
DEVTECH Sphere

DEVTECH SYSTEMS, INC.
Fall 2004

20th Anniversary Edition Birth and Growth of a Consulting Company

The first thought sprouted in my mind in Havana in the early sixties while I was reading an issue of *The Economist* about “super-consultants.” The article referred to Litton Industries and their involvement with a large development project in the Italian Mezzogiorno. At the time I was an economic planner at the Central Board of Planning in Cuba and a strong believer in the technological potential (and magic) of newly developed “high speed” computers, sophisticated mathematical models, and complex algorithms. The article provided fascinating reading for a young economist struggling to define the right career path; it opened a new frontier for adventure and scientific discovery combined with the immense satisfaction of helping people emerge from poverty.

The profound -even cruel- disappointments left behind by the Cuban revolution were not enough to kill my dream of one day being able to found a development consulting company, even if reaching that goal would take some time. After working several years in research and academic institutions, followed by positions in government, international development organizations and the private sector, I came to the conclusion that to really understand development, particularly its institutional and behavioral aspects, one must be actively involved in the field. There are too many aspects of development that cannot be captured by quantitative data or econometric models. So, in 1984, after seven years as Director of a graduate studies program at the American University in Washington, D.C. (a program founded by me entitled Latin American Program in Applied Economics), I decided to launch Development Technologies, Inc., which became DevTech Systems in 1994.

Incorporating the firm was the easy part: anyone can create a consulting practice based on his or her own abilities, experience, and professional contacts. The hard part is building-up a company from scratch, getting firm recognition and actually winning the first

competitive contracts. Any professional with a certain amount of experience can start an individual consulting business without much difficulty; however, without the prospect of multiple long-term contracts, earning potential becomes severely constrained and uncertainty and risk of failure too great.

To actually develop the company we had to work on several fronts simultaneously. The main concern was learning how to win contracts in a highly competitive market. This alone required several initiatives: a) identifying potential clients, b) studying what these clients are buying and what they want to buy in the future, c) learning how to write technical and cost proposals, d) studying the competition, and e) recruiting the right personnel to carry out the consulting assignments once contracts are won.

But the development of a company needs to be complemented by work on another front, namely the company’s management system. One must set up a basic accounting system, which will serve as the foundation of a financial management system that clients will evaluate to ensure contracts can be executed and completed successfully. But not just any accounting system will do: it must satisfy the firm’s needs and comply with specific

DevTech has been able to contribute to the development of several countries while keeping the highest ethical, technical and managerial standards of this industry.

client requirements. For instance, doing business with the U.S. Government requires the accounting system to be adapted to the Federal Acquisitions Regulations. Other elements to develop within the internal management system include the ability to negotiate and manage contracts with clients and providers. Another corporate development aspect that cannot be overlooked -whether you are a big firm or a one-person shop- is

implementing a set of company policies encompassing personnel management procedures such as recruiting, staffing, interviewing, promoting, terminating, retiring, etc. Finally, one must not forget an obvious but nevertheless indispensable task: the day-to-day administration of personnel and facilities, starting with the central office and progressively expanding to other project offices as the company begins to win contracts overseas.

This very brief activity overview provides a rough idea of the intense work involved in the development of a consulting company, literally from scratch. The actual investment can be described more in terms of time and effort than in terms of money. In fact, with respect to the latter, DevTech's start-up capital was actually very modest. There are clear possibilities of substitution between financial capital and "sweat" capital, yet those possibilities are limited. Even if the entrepreneur has all the money to buy the company's organizational components, nothing will guarantee the quality of each individual component nor that they will adequately fit together, but the effort of the founders.

Once the company begins to win contracts, it must imperatively work on its image. Even after a few years in business, I was still perceived as an individual consultant, a former academic, not as an executive capable of managing big contracts. The organization's image is an essential element of its credibility to manage contracts successfully. In the business of international development consulting, where products are usually intangible, clients take a great deal of risk when contracting the services of an unknown entity. This is why a company must always go the extra mile to demonstrate its capabilities, ensuring the project is delivered on time and within the parameters specified in the contract. Problems on the side of the client are never an excuse for inadequate or delayed project delivery. A consulting company's managerial maturity is reached when it is able to manage very difficult situations arising from sources beyond its control.

From DevTech's early beginnings and during all these twenty years, we have always been concerned about three critical and equally important dimensions of our company's integrity: managerial, technical, and ethical. The challenge was whether we would be able to adhere to all three and still remain

a financially feasible business. Often, the ethical vector tends to be the weakest one; it is also generally the first one to be sacrificed for the sake of expediency, profit or markets. We are proud to say that, during all its years in business, DevTech has been able to contribute to the development of several countries while keeping the highest ethical, technical and managerial standards in the industry. We have been committed to these standards since the company's inception and shall continue to do so in the future.

To close, I would like to acknowledge the exceptional work done by our Senior Vice President Mercy Sanguinetty (formerly Guerrero de Blanck) in the development of DevTech Systems, Inc. Her dedication to the firm is essential to our success. I also want to recognize all the individuals, clients, staff, or providers, who identify our best attributes, give us credit for them, and help DevTech in its development. Many people contribute to this success. All we do is make their efforts converge.

Jorge A. Sanguinetty, Ph.D.
President & CEO
DevTech Systems, Inc.

Integrating Gender and Conservation Strategies in Development Programs

Recognizing the importance that gender plays in natural resource management—that social and economic activities conducted by men and women in local communities affect the achievement of conservation goals—USAID (through its Healthy Communities, Healthy Forest Programs, and in concert with the WID Office), funded a ***Strategic Planning and Gender Workshop*** for its implementing partner, Conservation International, in the Philippines from June 15-20, 2004. The DevTech Team developed tailored training tools and facilitated the workshop through its WID IQC Task Order 1 contract.

Twenty-five participants attended the workshop, including country program managers from Madagascar, Guatemala, Cambodia, and the Philippines. Participants gained an increased awareness of the linkages between natural resource management and gender roles, the threats (direct and indirect) to achieving conservation objectives in areas of critical biodiversity, and an increased understanding of the need to incorporate gender-based indicators in monitoring and evaluation of conservation programs.

The following abstracts are from papers presented by Tonya Giannoni, and Phil Church and Carlos Loría as part of DevTech's 20th Anniversary celebration.

Decentralization in Latin America: Study of Two Cases—Argentina and Bolivia

The multi-lateral development banks and USAID are allocating significant resources to support decentralization programs in the hope of strengthening democracy. *Is there a solid theoretical basis supporting this policy?* The author examines the conceptual hypothesis for the relationship between decentralization and democracy. This hypothesis is tested quantitatively in eighteen Latin American countries based on comparative research conducted by the author. Utilizing case qualitative case analysis, she identifies several potential explanatory variables for the unexpected inverse relationship between level of decentralization and widely-used democracy indicators. She argues that decentralization confronts the same challenges that democracy faces, including legitimacy, accountability, and effectiveness in a representative system. It is not a panacea. She identifies tentative conclusions that support further study of the impact of intergovernmental relations and governmental effectiveness (at the national level) on the decentralization-democracy relationship.

Tonya Giannoni, Director
Economics and Environment Division
DevTech Systems, Inc.

From Analysis to Action: The Making of Economic Policy in a Developing Democracy: The Case of Costa Rica

This study focuses on the emerging role of Costa Rica's economic analysts in the country's on-going struggle for balance between greater social welfare and equity and economic stability, growth and market competitiveness. On several fronts—fiscal reform, financial stability, market openness, trade competitiveness, deregulation and privatization—Costa Rica's economists have achieved notable progress, through a “gradualist reform” process, in harnessing the country's democratic processes and engaging its democratic institutions—free press, advocacy groups, labor and trade organizations, academia, and the executive, and legislative branches of government—to bring national economic policy more in line with their prescriptions. In the process they have also helped institutionalize economic research and analysis within Costa Rican society as a key component of the nation's present-day policy-making and policy implementation process. However, Costa Rica's participation in today's global economy presents new challenges for the country's gradualist approach to economic policy reform.

Philip Church, Senior Economist
and Carlos Loría, Economist
DevTech Systems, Inc.

You may request hard copies of these articles by contacting Margarita Tassi at mtassi@devtechsys.com. You may also download the complete articles at our website, www.devtechsys.com, in the CASE section.

Research on the Impact of Information

A note from DevTech's President & CEO

“Increased exposure to information is not necessarily correlated with more accurate perceptions of world events” is one of the surprising conclusions from the research carried out by Matthew A. Gentzkow and Jesse M. Shapiro “Media, Education, and Anti-Americanism in the Muslim World” published in *The Journal of Economic Perspectives*, Summer 2004. The findings of this research have implications that go beyond the topic and the geography indicated in its title, suggesting caution in the implementation of efforts aimed at changing attitudes and perceptions in the developing world. I for one have been advocating on the need to invest in public education in support of democracy and market economics, but such programs should not be designed and implemented on the assumption that information automatically leads to the truth. In fact, the authors find that in some cases information from a single source could exacerbate misinformation. Their analysis suggests that exposure to a broader range of information sources could alter perceptions and might be accomplished by subsidizing broadcasts and other media activities.

Latin America and the Caribbean (LAC): Selected Economic and Social Data

DevTech Systems recently delivered to USAID for final publication the 2003 LAC Data Book. The LAC Data Book is an annual statistical series on the region's social and economic indicators and contains data on a broad range of development indicators including poverty, education, health, investment, and trade through year 2002. The print edition is now available and can be ordered from the DEC (www.dec.org) with order number PN-ACX-500. It can also be viewed and downloaded from the LAC specialized database at <http://quesdb.cdie.org/lac/index.html>, which is publicly available.



Dedication to Development since 1984
economics • education • environment • gender

The DevTECH Sphere
is published quarterly by
DEVTECH SYSTEMS, INC.

1700 N. Moore Street, Suite 1550
Arlington, VA 22209
Tel: 703/312-6038
Fax: 703/312-6039

9350 Dixie Hwy., Suite PH-1
Miami, FL 33156
Tel: 305/666-5150
Fax: 305/666-5165

<http://www.devtechsys.com>
Email: devtech@devtechsys.com

© DEVTECH SYSTEMS, INC. 2004

DEVTECH

DEVTECH SYSTEMS, INC.
1700 N. Moore Street, Suite 1550
Arlington, VA 22209 USA