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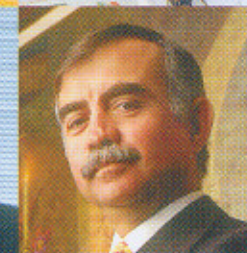
LATIN AMERICAN EDITION / OCTOBER 26, 1998

A PUBLICATION OF THE MCGRAW-HILL COMPANIES



LATIN AMERICA'S
NEW
BUSINESS
ELITE

*Here are 25 leaders
boldly meeting the region's
daunting economic challenges*



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NUMBER 3585-015

LATIN AMERICA'S New Bu Elite

A young crew of gifted managers, financiers, and policymakers is meeting the crisis with skill and energy

Across Latin America, economic stress grows by the day. Brazil is battling speculators and trying to calm frightened investors who could touch off a disastrous slide in the real. In Mexico, high rates are pinching consumers as the economy slows. Depressed commodity prices are squeezing Venezuela and Chile, while gloom deepens among corporations that have seen their market value drop by half.

Latin America is now the front line of the global financial crisis. But as the problems mount, talented leaders are stepping up to the challenge. Many of the region's managers, financiers, entrepreneurs, and opinion makers have spent their careers steeped in tumult, be it the debt crisis of the 1980s or the hyperinflation of the early 1990s. Their skills will again be tested as growth slumps to 2% or lower next year from last year's 5.1%. There is even a touch of hubris in their attitudes. "In Latin America, volatile environments have made the survivors very agile...and much better businesspeople," says Lorenzo Zambrano Treviño, chief executive of Cemex, Latin America's biggest multinational. "We're much better prepared than the Asians are," he adds.

Executives like Zambrano are betting that the region will survive this latest bout of uncertainty with relatively few scars. In recent years, Latin countries have dropped trade barriers and privatized key industries. Companies have forged alliances with international partners to gain access to new markets. The best companies are leaner, and the best managers are outward-looking, with little need for government help.

BUSINESS WEEK has targeted 25 members of this new elite. Many are young. Many studied abroad and are on top of the same management trends as their U.S. and European rivals. They know how to deal with foreign investors, who are impressed by their open management styles and healthier disclosure policies. That could keep the money lines open to them, even as credit tightens across the region. A number of our elite are women who are rising to positions of power, bringing a new vision of business' role in bridging the gap between rich and poor.

Some of the managers BUSINESS WEEK has chosen are leading newly minted multinationals. They first crossed Latin borders to expand in countries where cultures are similar, and then ventured overseas to areas as diverse as the U.S. and Asia. Other managers, such as Dionisio Garza Medina, CEO of steel and petrochemicals producer Alfa, have boosted exports. They are meeting competition by streamlining, improving quality, and creating joint ventures with foreign partners.

CONQUISTADORS. Our entrepreneurs are striving to be leaders in cutting-edge techniques and products. That's a change from the region's tradition of using second-tier technology and hand-me-down goods. Mexican biotechnology entrepreneur Alfonso Romo Garza is a major player in the world market for disease-resistant seeds, for example. "We're seeing a new kind of conquistador, a reversal of roles where now the Latin American is conquering new markets by producing goods and services that satisfy international demand," says Jaime Alonso Gómez, director of the graduate business school at the Instituto Tecnológico de Estudios Superiores de Monterrey in Mexico.

Business

Meanwhile, Latin America's financial pros are holding their own against foreign banks that flocked to the region when times were good. Now, some of the foreigners are pulling back, and local investment bankers may recapture market shares. Highfliers such as Paulo Ferraz, chief executive of Brazilian investment bank Bozano Simonsen, are angling to grab more business.

Even opinion makers such as Argentine journalist Jorge Fontevecchia are creating successful businesses. Fontevecchia, who has risked his life to stamp out corruption through investigative reporting, now runs the profitable magazine *Noticias*. Such businesses are growing rapidly as the region's young democracies demand more objective sources of information.

Still, as Latin America has opened up, business leaders have come to understand that improving the region's skewed distribution of wealth will likely require more than market reforms. Eager to preserve public support for liberalized economies, companies are trying philanthropy, from building schools in Brazil to distributing food supplements to malnourished children in Mexico. "People are realizing that wealth isn't necessarily going to trickle down, so we are seeing businesspeople assuming a greater re-

sponsibility for social issues," says Manuel Arango Arias, a businessman who founded the Mexican Center for Philanthropy. With such vision, combined with their management skills, Latin America's business elite may well see the region through its current upheaval.

This Special Report on Latin's America's business elite was produced by BUSINESS WEEK's team of Latin American correspondents. They are: Geri Smith and Elisabeth Malkin in Mexico City, Ian Katz and John Kolodziejski in São Paulo, Andrea Mandel-Campbell in Buenos Aires, Christina Hoag in Caracas, Elizabeth Love in Santiago, and Jane Holligan in Lima.

	AGE	TITLE	COMPANY/SPECIALTY	COUNTRY	
MANAGERS	LUIS GIUSTI	54	PRESIDENT	PETROLEOS DE VENEZUELA	VENEZUELA
	BENJAMIN STEINBRUCH	45	CHAIRMAN	CIA. VALE DO RIO DOCE	BRAZIL
	DANIEL SERVITJE MONTULL	39	CEO	GRUPO INDUSTRIAL BIMBO	MEXICO
	LORENZO ZAMBRANO TREVINO	54	CEO	CEMEX	MEXICO
	DIONISIO GARZA MEDINA	44	CEO	ALFA	MEXICO
	BEATRICE E. RANGEL	45	SENIOR VP	CISNEROS GROUP	VENEZUELA
OPINION MAKERS	XOCHITL GALVEZ RUIZ	35	DIRECTOR	HIGH TECH SERVICES	MEXICO
	ALEJANDRO JUNCO DE LA VEGA	50	PRESIDENT	REFORMA, EL NORTE AND INFOSEL	MEXICO
	DAVID ZYLBERSZTAJN	43	DIRECTOR	NATIONAL PETROLEUM AGENCY	BRAZIL
	JORGE FONTEVECCHIA	43	OWNER	EDITORIAL PERFIL	ARGENTINA
	JORGE CAMPBELL	49	SECRETARY	INTERNATIONAL ECONOMIC RELATIONS	ARGENTINA
	JOSE PINERA	50	PRESIDENT	INTERNATIONAL CENTER FOR PENSION REFORM	CHILE
JOAQUIN LEGUIA OREZZOLI	31	CONSULTANT	SOCIAL DEVELOPMENT	PERU	
FINANCIERS	ROBERTO SETUBAL	43	CEO	BANCO ITAU	BRAZIL
	PAULO FERRAZ	45	CEO	BANCO BOZANO SIMONSEN	BRAZIL
	JUAN NAVARRO	46	PRESIDENT	THE EXXEL GROUP	ARGENTINA
	ELENA LANDAU	40	CONSULTANT	PRIVATIZATIONS	BRAZIL
	ALVARO SAIEH	48	PRESIDENT	CORP GROUP	CHILE
ENTREPRENEURS	ALFONSO ROMO GARZA	48	CEO	PULSAR INTERNACIONAL	MEXICO
	GUILHERME PEIRAO LEAL	48	EXECUTIVE PRESIDENT	NATURA COSMETICOS	BRAZIL
	EDUARDO ELSZTAIN	38	CHAIRMAN	IRSA	ARGENTINA
	ALEJANDRO SOBERON KURI	38	CEO	CORP. INTERAMERICANA DE ENTRETENIMIENTO	MEXICO
	MARCELO LACERDA	38	DIRECTOR	NUTEC INFORMATICA	BRAZIL
	RAMIRO AGULLA	35	PRESIDENT	AGULLA & BACCETTI	ARGENTINA
	CARLOS BACCETTI	34	VICE-PRESIDENT	AGULLA & BACCETTI	ARGENTINA



JUAN NAVARRO

When Mexico's late-1994 peso crash sent financial shock waves through Latin America, Argentine financier Juan Navarro called together managers of companies controlled by his buyout firm, Exxel Group. He gave them 48 hours to draw up fast-action plans to slash

fixed costs, halt credit lines, and conserve cash to defend against a liquidity crunch and looming recession.

Today, amid another emerging-markets crisis, Navarro is more optimistic. Because of Argentina's economic and financial reforms, he expects a "much milder"

impact on the country this time. "Argentina has a different structure from Brazil and other emerging markets," Navarro says. Indeed, Exxel and other private equity investors are boosting Argentina's ability to ride out the global storm by injecting fresh capital, management, and technology into companies they buy. In late September, in what Navarro sees

as a sign of investor confidence, French supermarket operator Promodès paid \$420 million for a 49% stake in Supermercados Norte, a chain that Exxel bought for \$440 million in 1996. "This recession is going to come as an opportunity," he says.

Uruguayan-born Navarro, 46, was the first to tap the profit potential of buying into cash-starved Argentine fam-

ily businesses, turning them around, and then selling them. He quit a promising career at Citibank in Buenos Aires to launch Exxel in 1991 as the country's first homegrown private-equity buyout firm. Now, with \$1.4 billion in stakes put up by investors from General Motors Corp. to the Chanel family, Exxel is managing 48 companies with total sales of \$3.3 billion.

Before going into any new business, "we always benchmark with the U.S. and Europe," Navarro says. "We consider [the investment] an arbitrage between more- and less-developed economies." But to attract investments in higher technology, Navarro concedes that Argentina needs more reforms in everything from labor costs to education. Exxel's electric companies in three provinces have set up university scholarships, and other projects are on the way. Such community activity, Navarro says, is a "moral responsibility" for business.

ALVARO SAIIEH

Bank profits and share prices are taking a drubbing in Latin America. That's a buying opportunity for Corp Group, a Chilean-based financial conglomerate. After screening more than 30 potential targets, it plans to buy two banks by yearend to add to a network that encompasses Chile, Argentina, Venezuela, and Peru. Corp Group is helping to strengthen Latin banking by imposing U.S. practices throughout its operations. "Our standards are the same as those of an American bank," says President Alvaro Saieh, 48, a University of Chicago PhD.

Despite the region's financial drought, deep-pocketed shareholders sustain Saieh's cross-border push. Corp Group is 54% owned by an investor group led by Saieh, a former economic research chief at Chile's Central Bank



and a former dean of the University of Chile's economics school. The other 46% is held by Chase Capital Partners, National Bank of Canada, and U.S. private equity firms Blackstone Group and Hicks, Muse, Tate & Furst.

An arts patron who lectures at Latin American and U.S. business schools, Colombia-born Saieh was one of the "Chicago Boys" who launched Chile's economic reforms in the late 1970s under dictator Augusto Pinochet. He and his partners set up Corp Group last year. It owns Provida, Chile's biggest pension manager, and has stakes in life insurers and banks stretching across seven countries. Saieh notes that the banks' vulnerability to economic downturns is offset by the more stable businesses. While his banks may retrench, insurance premiums and pension contributions will keep rolling in.