

20. Visit to IESA, March 2002

**Visit to IESA  
Caracas, Venezuela  
March 13 - 15, 2002**

The following is the report of the Tulane University staff visit to IESA between March 13 and 15 of 2002.

**Objectives:**

- Review the structure of the Burkenroad reports for the case of IESA.
- Review the pilot project and the methodology with professors and consultants
- Promote the project between students
- Present the project to government and companies' authorities.

**Issues discussed:**

**At IESA:**

- IESA is planning to teach a graduate course called Burkenroad Reports in the April-June quarter where the methodology of Burkenroad reports, including the business evaluation variation, will be the main content of the course.
- IESA has already taught the course Company Valuation to 84 students. This course is the prerequisite for the course Burkenroad Report. In this course, students have prepared company reports that could provide valuable information for the preparation of the Burkenroad reports.
- IESA has included BANGENTE as one of the companies to be followed thanks to the suggestion of ACCION International (NGO domiciled in Boston). This bank offers loans to micro- and small-producers. Hence, the preparation of a financial report for this bank may have a multiplicative impact on the numerous clients of this bank.

**At CAF:**

- CAF representatives showed a very strong interest in the project because it will offer them information about companies in Latin America that is unavailable and will help them in their investment decisions. CAF has a new venture capital fund that is expected to grow to about US\$ 35 million.
- Camilo Arenas, director of financial markets, indicated the great interest in the information that the project will provide for the development of local small and medium size firms. He also indicated interest to the extension of the project to the rest of the Andean countries (Bolivia, Ecuador, and Peru), and a potential contribution of CAF to this expansion stage.

**At Caracas Stock Exchange:**

- Nelson Ortiz, president of the Venezuelan stock exchange, showed a great interest in the project especially because of the possibility of following listed companies with very limited trading activity. He was also willing to include information of the project in the stock exchange's website and to sponsor the annual investment conference.

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**Activities:**

- Presentation of the project to master students

- Meetings at:

Caracas Stock Exchange:

- Nelson Ortiz, president of the Caracas stock exchange
- Nelson Gaivis, manager of marketing of the Caracas stock exchange

Corporación Andina de Fomento (CAF):

- Luis Galeano, officer of the venture capital fund
- Manuel Malaret, manager venture capital fund
- Camilo Arenas, director of financial markets

CONAPRI (investment promotion council):

- Michael Penfold, executive director
- Mercedes Briceño, promotion and regulatory affairs manager

IESA:

- Nelly Lejter, academic dean
- Jonathan Cole, president
- Jaime Sabal, vicedean
- Eduardo Pablo, coordinator of Burkenroad report in Venezuela
- Enrique Gherzi, professor and consultant for the Burkenroad project
- Gustavo García, professor
- Rebecca Tinoco, officer at research department
- Laura González, manager, executive development

Fitch IBCA, Duff & Phelps (rating agency)

- Carlos Fiorillo, managing director
- Franklin Santarelli, senior analyst

Farmatodo (company to be followed by Burkenroad reports):

- Guillermo Trigo, CFO

**Suggestions/Recommendations:**

We discussed a number of recommendations during our visit to IESA. These recommendations are essentially the same as those included in our summary of the visit to Universidad de Los Andes in December 2001 and are omitted except for the following suggestions/recommendations is not included here.

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**Report Content**

The extent of coverage for each text section will, of course, vary with the company characteristics. We recommend the socio-economic evaluation section because the Latin American Burkenroad program has the stated goal of enhancing economic development in the region. We believe that a section describing corporate social responsibility issues and describing various socio-economic indicators, e.g. impact on employment, GDP, regional development, etc., will be a valuable addition to the report.

While the distribution of the business evaluation report and the analyst report differs significantly, the actual sections prepared for each report will be very similar. Below is a report table of contents that compares the contents of each report (we attach an English and a Spanish version).

			<b>Analysis Report</b>	<b>Business</b>
		<b>Price Performance</b>	<b>Yes</b>	
	<b>1.0</b>	<b>Executive Summary . . . . .</b>	<b>Bullet points – cover</b>	<b>Yes</b>
	1.1	Objectives . . . . .		<b>Yes</b>
	1.2	Mission . . . . .		<b>Yes</b>
	1.3	Keys to Success . . . . .		<b>Yes</b>
	<b>2.0</b>	<b>Company Summary . . . . .</b>	<b>Yes</b>	<b>Yes</b>
	2.1	Company Ownership . . . . .	<b>Yes</b>	<b>Yes</b>
	2.2	Start-up/History Summary . . . . .	<b>Yes</b>	<b>Yes</b>
	2.3	Company Locations and Facilities	<b>Yes</b>	<b>Yes</b>
	<b>3.0</b>	<b>Products &amp; Services . . . . .</b>	<b>Yes</b>	<b>Yes</b>
	3.1	Products & Service Description . .	<b>Yes</b>	<b>Yes</b>
	3.2	Competitive Comparison . . . . .		<b>Yes</b>
	3.3	Sales Literature . . . . .		<b>Yes</b>
	3.4	Sourcing . . . . .		<b>Yes</b>
	3.5	Technology . . . . .	<b>Yes</b>	<b>Yes</b>
	3.6	Future Products & Services . . . . .		<b>Yes</b>
	<b>4.0</b>	<b>Market Analysis Summary . . . . .</b>	<b>Yes</b>	<b>Yes</b>
	4.1	Market Segmentation . . . . .		<b>Yes</b>
	4.2	Target Market Segment Strategy . . . . .	<b>Yes</b>	<b>Yes</b>
	4.2.1	Market Needs . . . . .		<b>Yes</b>
	4.2.2	Market Trends . . . . .		<b>Yes</b>
	4.2.3	Market Growth . . . . .		<b>Yes</b>
	4.3	Industry Analysis . . . . .	<b>Yes</b>	<b>Yes</b>
	4.3.1	Industry Participants . . . . .	<b>Yes</b>	<b>Yes</b>
	4.3.2	Distribution Patterns . . . . .	<b>Yes</b>	<b>Yes</b>
	4.3.3	Competition and Buying Patterns	<b>Yes</b>	<b>Yes</b>
	4.3.4	Main Competitors . . . . .	<b>Yes</b>	<b>Yes</b>
	<b>5.0</b>	<b>Strategy and Implementation Summary . . . . .</b>		<b>Yes</b>
	5.1	Strategy Pyramids . . . . .		<b>Yes</b>
	5.2	Value Proposition . . . . .		<b>Yes</b>
	5.3	Competitive Edge . . . . .		<b>Yes</b>
	5.4	Marketing Strategy . . . . .		<b>Yes</b>
	5.4.1	Positioning Statement . . . . .		<b>Yes</b>
	5.4.2	Pricing Strategy . . . . .		<b>Yes</b>
	5.4.3	Promotion Strategy . . . . .		<b>Yes</b>
	5.4.4	Distribution Strategy . . . . .		<b>Yes</b>
	5.4.5	Marketing Programs . . . . .		<b>Yes</b>
	5.5	Sales Strategy . . . . .		<b>Yes</b>
	5.5.1	Sales Forecast . . . . .		<b>Yes</b>
	5.5.2	Sales Programs . . . . .		<b>Yes</b>

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	5.6	Strategic Alliances . . . . .		Yes
	5.7	Milestones . . . . .		Yes
	<b>6.0</b>	<b>Management Summary . . . . .</b>	<b>Yes</b>	<b>Yes</b>
	6.1	Organizational Structure . . . . .	Yes	Yes
	6.2	Management Team . . . . .	Yes	Yes
	6.3	Management Team Gaps . . . . .	Yes	Yes
	6.4	Personnel Plan . . . . .	Yes	Yes
	<b>7</b>	<b>Socio-Economic Evaluation</b>	<b>Yes</b>	<b>Yes</b>
	<b>8</b>	<b>Risk Analysis</b>	<b>Yes</b>	<b>Yes</b>
	<b>9</b>	<b>Investment Recommendations</b>	<b>Yes</b>	<b>Yes</b>
	<b>9.1</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
	<b>9.2</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
	<b>10.0</b>	<b>Financial Plan . . . . .</b>	<b>Yes</b>	<b>Yes</b>
	10.1	Important Assumptions . . . . .		<b>Yes</b>
	10.2	Key Financial Indicators . . . . .	Yes	Yes
	10.3	Break-even Analysis . . . . .		Yes
	10.4	Projected Profit and Loss . . . . .	Yes	Yes
	10.5	Projected Cash Flow . . . . .	Yes	Yes
	10.6	Projected Balance Sheet . . . . .	Yes	Yes
	10.7	Business Ratios . . . . .	Yes	Yes

	Reporte Financiero	Plan de Negocios/ Evaluación de Proyectos
<b>Rendimiento del Precio de la Acción</b>	Si	
<b>1.0 Resumen Ejecutivo</b>		Si
o 1.1 Objetivos		Si
o 1.2 Misión		Si
o 1.3 Claves de Éxito		Si
<b>2.0 Resumen Empresarial</b>	Si	Si
o 2.1 Estructura y Tipo de Propiedad	Si	Si
o 2.2 Historia de la Compañía/ Start-up	Si	Si
o 2.3 Infraestructura de la Compañía	Si	Si
<b>3.0 Productos y Servicios</b>	Si	Si
o 3.1 Descripción de Productos y Servicios	Si	Si
o 3.2 Análisis con Productos Competidores		Si
o 3.3 Literatura para Promover Ventas		Si
o 3.4 Fuente de Insumos		Si
o 3.5 Tecnología	Si	Si
o 3.6 Futuros Productos y Servicios		Si
<b>4.0 Resumen del Análisis del Mercado</b>	Si	Si
o 4.1 Segmentación del Mercado		Si
o 4.2 Estrategia de Segmentación de Mercado	Si	Si
o 4.2.1 Necesidades del Mercado		Si
o 4.2.2 Tendencias del Mercado		Si
o 4.2.3 Crecimiento del Mercado		Si

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○ 4.3 Análisis de la Industria	Si	Si
○ 4.3.1 Participantes de la Industria	Si	Si
○ 4.3.2 Patrones de Distribución	Si	Si
○ 4.3.3 Patrones de Compra y Competencia	Si	Si
○ 4.3.4 Competidores Principales	Si	Si
<b>5.0 Resumen de Estrategias e Implementación</b>		Si
○ 5.1 Pirámides de Estrategias		Si
○ 5.2 Proposición de Valor		Si
○ 5.3 Ventaja Competitiva		Si
○ 5.4 Estrategia de Mercadeo		Si
○ 5.4.1 Frases de Posicionamiento		Si
○ 5.4.2 Estrategia de Precios		Si
○ 5.4.3 Estrategia de Promoción		Si
○ 5.4.4 Estrategia de Distribución		Si
○ 5.4.5 Programas de Mercadeo		Si
○ 5.5 Estrategia de Ventas		Si
○ 5.5.1 Proyección de Ventas		Si
○ 5.5.2 Programas de Ventas		Si
○ 5.6 Alianzas Estratégicas		Si
○ 5.7 Principales Hito		Si
<b>6.0 Resumen Administrativo</b>	Si	Si
○ 6.1 Estructura Organizacional	Si	Si
○ 6.2 Equipo Gerencial	Si	Si
○ 6.3 Vacíos en el Equipo Gerencial	Si	Si
○ 6.4 Plan de Personal	Si	Si
<b>7.0. Evaluación Socio-Económica</b>	Si	Si
<b>8.0. Análisis de Riesgos</b>	Si	Si
<b>9.0. Recomendaciones de Inversión</b>	Si	Si
○ 9.1. Tesis de Inversión	Si	Si
○ 9.2. Resumen de Inversión	Si	Si
<b>10.0 Plan Financiero</b>	Si	Si
○ 10.1 Suposiciones Generales	Si	Si
○ 10.2 Indicadores Financieros Claves	Si	Si
○ 10.3 Análisis de Punto de Equilibrio		Si
○ 10.4 Pérdidas y Ganancias Proyectadas	Si	Si
○ 10.5 Flujo de Caja Proyectado	Si	Si
○ 10.6 Balance General Proyectado	Si	Si
○ 10.7 Indicadores de Negocios	Si	Si

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