

SESSION SUMMARY

Conference: SOCAP 2011

Panel Topic: Building the Impact Entrepreneur Movement: Perspectives from Top Early Stage Entrepreneurs in Central America

Panel Description: Building a more sustainable capitalist economy will require a new breed of sophisticated entrepreneurs committed to creating shared value through their business. In Central America, the barriers to entrepreneurship are especially challenging. Come hear from entrepreneurs operating in some of the world's poorest communities and solving some of the most intractable problems through market-based strategies.

Moderator & Panelists:

Moderator: Michelle Viegas: Operations Senior Associate, Inter-American Development Bank, Washington D.C.

Ben Sandzer-Bell: Founder and CEO of CO2 Bambu. The company manufactures and assembles environmentally responsible low income housing, schools and shelters. They work with farmer cooperatives and indigenous communities where bamboo grows extensively. They also reforest with bamboo and develop plantations on farmer's lands to have positive ecological impact to prepare the future supply chain. They are addressing the massive housing deficit in Latin America and introducing an eco-solution. Operations are in Nicaragua. Part of the Agora Accelerator Program

Will Haughey: Founder and Chief Blockhead of Tegu a premium toy company that sources and manufactures in Honduras. It is a for-profit toy company with operations in Honduras and the US. The company is servicing as a catalyst for social change in Honduras by vertically linking user-driven design in the Developed World with world class manufacturing in Honduras. Part of the Agora Accelerator program

Ben Powell: Founder and Managing Director of Agora Partnerships, a fund and accelerator that seek the best early stage entrepreneurs in Central American and soon Mexico who are creating measurable social value through their businesses. They provide them with leadership training; help with metrics, and assistance in understanding and preparing for the investment process. Then they connect them with impact investors and stay with them to help build a community around impact entrepreneurship in the region.

Maria Pacheco: Founder of Kiej de los Bosques, a company that designs and exports products made by rural workers (mostly women) to 12 companies. Under the brand Wakami, it creates artisanal products about the people of earth hand made by rural women. Kiej has been growing 100% over the last three years, incorporating now a total of 15 rural companies comprised of 270 people, 80% women. Through the Wakami Value Chain, Kiej is able to transform cycles of poverty into cycles of prosperity, where the income to the rural women is automatically

transformed into education and nutrition for their children. She is a part of the Agora Accelerator program.

Design, Methodology, Approach: This panel was a round table question and answer style

Main Panel Discussion Points:

Will Haughey: He came to Tegu after Goldman Sachs, has always had a passion for entrepreneurship and was struck by the abject poverty in Honduras. Will joined his brother Chris to form Tegu in May 2008. He keeps his transformation of product in-country which allows for a big margin as he sells his product at a premium. He is competing in high-end toy design. When they opened the factory people were lined up around the block but finding managerial talent is a challenge. Manufacturing his product in-country enables him to capture a lot of margin. His product sells for about \$60 and his goal is to out-design the competition. He is looking to raise \$3.5 million.

Maria Pacheco: She is a biologist who saw a need for income for women as she was working on ecology development in Central America. Has created an ecosystem and path for women to create artisanal products and sell them to retailers globally. Her product brand is called Wakami and she has an idea of Wakami Villages where she combines job creation with community development. Defines success by creating 6.5 million jobs, sales growth, and creation of women-led Wakami Villages

Ben Powell: Created a mini-golf course in Mexico and was inspired by the affect entrepreneurship had on the area. His main challenge is not getting capital but building a culture of social entrepreneurship. Transaction costs are too high for angel investing right now. The number one characteristic he looks for in a company is the human quality of the entrepreneur. He defines success as raising \$5 million for companies in his accelerator and creating a long-term brand of sustainable investment that will convince local investors.

Ben Sandzer-Bell: He became an impact entrepreneur after a 20 year career in the global aerospace industry. Nicaragua has 85% unemployment and ample bamboo in the indigenous areas. In 2008, CO2 Bambu was founded, initially as a reforestation project in Central America and then as a Nicaraguan company dedicated to providing environmentally sound solutions (based on bamboo), to address the global housing deficit. He defines success as entering the emergency shelter market; he has already begun in Haiti.

Outcomes & Analysis:

- Talent is difficult to find and cultivate culturally in-country
- The entrepreneur himself or herself is the most important aspect when seeking potential investments
- Getting the IDB to support your idea helps when looking for institutional investors
- There is a challenge of creating a brand of impact investing in Latin America
- Social entrepreneurs can have varying and unusual previous careers and be very successful

Keywords: Central America; Impact Investing

Paper type: Review of conference panel.