



Telling the Story of High-Impact Entrepreneurship Through

# eNDEAVOR

Workshop Final Report

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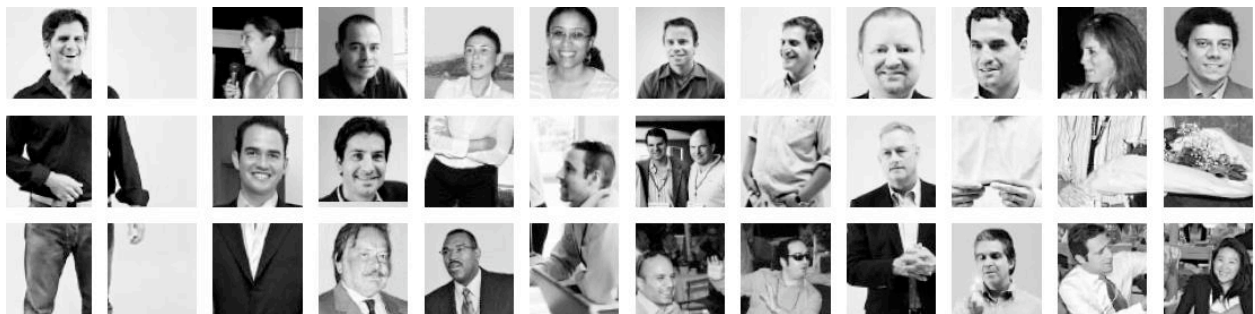


“-endeavor is a movement to unleash the entrepreneurial spirit in emerging markets around the world.”

Linda Rottenberg  
Endeavor Founder and CEO

“-endeavor has played an instrumental role in promoting entrepreneurship as a tool for development.”

James D. Wolfensohn  
Former World Bank President  
Endeavor Board Member



## EXECUTIVE SUMMARY

ENDEAVOR is a non-governmental organization founded in 1997 with a vision to identify and support high-impact entrepreneurs in emerging markets. Working globally, it aims to break down societal barriers to success, offer world-class strategic advice and business training, and help find capital for individuals with strong entrepreneurial ideas. To date, Endeavor has helped 350 emerging-market entrepreneurs create more than 90,000 high-quality jobs – and in 2007, these entrepreneurs generated US\$2.5 billion in revenues.

Mexico has seen a wide variety of economic policy approaches over the past century. With Mexico's unemployment rate currently at its highest in four years, the government's goals are to boost public spending on infrastructure, further trade liberalization to increase competitiveness, and increase support for small and medium-sized businesses. Because entrepreneurship has been recognized as a major factor in encouraging economic development, the Mexican government has made it a central focus of its national development plan since 2001.

Still, there is a long way to go. Generally speaking, entrepreneurship is looked at negatively in Mexico; entrepreneurs are seen as either poverty stricken men and women who open a business because there are no other jobs available, or business people looking to take advantage of others. Perceptions notwithstanding, Mexico also suffers from a lack of regulations to protect entrepreneurial start-ups and constraints posed by financial and legal systems, which make SME ventures unattractive to risk-averse investors.

Our team of six students at Columbia University's School of International and Public Affairs worked very closely with ENDEAVOR in New York and in Mexico City to research high-impact entrepreneurship in Mexico. Initially our group wanted to tell the story of entrepreneurship from the perspective of a single entrepreneur. However, after several discussions with our client, we decided to deliver a video that explained the work Endeavor is doing in Mexico in a way that would excite potential donors and future entrepreneurs.

The video and the raw footage we delivered to ENDEAVOR will be used for several purposes: first, the video can explain ENDEAVOR's work to various stakeholders, helping them raise money and increase the public's understanding of the work Endeavor does; second, Endeavor can use the raw footage of the interviews with their entrepreneurs to edit and produce new videos; and third, they can use the template we provided them for promotional videos to create similar media tools in other countries in the future.

In order to achieve these deliverables we researched the background literature on entrepreneurship in Mexico for several weeks. Then in January we visited Mexico and interviewed academics, entrepreneurs and government officials. Upon our return, we edited all of our footage to create our final video. As we developed the project we faced many challenges, from our ability to use the technology (e.g. cameras, audio, video editing software, et cetera) to being able to deliver a high-quality product that matched our client's desired message.

As a consequence, we nominated an overall project manager to control our deadlines and two sub-project managers for managing the details of both the paper and the video. This structure allowed us to have a high level of quality-control over both products.

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## I. INTRODUCTION

This report is based on research done by a team of six graduate students from Columbia University's School of International and Public Affairs, and is part of the Economic and Political Development foci's capstone workshop. The primary goal of this consultancy was to create a video that highlights ENDEAVOR's work done in Mexico. The report outlines our methodology, findings based on academic research, and conversations with people in the field.

### Rationale

Our group was motivated by the idea that although many newer development strategies exist, they are less publicized than traditional development methods. Our combined expertise in international development and media gave us a unique position with which to explain these strategies concisely and clearly, while also validating their significance. The main output of this project is a video describing ENDEAVOR's role and impact in Mexico. To explain to viewers why ENDEAVOR's development strategy has major relevance in emerging economies, we interviewed the different Endeavor network participants – entrepreneurs, business consultants, and members of the Mexican media – as well as businesspeople outside Endeavor's network. ENDEAVOR plans to use this video for public education, as well as a tool to garner interest from potential members of its network and support from future donors.

ENDEAVOR, a New York-based international non-profit organization, works to transform developing economies by seeking out and supporting high-impact entrepreneurs – those individuals capable of creating businesses that directly impact economic growth. Endeavor links these select entrepreneurs to strategic advice and guidance, helping them grow their businesses and achieve their goals. ENDEAVOR works with local business consultants, private equity funds, the government, universities and the media to create a network that supports its entrepreneurs and improves the culture and perception of entrepreneurship. The organization currently operates in 11 countries: Argentina, Brazil, Chile, Colombia, Egypt, India, Jordan, Mexico, South Africa, Turkey and Uruguay.

In the initial stages of the project, our team had the option of visiting two or more countries, but decided to look only at one emerging economy, Mexico, for several reasons. First, our initial research showed that every country has its own challenges for entrepreneurship and economic growth, making the scope of a multi-country project too large. Second, Mexico's proximity to the United States means that entrepreneurs there have a unique relationship with the US economy.

Third, one of our team members has done economic research in Mexico where they are originally from, and therefore has a good understanding of the challenges faced by local businesses. And fourth, and on a more practical level, Mexico is easy and affordable to get to, which allowed us to maximize our travel time and budget to make the most of our interviews.

## Methodology

Our team traveled to Mexico City in January 2009, after drafting an initial workplan that included preliminary research on the economic and business climate in Mexico. Over nine working days we spoke to people from ENDEAVOR's network, as well as a few individuals independent of this network. In the months following our trip we edited more than 1,000 minutes of raw footage to produce a four-minute video using Final Cut Pro.

Since this project is one of the first video projects to be done by a SIPA workshop team, the next section will highlight four specific operational challenges and solutions to provide guidance for students engaging in similar projects in the future.

1. Preparation

2. Field Work

3. Conducting Interviews

4. Production

## 1. Preparation

- Because our goal was to produce a video, our work focused on exploring individual stories and empirical evidence. We had to ensure that the client and the university did not expect an impact assessment using quantitative methods.
- We conducted our background research with the objective of producing meaningful, interesting, and useful interviews during our time in Mexico. The workplan included research on the interviewees, the economy, and a review of the literature on entrepreneurship in emerging economies.
- Most workshop teams divided their travel, with one half of the team traveling in January and the other half during spring break in March. We decided to travel as a group only in January. During our discussions of the project's long-term logistics and deadlines, we realized that March travel would only allow us to collect information we may have missed in the first trip and would not be an effective learning experience for those team members who had not traveled in January. Also, by spring break our editing process should have been, and was, well under way.
- Before departing, our practical challenge involved securing a professional video camera. To do this we relied on our advisor and team members who had a close relationship with the School of Journalism, which provided the equipment.

## 2. Field Work

- Once in Mexico our first challenge was securing lighting equipment. We did not want to travel with the Journalism School's lighting kit since it is expensive and fragile. While we did find cheap lighting based on materials found at Wal-Mart (high-power garden lamps attached to tripods), we decided against this option since it would lower the quality of the video. After arriving in Mexico, however, we found a production studio that agreed to rent us the necessary lighting equipment at a reasonable cost.
- Lighting remained difficult, however, because we often interviewed people in offices or meeting rooms that provided only a white wall as background. Since we only had two lights, and no back-light, this setup caused distracting and unattractive shadows on the wall. We managed to compensate by setting one light on a spotlight setting, covering it with a white piece of paper to diffuse the high beam, and then placing it close to the interviewee. The second light we positioned further away from the interviewee and set it to diffuse.
- During our interviews we noticed that some interviewees, who opted for English, were less articulate during the interview than in our conversations in Spanish off the record. This was understandable, so we decided to adjust and continue our interviews in the language of their choice. The switch was easy as two of our group members are native Spanish speakers and another is fluent.
- Since our entire team traveled together, we decided to split into groups of three for each interview. One person was in charge of videography, one was the main interviewer, and the third person took notes and asked questions the main interviewer missed. Meanwhile, the other three group members conducted research for subsequent interviews and took breaks,



since the set-up and break down of the equipment needed for each interview was time-consuming.

- Fortunately, our travel and lodging situation worked well, and we were able to navigate easily and comfortably throughout Mexico City.

### 3. Conducting Interviews

The focus of our interviews was to understand:

1. The importance of entrepreneurship in Mexico;
2. The challenges faced by entrepreneurs in Mexico;
3. How these challenges can be, and are overcome, by Endeavor or alternative models

*Appendix A* has sample questionnaires used in the different interviews. As we learned more about the conditions facing entrepreneurship in Mexico and learned more about Endeavor's network, our group modified the questions as we approached different interviewees.

## Full list of interviewees

<b>Endeavor Entrepreneurs</b>	Alfredo Suarez	Alibio
	Martha Debayle	BB Mundo
	Guillermo and Gabriel Oropeza	DocSolutions
	Victor Calderon and Arturo Merino	ArcCanto
	Juan Manuel Alvarado	Acento Mexicano
	Yadah Hanono and Ezra Masri	Grupo Dorlit
<b>Mentors</b>	Julio Gutierrez	Ex-Vice Chairman Starbucks
	Carlos Sales	CUASAR
<b>Consultants</b>	Ricardo Haneine	AT Kearney
	Jose Guevara	BCG Monterrey
<b>Financing</b>	Humberto Zesati	Latin Idea
<b>Government</b>	Juan Hernandez	NAFIN
	Jana Nieto	Secretaría de Economía
<b>Endeavor Staff</b>	Fernando Fabre	ENDEAVOR
	Gerardo Cervantes	ENDEAVOR
<b>Media</b>	Carmen Castellanos	El Economista
	Barbara Anderson	Expansion
	Alonso Castellot	Grupo Radio Centro
<b>Universities</b>	Lic. Arturo Torres	Tec de Monterrey
	Roberto Charvel	ITAM
<b>Other models</b>	Lilia Vargas	TechBA

## 4. Production

- Once we captured all 25 tapes and logged the entries, we decided to use a script to produce the video output. We created several potential scripts, and after group discussions and votes, we presented the client with two options. Their feedback on both of these options enabled us to finalize an outline for our video.
- The initial editing consisted of raw cuts that would be used in different sections of the video. This was at a draft stage, so each member of the team was able to work on a different section. However, once we finished the first rough draft we selected a “video czar” who acted as the producer for the final two drafts. This role was important in helping maintain a consistent flow to our video.
- With a similar rationale, we selected a “report czar” to ensure a consistent style within the report.

## II. ENTREPRENEURSHIP SUPPORT AS A DEVELOPMENT METHOD IN MEXICO

The following sections will look first at the broad conditions in the Mexican economy; define high-impact entrepreneurship; address the current situation facing entrepreneurs in Mexico; and then look in-depth at the pros and cons of the ENDEAVOR model.

### Mexico's Economy

Mexico's economic modernization began after independence and accelerated with the stability established under President Porfirio Diaz, who ran the country from 1876-1910. The growth he stimulated drew in foreign investment that helped Mexico to develop a nationwide railroad network and reap the benefits of its natural resources. A peasant-led revolution based on unequal land distribution occurred in 1910 and sparked a rapid decline in the economy. The country did not register growth in GDP until 1921, and it was not until 1930 that the country fully recovered. According to a history on the Mexican economy by Russell Crandall, Mexico's industrialization began during World War II, when President Miguel Aleman imposed import tariffs to protect domestic industries (Crandall 2005, 65).



The government further accelerated its strategy for economic development in the early 1950s by gearing industry output for domestic consumption, a system that came to be known as import substitution. This system promoted state-owned enterprises and tariffs to protect domestic industries from external competition and encouraged industrial growth through the development of the steel, chemical, petrochemical, fertilizer, electricity and oil sectors (Aspra 1977, 113). From 1950

to 1970 Mexico's GDP per capita almost doubled and the state become more directly involved in the economy (Crandall 2005, 65). Then in 1960, Mexico discovered new oil fields just as oil prices began surging. By the 1970s Mexico had become one of the world's largest producers of oil, and the government used the influx of oil revenues to take over the ownership of hundreds of unprofitable firms (PBS 2002).

Exports of crude petroleum accounted for 52% of Mexico's total exports in 1980, but that dependence left the country vulnerable to the oil price shocks that occurred in the late 1970s (Bergoening, et al 2001, 5). A lack of oversight by the Mexican government and an economy tied to the US market led to economic turmoil when the United States chose to raise interest rates in 1982, causing investors to flee Mexico along with their investments. Suddenly unable to meet its foreign debt obligations, Mexico declared default, which sparked a fiscal crisis throughout Latin America known for cutting off emerging markets from access to international capital. Much of the crisis was blamed on a lack of regulation in the banking sector, which supported borrowing from international capital markets and often printed money to finance its deficit rather than engage in fiscally responsible monetary-control policies (Hernández-Murillo 2007, 417).

In 1982 the government nationalized nearly all of the country's private banks and the US Treasury and Federal Reserve Board intervened with a rescue package to help bail out the Mexican economy. The stabilization plan introduced in 1987 included the issuance of Brady Bonds, restructured bonds aimed at helping those Latin American countries that had defaulted on their debt regain access to the global market. The plan worked, and international capital flows returned to the country by the late 1980s. In addition, bank nationalization allowed the Mexican government to take on the bank's debts, which helped restore confidence in the economy. By 1991 the new administration of President Carlos Salinas de Gortari decided the country's economy had stabilized

and that reforms were in place to allow Mexico's banking sector to be re-privatized (Hernández-Murillo 2007, 418).

By 1994, however, Mexico again faced political instability brought on by the Zapatista rebellion and the assassination of the ruling PRI's presidential candidate Luis Donaldo Colosio. The PRI had been the single ruling party since 1924, and the rebellion caused many to believe the party

**Mexico has moved from a closed to a more open economy. Mexico now has RTAs with 44 countries, including the United States, Canada, the European Union and Japan.**

would lose power. Yet PRI managed to recover from the protests and remained in office until the election of Vicente Fox in 2000. The banking sector, meanwhile, faced another set of problems. Despite some reforms after the 1980s debt crisis, Mexico's banks continued to take risks and often hid poor accounting practices to make them seem healthier than they were. Deregulation also allowed foreigners to buy peso-denominated Mexican government debt, known as *Tesobonos*. The problem with this arrangement was that the debt was indexed to the US

dollar. When US interest rates rose again in 1994, sparking another round of massive capital flight, the Mexican government could not afford to keep the peg to the dollar. The currency devaluation that occurred in 1994 led to the near collapse of the Mexican banking industry – but again the US Treasury and the International Monetary Fund (IMF), rushed in to rescue the country's banks. Eventually stability returned to the economy – but at the price of a US\$50 billion bail-out package (Gabrielsen 2006).

Since the 1994 "Tequila Crisis," Mexico has moved from a closed to a more open economy by easing restrictions on foreign investment and loosening trade policy. The country joined the North

American Free Trade Association Agreement (NAFTA) and the Organization for Economic Cooperation and Development (OECD), and lower tariffs resulting from regional trade agreements (RTAs) helped open the economy to new trading markets. Mexico now has RTAs with 44 countries, including the United States, Canada, the European Union and Japan (Haugh 2008, 7).

## Current Outlook

The Mexican government has allowed for a 2009 budget deficit of 1.8% of gross domestic product, – or roughly US\$19.8 billion — a policy decision that required repealing a law mandating a balanced budget (Stratfor Analysis 2008). To cushion the blow of declining exports, the budget also allowed for a US\$70 per barrel price hedge on oil purchased on oil futures markets. Oil is Mexico’s biggest source of dollars, providing the government with around 40% of its fiscal revenues, and the continued drop in oil prices, to around US\$40 at present, is largely responsible for the recent decline in industrial output. According to an April 17 Bloomberg report, Mexico’s industrial output fell 13.2% from a year earlier in February, marking the largest decline in nearly 14 years (Bloomberg 2009).

The global recession has also had an impact on Mexico’s economy, forcing job cuts in the construction and manufacturing sectors.

The global recession has also had an impact on Mexico’s economy, forcing job cuts in the construction and manufacturing sectors. Mexico’s strong ties to the US market caused worry in September when 300 jobs were cut at Chrysler, the largest automobile maker in Mexico. The country’s dependence on the United States as an export base is also reflected in its trade balance. According to a recent assessment by the financial firm Morgan Stanley, in the fourth quarter of 2008 Mexico’s trade deficit reached US\$8.2 billion due to a 8.9% decline in manufacturing and a 42.3% drop in oil exports (Arcentales and Volberg 2009). Mexico’s per capita income is \$8,340, one-fourth

that of the United States, but the highest in Latin America (World Bank 2008). Most people are employed in services (62.2%) followed by industry (34.1%) and then agriculture (3.7%). According to the latest World Bank estimates, around 42.6% of the population is poor and 13.8% is considered to live in extreme poverty.

### Mexico's Economic Performance 2003-2007

Annual data	2007(a)	Historical averages (%)	2003-07
Population (mil)	108.7	Population growth	1.2
GDP (US\$ bil)	1,022.8(b)	Real GDP growth	3.3
GDP (US\$ bil)	1,491.4	Real domestic demand growth	3.4
GDP per head (US\$)	9,409	Inflation	4.2
GDP per head (US\$; purchasing power parity)	13,720	Current-account balance (% of GDP)	-0.7
Exchange rate (av) Ps:US\$	10.9(b)	FDI inflows (% of GDP)	2.6

(a) Economist Intelligence Unit estimates. (b) Actual.

In 2008 unemployment averaged 4.1%, but this is likely to increase in 2009 due to the worsening economy. The Confederación Nacional Campesina (CNC) has predicted that rural communities will have trouble providing employment to Mexican expatriates returning to Mexico due to job cuts in the United States.

To help cushion rising unemployment, Mexico's 2009 budget includes a 25% boost in public spending for job creation and support of small and medium-sized businesses (Gibbs 2009).

President Felipe Calderon has focused on job creation and poverty reduction by fostering support for business incubators. In January, he also promised nearly US\$150 million to struggling industries and pushed forward several construction projects in an effort to create new employment (Gibbs 2009).



Since taking office in 2006, Calderón has raised public investment and worked to diversify export markets, but politically sensitive reforms related to energy, the labor market and education remain pending (EIU 2009). The Mexican economy continues to suffer from high-cost labor and energy inputs; a weak non-oil tax base and continued dependence on the US export market.

Mexico currently sends more than 80% of its exports to the United States, making it the country's main export market (CIA Factbook 2009). Strong links between US and Mexican industry also play a major role in investment and contribute to employment and wages created through remittances. Current outside investment has dropped to its slowest pace since the Tequila Crisis, when Mexico's GDP stood at US\$286 billion, a fraction of its current size of US\$1.02 trillion (World Bank 2008). In 2009, Morgan Stanley predicts net foreign investment may amount to an inflow of just US\$5.8 billion this year, a roughly 76% decline from the US\$24.6 billion reported in 2007, and the lowest on record since 1994 (Arcentales and Volberg 2009). Morgan Stanley's analysis combined the proceeds from the Mexico's oil hedge, public sector borrowing, private sector credit and net foreign investment to estimate that Mexico's capital account surplus would hit US\$15.3

**The Mexican economy continues to suffer from high-cost labor and energy inputs; a weak non-oil tax base and continued dependence on the US export market.**

billion in 2009, compared to US\$21.0 billion in 2008 (Arcentales and Volberg 2009).

Although Mexico has the ability to grow through trade, the lack of trade diversification and an increasing reliance on remittances have created macroeconomic instability in the country (Dollar and Kraay 2001).<sup>1</sup> In 2008 remittances stood at US\$25.1 billion, down 3.6%

<sup>1</sup> For more on this see Dollar and Kraay; "Trade, Growth, and Poverty", in *Finance and Development*, September 2001, Vol. 38, No. 3. By analyzing post-1980s "globalizers" (including Chile, Costa Rica, Argentina, and Brazil, etc.), Dollar and Kraay found that trade reduced poverty, did not worsen income distribution *within* countries, and narrowed the gaps *between* rich and poor countries.

from 2007 (LatinNews 2009). Numbers reported in the fourth quarter of 2008 are even more worrying, with remittances for November and December falling 10.3% on average (LatinNews 2009). In the first two months of 2009, the combined total of Mexico's imports and exports fell 31% from the same period in 2008. Exports in the first two months of the year were down by 30% at US\$31.35 billion, while imports were down by 32% at US\$33.4 billion (LatinNews 2009). Given the drop in trade and remittances and the increase in unemployment, Mexico's economy is forecast to shrink by as much as 1.8% in 2009.

Despite the current downturn, ratings agencies such as *Goldman Sachs* consider Mexico one of the world's most promising emerging economies based on recent moves to create a stable and open economic system, promote technology



innovation, and draw in healthy investment (O'Neill, et al 2005, 8). Yet lack of access to capital, education and rule of law, combined with a government unwilling to scale back public monopolies, still pose constraints for those looking to grow their businesses. To expand our discussion on business growth in Mexico, the next section will detail the constraints facing entrepreneurs in the country and explain what Endeavor means when talking about the "high-impact" entrepreneurial model.

## Defining Entrepreneurship

In recent years Mexico has capitalized on entrepreneurial development as a means of exploiting its comparative advantages and helping the economy grow. Efforts by the government and independent organizations such as ENDEAVOR come at a time when, according to Dean of

the Indian Business School, M Rammohan Rao, entrepreneurship is seeing increasing popularity around the globe (Sdrihar 2008).

Definitions of entrepreneurship, however, are far from universal. According to Alison Morrison, a professor at the University of Strathclyde, entrepreneurship “is the application of innovatory processes and the acceptance of a risk-bearing function, directed at bringing about change of both a social and economic nature” (Morrison 2000). Other academics point out the differences between “opportunity” entrepreneurship and “replicative” or “necessity” entrepreneurship. Essentially, necessity entrepreneurs are those who become entrepreneurs because they have no better option (Acs 2006, 97). They typically are associated with the ability to recognize potential ventures and replicate that model (Acs 2008, 4 -5). While empirical evidence does not exist to support replicative entrepreneurship’s direct affect on a country’s GDP, it is described as an essential way for families to support themselves and can often be the first step on the ladder out of poverty.

On the other hand, “opportunity,” or “high-impact” entrepreneurs are, “individuals responding to market opportunities by bringing inventions to market that create wealth and growth” (Acs 2008, 4-5). These entrepreneurs choose to start a new enterprise based on the perception that “an unexploited or underexploited business opportunity exists” (Acs 2006, 97). And by ensuring the pursuit of innovation, they help increase productivity and contribute to economic growth (Acs 2008, 4-5). High-impact companies in Mexico are known as *gazelles*, firms that increase their sales and/or number of employees by more than 20% annually over three or four consecutive years (Autio 2005, 14).

**“High-Impact entrepreneurs are individuals responding to market opportunities by bringing inventions to market that create wealth and growth.”**

Development economists not only distinguish between the different types of entrepreneurship, but also point to the importance of engaging entrepreneurs in high-value-added ventures. In other words, it is the level of innovation and growth potential that matters to an economy. This report looks specifically at “high-impact” entrepreneurship, and the importance of creating scalable companies and how this notion has become a grounding point for Endeavor entrepreneurs. During our interviews with these businesspeople, we noticed a high-level of awareness of the value of a company’s growth. “The message we want to create is high-impact entrepreneurship, not just to create a business, cash and a living, but to make a living for thousands of people, in our city, our communities, our country and throughout the world,” said DocSolutions founders’ Guillermo and Gabriel Oropeza (Oropeza interview, January 2009).

## Landscape for Mexican Entrepreneurs

Mexico’s enterprise sector comprises 2,700 competitive and export-oriented large enterprises and around 2.7 million micro companies. The latter type of company involves between 1 and 9 workers and is usually characterized by small restaurants, corner stores, and *taquerías*. These businesses



account for the majority of the 4 million enterprises in the country, but contribute to only 8% of Mexico’s GDP. Medium-sized companies (51-250 workers), on the other hand, have the potential to directly affect Mexico’s growth by providing jobs and bringing in revenues that will boost the amount of money in the economy (Nieto interview, January 2009). According to Fernando Fabre, Endeavor Mexico’s Managing Director, it would take 600,000 SMEs to raise the country’s GDP by

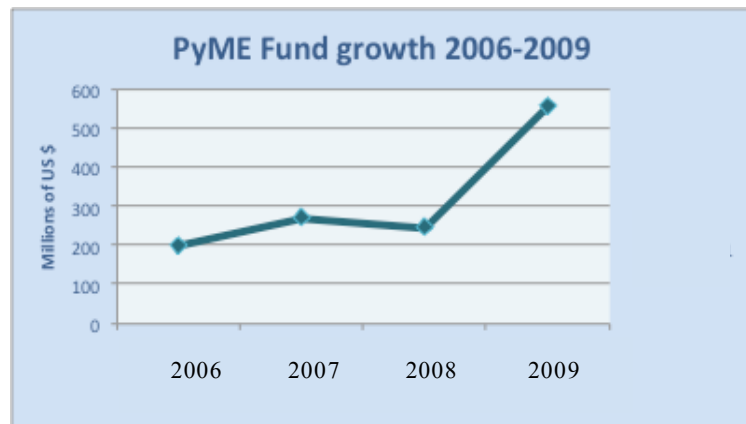
1%, whereas the same amount of growth could be achieved by only 50 large companies (Fabre interview, January 2009).

While the Mexican government had shown its support for entrepreneurs in the past, it did not develop a specific plan for the country's entrepreneurs until 2001, under the administration of President Vicente Fox. In that year, money for entrepreneurial development was rolled into the Entrepreneurial Development Plan (EPD), which was part of the National Development Program. The plan essentially streamlines the way federal, state and local governments, universities, and financial institutions help plan and coordinate small and medium-sized business development. Among the developments was the establishment of the Law for the Development and Competitiveness of the Micro, Small and Medium Enterprises in 2002, which assigned the Ministry of Economy as the institution charged with creating programs, trainings and evaluations for SMEs (Secretaría de Gobernación 2002).



Starting in 2004, the government shifted from its initial emphasis on SME support to innovation. President Felipe Calderón deepened that focus by establishing the Fund for Technological Innovation in 2007 (Mittelstadt et al 2009, 61). The federal government's main agency for shaping business-related policy has been the Sub-ministry for Small and Medium Enterprise, SPyME (Mittelstadt et al 2009, 62). This body was created to promote Mexico's entrepreneurial culture, further develop the national economy and increase the labor market in the least developed regions of the country (Subsecretaría de PyME 2008). In order to fund its activities, SPyME depends on a fund that is co-financed by firms that want to take advantage of the sub-ministry's resources to develop innovation-related projects. The SPyME fund also disburses subsidies through various intermediaries, including universities, R&D and technology centers, chambers, associations and foundations (Secretaria de Economia 2008).

The fund's budget totaled US\$245 million in 2008 (Almanza 2008), and since April 2007, its innovation-oriented programs have been backed up by the Fund for Technological Innovation



(Almanza 2008)

(Mittelstadt et al 2009, 62). In 2009 the fund's budget was increased by 56% to US\$557 million, which is almost a 64% increase from 2006. Run by the Ministry of the Economy and the National Research Council (CONACYT) and endowed with US\$55 million, the new fund promotes the translation of R&D discoveries into innovations through entrepreneurial activity (Mittelstadt et al 2009, 62). In comparison, ENDEAVOR Mexico raises around US\$250,000 annually to help support its network of entrepreneurs even they basically focus on the training throughout its mentors network more than provide money for new small or medium companies and that is the ENDEAVOR's aggregate value.

In addition to support programs, the government has created enterprise incubators, centers that support entrepreneurs as their ideas materialize into business plans, by providing them with anything from office space to accounting, marketing or graphic design assistance (SPyME 2007). After studying high-impact entrepreneurship, SPyME restructured the programming to serve not only micro and necessity entrepreneurs but also to focus on high-impact and opportunity entrepreneurs by partnering with seven business accelerators (Endeavor Mexico, New Ventures and Visionaria, among others) to further boost growth among medium-sized *gazelle* companies.

The number of entrepreneurs who have benefited from policy changes, such as increased financial support or access to finance, has gone from 13,000 in 2000 to an estimated 254,000 in 2006 (Mittelstadt et al 2009, 71).

## Constraints to Entrepreneurial Development

The improvements in Mexico's entrepreneurial landscape have allowed high-impact enterprises to expand. But many successful companies continue to face obstacles to their development.

Among the major challenges to creating a new venture in Mexico are biased attitudes toward entrepreneurs, lack of financing and investment savvy, the presence of low value-added ventures, absence of government regulations that support business creation, minimal access to entrepreneurial education, and the media's lack of involvement and understanding of the issues. While this list is not exhaustive, it does include some of the most systemic problems that stifle the creation of a culture of entrepreneurship.

While the literature generally mentions positive attitudes toward entrepreneurship, in interviews with nearly 25 people highly involved in Mexico's business sector, we found remaining misperceptions regarding poor management, dishonesty, and a stigma toward entrepreneurs and their businesses (Hanono and Masri interview, January 2009).

The reasons for starting an enterprise in Mexico have been associated with greater income generation, a desire to gain independence through self-employment, or because of family tradition (Heino 2006, 4). Yet starting a business is still considered a risky venture, with the high possibility of failure. This sentiment was reflected in comments by Barbara Anderson, the general editor at

**“Yet starting a business is still considered a risky venture, with the high possibility of failure.”**

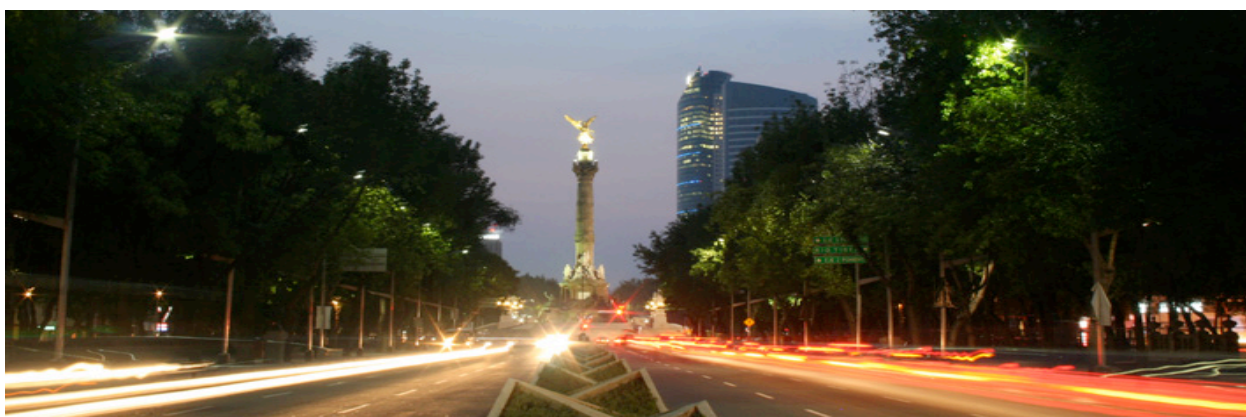
Barbara Anderson  
*Expansión Magazine*

**“Mexico's capital funds currently only invest in real-estate, since venture capitalists have few incentives and no tradition of investing in ideas and projects that have not been fully developed.”**

Juan Hernandez  
NAFIN

Mexico's top business publication, *Expansion Magazine*; Ricardo Haneine, Senior Partner at AT Kearney Consulting; and Roberto Charvel, a business professor at ITAM University. Another of our interviewees, Arturo Torres at Tecnológico de Monterrey, said that Mexican universities have a tradition of training students to become employees instead of teaching the management skills needed to become an entrepreneur and employer.

A more complex challenge facing entrepreneurs is gaining access to the financing and seed capital needed to start new ventures. According to Juan Angel Hernandez, administrator at Nacional Financiera, the government entity managing the SPyME fund, while the government has relaxed certain financing and capital regulations, investors lack the willingness to put money in the intangibles proposed by entrepreneurs. Mexico's capital funds currently only invest in real-estate, since venture capitalists have few incentives and no tradition of investing in ideas and projects that have not been fully developed (Hernandez interview, January 2009). And since Mexico still has high barriers for foreign capital, and low quality financial and legal systems, SME ventures are unattractive to risk-averse investors. At the same time, a mixture of factors ranging from disloyal commerce to piracy to costs of operation to lack of technological innovation to economic risk and low public support, affect innovation and entrepreneurship in Mexico (Perez, et al. 2006, 6).





### III. ENDEAVOR

ENDEAVOR is an organization that supports high-impact entrepreneurs to build strong businesses that employ many people and bolster local, regional and national economies in developing countries (Endeavor Impact Report, 2008: 2). In this way, Endeavor targets emerging markets that have a recent history of strong economic growth, a promising entrepreneurial landscape and the support of the local business community in funding and launching local operations (Endeavor 2008).

**“ENDEAVOR is a movement to unleash the entrepreneurial spirit in emerging markets around the world.”**

Linda Rottenberg  
ENDEAVOR Founder and CEO

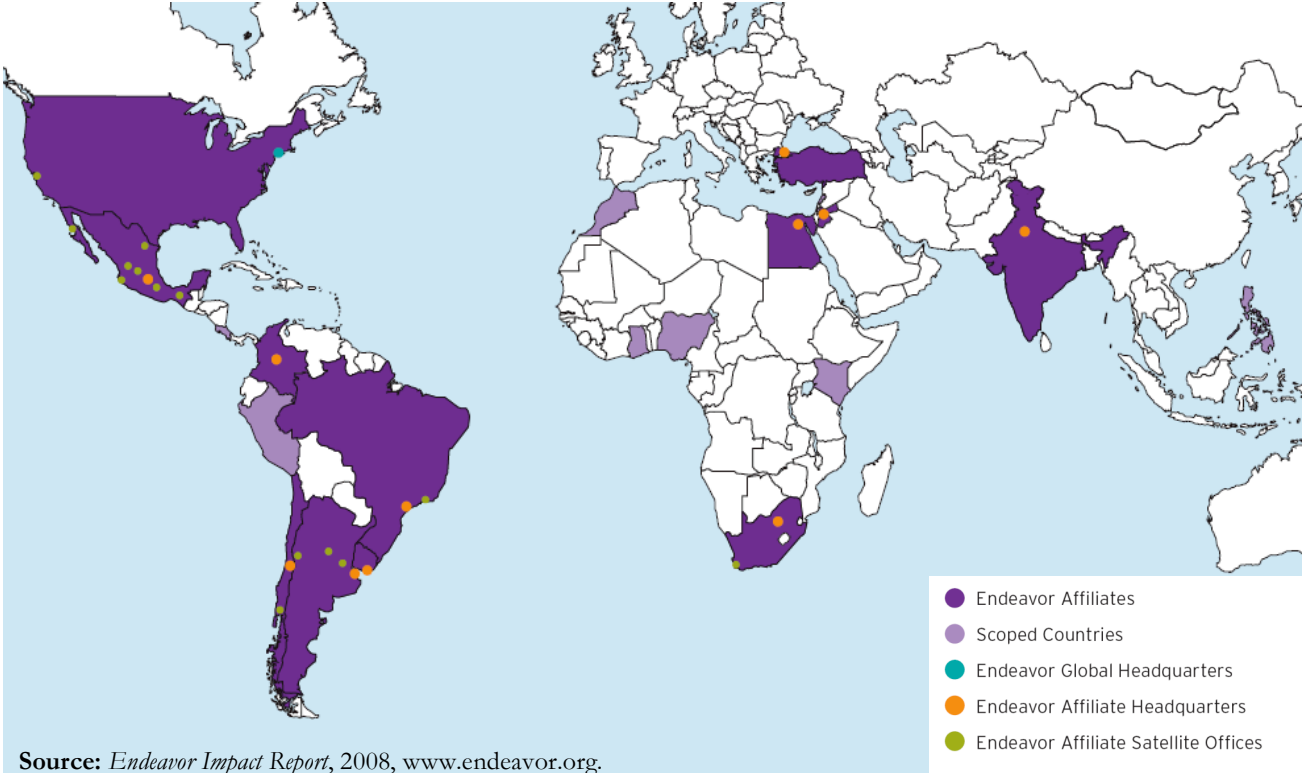
ENDEAVOR tackles these challenges by providing access to the tools high-impact entrepreneurs need. Those resources include mentors and board members who can provide advice and connections; capital; a community of like-minded entrepreneurs; and a healthy dose of inspiration. ENDEAVOR has helped its entrepreneurs create over 90,000 High-Valued jobs and generate \$2.5 billion in 2007 alone (Endeavor Impact Report, 2008 and Rottenberg, 2009).

In addition, these entrepreneurs are starting to encourage others to innovate and take risks. In 2007, for instance, ENDEAVOR reached an incredible milestone. Mercado Libre, an e-commerce auction site run by two Argentine high-impact entrepreneurs, became the first Endeavor company to go public on the NASDAQ (Andrews 2008).

# ENDEAVOR's Work in Mexico and Overseas

ENDEAVOR began its operations in Argentina and Chile in 1998, and then expanded to Brazil (2000), Uruguay (2000), Mexico (2001) and Colombia (2006). Today, ENDEAVOR operates in 11 countries including South Africa (2004) Turkey (2006), Egypt (2007) and India (2008). Recently, ENDEAVOR expanded to Jordan and opened more than a dozen affiliate satellite offices in the countries where it works (Endeavor Impact Report, 2008). The organization's national boards comprise a roster of leading business tycoons – the founders of InBev in Brazil, Jennifer Oppenheimer in South Africa and Lorenzo Zambrano, boss of Cemex, in Mexico, for example. The international board is chaired by Edgar Bronfman Jr, boss of Warner Music. Among the recently added members are Daniel Och, a hedge-fund boss; Naguib Sawiris of Egypt's Orascom Telecom; Brian Swette, the chairman of Burger King; and Ali Koç of Koç Holdings (Andrews 2008).

Endeavor's Global Impact



Source: Endeavor Impact Report, 2008, [www.endeavor.org](http://www.endeavor.org).

## ENDEAVOR Mexico

In 2002, Pedro Aspe, Mexico's former Minister of Finance and a successful businessman, was nominated as the President of the Council ENDEAVOR Mexico. With ENDEAVOR's help, entrepreneurs in Mexico have grown

their businesses at an average rate of 45% per year and raised more than \$40 million in financing.

Equally important, these entrepreneurs have set an example for a new breed of Mexican businessperson determined to solve the country's infrastructure problems and lead the country to a new level of economic development (Endeavor 2008, 20). Today, ENDEAVOR entrepreneurs in Mexico have created in Mexico \$330 million and almost 7,000 new jobs.

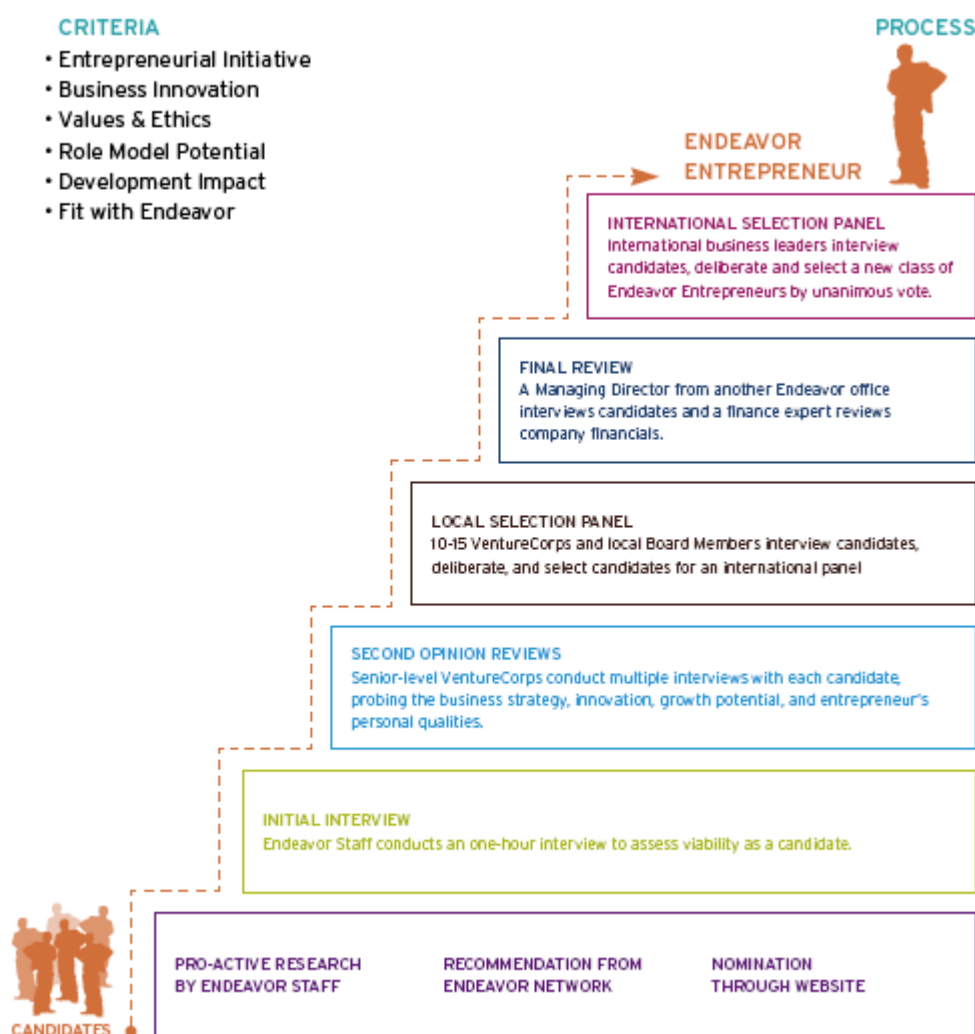
**“ENDEAVOR Mexico has created \$330 million and almost 7,000 new jobs.”**

To help finance its activities, ENDEAVOR Mexico has designed a Give-Back Program that consists of a fixed annual donation of \$5,000 per entrepreneur and a variable annual donation of 0.1% of their total incremental revenues. On average, Endeavor Mexico's entrepreneurs are expected to make annual donations of between \$5,000 and \$20,000 per year. The organization currently has selected 47 entrepreneurs, 58 candidates and established a network of 400 mentors. In addition, ENDEAVOR has offices in Nuevo Leon, the most entrepreneurial state in Mexico, as well as affiliate offices in Aguascalientes, Baja California, Chiapas, Guanajuato, Jalisco and Puebla.

How does ENDEAVOR work in Mexico? Through a rigorous, multi-step selection, ENDEAVOR Mexico screens thousands of emerging-market entrepreneurs annually to identify the best talent in the country. According to Fernando Fabre, Managing Director of ENDEAVOR Mexico, “Candidates with the most innovative, high-growth ventures and greatest promise to become future leaders are selected as ENDEAVOR entrepreneurs” (Fabre interview, January 2009). At the end, a short-listed of them is selected each year by an international panel at New York.

According to the article “Spreading the Gospel” published in the international magazine *The Economist* in November 2008, “ENDEAVOR’s magic works most powerfully in its selection process. Entrepreneurs are screened first by a national panel of successful businessmen, and then, if they are short-listed, by an international panel” (Bishop 2008). Since its creation in 2001, ENDEAVOR has screened more than 18,000 entrepreneurs, but less than 400 have been chosen. The aim is to identify those who can succeed on a scale that will make them into national role models, and then provide them with every possible support. The selection process, however, is designed to benefit all entrants, by helping them define their visions more clearly.

### ENDEAVOR Mexico Criteria + Selection Process



# ENDEAVOR's Network

Part of ENDEAVOR's strength is in the way it approaches the difficulties facing Mexican entrepreneurs. By dividing the entrepreneurial landscape into several different components or "nodes," ENDEAVOR can make each component the object of targeted, strategic intervention. ENDEAVOR's five nodes are the media, government, entrepreneurs, the education system and the financial sector. While these sectors do overlap, Endeavor's means of dealing with each of them for the benefit of the GDP of Mexico differ substantially.

## Media

Early on ENDEAVOR identified the Mexican media as a significant catalyst in driving changes in the other sectors that need attention in Mexico. As described in a previous section, one of the many barriers to changing perceptions of entrepreneurs in Mexico is the lack of role models, and the media plays a large role in shaping perceptions of those individuals.



The common image of an entrepreneur shown in both news and entertainment has been generally unfavorable. Fernando Fabre, the managing director of ENDEAVOR Mexico, summed up the situation by saying that until very recently the image of an entrepreneur was solidly negative; a villain or criminal who takes advantage of everyday people. While he said this view is changing, the negative perception of entrepreneurship persists to this day (Fabre interview, January 2009).

ENDEAVOR has worked to address this by encouraging the development of an alternate vision that shows entrepreneurs as more than people trying to take advantage of others in society. As a result, several new programs have been dedicated either specifically or in part to talking about entrepreneurship in a more progressive way. They include W Radio; Expansion Magazine, the country's leading business publication; and Radio RED, which hosts the Red Empresarial Program every Tuesday, when anchor Alonso Castellot interviews leading business figures and on issues pertaining to economic, political or social events that affect Mexico's business startup environment.

Endeavor encourages the development of these media outlets by providing them with a steady stream of entrepreneurs who are willing to talk about their experiences. By telling their stories, these entrepreneurs inspire others and help deliver a stream of entrepreneurs back to Endeavor who will benefit from the services the organization provides. Though entrepreneur's are not making the covers of most magazines, Fabre said he has witnessed a noticeably positive increase in the Mexican media's coverage of entrepreneurship.

## **Government**

The Mexican government has recognized that for Mexico to see long-term and sustainable GDP growth and an increase in the quality of life for all Mexicans it will have to rely on homegrown talent. To make that happen,



however, the government will have to reform the cumbersome regulations it has placed on business and finance. For instance, one of the best indicators of ease of doing business in a country is in the

time it takes to set up a new venture. In 2007, it took 27 days in Mexico, compared to only five days in the United States (World Bank Group 2009, 7).

The government is making an effort through its support for entrepreneurial development. Alfredo Suarez, the CEO of Alibio, a biotechnology company recently added to the Endeavor network, said his company has been working with the Mexican government on research and development to improve its products. Ricardo Haneine, director of the AT Kearney Mexico office, said the increased financing and subsidies the government gives to entrepreneurs for the use of consulting services are evidence of its support for entrepreneurship.

Fabre said actions such as these provide the measurable impact had by Endeavor and organizations like it. The fact that the government is talking about entrepreneurship, innovation and new routes for financing is the clearest sign to him that conditions are improving.

## **Entrepreneurs**



ENDEAVOR's entrepreneurs are essential to the success of its network. Many of the issues these people face are external, but several issues are within control. First, entrepreneurs often suffer from a lack of professional education. This is not to say they are not formally educated, but that most entrepreneurs in Mexico lack first-hand knowledge of what is required to start and sustain a business. Linking entrepreneurs who are just starting out with a network of already successful entrepreneurs in Mexico is one of the key services Endeavor provides. Endeavor believes that these established businesspeople can serve as mentors by providing valuable insight and helping new entrepreneurs accelerate, grow and mature their business plans.

Second, entrepreneurs also tend to lack the connections to professional networks that are vital to growing their businesses. In a place like Silicon Valley, for example, there are professional networks that cultivate technology start-ups in terms of skills and business plans, as well as connections to capital and personnel. ENDEAVOR aims to address the lack of such resources by creating its own professional network and by screening participants applying to that network to ensure a positive and rewarding experience for all parties (entrepreneurs, mentors, etc).

Through ENDEAVOR's entrepreneur selection process, entrepreneurs are required to go through the rigors of developing business plans and marketing their business in such a way that they often end up learning many of the skills that one might expect to learn in business school. This process is not a realistic way for Mexican entrepreneurs to obtain the skills necessary to build an enterprise, or for the entrepreneurial culture to improve, but it is a valuable byproduct of ENDEAVOR's model. Suarez from Alibio, said the selection process was of great value and instruction as it taught him to refine his mission and better hone the process by which he would run his business.

## Education



Business education in Mexico faces two major problems, stemming from how the educational system prepares students and, ultimately the students themselves. Entrepreneurs affiliated with ENDEAVOR have said one of their main problems is finding qualified individuals to fill the positions in their organizations. More significantly, however, the educational system does not truly prepare students in business programs to become entrepreneurs. Often students leave these programs without the skills or understanding



of how to set up a business, such as writing businesses plans or knowing how and from where to get financing. Although Alfonso Castellot stated this most clearly, virtually everyone we talked to in government, business, and in the universities said education was the critical factor in creating and maintaining a healthy entrepreneurial culture.

ENDEAVOR has attempted to ameliorate these issues by getting involved in the educational system and letting schools know what skills their entrepreneurs are looking for. Fabre said Endeavor has been working closely with select professors, primarily at the university level, to teach more best business practices to their students while also pushing them to do more academic research into entrepreneurship.

### **Finance**



The final piece in the Endeavor network is financing. One of the critical issues that entrepreneurs face is an inability to get financing – or, should they be able to get it, it often requires a crippling amount of collateral. Financial institutions in Mexico are notoriously risk-averse; demanding two dollars of assets for every one dollar borrowed (Hernandez interview, January 2009).

According to Heino's study on access to capital in Mexico, only 4.8% of micro-entrepreneurs used a bank or cooperative loan to start up their businesses, while 68% initiated their businesses using personal savings. The remaining 33.2% used loans from friends and relatives, severance pay funds, credit from clients or vendors or other informal sources (Heino 2006, 11). The liquidity constraint eventually hinders the creation of more SMEs in Mexico (Heino 2006, 28). Endeavor has worked to change the financing shortfall by creating a pre-screened layer of entrepreneurs who seem likely to succeed and, thus, are worthy of financing.

## Impact of Entrepreneurship Support to Society

The benefits of entrepreneurship and, therefore, support of entrepreneurs, fall into three primary categories: job creation, as a means to pull people from poverty; GDP growth, as a measure of macroeconomic progress; and innovation, as a means to achieve societal progress.

### Job Creation

“More and better jobs offer the best (often the only) opportunity for upward mobility in the lifetimes of poor people and their children. Upward mobility is key to securing the ultimate objects of development: freedom from hunger, long life, health, greater choice and generally more human fulfillment” (Fields and Pfefferman 2003, 4).

This is the perspective Gary Fields and Guy Pfefferman offer in their book, *Pathways Out of Poverty*. In fact, in a study of *favela* residents in Rio de Janeiro, 69% of respondents said finding a job was the most important thing in life (Pfefferman and Fields 2003, 5)

**“New private-sector jobs are created by entrepreneurs and, more specifically, high-impact entrepreneurs.”**

According to *Pathways*' authors, the primary route out of poverty is employment with a private firm (Fields and Pfefferman 2003, 32). The public sector does in some cases offer poor people jobs that can lift them above the poverty line, but it does so far less frequently than the private sector (Fields and Pfefferman 2003, 31). And the private sector is the largest source of employment in developing countries (Fields and Pfefferman 2003, 4).

New private-sector jobs are created by entrepreneurs, and, more specifically, high-impact entrepreneurs, according to the Global Entrepreneurship Monitor, an annual study of entrepreneurship compiled by a consortium of universities. High-impact (or high-expectation) entrepreneurs who expect to create 100 jobs with their companies account for only 1.7% of all

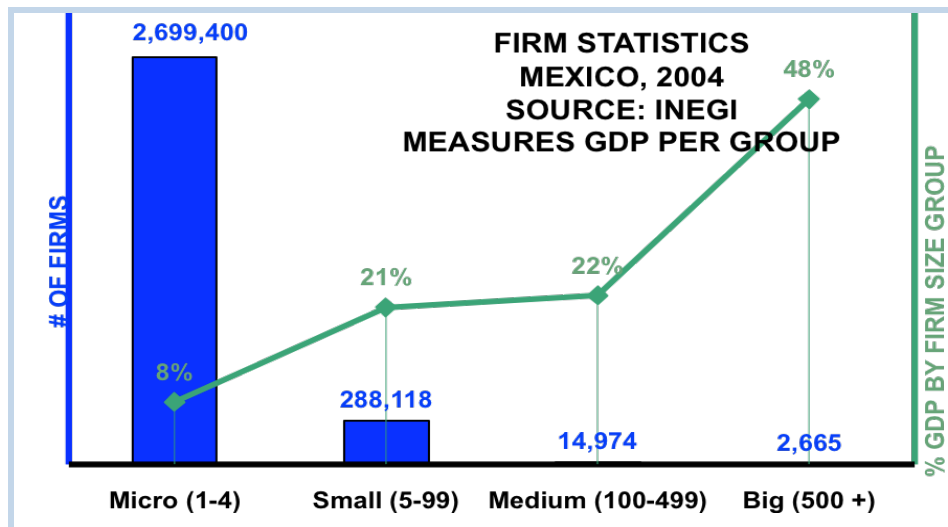
nascent or new entrepreneurs. However, GEM finds, they will create nearly 50% of all new jobs in their region. In all, more than 90% of new jobs will be created by less than 25% of nascent or new entrepreneurs (Autio 2007).

By this line of reasoning, then, the most common way for people to escape poverty is by landing a job with a private firm and, most likely, that job will have been created by a high-impact entrepreneur.

**Gross Domestic Product**

But the Global Entrepreneurship Monitor points to another potential benefit of high-impact entrepreneurs, when it shows the high, positive correlation between their presence and the indicators of a healthy growing national economy. Zoltan Acs, a board member of GEM, a professor at George Mason University and the director of its Center for Entrepreneurship and Public Policy, is among the academics that argue what was stated previously, "...necessity entrepreneurship has no effect on economic development while opportunity entrepreneurship has a positive and significant effect" (Acs 2006, p97).

**Number Of Firms + GDP By Firm Size Group**



Such findings prompted Acs and other academics to develop and use what they call an opportunity index, which is essentially a country's ratio of opportunity to necessity entrepreneurship (both concepts are defined above). This index correlates well and positively with GDP per capita and with numerous other markers of a strong economy, including exports as a percent of GDP, licensing receipts, research and development expenditures, and education spending (Acs 2006, 101). Also included are global competitiveness and ease of doing business rankings, economic freedom and corruption perception (Bosma, et al. 2008, 41).

ENDEAVOR Mexico also believes that focusing on high-impact entrepreneurs is the best way bolster a country's economy. This argument is made by Fernando Fabre, Endeavor Mexico's director, by using the graph on the right, which depicts large firms, despite being small in number, as accounting for a substantial share of Mexico's GDP. Therefore, because Endeavor's goal is to fight poverty quickly, said Fabre, the organization has focused its efforts on creating large firms.

### **Innovation**

A third developmental benefit of support for high-impact entrepreneurship is that entrepreneurship, especially in a competitive marketplace, spurs innovation and, in doing so, societal progress. According to Fields and Pfefferman: "Throughout the world, private enterprises act as knowledge receptors. Where competitive conditions prevail, leading enterprises will constantly seek out information that has practical uses locally. To remain competitive, other firms, in turn, will emulate their behavior. In this process, executives and employees upgrade their human capital, their productivity, and their incomes" (Fields and Pfefferman 2003, 6).

The authors go on to explain that firms are important to societal absorption of technological innovation, generation and diffusion. Private companies fund research and development and "bring innovations to the marketplace in the form of products, services and processes, thus broadening

choices for poor people as well as more affluent consumers” (Fields and Pfefferman 2003, 7).

Of course, most entrepreneurs do not work with enough resources to conduct research and development in a significant way. This, however, is simply another argument for directing support to high-impact entrepreneurs, as their companies are the ones that can afford research.

Furthermore, those companies are the ones that can do what Fields and Pfefferman wrote is integral to societal progress, which is to adapt knowledge that already exists in the developed world and put it to use in poor societies.

## Alternative models

Over the last decade Mexico has expanded its network of business incubators and business advisory services. The latter includes JEMAC, Impulsa, Youth Business International and Emprende Mexico. Jóvenes Empresarios por México AC (JEMAC) is a non-profit association founded in 2001 to help Mexicans between 18-35 start their own businesses through mentoring, training, consulting and access to finance. In eight years JEMAC has reached out to 3,117 young people, interviewed and consulted 767 entrepreneurs, assessed 148 business plans and financed 90 youth business start-ups (JEMAC 2009). JEMAC operates through partnerships with the private

“These accelerators work to help Mexican companies that are already selling in Mexico but are ready for the next step.”

Lilia Vargas  
CEO of TechBa

sector, government, and civil society. Youth Business International and Impulsa operate according to a similar mandate that seeks to encourage a business culture among Mexican youth.

Many organizations are similar to Endeavor, but with different targets, said Carmen Castellanos from *El Economista* newspaper. For example, PROEMPLEO is an organization for micro-enterprises that supports

entrepreneurs through courses to improve their self-esteem. Another organization is FUNDES, which supports enterprises of high-value or enterprises working with the government to create strategic and productive chains.

To help promote business development, the Mexican government works with three universities – Tecnológico de Monterrey (ITESM), Universidad Anajuac, and Centro Panamericano de Investigación e Innovación (CEPii); two privately owned companies – Visionaria and Desarrollo Tecnológico (Q-lab); and two non-governmental organizations – Endeavor and New Ventures. It supports 23 accelerators and 1,043 companies. According to Jana Nieto, director of technology at the Ministry of the Economy, the goal in the next three years is to expand to 50 accelerators with the capacity to grow 10,000 companies (Nieto interview, January 2009).

Part of the work of the ministry is to "recognize" the accelerators in the country, said Nieto. But the ministry also supports incubators that broaden entrepreneur's experiences outside Mexico. As part of the government's efforts to help entrepreneurs create value-added, high-tech ventures, Nieto said six accelerators now have partnerships with incubators in the United States, Spain and Canada. One example is TechBa, which facilitates these developments through its counterparts in Montreal, Silicon Valley, Phoenix, Detroit and Madrid. The company's goal is to help Mexican companies that want to diversify and open up distribution centers in other countries so they can become global players.

"These accelerators work to help Mexican companies that are already selling in Mexico but are ready for the next step" said Lilia Vargas, director general and CEO of TechBa.

### **University-based incubators**

According to a study by the Ministry of Economics, only 5% of universities offer classes related to entrepreneurship, and most that do have entrepreneurial programs focus on management and not venture capital entrepreneurship (Diaz 2008). "Courses are designed to make people world

employees instead of world employers, said Luis Arturo Torres, vice president for Research and Development at Tecnológico de Monterrey (ITESM), whose graduate business program has been ranked seventh among the best business schools outside the United States, according to the *Wall Street Journal* (Wall Street Journal 2006). The emphasis in most cases is on innovation and technology development, with the goal of creating commercial value. For now, Tech de Monterrey appears to be the current exception, but several others are refocusing their efforts (Fabre and Smith 2003, 42).

- ITESM claims to produce 4,000 firms each year. It has a technology incubator.
- UNAM (Universidad Nacional Autónoma de México) produces 20 firms each year.
- IPN (Instituto Politécnico Nacional) produces 50 firms.
- ITAM (Instituto Tecnológico Autónomo de México) has linked to resources through a contract with a SINCA.



According to Ivan Diaz, director of International Affairs at the Ministry of the Economy, these programs are “aimed at making the vast SME sector more efficient, competitive and position SMEs in the local and global markets” (Diaz 2008). They are key to the Mexican government’s strategy of creating an innovation-based growth model, which involves increasing SMEs’ productivity through technology and innovation.

Yet universities still are not turning out the country's top entrepreneurs, which Barbara Anderson from *Expansion Magazine* attributes to the lack of focus on building business plans and an

inclination to focus on ideas and projects rather than the practical constraints of creating a business.

Robert Charvel, a business professor at ITAM, said his university now offers classes on private equity entrepreneurship and is moving toward more discussion on business plan development.



## IV. CONCLUSIONS

Mexico still needs to see some reform, both in the public and private sectors, before a culture of entrepreneurship can become more feasible. What is needed in particular is an increase in the amount of private investment coming into the country as well as ways to effectively insert new companies into existing value chains and distribution networks. At the same time, the number of programs and agencies created by the government to support entrepreneurship appears large and decentralized. Potential exists to reach out to larger segments of the population and streamline the processes involved in the creation of SMEs. If these factors improve, along with access to capital, the result could be the evolution of Mexico's SME sector.

## APPENDIX A: Sample Interview Questions

### Mentors

1. What is your duty as a mentor?
2. Why do you think young people avoid becoming entrepreneurs?
3. Why is entrepreneurship important?
4. What is the institutional landscape facing entrepreneurship in Mexico?
5. What is Endeavor's mission?

### Consultants

1. What clients do you work with/industries?
2. Why are you involved with Endeavor?
3. How are you involved with Endeavor?
4. Describe the entrepreneurial landscape in Mexico?
5. How has the entrepreneurial culture changed in the past few years?

### Entrepreneurs

1. How did your company start?
2. Describe your business.
3. To what do you attribute your success?
4. Where did you get the connections necessary to build your business?
5. Describe the entrepreneurial landscape in Mexico?
6. What are the difficulties you have faced?
7. What services of Endeavor have you used?
8. How do you think Endeavor impacts the Mexican entrepreneurial culture?
9. What can entrepreneurs do to promote an entrepreneurial culture?

### Media

1. Describe the entrepreneurial landscape.
2. What is the media's role in building an entrepreneurial culture?
3. Why is entrepreneurship important?
4. Why do you tell the stories of Endeavor entrepreneurs?

## Universities

1. Describe the entrepreneurial landscape.
2. What are the obstacles to entrepreneurship?
3. How can we overcome those obstacles?
4. Why are so few universities teaching entrepreneurship?
5. How is Endeavor helping change the culture?
6. What recommendations would you make for the Endeavor model?

## Financing

1. Why invest in entrepreneurs?
2. What are the barriers to early stage investment and growth in Mexico?
3. What are the current resources available to entrepreneurs for early stage financing?
4. What are the regulations involved for financing in Mexico? What needs to change?
5. What are the obstacles for entrepreneurship?
6. How do current international (angel) investors, invest in Mexico, what are their motives (advantages, reasons, etc.)?
7. What is missing to help build an entrepreneurial culture in Mexico?
8. What can banks/finance institutions do to help build an entrepreneurial culture in Mexico?

## APPENDIX B: Entrepreneur Profiles



### ALIANZA CON LA BIOSFERA (ALIBIO)

ALFREDO SUAREZ

[www.alibio.com.mx](http://www.alibio.com.mx)

*Alibio* is a biotechnology company launched in 2003 with profits in 2008 around US\$4 million. *Alibio* works in three business sectors: 1. Agriculture with organic products; 2. Aquiculture with a focus on prebiotic and probiotic products; and 3. The farm-raised fish industry. In addition, *Alibio* currently is working on projects involving recycled water and biological development.

Some of *Alibio's* achievements have been an average growth rate of 48% between 2003 and 2008. It was also the first small and medium company to launch an annual report certified by the Global Reporting Initiative (GRI).



ARCCANTO

ARTURO MERINO & VICTOR  
CALDERON

[www.arccanto.com](http://www.arccanto.com)

*Arccanto* is a financial consulting firm investing "smart money" in small and medium enterprises in Mexico.

Some of *Arccanto's* achievements have been earning the trust of the financial sector in Mexico as well as gaining recognition from national and international banks. The company's clients have registered an average growth rate of 20% in the last year, and have generating more than 300 jobs. In addition, the rate of overdue payments for *Arccanto's* clients is less than 1%.



**BB MUNDO**

**MARTHA DEBAYLE**

[www.bbmando.com](http://www.bbmando.com)

*BB Mundo* is a media company based on a multimedia platform targeted for young parents and pregnant women in Mexico. Currently, *BB Mundo* has developed innovative media products in Internet, television (bbtips), radio (W Radio) and magazine (Revista BBMundo). It also has developed a discount card (bbmundo card).

One of *BB Mundo's* main achievements has been the construction of strategic partnerships with the main brands in the babies market (Johnson & Johnson, Gerber, Ford, Wyeth, Mattel, Kimberly Clark, Procter & Gamble) and profits in 2008 around US\$350,000.



**DOCSOLUTIONS**

**GABRIEL & GUILLERMO OROPEZA**

*DocSolutions* is the first enterprise in the content manager (ECM) industry in Mexico, launched in 2001. In 2007, the company achieved sales of more than US\$9 million.

*DocSolutions* develops strategies, technologies and tools for the organization of content and documents.

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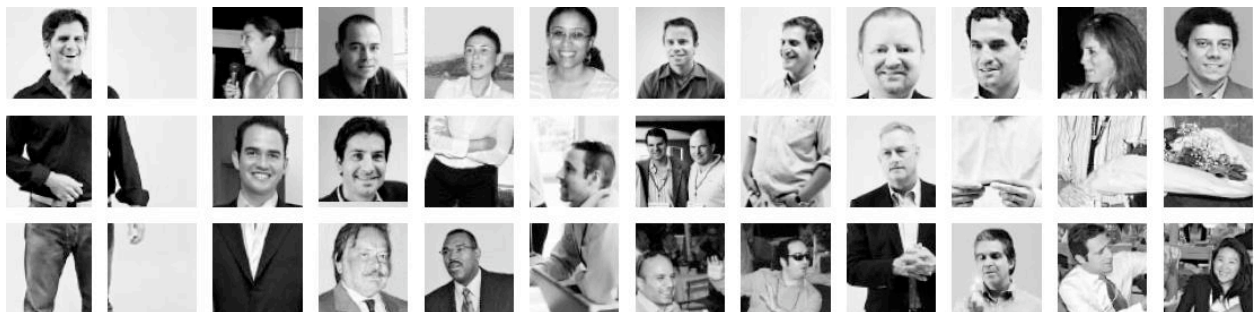
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Their businesses create hundreds, if not thousands, of jobs that stimulate economic growth and spur development.

Their stories inspire others to become empowered entrepreneurs.



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