



*MRS. BAKER WITH THE DEAN AT THE SITE
Where the new buildings will rise.*

Dean Baker at INCAE Groundbreaking

In Nicaragua, the Dean participates as construction starts on the new Central American Institute of Business Administration, which HBS helped establish.

For Dean George P. Baker, the new fiscal year, 1967-68, started with a trip to Managua, Nicaragua, to take part in ceremonies marking the beginning of construction there of a new physical plant to house the Central American Institute of Business Administration (INCAE).

It was a pivotal event for the Institute, which had been initiated through an international effort by Central American business leaders to strengthen management training in that region. It was an eventful day for the Dean, too; the ground-breaking exercises came as the culmination of three years of cooperation involving the Harvard Business School, the U.S. Agency for International Development (AID), and the Central American business community (see *HBS Bulletin*, Jan.-Feb. 1964). Their joint labors had given substance to the idea of "a permanent,

autonomous center of teaching and research in business administration in Central America."

The event was attended by educators, business leaders, and government officials of the six-nation area, as well as by top officials of AID, Dean Baker, and members of the HBS Faculty. Nicaraguan President Anastasio Somoza, as head of state of the host nation, was one of the principal speakers.

Permanent Institution

The Institute, known by the acronym INCAE, made up of the initial letters in its Spanish-language name, "Instituto Centroamericano de Administración de Empresas," will be the first permanent educational institution concerned with the regional economy to come into being since the Central American Common Market was

founded with the aim of integrating the economies of the five Central American nations (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua) and Panama.

The first class of INCAE's two-year graduate program leading to the degree of Master in Business Administration will start in January 1968. Admission to that first class will be limited to 50 students—college graduates or men with equivalent experience—predominantly from Central America. A second class of 50 will be enrolled in September 1968.

The Institute's campus will be built on a 170-acre site on the outskirts of the city of Managua overlooking Lake Managua and the Lake of Nicaragua. The site was donated to INCAE by the Nicaraguan business community in cooperation with a group of neighboring landowners. The initial building pro-



NICARAGUA'S PRESIDENT SOMOZA AND DEAN BAKER
Introductions to members of the cabinet.



DR. CLARK L. WILSON AND THE DEAN
Current head of the Institute.

gram will provide five patio-style student residences, a library, a classroom and commons building to include dining facilities, and an administrative building.

Viewed as a key vehicle to provide future managers needed to accelerate economic and social progress in the isthmus region, the Institute has been sponsored by USAID and has received important financial assistance since the beginning in 1963 from the agency through the Regional Organization for Central America and Panama (ROCAP) as a project of the Alliance for Progress.

Fund Raising

The School recently completed a new agreement with AID to provide educational services to INCAE through June 30, 1969. Meanwhile, INCAE looks to the Central American private sector for some 35% to 40% of operational funds during this same period, and has begun a \$2 million endowment fund campaign to provide a financial base for its long-run viability as an independent institution of learning.

Last June 14, INCAE received from the Central American Bank for Economic Integration (CABEI) a 20-year campus construction loan of \$645,000. The loan was made from long-range credit of \$10 million granted to CABEI by AID through ROCAP to underwrite industrial development projects on the isthmus.

Not only is the Institute breaking new ground in establishing a school for the graduate study of business administration as a means of attacking the



FRANCISCO DE SOLA
Speaking at the ceremony.

shortage of managers in Central America, but it is departing from local tradition in establishing a graduate school requiring full-time study and in providing for the students the living facilities on campus required to meet INCAE's intensive academic schedule.

Over-all supervision of INCAE is maintained by an independent Central American board of directors, composed of the presidents of the Institute's six national committees of INCAE graduates and other businessmen who have undertaken to provide both leadership and financial support in this venture.

The board of directors is headed by Francisco de Sola, managing director of H. de Sola and Company of San Salvador and one of the outstanding business and civic leaders of Central America. In a recent statement, he underlined the significance of the Institute for the region.

Spontaneous Manifestation

"INCAE," he said, "is a spontaneous manifestation of the Central American private, entrepreneurial sector which recognizes the need to form a corps of business leaders at all levels demanded by our incipient economic development. Dedicated to this task, we intend to erect a center of teaching and research in Central America which will serve not only the needs of the area but which will also be useful to other areas of the continent, from which we expect to receive support through the participation of their businessmen and academic talents. INCAE already [is] ... an authentic movement having deep



THE DEAN AND SENOR DE BAYLE
Signing a document to be deposited at the INCAE site.

and far-reaching effects on the economic and social integration of the Central American Isthmus."

Other members of the INCAE board of directors are: Gaston Peralta, representing Costa Rica, manager of San Carlos, Ltd., San Jose; Jose Novoa Flores, representing El Salvador, staff advisor (*asesor*) of the Popular Credit Bank, Central Reserve Bank of El Salvador; Roberto Stein, representing Guatemala, manager of the Guatemalan Construction Company, Inc., of Guatemala City; Zacarias Bendeck, representing Honduras, general manager of the Central American Match Company, Inc., Tegucigalpa; Arnoldo Solorzano, representing Nicaragua, president of Solorzano Villa Pereira Engineering Company, Inc., Managua; and Joaquin Vallarino, Jr., representing Panama, general manager of Coca Cola of Panama, Panama City.

Some of the Key Men

Current head of the Institute during this organizational phase is Dr. Clark L. Wilson, who prior to joining INCAE was for two years Ford Foundation Visiting Professor at the School and a former vice president and director of research of the New York advertising firm Batten, Barton, Durstine & Osborn, Inc. He was appointed rector in January, after having served earlier as academic advisor to INCAE from the School. Dr. Ernesto Cruz, Nicaraguan lawyer, educator, and rector-elect, is scheduled to take over leadership of INCAE on July 1, 1968. Currently, Dr. Cruz is completing requirements for his doctorate in economics from Harvard. He will spend the coming fall term at the Business School in preparation for assuming his duties at INCAE.

Academic advisor to INCAE from the School is Dr. Charles H. Savage, Jr., who will also head the visiting professors from Harvard. The Business School has agreed to supply up to half the Institute's initial six-man faculty until staffing can be completed with teachers of business administration from Central and South America.

The INCAE project began in the spring of 1963, when the late President John F. Kennedy wrote to Dean Baker requesting that the School undertake a research program on the feasibility of

management training in Central America.

"My recent talks with the Presidents of the Central American nations re-emphasized our mutual concern for the rapid development of human resources in this critical area," President Kennedy wrote. "The participation of the Business School in a program to strengthen management would constitute a vital step toward sound regional integration, a major objective of the Alliance for Progress."

During that summer of 1963, a survey team from the School interviewed approximately 400 Central American businessmen and concluded that a graduate school of business administration would be most useful but that, to achieve maximum effectiveness, it would need to develop case and course material reflecting the distinctive realities of the Central American business scene (see *HBS Bulletin*, January-February 1964).

To this end, a team of Business School Faculty members started immediately, under an AID grant, to do the research that to date has produced for the INCAE library approximately 100 Central American business cases and background papers. Another 250 cases, selected chiefly from the files of the School as applicable to Central American business problems, have been translated into Spanish for use by INCAE.

First Steps

As the first steps in building a strong Institute, INCAE has conducted four six-week-long advanced management courses in different locations in Central America each summer; a total of 181 Central American business executives now comprise the initial alumni of INCAE. These INCAE advanced management courses were held in Antigua, Guatemala; Boquete, Panama; San Salvador, El Salvador; and San Jose, Costa Rica. They were manned with HBS professors.

INCAE's fifth advanced management course started last July 5 in Panama City. Dean Baker headed the HBS Faculty at the opening ceremonies, as one of several visits he made in Central American countries during the week of July 2, including talks to INCAE alumni and other business

leaders in Guatemala City and San Salvador.

In another example of Harvard-Central American cooperation activated by the INCAE project, a total of 17 Central Americans have studied for a year at the School in its International Teachers Program. That program provides business educators from around the world an opportunity to pursue their special fields of study and to gain direct experience with the case method of teaching, and has been utilized by INCAE to train a group of young Central Americans from whom INCAE could draw members of its faculty.

Self-Liquidating Assistance

The Harvard Business School—in addition to providing training for future INCAE faculty members, developing research material indigenous to Central America, furnishing members of its own Faculty for the MBA program on an interim basis, and supplying teachers for the advanced management programs each summer—is also helping INCAE develop a library and staff to support the educational research programs. This assistance is intended to be self-liquidating, however, diminishing gradually as INCAE develops a sound basis to move forward on its own as an independent, autonomous school and an important vehicle for economic development in the isthmus region.

The motive force of progress behind the birth of INCAE is caught in the statement of purposes approved by the Institute's board shortly after it was formed.

"Finally," the board wrote, "it is the Institute's purpose to enlighten and inspire all of its activities with a full consciousness of the heavy responsibility which those engaged in management and its teaching have toward the social and economic problems of the community in general.

"The Institute will always seek to reveal and clarify the web of relationships which tie business and its proprietors to other elements in society so that the expansion of enterprise may lead to the construction of a strong social and economic framework within which democracy and justice may flourish." ■