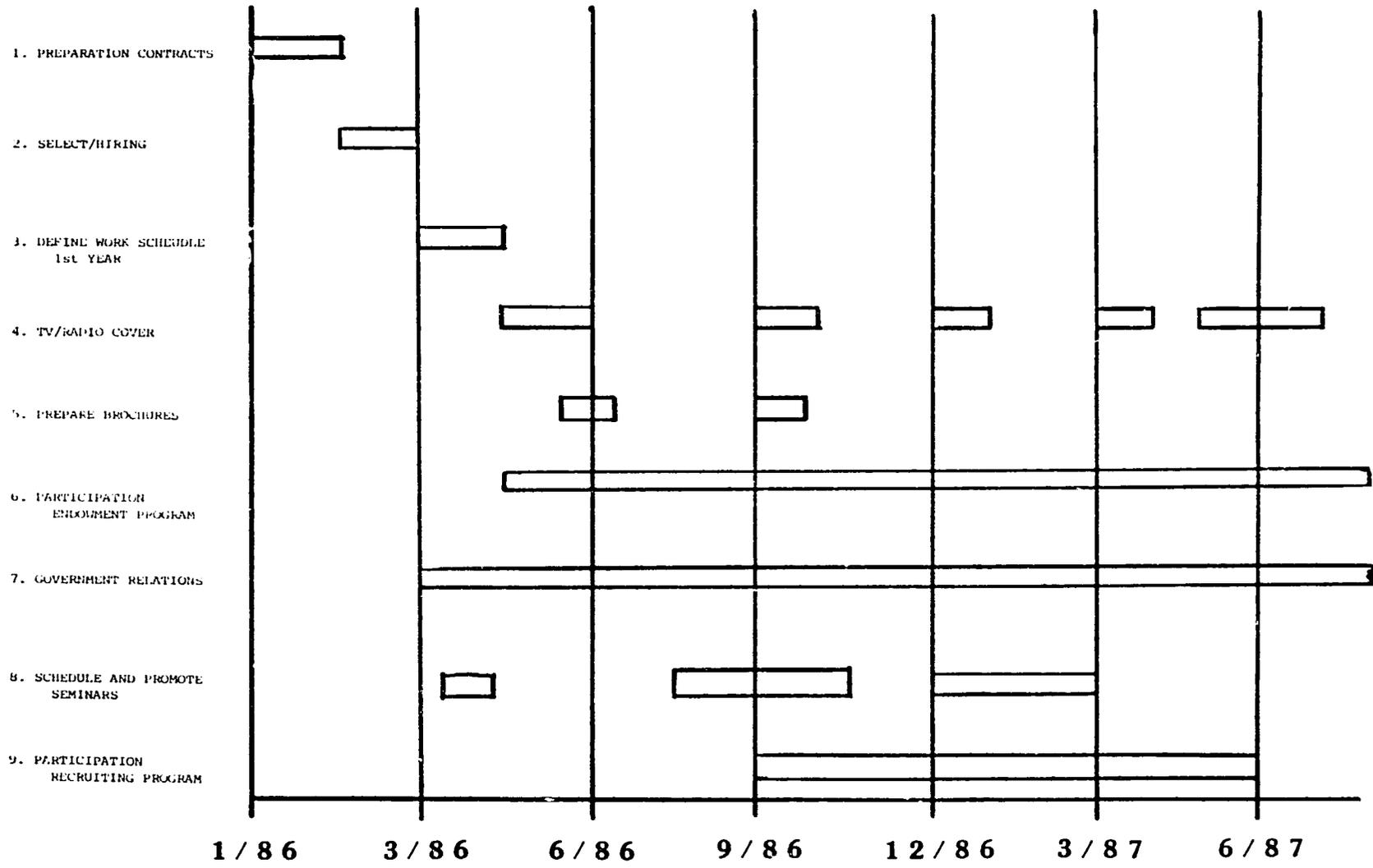
Site Preparation - Pert Analysis

- | <u>No.</u> | <u>Description</u> |
|------------|---|
| 1. | Site selection should be finished by April 30, '86; |
| 2/3. | The computer and simultaneous translation equipment should be selected, put out for bids, and purchased before Oct. '86 |
| 4. | Furniture and other related equipment will be selected before July '86 |
| 5. | A local architect will be selected and hired by May '86. He would in turn identify and select builder. |
| 6-8. | All equipment purchased in the U.S. will be in Ecuador by Nov. '86 in order to be in place by April 30 '86. |
| 9. | Remodeling and construction should be finished by March 30 '86 |
| 11. | All equipment will be tested two months before classes start. |

4a. Site Preparation - PERT



5. Public Relations Program - GANTT Chart



1 / 86

3 / 86

6 / 86

9 / 86

12 / 86

3 / 87

6 / 87

51-

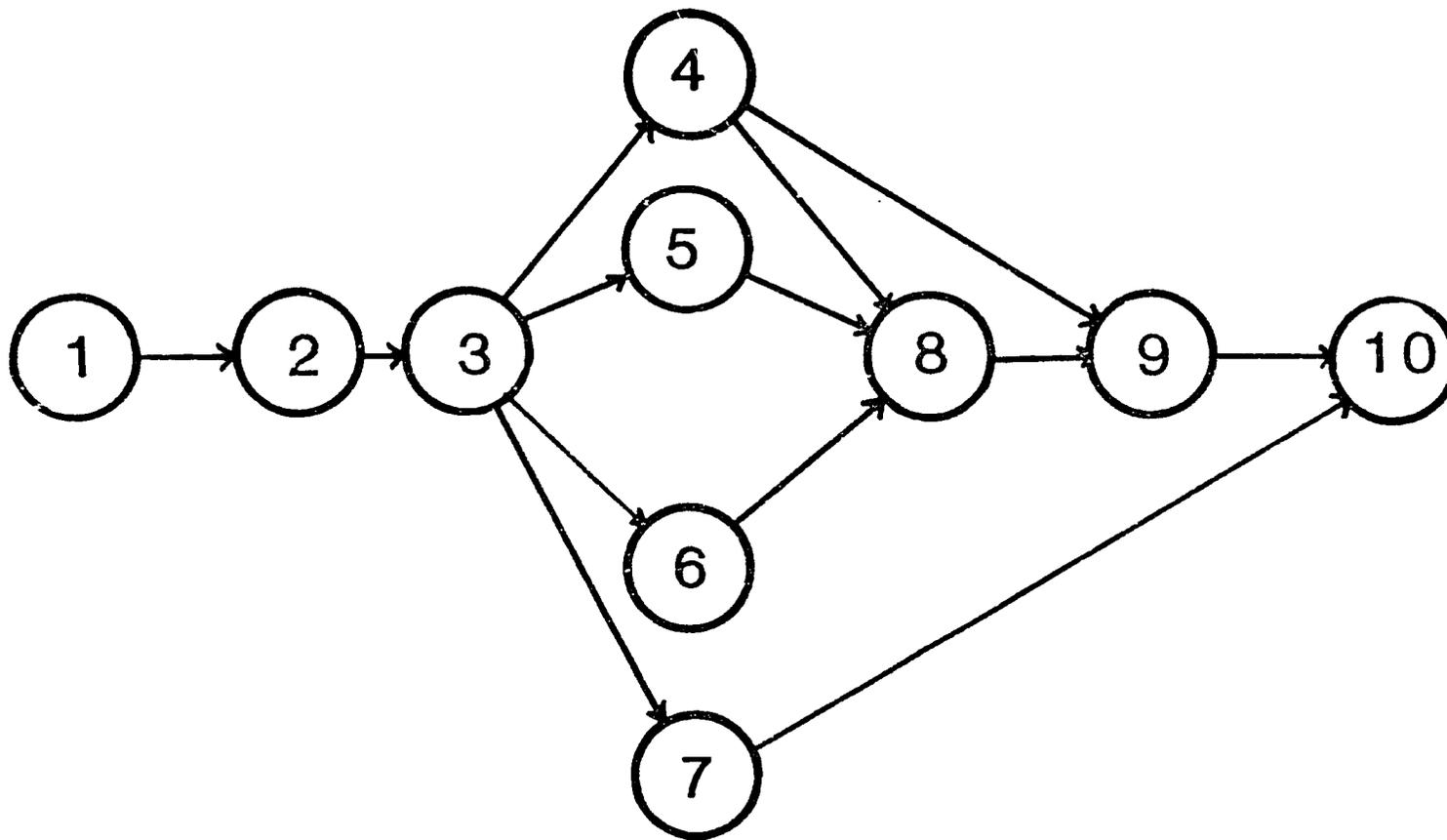
Public Relations Program - Pert

- | <u>No.</u> | <u>Description</u> |
|------------|--|
| 1. | Prepare employment contracts for Ecuadoreans |
| 2. | Selection and hiring of P.R. person |
| 3. | Design and plan work schedule for 1st year |
| 4. | Start TV and radio coverage |
| 5. | Schedule seminars |
| 6. | Assist in endowment fund activities |
| 7. | Assist in developing proper government relations |
| 8. | Participate in the promotion of seminars |
| 9. | Participate in the student recruiting program |
| 10. | Classes begin |

Public Relations Program - Pert Analysis

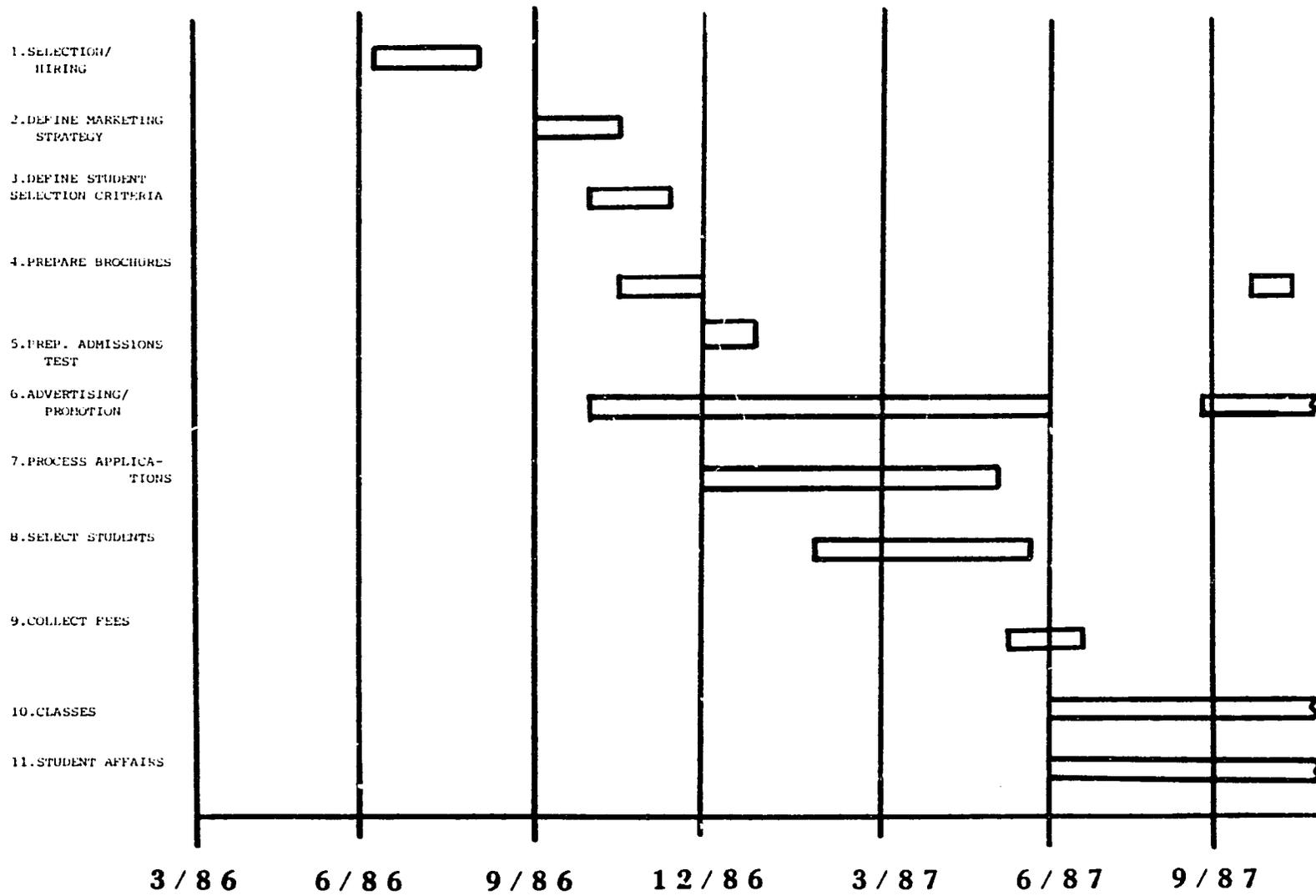
- | <u>No.</u> | <u>Description</u> |
|------------|--|
| 1. | With assistance from U of H and Ecuador, an employment contract complying with all legal requirements will be drawn up. |
| 2. | By March '86 the selection and hiring of a Public Relations Representative will be concluded. This person should have good relations with the Ecuadorean government and the Guayaquil business community. From the moment this person joins the organization, he should monitor and assist on matters relating to government relations (7) |
| 3. | Two months after hiring, the P.R. Representative will have prepared a work schedule for his office for the first year of operation |
| 4. | By the end of April, the P.R. office will start a TV and radio campaign that would go on throughout the year. |
| 5-8. | The P.R. office will assist in the scheduling and promotion of two seminars; with the following tentative dates: Nov '86 and March '87 |
| 6. | The P.R. office will have a leading role in the development of the endowment fund program. By May '86 this plan should be operative |
| 9. | The P.R. office will start assisting in the recruiting of students in Oct. '86 |

5a. Public Relations Program - PERT



54

6. Student Recruiting and Admission - GANTT Chart



55

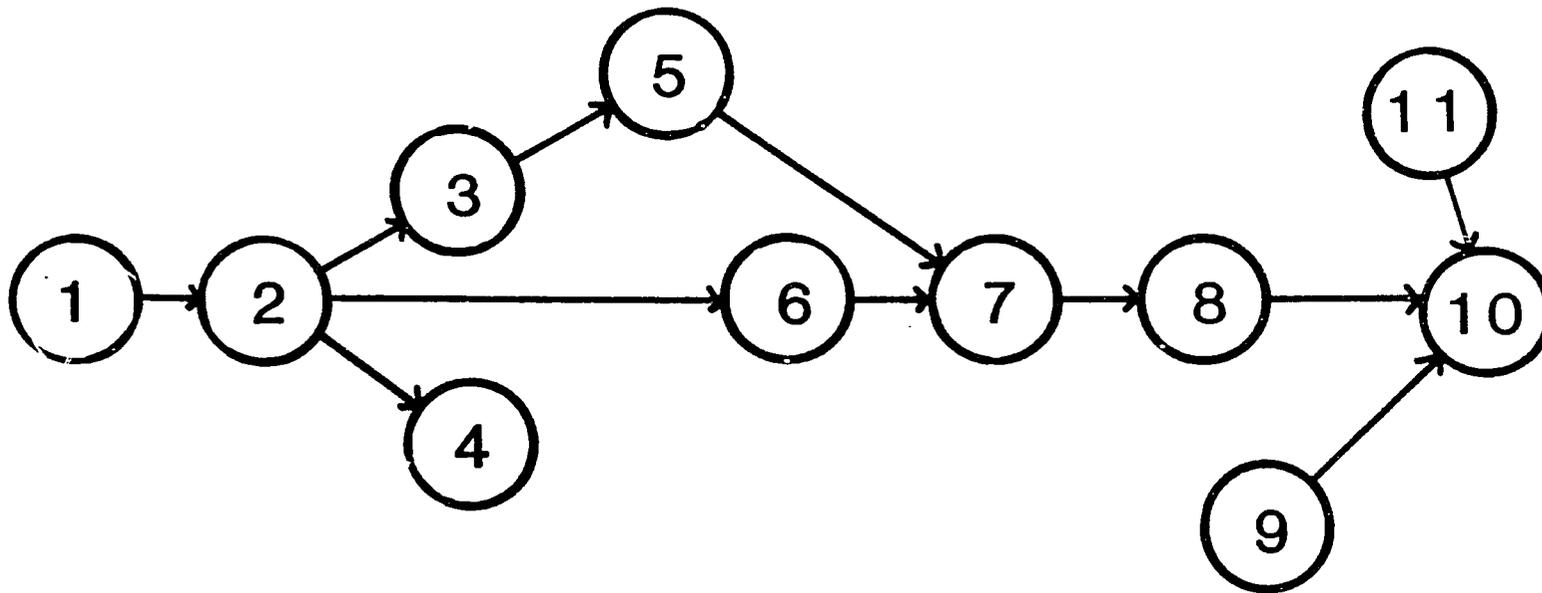
Student Recruiting and Admission - Pert

- | <u>No.</u> | <u>Description</u> |
|------------|---|
| 1. | Selection and hiring of person responsible for the admissions office |
| 2. | Definition of a market strategy in order to obtain the desired number of students |
| 3. | Define student selection criteria |
| 4. | Prepare brochures |
| 5. | Prepare admissions exam. |
| 6. | Direct advertising/promotion of program |
| 7. | Process applications |
| 8. | Selection of students |
| 9. | Collect fees from students |
| 10. | Classes begin |
| 11. | Student affairs office starts operations |

Student Recruiting and Admission - Pert Analysis

- | <u>No.</u> | <u>Description</u> |
|------------|--|
| 1. | A person will be selected and hired to head the admissions office by July 30, '86 |
| 2. | This person's first responsibility will be to develop, in conjunction with the school's top management, a comprehensive market strategy that would permit recruitment of the required number of students. This task should be concluded by Oct '86 |
| 3. | A set of selection and admission criteria for students should be defined by the end of Nov '86. |
| 4-6. | By Nov '86 the Admissions personnel should also be finishing the preparation of brochures describing the MBA to be offered. These brochures and oral presentations will be the main factors in the promotion campaign to sell the school |
| 7/8. | By Dec '86 a system for processing student applications should be in place. This process would lead to the selection and admission of the first group. |
| 9/10. | Student fee payment system in place when classes begin |
| 11. | The admissions office will handle student affairs, at least for the first months of operations. |

6a. Student Recruiting and Admission - PERT



VI. Evaluation Plan

To insure that the programmatic quality planned for in these studies is achieved and that necessary adjustments are made in the program, it is essential to conduct periodic evaluations of the project. These evaluations will include joint reports by the Consortium and the Junta Ejecutiva, contractor reports by the Consortium, and evaluations conducted by outside experts. These reports include:

1. Annual Progress Report by the Consortium and Junta Ejecutiva - This report will be submitted each year to AID on a date to be specified by the Agency. The purpose of this report is to measure the level of outputs achieved by the GMP in such areas as number of students, courses taught etc., as well as the Junta's success in meeting fund raising targets necessary to establish the endowment outlined in the Financial Plan. It will also discuss adjustments or changes in the project which would necessitate higher levels of expenditure or modifications in the contract. This report will provide the basis for annual funding renewal by AID.

2. Quarterly Contractor Report - This report, to be prepared by the Consortium, will focus on its inputs to the project. This will include personnel and equipment for the project in Ecuador, support mechanisms in the U.S., interfaces with the Junta Ejecutiva and an evaluation of contractor performance with recommendations for any

modifications deemed necessary. The report will be provided to both AID and the Junta Ejecutiva.

3. Outside Expert Report - On an annual basis the Consortium and the Junta Ejecutiva will secure the services of an outside consultant with extensive experience in graduate management programs in Latin America to review and evaluate the progress of the institution. That report will focus on the quality of the masters programs, the efficiency of the administration and the overall financial condition of the institution. Copies of the report will be submitted for review and comment to the Consortium, the Junta Ejecutiva and AID. This report will provide additional inputs on possible modifications to be made in the project, and serve as an objective standard by which to judge the quality of the Annual Progress Report prepared by the Consortium and the Junta Ejecutiva.

4. Final Report - Prior to the conclusion of the Implementation Phase, the Consortium and the Junta Ejecutiva will prepare and submit to AID a report on the implementation of the project. That report will trace the evolution of the GMP, its adherence to the original plan, modifications made in design and implementation, the level of inputs provided by both the Consortium and the Junta, the impact of the GMP in terms of courses taught, faculty trained, students graduated,

and placed, executive programs conducted, and the overall impact of the program.

To the extent possible the information gathered for these reports should be quantifiable. Such data would include the records of the Principal Investigator and Chief of Party, the financial records of the institution, and the endowment fund, contract records of Consortium members, and student academic records. In addition, interviews with faculty, administrators and students of the school as well as representatives of the Consortium, the Board of Trustees and AID officials can be included. Guidelines for these evaluation studies are listed in Appendix III of this study.

Appendix I

Administrative Structure of INCAE

INCAE has gone through several organizational designs and structures in its 20-plus years of operation. The object of this Appendix is to describe the organizational model used presently. INCAE was created through the direct assistance of President John F. Kennedy, the Central American business community and the Harvard School of Business. The original campus was developed in Nicaragua with funding provided mostly by U.S. AID. Due to the political and social turmoil experienced in Nicaragua, a new campus was established in Costa Rica in the beginning of 1983. This new location was made possible with the assistance and funding of U.S. AID and the Costa Rican government.

An organizational chart for INCAE is presented in Exhibit No. 1. Both locations (Managua and Alajuela) are supposed to operate identically but, they are actually different in the sense that Costa Rica is the "home office" for most programs and activities. For the sake of a clearer presentation, the subject of this description is only the Costa Rica campus. It will briefly discuss the different organizational charts and then describe in more detail the most important operational subsystems.

<u>LEVELS</u>	<u>COMPOSED OF</u>	<u>MAJOR TASKS</u>
1. Comites Nacionales (National Committees)	Several (7-10) Nationals	Image support; Fund raising; Defining needs for services
2. Consejo (Board of Directors)	The 7 Presidents of the National Committees	Acts as Board defining major policies and strategies
3. Rector (Dean)	Presently Dr. Marc Lindenberg	Oversees all operations; Defines major policies and strategies
4. Director Financiera (Finance Director)	Director and Assoc. Director	Manages the MIS, cash flows and working capital
5. Director Academico (Academic Director)	Director and Assoc. Director	Responsible for quality assurance for academic matters
6. Secretario General (General Secretary)	Director	Legal adviser; Assist in public relations
7. Director Admin. (Administrative Director)	Director and Assoc. Director	Manage all the support systems to provide the services planned
8. Program Director	Several	Research/ Development of teaching materials and community services in the form of seminars
9. Asuntos Externos (External Affairs)	Several	Public Relations; Marketing of Seminars; Fund raising in Central America

Following is a description of the main operational sub-systems:

1. Dean's Office Subsystem (Rectoria)

Obviously, the Dean has a large number of responsibilities and tasks assigned; for the sake of clarity they have been artificially divided into financial, administrative, and academic tasks.

Financial

- The endowment fund, operating in the U.S.A. and Costa Rica, is managed by the Dean in conjunction with the Finance Director.
- Most of the official relations with international funding agencies and foundations are handled by the Rector, mainly at the start-up of a project.
- There is a fund raising campaign every year in each country that INCAE serves. Goals are set by the Rector in conjunction with the National Committee.
- The Institute's cash flow is managed by the Dean in conjunction with the Finance Director. He authorizes the acquisition of loans or the investment of idle funds. Also, he supervises the conversion of different currencies in accordance with needs, and threats of devaluation.
- The Dean supervises the process utilized to structure the General Budget by assigning a certain "contribution" to each program. After several negotiation rounds the budget

is finally reviewed and accepted as a commitment by all the program directors. The Dean retains the authority to fix the internal rates of exchange used to compute different currencies, as well as to authorize any deviation from budget. By way of setting the external prices (seminars, MBA, etc.) exchange rates for the different countries are set.

- Restricted funds and special budgets, like the Student Loan Fund, also are reviewed by the Dean.

Academic

- The Dean teaches at least one course within the MBA program and provides a final review of the Curricula. He also participates in special seminars.
- The Rector defines scholarship awards for faculty development.
- Participates in definition and formulation of strategies for academic diversification. In the last 3 years, two new large residential programs were created. A new one will be started next year.
- Certifies, in conjunction with the Board, all degrees offered by INCAE

Administrative

- The faculty meets every Monday morning for about one hour

to inform one another of what is going on with their own programs. The Dean heads this meeting and the quarterly meeting; with required participation of all faculty and staff.

- In conjunction with the Board and faculty, the Dean defines and formulates the main strategy and policies. He also represents the Institute in official matters.
- Participates personally in the formation and maintenance of the National Committee.
- Supervises definition of each country's marketing policy (what to offer, where) and performs periodic quantitative evaluations of each program and each country.
- As head of the Academic Policy Committee, the Dean makes the final decision on hiring and firing of faculty.

2. Academic Director (or Dean of Academic Affairs)

- Acting Dean.
- Head of Management Committee.
- Responsible for the academic quality of the services provided; includes updating of courses and adjusting course designs to the present Central American environment.
- Establishes work load for different faculty members. Presently 6 units are a standard annual load - a course taught in the MBA program is a unit, and being the

director of a Program (like Energy) is equivalent to two units.

- Strives to maintain a free, multi-ideological, and multi-national atmosphere for teaching.
- Directs evaluation procedures for faculty performance. These results are brought before the Academic Policy Committee.
- Reviews proposals offering services to be presented to international funding agencies.
- Gives final approval of seminar contents.

3. Committee on Academic Policies - This Committee is chaired by the Dean and composed of all senior faculty members. (Associate Professors and Professors) meeting about once a month. It develops policies concerning:

- Curriculum design
- Work load for the faculty
- Faculty development and promotions
- Vacation time for faculty
- Time for consulting performed by the faculty

It is the most important committee on academic/faculty affairs.

4. General Management Committee

This Committee is composed of the Finance Director, Academic Director and Administrative Director. They meet

when required. Their main responsibilities are:

- Study/Establish salary levels for operating personnel
- Study hiring/firing of operating personnel
- Selection of large suppliers of expensive purchases
- Contract temporary although expensive personnel.

5. Administration Subsystem - This subsystem is divided into 4 major groups

- i) SEA - Reproduction (printing) and translations
- ii) Cafeteria
- iii) Maintenance
- iv) General Services -

- i) The SEA (Ancillary Education Services) - is responsible for copying and reproducing all the material used in the MBA and multiple seminars offered throughout the area. The materials are selected by the faculty at the beginning of the semester and sent to the SEA. About 40-50% requires translation. All the selected materials are reproduced in order to deliver a weekly set to each MBA student (some 400 pages per student per week).
- ii) The cafeteria is directed by a chef, and provides 3 meals a day for some 250 to 350 people.
- iii) All the maintenance of buildings, wells, gardens, power lines, telephones, etc. are carried out by a group

responsible to the Administrative Director. Air conditioning and electrical maintenance are contracted out.

iv) Among the General Services provided by the Administration are:

- Selection and hiring of secretarial pool.
- Supervise security of the site (campus police)
- Transportation for personnel and seminar participants
- Purchasing of supplies
- Housing
- Keeping general scheduling, in conjunction with marketing and the MBA program.
- Definition of internal prices.

6. Financial Office Subsystem - This subsystem is responsible for managing all the financial resources of the institute.

Among its major concerns are:

- Setting up/maintaining the general cash flow. The cash flow is revised and adjusted on a monthly basis.
- Keeping control of the working capital situation. Income is seasonal and expenses more or less regular, adjustments are required.
- Develop/maintain and manage the MIS
- Manage the currency exchange program. This program is very important for INCAE because the income is received in

as many as seven currencies and most expenses are in dollars, Colones and Cordobas (Costa Rica and Nicaragua). Also the comparative value of most of these currencies has been decreasing, so the finance group strives to minimize losses.

- The operation of the complete payroll is handled by this group.
- Preparation of financial statements and projections.
- Auditing of all internal financial operations
- Technical support and reporting with international funding agencies.
- Assist in the management of the endowment fund.

7. Programs Subsystem - There are some 15 plus programs within the present structure of INCAE. A "program" is a faculty group operating rather independently in specific academic or functional fields with the purpose of research and teaching in that area. Each program has a senior faculty member as Director; he is responsible for the R/D of his program and for generating a predetermined "contribution". These contributions are equivalent to the profits generated by that program and go into the general cash flow of the institution. The largest programs are the MAE (MBA) and Banking Management. For the MBA program the five most important persons are:

- The Director, who oversees course scheduling and contents, budgeting matters and student affairs.
- The Director's secretary does the physical scheduling and acts as the registrar.
- Supervisor for student affairs assists in matters pertaining to student life and adjustment problems.
- The Director of the SEA (explained under Administrative subsystem) who supervises the collection of course outlines (given by each professor) and printing-delivery of the teaching materials. This function is very important because no textbooks are used; everything that the students use comes out on an off-set machine.
- The Director of Admissions actually develops a marketing plan in order to sell the MBA program in the area. It implies designing a marketing plan and fixing quotas per country.

8. External Affairs-Marketing Subsystem - This is a multi-office subsystem that handles public relations, fund raising and the marketing of services (seminars) for the community. They supervise a local office in each country in Central America and one in Quito. With local inputs (state of economy, recommendations by the Comites Nacionales, requests from governments, etc) the marketing group in conjunction with the program directions defines a National strategy for

each country served. The basic idea is to address the market's real needs.

A great deal of the fund raising effort is done by the Comite Nacional and the local representative. The external affairs group sets the goals for each country annually.

9. Board of Directors (Consejo) Subsystem

Historically the members of the Consejo are the Presidents of the National Committees and their main functions could be described as follows:

- delegates special right to the Dean or other members of INCAE to act and contract in the name of the Institution.
- Evaluates, discusses and approves strategic courses suggested by the Dean.
- Studies and approves annual budget and general financial performance.
- Assists in setting fund raising goals.
- Advises on apparent needs for INCAE's seminars in their own countries.
- Advises the Dean regarding desirability of using, certain sources of funds.
- Decides on honorary degrees to prominent individuals