

INCAE is evolving in the context of a newly vibrant Mexican economy and the prospect of a management-starved post-Castro Cuba.

INCAE Poised for Growth and Innovation

Since its founding 26 years ago, INCAE (Central American Institute of Business Management) has survived an earthquake, a revolution, a move to a new home base, and the various political and economic problems endemic to Central America. Today, it is praised as the leading management school in Latin America by the presidents of the countries it principally serves — Nicaragua, El Salvador, Costa Rica, Guatemala, Honduras, and Panama — as well as by political and academic leaders throughout the world.

President John F. Kennedy's interest in Central America sparked the establishment of INCAE, which initially developed through the efforts of the region's business communities, with technical assistance from Harvard Business School and financial support from the U.S. Agency for International Development (AID). The school began its educational programs in 1964 and enrolled its first MBA students on its Managua campus in 1968, a time when the Somoza family still ruled Nicaragua. But whatever the political climate around it, INCAE has over the years insisted on its autonomy. As an institution serving six countries, its mandate supersedes the particular nation in which it is based, not to mention the interests of the particular regime in power.

In August 1991, INCAE inaugurated a new rector, Brizio Biondi-Morra (DBA '88), who succeeded another HBS graduate, Melvyn Copen (DBA '67). During a recent visit to HBS, Biondi-Morra, whose position combines elements of a dean's and a president's job, said he sees INCAE's position in Central America as a unique one. "INCAE has had a presence in each country for over 25 years as well as constant contacts with the Harvard faculty," he noted. Within the region, Biondi-Morra said that INCAE is the only institution that has a "major opportunity to make the business community aware of what is at stake and how to operate successfully."

HBS professor George C. Lodge shares Biondi-Morra's assessment of the school's unique position. Lodge, who was instrumental in setting up INCAE in the 1960s, explains that the school hit the ground running by gathering together the top leaders in government for a three-week program and to convince them that management could be taught. This strategy, says Lodge, "prefabricated alumni for the school before any kind of institution actually existed. By the time the school opened, two to three hundred leaders had been through these short programs. Without that, INCAE would not have been the success it was."

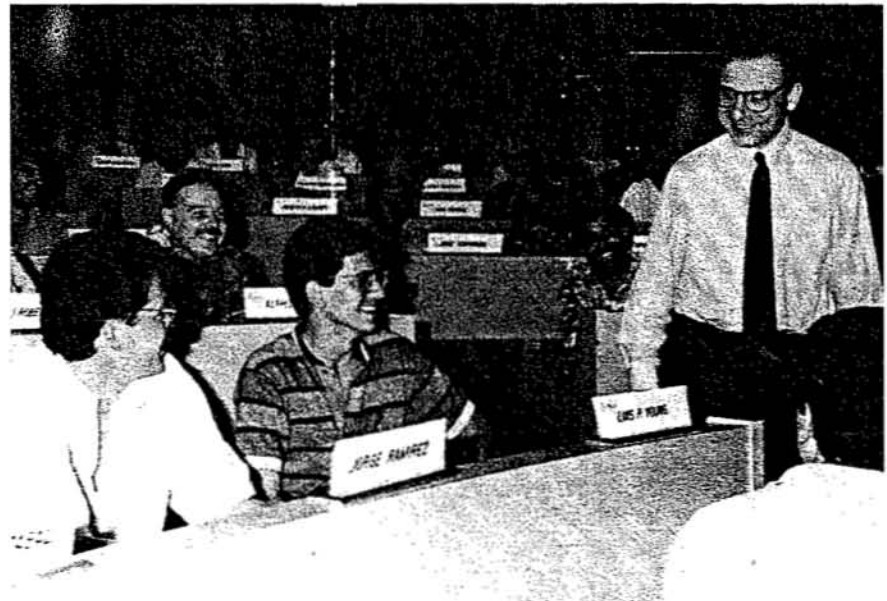
A major earthquake in 1972 did not seriously damage the school's Managua campus, but the 1979 Sandinista revolution created a number of difficulties. Lodge points out that the Sandinista government was eager to maintain the school, since the INCAE-trained bureaucrats ("INCAE-istas") in the government understood that "spare parts come from Des Moines." Nevertheless, given the real dangers of the contra war and the perception that academic freedom might be in jeop-

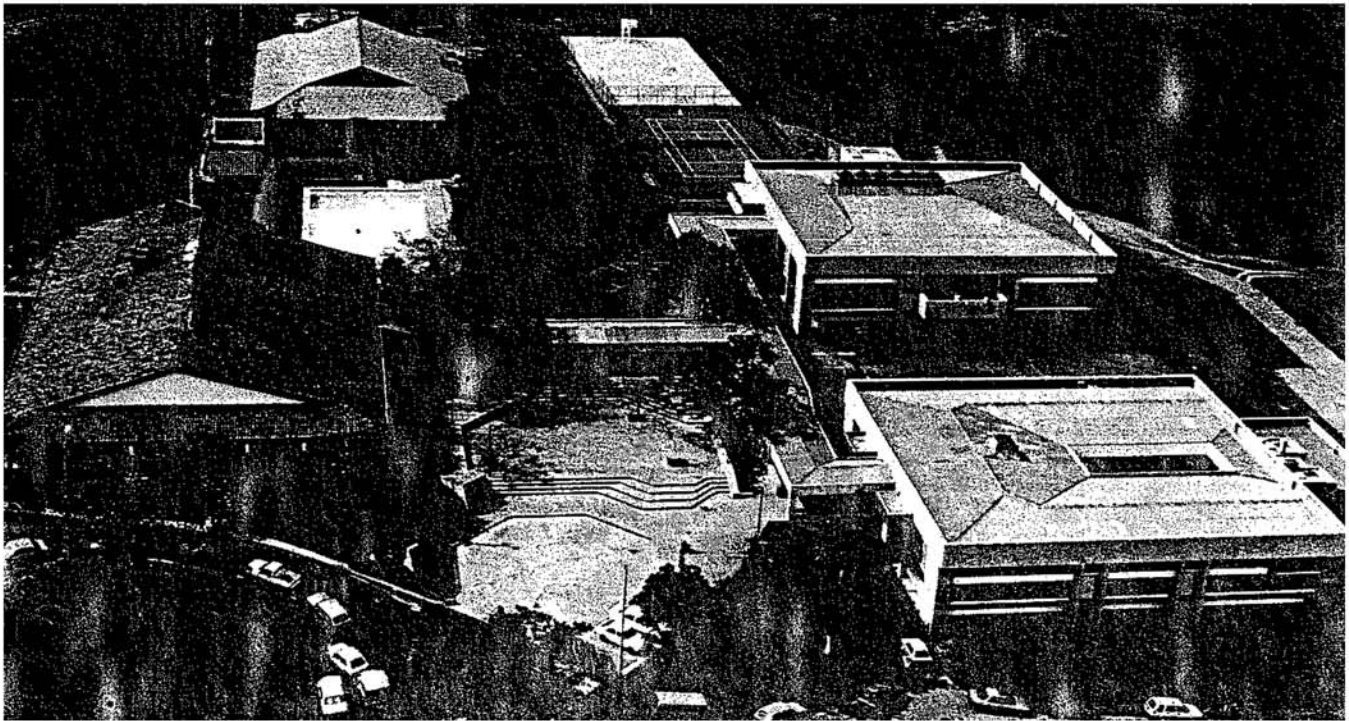
ardy, noted Biondi-Morra, "it was difficult to keep the student body international." As a result, INCAE opened a new campus in Costa Rica, and "the fall-back position became the main campus."

Currently, INCAE has programs in all six Central American countries as well as in Ecuador, the Dominican Republic, Paraguay, Uruguay, Mexico, and two U.S. cities. The offerings include a traditional MBA program, a new Executive MBA Program for senior managers who attend classes on alternate weekends, a Master of Business Economy Program dealing with the interface between business and government, Functional Administration and Banking Administration programs, and various short seminars.

INCAE's students come from virtually every country in the Western Hemisphere. The school has approximately three thousand MBA alumni and eighty thousand seminar alumni. INCAE's faculty includes about 75 internationally recruited academics, half of them with Ph.D.s from such universities as Harvard, Yale, Stanford, and MIT. The cases that are taught are a mix of HBS and INCAE cases, with over three thousand

Biondi-Morra in the classroom: "INCAE has a major opportunity to make the business community aware of what is at stake and how to operate successfully."





INCAE's Costa Rica campus.

specifically on business situations in Central and Latin America.

Biondi-Morra looks forward to building on the school's strengths and expanding in new directions. INCAE is considering the establishment of a school of government similar to Harvard's Kennedy School, and there are plans to set up permanent operations in Mexico City within a year or two.

In recent months, the new government of Nicaragua has turned to the school for help. "We are negotiating with the government about how to manage the privatization of the state sector," Biondi-Morra revealed. "In the Public Administration Program, INCAE provides training for the government people who are in charge of preparing two to three thousand military officers to return to civilian life. We conduct courses on how to run a small company or a farm. Fourteen members of the faculty are in the present Nicaraguan government, including the Minister of the Economy and the Minister of Finance."

This last fact points to one of INCAE's difficulties in keeping fac-

ulty members. According to George Lodge, "The school has always had a problem; as soon as faculty members get up to speed, they are snapped up by the private sector or government." But Biondi-Morra stressed that this movement is not all one way: "Many professors are former cabinet members," he said, "and the school has great access to current cabinet members and to leading businessmen — a fact that creates more research opportunities than the school can handle."

Central America has undergone considerable change since INCAE's founding, with Nicaragua, for one, going through years of war, a collapsed economy, natural disasters, and tentative steps toward institutionalizing democracy. There is hope that the violence in other countries, such as El Salvador and Guatemala, may be abating and that greater stability may come to the region. In expanding toward all of Latin America and the Caribbean, INCAE is evolving in the context of a newly vibrant Mexican economy and the prospect of a management-starved post-Castro Cuba. Biondi-Morra said he is

eager to participate in the school's increasing opportunities. "It is an exciting time for INCAE. The potential impact we can have on these developing countries is incredible."

by Helen Frey Rochlin

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