

## **SANTIAGO GUTIÉRREZ-VIANA**

Born in Bogotá in 1960, Santiago is Latin Trade Group's Executive Editor since August 2012. In January 2016, he serves as CEO of Editora Latin Trade, a 23-year old news, and information service.

Previously he was journalist for the Andean Region (Chile to Venezuela) for Debtwire, an affiliate of the Financial Times Group. He was Director of Dinero.com from March 2008 to November 2011, and before that, since September 2003, Economics Editor at Dinero Magazine.

Santiago has two distinct but complementary career paths. As a journalist, he was director of the monthly business magazine La Nota Económica and of its website lanota.com. He was also Economics Editor of daily newspaper El Espectador, correspondent for the Economist Intelligence Unit, and for the specialized website Coffee Network. He also took a short course in Business Journalism at Columbia University in 2007.

He has received many journalistic awards. In 2008, Premio Nacional de Periodismo Simón Bolívar, recognized as the most important in Colombia. In 2007, the Citigroup Journalistic Excellence Award, and he is a three-time recipient of Premio Anif de Periodismo Económico. These are the highest awards for business journalism in the country. In 2012 he served as jury for the Anif Award. Santiago also received three other journalistic awards.

His second career path is in Economics. Santiago completed Ph.D. studies in Economics at the University of Minnesota, and took a short course in Project Management at MIT. He was Economics researcher at private think-tank Fedesarrollo, at National Federation of Retailers, Fenalco, and at the consulting firm Econometría. In related activities, he served as Vice President of the Colombian Bankers Association and of the state-owned bank IFI, and was general manager of the health services company Humana s.a. He has written numerous professional articles and taught undergraduate and graduate courses in Microeconomics, Mathematical Economics, Banking, and Monetary Economics at Los Andes and Javeriana universities.

He was director in boards of Colombian firms, including the ferronickel mine Cerro Matoso, rating agency BankWatch Ratings (acquired by Standard & Poor's in 2014), private hospital Clínica del Country and the Trust Nueva Clínica del Country where he served as president until March 2010.

As a pro-bono activity, in 2012 he led the design of a strategic plan for the Colombian Symphony Orchestra along with McKinsey & Co.

Besides native Spanish and professional-level command of English, he has a good knowledge of Portuguese, and basic French.

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## FOSTERING INNOVATION IN THE AMERICAS RESEARCH PROPOSAL

### Initial considerations - the scope

If one had to choose a single word to summarize the causes of economic underdevelopment in Latin America, perhaps one would have to say, productivity. On average, a Latin American worker in the 1970's produced 82% of a U.S. worker. Today the ratio would be closer to 55%, and, worst, Total Factor Productivity grows at a languid 0.5% per year, half the speed displayed in the 70's.

That means it takes almost two Mexican, Argentine, or Colombian workers, to produce what a Mexican, or an Argentine, or a Colombian worker would produce in the United States.

Sounds terribly wrong, but these odious comparisons should not surprise anyone. The phenomenon of low productivity has been around for decades and no country, not even Chile, has been able to solve it in a definitive manner. A piece of evidence: between 2000 and 2014 Paraguay, Dominican Republic, Uruguay, Honduras and Nicaragua were the countries that most improved their productivity. Have any of these been perceived as a major revolution?

It is not that the size of the labor force or the stock of capital decreased, or that the education level of the population worsened. In fact, in the last decades these three elements grew more than in the United States. The problem has been that we Latin Americans have not yet learned to combine resources in a better manner. Today we have more physical assets, but still require five people - now better educated - to change a light bulb.

Improving on this front is highly advantageous. In 2014, an Inter-American Development Bank report showed that if the region closed its productivity gap against the United States, it would double the per capita income of the region.

Where does one begin, to overcome this condition? The place would be technical change. A radical modification of the production function. This, in other words, could be called innovation. At least, in the sense that it generates needed modifications to transform materials and ideas into goods, and economic and social value.

Latin Americans, in general, pride ourselves on being creative, highly adaptive, and passionate about the things we do. However, more often than not, creativity, malleability, and enthusiasm do not translate into innovation of the type that increases productivity, and sustainable development.

There is not just one reason behind this. Academic literature shows that slow innovation is a multi-faceted problem, which responds to causes such as lack of quality education - in particular in Engineering, as William Maloney has proven - and other hard sciences; lack of capital to start and

develop new businesses; a negative view on business failure; wrong incentives set by bankruptcy laws; absent mentoring schemes; the little prestige and oftentimes low financial rewards to inventors and innovators ; the weakness of facilitating institutions such as universities, research labs, accelerators and incubators, and business associations; anti-businesses regulations; poor infrastructure, weak property rights regimes.

Some other economists (José Juan Ruiz) are somewhat skeptical about the role of innovation as a national policy, and believe in firm-level innovation. They point to benefit of trade to drive business innovation, and in an interesting twist to the literature, to the need to have practical innovators, that do not go after the next Facebook, but after smaller, perhaps incremental inventions, that have clear financial returns.

The insufficiency of practical innovation raises many questions, especially because, as Ricardo Ernst and Jerry Haar point out, there are rewards to companies which are strong innovators. They state that these firms grow 13% more quickly, and are 3% more profitable than their competitors. On the other hand, they show that innovation is not a First World practice. They find that some 17% of global innovation is coming from emerging markets. If those are known facts, why is the innovation path not being followed by Latin American entrepreneurs? Protected domestic markets? Ignorance on how or where to innovate?

The scope of this journalistic research proposal is to ask as many relevant actor as possible to try to determine why the innovation path has not been a real option, even when people seem to know that innovation is an important element of business.

Could diverging **beliefs** about the role and important of innovation be part of the answer?  
Could a culture of herd or behavior or other **non-competitive or inefficient** arrangements be another?

Is method and **disciplined innovation** an element missing in Latin American firms?

Could **multilatinas** spearhead new technology adoption to become the most powerful tool to increase productivity?

## The proposal

The main goal of the project is to determine new aspects that might foster innovation in Latin American firms.

Secondary goals:

- Explore aspects like the power of multilatinas as adopters and diffusors of technological advancement.
- Showcase innovations on emerging markets
- Explore new topics like the role of beliefs on innovation, and see if their convergence or divergence seriously affect innovation
- See how much some non-competitive or inefficient behaviors affect innovation.

I want to gather opinions and commentaries from a wide group of experts and laymen, and draw what might be new conclusions about the process.

The advance of this discussion will be published in Latin Trade

### Proposed starting/ending dates

October 1, 2017 – March 31, 2018

### Advantages of working from Washington, D.C.

Possibility to contact development practitioners at the IDB, and the World Bank

Possibility to be close to governments of developing world nations

It's possible to contact lobbyists and law firms who know multinationals and their strategies

### Deliverables

#### 1. Innovation in Latin America: how it's done

- 24, 500-word articles (one weekly), showcasing cases of Latin American innovators in Multinationals.
- Articles will have a structure to avoid the risk of becoming a basic collection of anecdotes on corporate innovation.
  - Brief company description
  - How did they get there
  - Why it matters
  - Key drivers of their innovation process
  - How is innovation 'disciplined' - how projects get resources, who is in charge, etc.
- Articles will always mention The Wilson Center and the Vidanta Foundation as supporters of the research.
- Articles will be uploaded to Latintrade.com, and diffusion made through a daily newsletter, in Spanish and English. Latin Trade sends out 1.2 million of these per month, and they reach readers who work for companies that make 80% and hold 85% of the assets of the top 700 non-financial companies in the region.

#### 2. Innovation in the emerging world

- Six cases (one per month) of emerging market innovators, ex-Latam.
- Articles will be uploaded to Latintrade.com and diffusion made through daily newsletters in Spanish and English (see above)

#### 3. The Board on Innovation

- The Latin Trade board of Innovation and Productivity, will discuss topics from this research project in two of its meetings in 2017.

- A recap of these discussions will be published in Latin Trade magazine
- We will get monthly advice from former Fellow Jerry Haar.

4.A 120-page manuscript of a book on innovation

5. Seminars. I will organize two 20-people-max seminars with Latin American executives, to discuss policy actions in Miami on November 3, and in Lima on November 16, 2017.

## ANNEX 1

### Table of Contents (manuscript)

#### PART I Innovation and wealth (development). Transforming ideas into goods and value

Development economics by the numbers (empirical evidence)

#### PART II Beliefs: primordial soup for the innovation environment

What do Economists say about innovation

What B Schools know about innovation

What sociologists and psychologists know...and B schools don't

What Latin American managers believe

What Latin American scientists believe

What Latin American national governments believe

#### PART III Where do novelties and revolutions come from

Ten major successes

Ten major failures

#### PART IV How do the best work

What are cities doing

What Congresses know and do

What development and commercial bankers do

#### PART V The new equilibrium

Where will this all lead?

A qualification of the new equilibrium

Policy action

## **ANNEX 2**

### **Candidates to be showcased on**

#### **Brazil**

Embrapa

Embraer

Ultrapar

Unilever

Nestlé

#### **Mexico**

Alfa – Nemark

Laboratoria

Mexichem

Cinepolis

#### **Peru**

Peruvian arándanos

Marca País

#### **Argentina**

Satellogic

calles sucias. Recycle

Mataderos Center of Design (Buenos Aires)

#### **Haití**

EFL

#### **Guatemala**

Studio C

#### **Colombia**

Sofasa Renault

Ruta N

#### **Failures**

Cenicafé

Colciencias

## ANNEX 3

### Some interviews for the book

Daniel Gómez – WEF competitiveness

Nicola Calicchio – Partner McKinsey Brazil

Accenture

Lourdes Casanova – Expert on Multinationals Cornell. WEF

Latin Trade Board of advisors on innovation and productivity

José Miguel Benavente – IDB

William Maloney – The World Bank

Latin Trade Board of advisors

Thilo Mannhardt – CEO Ultrapar

Richard Burns – Oxford, Columbia graduate. Media

Raul Katz – Columbia B School. Telecommunications

Jorge Becerra – Partner BCG

Former fellow Jarry Haar

Latin American Venture Capital and Private Equity Association

Apple

Google

Tesla

Fundacao Getulio Vargas

Tec de Monterrey

MIT Media Lab

MIT AI

Pentagon or other Citizen Security experts (IDB)