

INCAE
BUSINESS SCHOOL

Annual Work Report -2021-

*Promoting
Philanthropy and
Social Investment in
Central America*



Strachan Chair
for Philanthropy & Social Investment

Annual Work Report 2021

STRACHAN CHAIR FOR PHILANTHROPY AND SOCIAL INVESTMENT

Promoting philanthropy and social investment in Central America



Strachan Chair
for Philanthropy & Social Investment

FROM THE DIRECTOR

2021 was a year full of hope. The COVID-19 pandemic strengthened our ability to live with the uncertainty of tomorrow and taught us to be resilient in the face of scenarios that we could never have imagined. We learned that in every crisis, there is an opportunity to get out of our comfort zones, raise our potential and achieve beyond our expectations. We at the Strachan Chair focused our efforts on keeping our projects active—live cases, podcasts, and publications—while also exploring the virtual space to continue implementing our mission.

We continue to maintain our work aimed at promoting responsible leadership and generating shared values with our students and alumni. We hope to return to our face-to-face activities in 2022 and to continue taking advantage of the virtual space when it generates value.

This report summarizes the main activities of the Strachan Chair in 2021. We hope that you find the report informative and interesting.



Andrea M. Prado

Director

Strachan Chair for Philanthropy and Social Investment

Executive summary of activities 2021

Activity	Reference	#
Climate Change Congress 1 st edition (January)	LL2 and Global MBA from INCAE. ¹ 69 students participated	1
Climate Change Congress 2 nd edition (February)	INCAE LL1. 47 students participated	1
Live cases	INCAE Executive MBA. 124 students participated.	3
Management Consulting Projects	Projects in Costa Rica and Guatemala 10 students participated	2
Gerente de Impacto Podcast	A monthly episode Downloads 2021: 3.363 / Total downloads: 8.792	12
Events and media	Webinars and media (radio and television)	6

¹ LL1 and LL2 (Latin American Leaders sections 1 and 2) correspond to the full-time Master's degree in Spanish for students who are on campus full-time until the end of their academic program.

Global MBA refers to the Master's program in English, with a duration of 15 months.

OUR MISSION

In 2013, the Strachan Foundation, together with a group of friends from Bain & Company, gave their financial support for the creation of INCAE's Strachan Chair of Philanthropy and Social Investment. Since its inception, the Chair has remained faithful to its mission of spreading the values of responsible leadership among INCAE students and alumni and those who direct the destiny of our region. Two objectives have guided our work:

I. Educate current and future leaders in strategic social investment and philanthropy through research, case development, and technical notes, as well as through the design and teaching of modules for full-time MBA students, executive MBA students, and INCAE executive education programs.

II. Inspire leaders and family groups to become protagonists of social investment and create a culture that encourages philanthropy.

INTERNAL IMPACT

Climate Change Congress. Within the framework of the Foundations of Sustainability course, the Strachan Chair, along with the Viva Chair, developed the Climate Change Congress 2021 for MBA and Global MBA students during January and February 2021.

The initial session, held on January 4, addressed the issue of the effects of Covid-19 on Latin America and economic reopening strategies. Dr. Roberto Artavia, president of the board of directors of INCAE, presented the keynote speech, moderated by Professor Urs Jäger. A subsequent conference was held at which renowned panelists, including the Minister of Environment and Energy of Costa Rica, Mrs. Andrea Meza, and a professor of sustainable development at the University of Michigan, Andrew Hoffman, discussed climate change and economic recovery in a session moderated by Professor Andrea Prado.



Promotional posters of the initial conferences

Complementary to the Congress, three simultaneous sessions were held with high-level presentations on topics such as: 1) Adaptation to climate change, developed by Mr. Marco Fallas, project director of the Livestock Corporation (CORFOGA), and Mr. Alejandro Roblero, INCAE CLACDS consultant; 2) Public-private partnerships, with Mr. Aitor Lodio, executive director of Aliarse, and Mr. Juan Pablo Morataya, executive director of Centrarse; and 3)

Decarbonization in the face of climate change, with Mr. Arturo Steinvorth, mobility coordinator of the Center for Urban Sustainability, Mrs. Rosa Asca, Vice President of Electro Ucayali, and Mr. Pablo Rojas, Regional Advisor of GIZ.



Promotional posters for the talks

The second edition of our Congress was held on February 15. As in the January edition, Dr. Roberto Artavia, president of the INCAE board of directors, addressed the issue of the effects of Covid-19 on Latin America and economic reopening strategies in his keynote presentation, moderated by Professor Urs Jäger.



From left to right: Dr. Roberto Artavia and Prof. Urs Jäger.

After this initial session, a panel of experts discussed adaptation, decarbonization, and public-private partnerships to combat climate change. During this session, moderated by Professor Prado, the panelists shared their experience and their knowledge of the session's topic with the INCAE MBA students. The panelists were Mr. Arturo Steinvorth, mobility coordinator of the Center for Urban Sustainability, Mrs. Rosa Vásquez, director of environmental projects at ALIARSE, and Mr. Alejandro Roblero, INCAE's CLACDS consultant.



From left to right: Arturo Steinworth, Rosa Vázquez, and Alejandro Roblero. Second line: Prof. Andrea Prado

PARTICIPATION OF SPECIAL GUESTS

Through the active participation of our special guests, we provide our students with first-hand exposure to great professionals who have successfully developed their careers in the region. Our students use their examples as the inspiration to forge their future professions.

Personal purpose search sessions. During these sessions, INCAE's MBA and Global MBA students participated in talks with high-impact guests who shared various aspects of their careers and social investment projects, their search for purpose, and the milestones of their personal growth.

These sessions were held twice. The first was in January, when the special guest was **Gisela Sánchez**, an MBA graduate of Northwestern University and currently Regional Director of Corporate Relations and Sustainability at BAC Credomatic, who spoke with the LL2 and Global MBA students.

For the February session, the guest, Yara Argueta, held a virtual session with the MBA (LL1) students. Ms. Argueta earned her MBA at INCAE and is a member of the Board of Directors of Grupo Solid and founder of the Cavida Foundation.

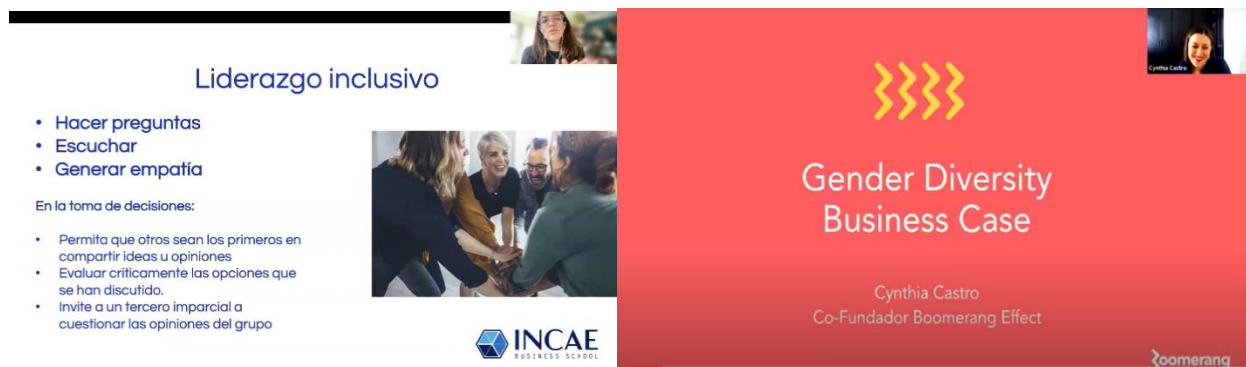


Participation of the special guest, Mrs. Yara Argueta.

Gender diversity and inclusion class. During January and February, the Strachan Chair also organized a series of master classes with high-level professionals who made presentations on the value of promoting gender diversity within organizations and ways to design more-inclusive organizations.

In the January sessions, the MBA students had the opportunity to listen to the following graduates: Cinthya Castro, co-founder and Communications Director of the company Boomerang Effect; and Beatriz Avalos, former researcher and project coordinator for the Strachan Chair. The MBA (LL2) students also had the opportunity to share their opinions with Cecilia Álvarez Quirós, an MBA graduate of Universidad Nacional de Costa Rica, founder of the company Shift506, and with Ms. Avalos from INCAE.

In the February session, Ms. Avalos shared her presentation, "*Design of inclusive organizations*," with the MBA (LL1) and Executive MBA students.



Part of the slides presented by Ms. Avalos and by Ms. Castro

Participation of guests in teaching cases During the “Foundations of Sustainability” course sessions in January (MBA LL1 and Global MBA students) and February (LL2), Professor Prado discussed with the students the case of “Ecofiltro” by Guatemalan businessman Phillip Wilson. This discussion allowed for a deeper academic understanding of the challenges of transforming a foundation into a social company. Students also came to understand and appreciate Mr. Wilson’s business model, which was designed primarily to sell filters in the rural area of his country.

For the development of these classes, Mr. Wilson participated virtually after Professor Prado’s class session. He presented the decisions he had to make to transform his company, as well as the changes he implemented in his operation, giving students the chance to ask questions and clarify aspects of the case directly with him.



Group photo of the MBA in the ECOFILTRO case session.

Ecofiltro live case. On February 26, 34 Executive MBA students participated in a live virtual case, where they listened, analyzed, and talked directly with Philip Wilson, CEO and founder of Ecofiltro. The case developed by the protagonist and moderated by Professor Prado, revolved around the decisions that Philip had to make to implement a sales growth, promotion, and distribution strategy for the rural market segment. At the end of the session, as a token of our gratitude, the Strachan Chair made a donation to various schools in rural Guatemala on behalf of Ecofiltro.



Donation of Ecofiltro for schools in rural areas

Participant testimonials:

“Inspiring!!! I take away quite a few lessons and a lot of gratitude for the generosity with which Philip shared his experience . . . in addition to having been able to unite in a clearer way how to contribute more significantly to society through a business.”

“It really was a differentiating experience. The opportunity to have a great businessman like Philip in the class gives the opportunity to ask specific questions that every entrepreneur would like to ask. Thanks, INCAE and Philip for this opportunity they gave us to live this experience.”

Biorgani live case. In 2021, the Strachan Chair resumed the live case methodology in person with INCAE's Executive MBA. The first case was carried out on October 22, with a total of 39 students in the classroom and four virtual students, while, for the second occasion, we carried out the case on December 3 with 43 students in person and four students virtually.

The special guest was Mr. Gabriel Salazar, CEO and founder of Biorgani, a company dedicated to the manufacture of resins and bioplastics. The case revolved around the decisions Mr. Salazar had to make to transform his business model, choose the right raw materials, and select investors.

The second live case reiterated these challenges and added an ethical challenge for the protagonist. The case addressed the challenges of choosing the suppliers that Biorgani would include within its value chain to achieve the company's strategic financial and sustainability objectives.



Left to right: The protagonist: Juan Gabriel Salazar, CEO of Biorgani; Group photograph taken at the conclusion of the live case

Testimonials of students after the conclusion of this new case:

"It drives me not to stand still, it is a matter of looking for options - opportunities and being able to generate a business plan that projects to be innovative, generating sustainability and economically profitable. This type of participation generates more knowledge and motivation than a traditional teaching method."

"A really inspiring story, for what it represents as a company of this magnitude in current times. The impact of this company is really important."

Production and use of materials. In 2021, the Strachan Chair sponsored the writing of the case "From SME to medium-sized company: The painful acceleration of an environmental services laboratory," under the supervision of Professor Roy Zuñiga. This case allows for a discussion of the management of an environmental services laboratory that incorporates elements of innovation, managerial risks to consolidate, and the team effort to win clients with efficient and effective management.

Professor Zuñiga used this material on two occasions: on September 22 to instruct 40 Central American female entrepreneurs from the LEADS Academy for Women program, from the Center for Collaborative Leadership and Women of INCAE, together with the Industrial Bank; and on October 8, in the Productive Chains Program of the Chorotega region, reaching more than 70 entrepreneurs.

The Strachan Chair also supported Professor Forrest Colburn of the City University of New York (CUNY) to develop—together with Professor Prado—the case "Managing your Own Life," which was used in the INCAE Executive MBA political analysis class and will be used in purpose-seeking sessions with MBA students. This case deals with the story of Diego, an entrepreneur who reflects on his life, his career as an entrepreneur, and his achievements and failures, both personal and professional. In the end, the case inspired reflection and raised the question: Was Diego a good manager of his own life?

MANAGEMENT CONSULTING PROJECTS

Management Consulting Project. In 2021, thanks to the support of the Strachan Chair, two groups of INCAE MBA students carried out the Management Consulting Project (MCP) in important Central American impact organizations. As a final requirement to complete their Master's degree, The MCP requires groups of five MBA students to serve as consultants to an organization. The objective of the Chair in supporting these students is to add value to civil society

organizations in the region by sharing with them the knowledge acquired by these students throughout their MBA at INCAE. These MCPs seek to contribute to a strategic challenge that the selected organization is facing.

The beneficiary organizations for the Strachan Chair were Teensmart International and Habitat for Humanity Guatemala. Through these consultancies, our students helped the organizations with digital marketing and promotion issues, as well as with internal process improvement.



Consulting group that carried out its MCP with Habitat for Humanity of Guatemala

Some testimonials from students supported by the Chair in response to the question: "Do you think that the experience in your MCP will motivate you to make social investment or philanthropy?"

"Yes, since it touched my life as a human being, I should be grateful for what I have to help others."

"Yes, because I believe that those of us who can study in Latin America are a minority and that our professional service should benefit society, creating both private and public value."

The beneficiary organizations also expressed:

"A great experience! A great human and professional values of the colleagues."

-Habitat for Humanity Guatemala

"Our organization was very fortunate to be chosen for this consultancy. We appreciate the opportunity provided and the contact with INCAE students from different places and cultures. Our mentality is always oriented to the fact that together we are better, and that learning and growth opportunities are well received."

-Teensmart Internacional

EXTERNAL IMPACT

Podcast. In 2021, through its podcast, "Gerente de Impacto," the Strachan Chair continued to share interviews with important businesspeople in our region with the entire INCAE community. In 2021, we reached more than two consecutive years of being on the air on various platforms, and we added 12 new episodes and a total of 474 minutes of new content. Also, the podcast had a total of 3,363 downloads on platforms and attracted 8,792 total listeners since its inception in different countries throughout the region and the United States.

Gerente de Impacto not only seeks to inspire responsible leadership, but also to make the audience aware of the value of sustainability in the business sector of the region. The guests have included leaders and agents of change with extensive experience in responsible business management, who share with us the challenges and opportunities of making a social investment in Latin America.

1. January: **Yara Argueta**, Board member of Grupo Solid Centroamérica
2. February: **Pamela Ayuso**, CEO and Co-founder of CELAQUE
3. March: **Hildegard Vásquez**, CEO of Hache Uve
4. April: **Madelka McCalla**, VP of Corporate Relations at AES Corporation
5. May: **Gabriel Salazar**, Founder and CEO of Biorgani
6. June: **Ricardo Segovia**, Founder of ASEI
7. July: **Esteban Echavarría**, Founder and Business Manager of SUSTY
8. August: **Mariano Vargas**, CEO of Finca La Hilda
9. September: **Marcos Antil**, Founder and CEO of XUMAK
10. October: **Silvia Solano**, Regional leader for the Green Buildings Program of the IFC
11. November: **Luis Noel Alfaro**, President of the Board of Directors of ASRURAL
12. December: **Marlon Rodas**, Country Manager for Grupo LALA, Nicaragua

To listen to the episodes, visit: <https://www.incae.edu/es/catedra-strachan/liderazgo-social.html>



In April 2020, Prof. Prado and Harry Strachan recording an episode of Gerente de Impacto.

Participation in events. In 2021, the Director of the Strachan Chair, Professor Andrea Prado, was invited to participate in various webinars and relevant events, where she spoke about social investment, sustainability, and responsible leadership issues. The most notable events include:

- **Webinar: From Costa Rica to the world: How to become an exporter?** Professor Prado participated in this panel held on March 11 as a moderator, together with Mr. Javier Fresco, Pomona Impact incubation

manager. This webinar featured important Costa Rican entrepreneurs, such as Alejandro Vega, founder and CEO of Huli; Marcial Chaverri, coordinator of financing, incubation, and acceleration of PROCOMER; and Mr. Salvador Dada, executive director of operations of Establishment Labs.

- **Panel: “A conversation about Latin America’s Outlook”** On June 22, Professor Prado participated as moderator of a discussion panel focused on INCAE's work in the region and the next steps to follow after the health crisis. In this event, Mr. Enrique Bolaños Abauza, current rector of INCAE, and Professor Alberto Trejos participated.
- **Webinar: “The future of health in Costa Rica”** At this event, held on September 7, Professor Prado gave a talk at a master conference on "The Hospital of the Future." In her presentation, she revealed the current challenges of the health sector and the expectations for the future of medicine in the country. This event was sponsored by the Purpose Alliance, Boston Scientific, and Hospital Clínica Bíblica.
- **Webinar: “Costa Rica: Destination for impact businesses and launch of the report: Companies with purpose and the regulation of the fourth sector in Iberoamerica”** On September 28, Professor Prado participated as an impact panelist, giving her perspectives on the regulation of purpose-driven companies in Costa Rica and the future of impact investing.
- **Advisory Board Meeting, Penn State University** On November 8, Professor Prado presented the challenges of doing sustainable business in low-income countries. Additionally, she became a member of the advisory board of the Business Center for Sustainability, Smeal College of Business, Penn State University.

Podcast: On a radio program hosted by Ms. Carla Castro Lizano and broadcast through the Amplify Radio station, Professor Prado was a guest on the seventh episode of **Emprendedores de Vida**, where she delved into the value of entrepreneurship and social investment. The episode was published in March, and you can listen to it at:

<https://open.spotify.com/episode/009klxHZnx9ouihHMBixir?si=1i4XKwDpSY2y3vl3cTWFMQ&nd=1>



From left to right: Prof. Andrea Prado, Carla Castro Lizano, and Danilo Layan

Appearance on CNN in Spanish. In this important informative medium, Professor Prado was invited to present her work on social entrepreneurship in Latin America, emphasizing good practices to bring products and services to low-income rural populations. This interview aired on June 15, 2021.



Interview with Ms. Gabriela Frías on CNN news.

Social Enterprise Knowledge Network. (SEKN) In 2021, after successfully completing her three-year period as director of the network, Chair Director Andrea Prado handed over the general coordination of the Social Enterprise Knowledge Network (SEKN) to Professor Rosa Amelia Gonzáles, from the Institute of Higher Administration Studies (IESA).

This year, the network continued to present Latin American teaching cases from Harvard Business School Publishing's SEKN special collection. In addition, it started a new cycle of research on regenerative businesses in the region. In total, four new cases were published. These are available to academics who wish to analyze the challenges of managing social enterprises. The published cases are:

1. **Arbusta: Youth Integration into a Competitive Labor Market** (Universidad de San Andrés)
2. **Evaluating the Social Value of Impact Investments: Vox Capital and Magnamed** (Universidad de São Paulo jointly with el Instituto de Estudios Superiores de Administración (IESA))
3. **Between Different Rhythms and Tones: Tough Times for the National Symphony Orchestra of Colombia** (Universidad de Los Andes)
4. **Inside the Ayangue Community: In search of sustainable tourism** (ESPAE Escuela de Negocios ESPOL)

SEKN is a network of Ibero-American universities, which began operations in 2001 under the leadership of Professor James Austin of Harvard Business School and has since focused on generating and disseminating knowledge about social entrepreneurship in the region (www.sekn.org).

WORK TEAM



PROF. ANDREA PRADO: Strachan Chair Director since 2016. She has a Ph.D. from the Stern School of Business, New York University. Her areas of expertise include organizational change, corporate social responsibility, and sustainable development.



JOSE IGNACIO SÁNCHEZ: Researcher and Project Coordinator of the Strachan Chair. He has a bachelor's degree in Agricultural Economics with an emphasis on agribusiness and a bachelor's degree in Agricultural Economics with an emphasis in Agro-environment from the University of Costa Rica.

TEAM MEMBER THROUGH THE MIDDLE OF THE YEAR



BEATRIZ AVALOS: Ms. Avalos worked as Researcher and Project Coordinator of the Strachan Chair. She has a bachelor's degree in Political Science from the University of Costa Rica. She is currently completing her Master's in Gender and Development at the University of Sussex, UK.

SUPPORT FACULTY FOR THE CHAIR



PROF. JOHN J. ICKIS: has a D.B.A. from Harvard University. His areas of expertise include Strategy and Organization.

Table 1. Program expenses for the period 2016 – 2021

	2016	2017	2018	2019	2020	2021	Cumulative
Expenses by activity	41,084	131,494	114,718	145,143	106,760	101,137	640,336
Teaching programs	19,463	19,514	21,544	29,485	30,938	20,671	141,615
Research and case development (1)	18,989	55,528	57,915	66,255	55,482	52,010	306,178
Training	-	10,166	7,064	12,918			30,148
Events and communications (2)	2,632	16,526	2,450	8,737	2,737	6,395	39,476
Management Consulting Project	-	29,761	25,745	27,747	17,604	22,061	122,918
							-
Expenses by accounting category	41,084	131,494	114,717	145,143	106,760	101,137	640,335
Faculty salaries (3)	33,713	50,850	46,148	60,167	57,921	45,110	293,908
Professional services (4)	5,050	33,891	35,833	35,197	25,916	28,803	164,689
Travel, Meeting & Events (5)	1,939	45,269	29,489	47,971	19,904	24,320	168,891
Office supplies (6)	382	1,484	3,247	1,810	3,020	2,904	12,847
							-
Overhead (20% of expenses)	8,217	26,299	22,943	29,029	21,352	20,311	128,150
TOTAL EXPENSES	49,301	157,793	137,660	174,172	128,112	121,447	768,486

(1) In 2017, a research assistant joined the Chair team

(2) In 2017, the Chair invested in developing its website, in addition to communicating its impact via live case videos and management consulting projects. In 2019, the Impact Manager Podcast was launched.

(3) Includes Director of the Chair and live cases

(4) Includes payments to case writers and communication and training efforts

(5) Includes trips to events, training workshops and sponsorship of management consulting projects

Table 2. Income and expenses of the Program for the period 2016 – 2021

	2016	2017	2018	2019	2020	2021	Cumulative
Income and surplus of the previous period	141,592	271,340	172,601	231,550	256,817	282,038	1,355,938
Investment income Río Fuerte	100,000	100,000	100,000	100,000	100,000	100,000	600,000
INCAE investment income (1)	42,306	79,049	(40,946)	96,609	99,439	53,333	329,790
Total expenses (includes 20% overhead)	49,301	157,793	137,660	174,172	128,112	121,447	768,486
Surplus carried forward	92,291	113,547	34,941	57,378	128,705	160,590	

(1) Market earnings at the end of the year (not realized earnings)

