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**UNIDO/APO
MANAGEMENT
DEVELOPMENT
PROGRAMME FOR
SENIOR INDUSTRIAL
EXECUTIVES**

IN/PAK/TE/000

PAKISTAN

TERMINAL REPORT

**Prepared for the Government of Pakistan by the
United Nations Industrial Development Organization,
executing agency for the
United Nations Development Programme**



United Nations Industrial Development Organization

United Nations Development Programme

UNIDO/APO MANAGEMENT DEVELOPMENT PROGRAMME
FOR SENIOR INDUSTRIAL EXECUTIVES

IS/PAK/75/030

PAKISTAN

Project findings and recommendations

Prepared for the Government of Pakistan
by the United Nations Industrial Development Organisation,
executing agency for the United Nations Development Programme

United Nations Industrial Development Organisation
Vienna, 1976

This report was jointly prepared by Branko Cernovsek, industrial management adviser (team leader), and the following experts:

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Isidro Cariño, production management expert
Giuseppe Pittatore, marketing management adviser

ABSTRACT

The project entitled "UNIDO/APO Management Development Programme for Senior Industrial Executives" (IS/PAK/75/030) was designed to assist Pakistan in its efforts to overcome its shortage of qualified managerial staff at all levels in both the public and private sectors of the economy. It originated in a request made by the Government of Pakistan in February 1973, and was approved by UNDP in May 1975, with the United Nations Industrial Development Organization (UNIDO) serving as the executing agency and the Asian Productivity Organization (APO) as the associated agency, while the Pakistan Administrative Staff College (PASC) acted as the principal counterpart agency. The revised project budget approved by UNDP in November 1975 involved a UNIDO contribution of \$US 18,500.

The joint international team of experts arrived in Pakistan during the first week of February 1976 to acquaint themselves with local conditions and problems and assist in the completion of arrangements for the management development seminar, which was held in Lahore from 16 February to 3 March 1976. Although the seminar was prevented from being a complete success by the limited attendance, especially of top executives, it accomplished its objectives.

Management seminars with the participation of foreign experts have a useful role to play in the development of managerial staff particularly because of the wider possibilities of exchange of experience. The following conclusions may be drawn from the Lahore seminar:

- (a) Seminars should be carefully prepared and action-oriented, the emphasis being placed on specific aspects of management;
- (b) The international team should consist of experts currently employed in industry and having recent practical experience of the problems about which they would be expected to speak.

A series of further seminars organized along the above-mentioned lines, and for which specific suggestions have already been made, would therefore appear to be a most appropriate form of follow-up action.

Explanatory notes

References to dollars (\$) are to United States dollars, unless otherwise stated.

A comma (,) is used to distinguish thousands and millions.

The following abbreviations are used in this report:

APO	Asian Productivity Organization
BIM	Board of Industrial Management
PASC	Pakistan Administrative Staff College
PITAC	Pakistan Industrial Technical Assistance Centre
WPIM	West Pakistan Institute of Management

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INTRODUCTION

Following the takeover of control of a number of industries by the Government of Pakistan, an effort was made to strengthen the management resources of the country in order to facilitate the achievement of social and industrial goals, especially an increase in national productivity and economic efficiency. One of the obstacles to the achievement of these goals in the past had been a lack of qualified top professional personnel at all levels in both the public and private sectors. Existing institutions in Pakistan are very much involved in training programmes for senior executives, but the transfer of the experiences and achievements of other countries, particularly the developed countries, is very useful. To promote such a transfer of know-how and, ultimately, the achievement of the above-mentioned goals, the Government of Pakistan decided to organize a management development seminar with the participation of top executives from public and private industries, as well as from governmental agencies responsible for industrial development. With this end in view, in February 1973 it requested the United Nations Industrial Development Organization (UNIDO) and the Asian Productivity Organization (APO) to conduct a brief survey of management needs and assist in the preparations for and work of the proposed seminar. A joint UNIDO/APO mission visited Pakistan in December 1974, discussed the issue with appropriate organizations and officials, confirmed the Government's views, and presented recommendations on the ways and means of holding the seminar. The request was approved by UNDP in May 1975, with UNIDO serving as the executing agency and APO as the associated agency, while the Pakistan Administrative Staff College (PASC) acted as the principal counterpart agency, supported by the Board of Industrial Management (BIM), the Pakistan Industrial Technical Assistance Centre (PITAC) and the West Pakistan Institute of Management (WPIM). The project, entitled "UNIDO/APO Management Development Programme for Senior Industrial Executives" (IS/PAK/75/030), was to be co-ordinated by the Pakistan Ministry of Industries, and involved a UNIDO contribution of \$US 18,500 under its revised budget approved by UNDP in November 1975.

The seminar was conducted along practical lines and dealt with the subjects of general management, production management, financial management and marketing. It had the following objectives:

(a) To develop a total management perspective of industrial organization in the context of the changing socio-political environment of Pakistan;

(b) To improve the policy formulation skills and decision-making ability of junior executives;

(c) To improve their leadership and interpersonal skills;

(d) To familiarize them with the most modern concepts and techniques of management;

(e) To create awareness of the need for and processes of innovation and planning;

(f) To develop an insight into the functions and problems of different departments such as finance, personnel, industrial relations, marketing and production;

(g) To improve the ability of executives to co-ordinate and integrate the various units and processes of an organization.

The international team of experts selected for the project consisted of an industrial management adviser, a production management expert, an industrial marketing adviser and a financial management expert. Their duties were essentially the following:

(a) To assess, on the basis of first-hand information, the prevailing conditions and shortcomings in Pakistani industry in their individual fields of specialization;

(b) To conduct a series of discussion meetings with senior Pakistani executives in order to assist them in improving, where necessary, their expertise and efficiency in dealing with problems arising in the various specialized areas under consideration;

(c) To make a study tour of representative industrial enterprises with other members of the international team and local programme participants in order to obtain tangible experience of prevailing conditions in industry as a whole and in their areas of specialization;

(d) To submit a mission report complete with detailed indications and recommendations concerning the necessary follow-up action.

The seminar was held in Lahore from 16 February to 3 March 1976. Although it was prevented from being a complete success by the limited attendance, it achieved its aims.

Management seminars with the participation of foreign experts have a useful role to play in the development of managerial staff, particularly because of the wider possibility of exchange of experience. The following lessons of the project may be heeded:

(a) Seminars should be carefully prepared and action-oriented, the emphasis being placed on specific aspects of management;

(b) The international team should consist of experts currently employed in industry and having recent practical experience of the problems about which they would be expected to speak.

Proposals for a further series of seminars organised along the above-mentioned lines have been made (in this connexion, see annex III).

I. UNIDO/APO SEMINAR FOR SENIOR INDUSTRIAL EXECUTIVES

A. Background

Preparations for the project were still at an early stage when the experts arrived in Lahore on 3 February 1976, and it was necessary to revise the proposed programme in order to strengthen the prospects for achieving the stated goals within the agreed time limits. With the support of PASC, the experts were able to complete arrangements for the seminar, reorganize its schedule and outline its methodology (see annex II). In less than two weeks the entire programme was completed. During this period, with the assistance of PASC, the UNIDO experts visited various establishments, corporations, and institutions in Lahore. These visits were necessary in order to assess the results of the government takeover of industries. The information gathered provided the experts with valuable insights into the problems to be dealt with by the seminar, and contributed significantly to the formulation of their recommendations. The UNIDO team collaborated very closely with UNDP and the UNIDO representative in Islamabad, who attended the seminar in Lahore and greatly assisted the experts by placing at their disposal his extensive knowledge of local conditions and his expertise in industrial management.

B. Conduct of the seminar

During discussions with PASC staff members, the following points were agreed upon:

- (a) The seminar would be practical in approach;
- (b) There would be introductory talks by the experts followed by discussions with the participants concerning conditions in Pakistan and the way in which the matters dealt with during the seminar could be related to those conditions;
- (c) Speakers from both the private and public sectors would be invited to participate;
- (d) The problems faced by the participants in their respective organizations would be discussed;
- (e) Each participant would be asked to prepare a report on his organization's performance in particular fields, and those reports would be submitted to the staff college, which would in turn submit them to the heads of the respective organizations.

The seminar was divided into four parts (see annex II). The first two parts were assigned to PASC, and lecturers were chosen from among the PASC staff, well-known professors in local universities and executives in both the private and public sectors. Evening sessions were also arranged, and selected executives from different corporations and government institutions were invited to speak.

At the end of the seminar each participant completed a questionnaire designed to evaluate the results of the project. A summary of their replies is given below.

C. Conclusions and recommendations of the seminar

Practically all the participants, in their replies to the questionnaire and in discussions about the results of the seminar, agreed that the seminar as a whole had been a success, and would prove beneficial to them in their professional life. The conclusions enumerated below are especially noteworthy.

1. The program enabled the participants to gain an overall view of the management aspects of industrial concerns.
2. The exchange of experiences through lectures and discussions with speakers from local universities, government officials and the UNIDO experts provided the participants with valuable insights into how industrial management problems are approached in various countries, both developed and developing, including their own. This gave them a greater understanding of the problems in all their aspects, and of the subject of industrial management as a whole.
3. The participants came to realize the full value of planning and of the tools and techniques that could be used in their businesses and organizations.
4. The following subjects were considered the most interesting and useful dealt with during the seminar: strategy formulation and implementation, decision-making, management in relation to objectives, organization structure, financial management, motivation and project feasibility.
5. The seminar confirmed the need for Pakistani industries to improve their efficiency, organization and management in general, if they are to compete effectively on international markets.

6. The work of the seminar would have been more successful if there had been more informal sessions, greater private sector participation, an analysis of the situation in badly managed firms, and earlier agreement on the discussion of government policy and country resources.

With regard to the conduct of future seminars, the participants also made a number of recommendations, including those listed below, which were endorsed by the UNIDO team.

1. Future seminars should be shorter, more intensive and thoroughly prepared well in advance.
2. Participants should come from comparable organisations and have similar responsibilities, preferably in top management.
3. Foreign experts should spend longer periods of orientation in the country to acquaint themselves with the prevailing conditions.

D. Other activities

During the mission the international experts were requested to participate in several related training courses and workshops as panel discussion members, and to assist those activities by providing their expert services. With the agreement of the UNIDO representative in Islamabad, team members participated in a joint secretary/deputy secretary course (18 February) and in a panel discussion on system approach and quantitative techniques (1 March), both held at PASC.

The team also agreed to conduct two one-day seminars organized by the Management Association of Pakistan. One of them was held on 29 February in Lahore, and the other on 6 March in Islamabad, and they dealt with the following subjects:

- (a) Need for innovation and planning concept of strategy;
- (b) Strategy formulation and implementation;
- (c) Project feasibility studies;
- (d) Management of new investments and projects.

The team members' participation in all these activities consisted solely in the free provision of their expert services.

II. PROBLEMS OF INDUSTRIAL MANAGEMENT TRAINING

During the past few years the Government of Pakistan has recognised the importance of education and training. In order to ensure increased efficiency, higher productivity and better understanding of new developments at the national and international levels, significant efforts have been made to improve the skills of employees in all sectors of the national economy. The new five-year plan emphasizes the importance of training and training facilities for the future development of Pakistan. Some good results have been achieved, but there still remain certain weaknesses which must be overcome.

A. Findings

1. There is no comprehensive co-ordinated training program

Some institutions and colleges are conducting different training programmes for managers in the public and private sectors and for government officials, but these programmes are unco-ordinated and no general guidelines exist for an overall training programme.

2. Training programs are not organized to meet the needs of all levels of management

The majority of seminars and courses are organized for top management and senior executives. Few are designed for the middle and lower management levels. This situation must be remedied since the efficiency of industry depends on the knowledge and skills of managers at all levels.

Special consideration should also be given to the problem of worker training, the difficulties of which are increased by the fact that most of the workers are illiterate.

3. Training programmes are too theoretical

The training programmes currently offered in several domestic institutions are generally based on foreign experience and models. This diminishes the value of those programmes, since it is difficult to adapt systems of training applied in developed countries to conditions in developing countries.

4. Seminars and courses are too long

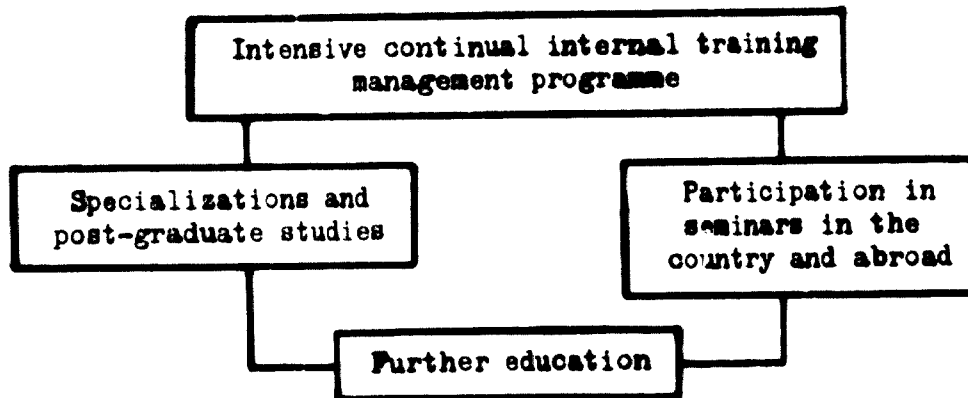
Present trends point to an accelerating pace of change and innovation in the future. Any management training programme, in order to remain effective, must therefore be adapted to the changing conditions, making the fullest use,

in particular, of advances in management science. In this connexion, the problem of the time constraints on senior executives and managers must be borne in mind when deciding on the length of seminars.

B. Recommendations

1. A comprehensive long-range system of permanent management training in industry and the public sector should be established along the lines suggested by the following diagram:

Long-range strategy for permanent training



2. The division of responsibilities for the planning and organization of the training programme should be based on the following table.

Table 1. Planning and organization of training schemes

Form of training	Body responsible for planning and organisation		
	Company or institution	Corporation or institution	Government bodies
Permanent in-company training	x		
Seminars		x	x
Post-graduate studies within the country	x		
Post-graduate studies abroad			x
Specialisation abroad			x
Courses given by foreign experts in Pakistan			

3. Authority for the implementation of the training programmes should be delegated along the lines proposed in the following table.

Table 2. Implementation of training programmes

Form of training	Authority responsible for training			
	Universities	Colleges and institutions	Management consultant organizations	Professional associations
Permanent in-company training		x	x	
Seminars		x		x
Post-graduate studies	x			
Courses given by foreign experts in Pakistan		x		

4. Training programmes should be organized in accordance with the varying responsibilities of different management levels. In this connexion, annex III contains suggested programmes for supervisory, middle and top management training and seminars in the special areas of marketing and capital investment planning.

5. Seminars should not be longer than one week for the following main reasons:

- (a) Managers cannot be absent for a long time from their organizations;
- (b) Longer seminars might cover more matters than the participants are able to absorb, and this could reduce their interest in training.

6. Training programmes should be of a practical nature, taking as their basis the practices and experience of Pakistani industrial units.

7. Specialized programmes should also be arranged for training employees in financing, marketing etc. Suggestions for such programmes are given in annex III.

Annex I

INTERNATIONAL STAFF

<u>UNIDO and APO experts</u>	<u>Duration of contract</u>
Filomena Cantoria, financial management expert	1 month
Isidro Cariño, production management expert	1 month
Branko Cernovsek, industrial management adviser	1½ months
Giuseppe Pittatore, industrial marketing adviser	1 month

Annex II

OUTLINE OF THE JOINT UNIDO/APO SEMINAR FOR SENIOR INDUSTRIAL EXECUTIVES

A. Organization of the seminar

The seminar was divided into the four parts listed below.

Part 1: Understanding the environment and projecting trends

- (a) Development strategy of Pakistan;
- (b) Socio-cultural trends;
- (c) Impact of both foreign and domestic environmental changes;
- (d) Industrial policy of the Government;
- (e) Management and the organizational structure of the nationalised industries;
- (f) Strengths and weaknesses of public and private sector management, with emphasis on the public sector.

Part 2: Resource study and analysis of capabilities

- (a) Economic;
- (b) Technical;
- (c) Financial;
- (d) Managerial;
- (e) Labour.

Part 3. Strategy formulation and implementation

- (a) Need for innovations and planning;
- (b) Concept of strategy;
- (c) Strategy formulation;
- (d) Strategy implementation:
 - (i) Behavioural aspects;
 - (ii) Technical aspects;
- (e) Corporate planning;
- (f) Project management.

Part 4: Management of nationalized industries

- (a) Management cycle, organizational structure and decision-making;
- (b) Financial management;
- (c) Marketing management;
- (d) Production management;
- (e) Management in relation to objectives;
- (f) Need for permanent education;
- (g) Modern approach to management consultancy;
- (h) Project preparation;
- (i) Review of seminar.

B. Conduct of the seminar

The seminar consisted of lectures, panel discussions and workshops, and a high degree of participation was achieved through question and answer sessions held after each lecture. The lectures and panel discussions were meant to enhance the participants' understanding of concepts, principles and techniques. The workshops focussed on practical exercises and the possible applications of the theoretical knowledge acquired, thereby reinforcing the learning process.

Reading material was provided for some of the subject matter, and for the end of the seminar each participant had to prepare a project designed to improve the performance of his organization. The experts were available for consultation in the preparation of these projects, which were to be submitted after finalization to the heads of the organizations concerned. The last day of the seminar was devoted to a review and evaluation of its work.

Annex III

PROJECT PROPOSALS

A. Seminar for top management in the public
and private sectors

The seminar for top management would have the following objectives:

- (a) To help top management better understand their responsibilities;
- (b) To improve their knowledge of modern concepts relating to long-term and short-term planning and implementation of activities;
- (c) To train them in the efficient use of appropriate techniques.

The programme of the seminar would cover a period of four days and be divided into the four parts listed below in the order in which they would appear on the agenda, a full day being devoted to each.

Part 1: The role of top management

- (a) A survey of the role of top management;
- (b) Importance of the interactions between the various functions of production, marketing and finance;
- (c) New trends in production, marketing and financial management;
- (d) Workshop.

Part 2: Planning

- (a) Need for planning;
- (b) Concept of strategy;
- (c) Strategy formulation;
- (d) Systematic analysis and identification of targets;
- (e) Critical performance areas;
- (f) Workshop.

Part 3: Implementation

- (a) Organisation:
 - (i) Technique of organisational change;
 - (ii) Review of the organisational structure;

- (b) Leadership:
 - (i) Delegation;
 - (ii) Motivation;
 - (iii) Decision-making;
 - (iv) Communication;
- (c) Control:
 - (i) Establishment of performance standards;
 - (ii) Measurement of performance;
 - (iii) Performance appraisal;
 - (iv) Corrective action.

Part 4: Special topics

- (a) Management in relation to objectives;
- (b) Management based on exceptions;
- (c) Management training and recruitment;
- (d) Compensation and reward system;
- (e) Brainstorming session.

This programme assumes that the participants are knowledgeable in the fundamentals of production, marketing and finance. Consequently, the required reading material will be prepared by the experts and provided to the participants beforehand.

The same programme would be repeated four times, twice in Karachi and twice in Lahore, and the number of participants in each seminar should be between 20 and 30. Preparations for the seminar should begin two weeks in advance, and arrangements should be made for two-day visits to enterprises and public bodies to discuss their problems with them.

The project would require the services of two English-speaking foreign experts in the management of industrial enterprises, preferably familiar with conditions in Pakistan, and with a good knowledge of industrial conditions and problems in developing countries and of nationalized industries in particular. It could be co-ordinated by the Ministry of Industries, sponsored by the Pakistan Administrative Staff College, and supported by the West Pakistan Institute of Management and the Board of Industrial Management.

B. Middle management seminar

The middle management seminar would have the following objectives:

- (a) To enable managers to appreciate up-to-date management techniques and principles of planning, co-ordinating and controlling business activities;
- (b) To make managers conscious of the full significance of business management by exposing them to practical applications of financial, production and marketing techniques;
- (c) To develop the managers' awareness of the objectives of their enterprises, so that the decisions which they take in their respective departments will contribute to the achievement of those objectives;
- (d) To increase managerial awareness of the behavioural and non-technical factors in the management of a business organisation.

The seminar would last five days and cover the following topics, listed in the order in which they would be dealt with, a full day being devoted to each.

Part 1: General management

- (a) Concept of corporate planning;
- (b) Setting business objectives;
- (c) Management in relation to objectives.

Part 2: Behavioural aspects of business

- (a) Communication;
- (b) Human behaviour and management;
- (c) Training.

Part 3: Financial management

- (a) Measures of business success;
- (b) Interpretation of profit and loss balance sheet;
- (c) Cash management.

Part 4: Marketing management

- (a) Marketing concepts;
- (b) Marketing plans;
- (c) Pricing;
- (d) Sales operations.

Part 5: Production and operations management

- (a) Production planning and control;
- (b) Inventory management;
- (c) Productivity.

C. Supervisory management seminar

The supervisory management seminar would have the following objectives:

- (a) To enable supervisors or foremen to understand the practice of management and the organizational structure;
- (b) To train supervisors in the established methods of understanding workers' motives and behaviour and of maximizing their performance;
- (c) To improve their technical skills and their analytical and decision-making abilities;
- (d) To promote the close co-operation of supervisors and other levels of management through the discussion of common problems and joint participation in decision-making and overall management.

The seminar would last five days and deal with the following matters:

- (a) Concepts and principles of management and organization;
- (b) The role of the supervisor as the middleman between top management and workers in a business organization;
- (c) Effective communication;
- (d) Motivation;
- (e) Styles of leadership;
- (f) Systems-building and procedures;
- (g) Problem-solving and decision-making;
- (h) Work simplification and methods of study and management;
- (i) Cost control and reduction;
- (j) Performance evaluation;
- (k) Psychological and sociological findings based on actual supervisory practices and problems of implementation;
- (l) Problems of supervisory management within the context of Pakistan and discussion of solutions proposed by the participants;
- (m) Preparation of projects by individual participants for critical examination by the seminar as a whole or in working groups.

D. Marketing training seminar

The marketing training programme would have the following objectives:

- (a) To clarify the general concepts of marketing, stressing the principle that a marketing-oriented management seeks the company's profit through the satisfaction of the customer's needs by means of an overall, integrated programme;
- (b) To stimulate the participant's awareness of the importance of marketing;
- (c) To explain why marketing awareness is necessary from top to bottom of the company's hierarchy in order to promote growth to secure and gradually expand the company's share of the market, and to recognise possible changes in the environment, the structure of demand, and the development of technology.

The seminar, in which top managers from private enterprise and public bodies should participate, would last three days and cover the following matters:

- (a) The concept and function of marketing;
- (b) The facets of marketing:
 - (i) Analysis of company resources and the environmental conditions in which it operates;
 - (ii) Identification of the needs and wants of market groups which the company is capable of satisfying;
 - (iii) Factors influencing the decision to buy;
- (c) The tools of marketing:
 - (i) Market research and strategy;
 - (ii) Product planning and distribution;
 - (iii) Advertising and promotion;
 - (iv) Organisation and administration of sales;
- (d) Evaluation of performance;
- (e) Interaction of the marketing department with the company's other departments.

E. Seminar on capital investment planning

The seminar on capital investment planning would have the following objectives:

- (a) To promote understanding of all the financial and organisational factors which come into play in the evaluation, planning and management of capital investments;

(b) To show by practical example the significant benefits which can be derived from the use of modern techniques now available in this field.

The seminar, which would be designed for managers having overall responsibility for new projects, would last one week and cover the following topics:

(a) Project evaluation:

- (i) The feasibility study;
- (ii) Discounted cash flow;
- (iii) Sensitivity and risk analysis;
- (iv) Decision theory and computers;
- (v) Setting of investment criteria and objectives;

(b) Planning:

- (i) Rationalization and relocation;
- (ii) Distribution and materials handling;
- (iii) Lay-out planning;
- (iv) Programming by network and diagrams;
- (v) Building design and design briefs;
- (vi) Cost planning;

(c) Project control:

- (i) Pre-contract negotiations;
- (ii) Project management and organizational structure;
- (iii) Project co-ordination;
- (iv) Commissioning;
- (v) Project financial control.

F. Seminar on finance and accounting for managers

The objective of the seminar on finance and accounting for managers would be to promote a working understanding of financial management and accounting practice for effective management by senior executives. The participants should be non-financial senior and middle-level executives, excluding accountants and financial executives.

The seminar would last four days and be divided into the parts enumerated below, a full day being devoted to each.

Part 1: Business finance and company accounting

- (a) Circuit flow of funds;
- (b) Financial statements and key figures for interpretation;
- (c) Financial and management ratios.

Part 2: Profit planning, financial resources and data for operating decisions

- (a) Budgetary controls and standard costings;
- (b) Break-even analysis and optimum pricing;
- (c) Maintaining financial strength;
- (d) Planning, decision-making and control;
- (e) Financial data for operating decisions (marginal vs. full costs, production and financial decisions, buying and leasing);
- (f) Case study of profit planning.

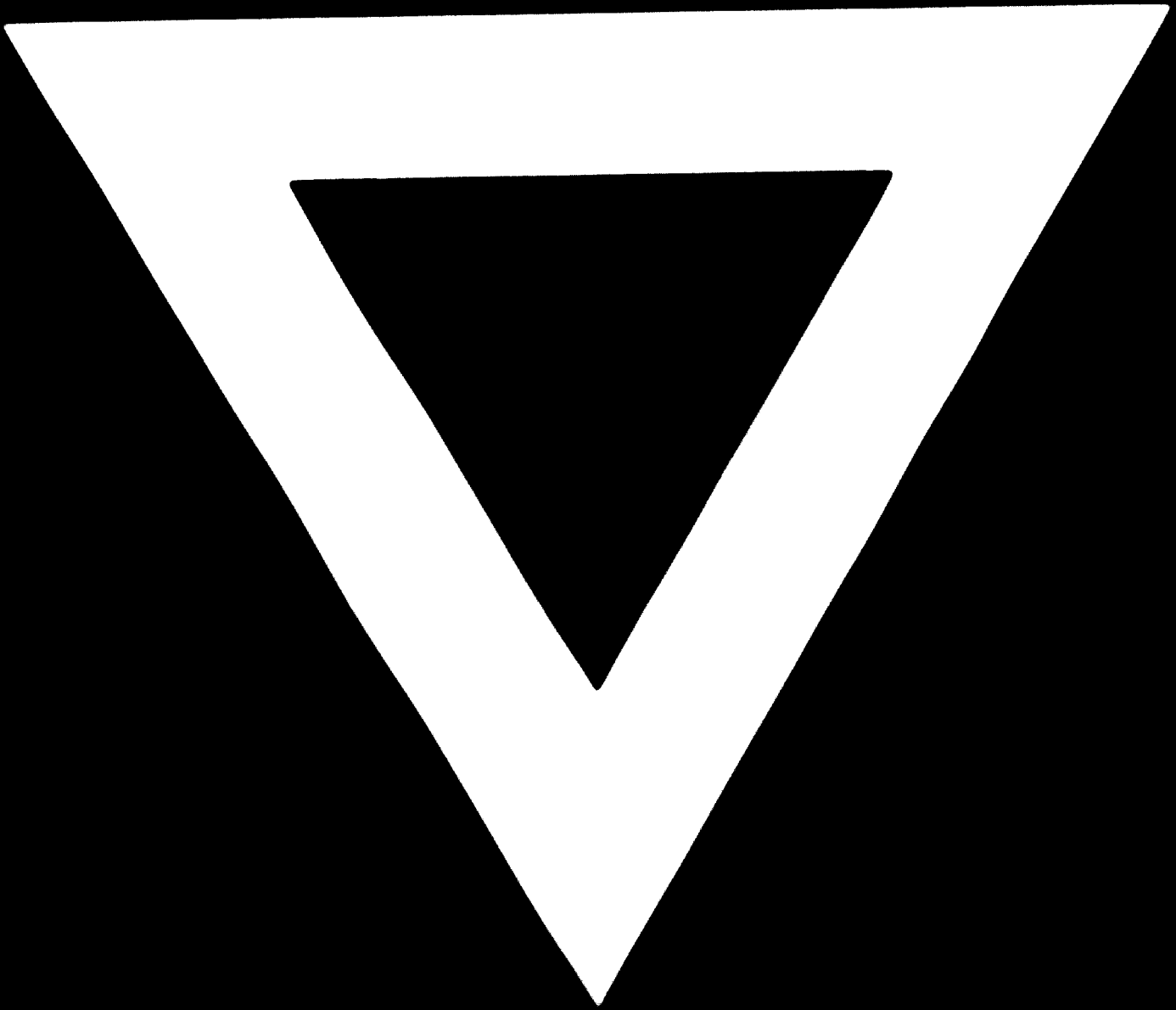
Part 3: Capital expansion and decision theory

- (a) Capital expansion decisions;
- (b) Discounted cash flow method;
- (c) Sensitivity and risk analysis;
- (d) Decision theory;
- (e) Case study of project evaluation and ranking.

Part 4: Financial controls

- (a) Capital control networks;
- (b) Management control of marketing;
- (c) Management control of other resources;
- (d) The role of the executive in financial management.

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