

Annual Report

2019

STRACHAN CHAIR FOR PHILANTHROPY AND SOCIAL INVESTMENT

Promoting philanthropy and social investment in Central America

WORDS FROM OUR DIRECTOR

Two thousand nineteen was a year of growth for the Strachan Chair. In addition to working on the reinforcement of already known initiatives, such as the development of “live cases” and the support of management consulting projects for the MBA students, we took on the task of sharing initiatives and knowledge that we generate at INCAE with external stakeholders.

We started the year with a talk to better understand the pressures that academics face around the world, to get in touch and share the results of their research with different groups in society. Along these lines, the Chair developed several efforts, including the participation in different radio programs, the publication of press releases and interviews in mass media and the launch of its podcast *Gerente de Impacto*.

This report summarizes the main activities carried out by the Strachan Chair in 2019. Do not forget to check the links found throughout the document, to access the audiovisual material and articles published in the media. We hope you like the report!

Andrea Prado

Director, Strachan Chair of Philanthropy and Social Investment

INTRODUCTION

In 2019, the Strachan Chair continued to support INCAE's mission of training responsible leaders committed to the development of Latin America. Two objectives guide our work:

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

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

OUTREACH

Podcast *Gerente de Impacto*. The Strachan Chair launched this podcast in September 2019. This space seeks to inspire responsible leadership in the business sector of the region. The guests are leaders with experience in the responsible management of companies who, in each episode, share the challenges of leading projects of this type. The most listened episode of the year was Harry Strachan with 517 listeners on Soundcloud. In 2019, there were four episodes with:

- Harry Strachan (Strachan Chair, USA/Costa Rica)
- Philip Wilson (Ecofiltro, Guatemala)
- Gisela Sánchez (FIFCO, Costa Rica)
- Richard Ambrose y Daniel Granada (Pomona, Guatemala)



[Gerente de Impacto on Soundcloud](#) // [Gerente de Impacto on Spotify](#) // [Strachan Chair web site](#)

Media appearances. The director of the Strachan Chair made several appearances in national media, including:

- “Café y Palabras” with Claudio Alpízar. Professor Francisco de Paula Gutiérrez also attended. The topic of conversation was the role of the academy in public discussions. ([Radio Actual, 107.1 fm](#))

- “Costa Rica 2050” with Eduardo Brenes. Professor Prado talked about the importance of companies analyzing how they are generating their profits, saying what impact they generate in the environment or in society. ([Radio Centro 96.3 fm](#))
- “Contexto 360” with Vicky Ross and Luis Álvarez. The theme of the program was about innovation in public institutions, especially in health issues. ([Radio CRC 89.1 fm](#))
- “Tribuna” with Sergio Castro. Philip Wilson also attended. The topic of the program was social entrepreneurship. ([Costa Rica Radio 101.05 fm](#))



Training for the faculty. To increase INCAE’s external impact and make the most of the research and projects carried out in the institution, the Strachan Chair organized two teacher training sessions. The first was held in January with Professor Andrew Hoffman of the University of Michigan. In this talk, Professor Hoffman presented the reasons why academics should be involved in public and political discourse, as well as in the rules to follow when getting involved.



In May, the professors attended a workshop about how to manage press relations and to communicate their message. given by Graciela Mora, expert in communication. The workshop sought to strengthen professors' capacities to externally communicate, what they are doing in the different impact centers and research projects.



Testimony of two faculty members participating in the workshop:

“Spectacular, practical, one of the most valuable trainings I have received in years”

“INCAE teachers will always be called upon to speak out on the topics of our interest and even on other topics. Having the spokesperson base is an essential element to face future situations in which both the professional image and that of the institution are at stake”

Social Enterprise Knowledge Network. Prof. Andrea Prado assumed the General Coordination of the Social Enterprise Knowledge Network (SEKN). SEKN is a network of universities in Latin America, which began operations in 2001 under the leadership of Prof. James Austin of Harvard Business School and focuses on the generation and dissemination of knowledge about social entrepreneurship in the region (www.sekn.org).

In 2019, the network continued to publish Latin American teaching cases in the special SEKN collection of Harvard Business School Publishing. This way, the material can be used by academics around the world who wish to analyze the challenges of managing social enterprises with their students. In addition to this pedagogical material, the members of the network publish academic articles and books, which systematize the knowledge of the research carried out on this topic by the member schools.

The annual network meeting was held on the campus of the Universidad del Pacífico in Lima, Peru. At that meeting, the representatives of the member schools of the network discussed strategies to continue operating in a sustainable manner - as they have done for more than 10 years and the possible research topics that will be addressed in 2020 (e.g. regenerative companies). In this event, the results of the SCALA project were also presented, an initiative focused on generating knowledge about inclusive business distribution networks in Latin America. SEKN acted as a strategic partner in this project, which was funded by the Inter-American Development Bank (IDB), the International Development Research Center (IDRC) of Canada and the Citi Foundation.



INCAE Entrepreneur Award. In December, the Strachan Chair sponsored a prize dedicated to a social entrepreneur during the INCAE Entrepreneur Award, an entrepreneurship competition organized by the Latin American Center of Entrepreneurs of INCAE. This year, the mention was given to the Bolivian company Mamut. This company seeks to give added value to the recycling of tires to manufacture damping and resilient floors. The company has among its most important values sustainability, innovation and CSR. Professor Prado also participated as a member of the jury of the event. [Event Video.](#)



Talks with students. In December, Professor Prado gave a talk to MBA students, organized by the Sustainability Club. A total of 54 student's attended the event, Professor Prado talked about how INCAE has been focused throughout its history on sustainability issues, she also talked about the work done by the Strachan Chair and the importance of responsible leadership in Latin America. In addition to this talk, Professor Prado shared with MBA students interested in social entrepreneurship, issues at an event organized by the René Morales Carazo Chair. Finally, Professor Prado gave a talk with MBA students to share with them practical topics and recommendations on how to manage the relationship with clients during the Management Consulting Project.



INTERNAL IMPACT

Ecofiltro live case: The case was carried out in January with 145 students from the Specialized MBA and the Global MBA within the Principles of Sustainability course. The special guest was Philip Wilson, CEO and Founder of Ecofiltro. Ecofiltro is a social company focused on the production and sale of filters for water purification. The company has the mission of solving the water problem in Guatemala, especially in the communities at the base of the pyramid. The case revolved around the decisions Philip had to make in strategic, distribution, product design and promotion issues, in order to meet his goal of reaching one million people in Guatemala in 2020.



The Ecofiltro case was carried out again in May, this time with the Executive MBA of INCAE, with a total of 46 participants. On this occasion a different dynamic was carried out with the aim of promoting a greater interaction with the protagonist. A “fire-side” chat was organized, directed by Professor Prado. In it the participants covered all their concerns and shared with the protagonist in a more informal context.

Testimonies of the participants of the case:

“Brilliant and motivating. It is because these types of cases, that one chooses INCAE over other business schools”

“This case opened up many possibilities for thinking and it really reflects the effort to create a consciousness of sustainable development in the heart of the MBA as a program. It is a great differentiator for tomorrow in our professional life and really puts on the table what we see in class”

Live case of Pomona Impact: In October, another live case took place with Richard Ambrose and Daniel Granada from Pomona Impact. Pomona is an impact investment company that invests in businesses with a social mission in Central America, Mexico, Colombia and Ecuador. The live case was presented in the Creating Value with Values course with the Executive MBA of INCAE, where 55 students participated. In it, participants learned about impact investment while making recommendations regarding issues of strategy, leadership and organizational structure.

Testimonies of the participants of the case:

“Excellent live case!”

"The case method is very good; it makes us think in the moment"



Promotion and dissemination of live cases: Two videos were recorded and produced, with the protagonists of the live cases, and shared through social networks. In the videos, the protagonists shared their motivations, as well as challenges of leading social investment initiatives. News was also published in INCAE media.

- [Interview with Philip Wilson](#)
- [Interview with Richard Ambrose and Daniela Granada](#)
- [Ecofiltro case on press](#)
- [Pomona case on press](#)

Teaching cases. In 2019, several teaching cases sponsored by the Strachan Chair were published in Harvard Business Publishing. After a rigorous blind review process, the following documents are now available at HBSP: Tecnosol (Andrea Prado, Felipe Pérez, Martha Sofia Cifuentes and Beatriz Ávalos), Amós Health & Hope (Andrea Prado, Andy Pearson and Guillermo Selva) and Teensmart (John Ickis and Andy Pearson).

Additionally, Beatriz Ávalos, researcher at the Chair, developed a mini case as the basis for a group exercise where students can learn about the importance of diversity in organizations, specifically about how to retain and attract women's talent and, thus, achieve greater equity. In addition, the document developed a presentation on the findings related to success stories in companies that promote inclusion and diversity. Beatriz presented this topic in November to students of the Executive MBA of INCAE.

To make the most of the materials produced and promote responsible leadership within the INCAE community, the Chair continued to encourage INCAE professors to use sustainability cases in their classes. Professors Urs Jäger, Guillermo Selva and John Ickis received the incentive to use the cases of Nosara: Collective Impact (INCAE 2018, Urs

Jagger and David Navichoc), AMOS Health and Hope and Teensmart, respectively, all developed thanks to the sponsorship of the Strachan Chair.

RESPONSIBLE LEADERSHIP AND COMMUNITY IMPACT

In 2019, two groups of INCAE MBA students did their Management Consulting Project (MCP) in Central American nonprofit organizations, thanks to the support of the Strachan Chair. The MCP is a consultancy in which groups of five MBA students work in an organization, as a requirement to graduate from their master's degree. It is characterized by being a high value-added initiative, in which consulting teams contribute their knowledge to achieve solutions that add value to companies or organizations.

Both groups of students received a high distinction in recognition for their performance. The two NGOs that benefited from the MCP were the Calicanto Foundation, which focuses on the employability of women at social risk in Panama and the Salvadoran Foundation for Health and Human Development (FUSAL), which seeks to end the circle of poverty through health, education and humanitarian aid programs. The organizations were pleased with the consultancies.

Testimonies of the beneficiary organizations:

“The students were incredibly supportive and helped us comprehend many things we didn't want to see and put them on the table.”

Hildegard Vásquez, President Calicanto Foundation



“Very enriching experience. Students put their knowledge and skills at the service of FUSAL. They were also documented and prepared to carry out the consultancy, so they could share best practices with FUSAL. In addition to the topic of knowledge management, given the students capabilities, they gave us additional recommendations to improve project management in FUSAL ”

María José Dominguez, Fusal Program Manager

Testimonies of students / consultants:

“It exceeded my expectations. I learned a lot about applying different theoretical maps to reality and got an in depth understanding of how NGOs work and everything that can be learned from them.”

“Definitely the value that I take is love, love for others, and for being able to work to help everyone”



MCP videos: [Fundación Calicanto](#) // [Fundación Salvadoreña para la Salud y el Desarrollo Humano](#)

WEB SITE ANALYTICS

In 2019, a total of 2,290 visits to the Strachan Chair website were reported, this represents 0.11% of the INCAE website totals. In addition to this, a total of 1,366 unique visits to the site, this represents 0.08% of the total. The estimated time spent on the site is 00:05:33, and the bounce rate, that is, people who do not navigate beyond the main page, is 53.23%.

STRACHAN CHAIR TEAM



PROF. ANDREA PRADO: Strachan Chair Director. Holds a Ph.D. from Stern School of Business, New York University. Her areas of expertise include Organizational Change, Corporate Social Responsibility and Sustainable Development.



BEATRIZ AVALOS: Researcher and management assistant at the Strachan Chair for Philanthropy and Social Investment. Holds a degree in Political Science from the University of Costa Rica.

COLLABORATING FACULTY



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

FINANCIAL REPORT

Table 1. Program expenses report 2015-2019

	2015	2016	2017	2018	2019	Cumulative
Expenses by activity	17,015	41,084	131,494	114,718	145,143	449,455
Teaching programs	4,824	19,463	19,514	21,544	29,485	94,831
Research and case development (1)	11,755	18,989	55,528	57,915	66,255	210,442
Training	-	-	10,166	7,064	12,918	30,148
Events and communications (2)	436	2,632	16,526	2,450	8,737	30,781
Management Consulting Projects	-	-	29,761	25,745	27,747	83,254
Expenses by accounting category	17,015	41,084	131,494	114,717	145,143	449,454
Faculty salaries (3)	4,824	33,713	50,850	46,148	60,167	195,701
Professional services (4)	10,487	5,050	33,891	35,833	35,197	120,458
Travel, Meetings & Events (5)	1,226	1,939	45,269	29,489	47,971	125,894
Office supplies	478	382	1,484	3,247	1,810	7,401
Overhead (20% of expenses)	-	8,217	26,299	22,943	29,029	89,891
TOTAL EXPENSES	17,015	49,301	157,793	137,660	174,172	539,345

(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. Program income and expenses 2015-2019

	2015	2016	2017	2018	2019	Cumulative
Income and surplus of the previous period	16,302	141,592	271,340	172,601	231,550	567,974
Investment income Rio Fuerte	-	100,000	100,000	100,000	100,000	400,000
INCAE investment income	(9,044)	42,306	79,049	(40,946)	96,609	167,974
Total expenses (includes 20% overhead)	17,015	49,301	157,793	137,660	174,172	535,942
Surplus carried forward	(714)	92,291	113,547	34,941	57,378	57,378

Table 3. Endowment performance INCAE_Cátedra Strachan (2013-2019)

	Donation	Performance o/ patrimony	Average performance (%)	Balance 12/31/2019
Donation invested by INCAE in Rio Fuerte (1) (2)	1,000,000	559,589	9.32	990,456
Donation invested by INCAE in the US Foundation (3)	400,000	176,233	5.72	474,220
Cash (surplus working capital by 2020)				57,378
<i>Total assets</i>				<i>1,522,054</i>
Accounts payable to INCAE				74,230
Endowment				1,447,824

(1) Data as of 12/31/2018. Since the money is invested in a capital fund, the final results are in October of the following year and the preliminary results in March of the following year.

(2) Rio Fuerte has disbursed the Strachan Chair a total of \$ 600,000 as of 12/31/2018.

(3) INCAE liquidated \$ 102,003 of the investments to disburse to the Chair