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ENDEAVOR

Endeavor was formed for the purpose of promoting entrepreneurs in emerging markets, beginning in Latin America. Its basic model is to link up small and midsize businesses with seasoned entrepreneurs so that little guys and gals can get the advice and contacts they need to grow their companies into bigger businesses that can employ more people—the best antipoverty program of all.

—Thomas L. Friedman, from his book, *The World is Flat* (version 3.0)

It was July 2007, and Linda Rottenberg, cofounder and CEO of Endeavor—a nonprofit dedicated to transforming the economies of emerging markets by identifying and supporting high-impact entrepreneurs—was preparing for a quarterly meeting with the global board of directors. She leafed through a copy of the 2007 Impact Report, checking over the newly published figures one more time. In its 10-year history, Endeavor had selected 272 promising entrepreneurs in eight countries, after screening 15,500 candidates, and then helped them develop and grow their businesses through ongoing mentorship and guidance. Rottenberg was proud of the organization's accomplishments, but she also knew there was no time for complacency. With aggressive goals for international expansion, the board would definitely want to hear an update on Rottenberg's growth strategy. The directors had also asked to discuss the recent surge in corporate partnership opportunities and long-term plans for funding Endeavor's main operations in New York.

GENESIS OF THE IDEA

The idea for Endeavor came to its founders, Linda Rottenberg and Peter Kellner, by way of their experience with Ashoka. Bill Drayton founded Ashoka in 1980 to help support nonprofits around the world. He saw the power of these organizations and believed the best way to address the most urgent social crises in the world was to invest both financial and human capital in those individuals who had creative, sustainable and replicable solutions. His work pioneered an entire new field, which became known as social entrepreneurship, and by 2007 Ashoka had established programs in over 60 countries supporting the work of over 1,800 individuals selected as Fellows.

Sean Harrington prepared this case under the supervision of Professor Garth Saloner as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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Rottenberg spent two years working for Drayton at Ashoka, helping to expand the organization's operations in Latin America. She first met Kellner in 1996 while on a recruiting trip to Harvard Business School (HBS). Kellner was in his first year of the MBA program at HBS and the pair quickly connected—sharing a passion for entrepreneurship and international development.

Rottenberg and Kellner believed that innovators in the for-profit sector of emerging markets¹ faced many of the same challenges as social entrepreneurs, and what these countries needed was an “Ashoka for the private sector.” Through their research they discovered that a disproportionate amount of the growth in jobs and GDP in market-based economies could be attributed to entrepreneurship. For example, one study examined various countries over different time periods and consistently found that increased entrepreneurial activity tended to result in a higher economic growth rate and a reduction in unemployment.² A similar investigation revealed a positive correlation between business start-up rates in OECD³ countries between 1988 and 1996, and economic growth between 1989 and 1999 (see **Exhibit 1**).

Meanwhile, emerging markets were generally not considered open to or supportive of entrepreneurship, especially with regard to individuals looking to start small and medium-sized enterprises (SMEs). There was growing support for microentrepreneurship—those businesses with fewer than five employees—as the field of microfinance grew in scope around the world.⁴ At the other end of the spectrum, international organizations such as the World Bank provided relief at the macroeconomic level for nation states and their largest companies. However, Rottenberg and Kellner felt there was a gap in the middle. Their thesis was that they could help increase economic growth and reduce unemployment rates in these countries by: a) developing a support network for entrepreneurs; b) helping establish a robust venture capital (VC) market; and c) working to shift the cultural perceptions around entrepreneurship. They felt this push was a key requisite for moving emerging markets up to the next level of economic development.

FOUNDING OF ENDEAVOR

Endeavor's two cofounders each brought a different set of skills to the partnership. Rottenberg had spent the vast majority of her working life in the nonprofit sector, starting with her involvement in Teach for America (TFA).⁵ She met Wendy Kopp, the organization's founder, while they were both undergraduate students—Rottenberg completing a BA in Social Studies at Harvard and Kopp developing her senior thesis (which would become the basis of TFA) at Princeton. Rottenberg was hired as one of Kopp's first teacher recruiters at TFA in 1990. After

¹ “Emerging market” is a term generally used to describe countries that have built economies to the point where they are nearing the status of “developed.”

² Audretsch, D. B. and R. Thurik (2001), “Linking Entrepreneurship to Growth,” OECD Science, Technology and Industry Working Papers, 2001/2, OECD Publishing.

³ Organization for Economic Co-operation and Development (OECD) is a group of 30 countries that support [representative democracy](#) and the principles of [free market](#) economy. The organization is mainly comprised of North American and European countries, but also includes Australia, New Zealand, Japan, and South Korea.

⁴ Microfinance refers to the set of financial services provided to individuals in developing countries. As the name implies, the size of the transactions are typically very small (often under \$100). The most typical form of microfinance is microcredit, which is the practice of providing small loans to poor people.

⁵ Teach for America was a nonprofit organization that recruited recent college graduates and professionals (of all academic majors) who committed to teaching in underserved communities in the U.S. for two years.

returning to school and earning her JD at Yale Law School, Rottenberg went to Ashoka where she directed the Southern Cone expansion, working primarily in Chile and Argentina.

Kellner was the consummate entrepreneur. By the time he arrived at HBS and met Rottenberg in 1996, he had already founded two successful enterprises—one for-profit and one not-for-profit. His first big success occurred while living in Russia, where he cofounded the Ural Petroleum Corporation. As the largest Western-managed independent oil company in Russia, it became the Khanty Mansiyk Oil Corporation before being sold to Marathon Oil in 2003. Kellner's efforts then turned to the nonprofit sector, this time in Hungary, where he was a founder of the country's first nongovernmental organization (NGO) focused on environmental issues—the Environmental Management and Law Association. He was excited to help start another organization and believed firmly in the underlying premise of Endeavor; however, he and Rottenberg agreed from the outset that he would transition into more of an advisory role fairly soon after the founding of the organization.

When Rottenberg and Kellner first went to potential advisors and funders with the concept of Endeavor in 1996, the reaction was less than positive. Seasoned veterans of international development were skeptical of the model for a number of reasons. Rottenberg explained the resistance they encountered:

Everybody thought we were crazy. The mindset of the international development community at the time was to focus on the poorest of the poor. Our model only addressed this constituency indirectly, since all of our support and services would be directed toward high-impact individuals who had some proven business potential. People also questioned our ability to find entrepreneurs of high enough quality to warrant our attention. It didn't help that we had just made it through the Asian financial crisis, which engendered a lot of concern about the overall viability of emerging markets.

Despite the objections, Rottenberg and Kellner pushed on with the idea, feeling confident they would prove the validity of the model soon after they raised enough money to launch. To get Endeavor off the ground, they focused on accomplishing two key goals: getting a few advisors committed to the organization and raising enough money to fund operations for one to two years. Their first break came when they were able to convince Jason Green and Gary Mueller to become inaugural members of Endeavor's Global Board of Directors. Green was an associate at US Venture Partners, a VC firm based in Silicon Valley, who had also spent time in early-stage investing for the Rockefeller family. Mueller was cofounder and CEO of Internet Securities, an online provider of financial and business information that specialized in emerging markets, and had first-hand experience working in the types of countries that Endeavor planned to target. He had previously spent three years working on privatization in emerging markets, most notably as part of the team that helped steer Russia's financial reforms in the 1990s. Mueller and Green had both been classmates and friends of Rottenberg, and as young, high-potential individuals with experience in emerging markets, they fitted the ethos of the fledgling nonprofit. At this early stage in their careers, they were willing to take a bet on the concept by committing their time and energy to it.

In terms of fundraising, it helped to have two strong board members committed; however, Rottenberg and Kellner faced the stark reality that only a small percentage of all U.S. philanthropy was directed toward international causes. Although international aid organizations were a potential source of funding, Rottenberg and Kellner quickly discovered that money from these groups came with a high administrative cost, in terms of jumping through the hoops of bureaucracy, and also had the potential of leading to “mission creep.” Rottenberg explained the dilemma:

We talked to the World Bank and other foundations, and they initially perceived our focus on emerging markets as elitist. They said, ‘Go to Africa and work in Malawi,’ or they said, ‘Work with women-owned businesses or environmental businesses.’ Every foundation has its own, very specific focus, and we didn’t fit into their funding frameworks. I decided it would be easy to succumb to mission creep and to go where the money was, but fundamentally, I really believed in our model. I was resolved to stay the course on our own terms.⁶

To get things started, Kellner offered to help seed the organization, providing \$300,000 plus an additional \$200,000 contingent on Rottenberg securing additional funds, which she was able to get from Swiss businessman Stephan Schmidheiny. Schmidheiny was also a philanthropist and was committed to economic development in Latin America. As a major funder of Ashoka’s Cone Expansion, he first met Rottenberg while she was heading up that initiative and appreciated the energy and dedication she brought to her work. He agreed to provide \$200,000, plus another \$20,000 per entrepreneur, up to a maximum of \$300,000, on behalf of the AVINA group.⁷ With some money in the bank and four board members (including Rottenberg and Kellner), Endeavor was formally registered in the U.S. as a nonprofit in 1997.

THE EARLY YEARS

Working out of Rottenberg’s apartment in Manhattan, Endeavor’s founders wanted to be careful in choosing their first target country since the organization’s future depended heavily on proving out the validity of the model. They developed basic country selection criteria to help narrow down the choices. A viable country affiliate needed to have a robust business environment and local market; a base level of high-potential entrepreneurs; a community of successful business leaders who believed in Endeavor’s mission; a strong post-secondary academic system; and political stability.

Based on these factors, along with Rottenberg’s connections and experience in Latin America, Endeavor selected Chile as its first country affiliate, and a small base of operations was established in Santiago in January 1998. Before the month’s end, Endeavor held its first selection panel—picking nine individuals from five companies as Endeavor Entrepreneurs.

Among those chosen were Andy Freire and Santiago Bilinkis, two 24-year-olds with a business plan to create a branded chain of office-supply stores throughout South America. They came up

⁶ Harvard Business School case #9-803-126. November 18, 2005.

⁷ AVINA group was a foundation that aimed to improve sustainable development in Latin America by developing productive alliances between the social and private sectors.

with the idea while working as middle managers at Proctor and Gamble, and by the time Endeavor met them, they had sold 100 percent of the equity of their company, OfficeNet, in exchange for \$50,000 of financing. With Endeavor's help, Freire and Bilinkis were able to renegotiate their equity stake from zero to 35 percent, and to secure additional funding from a private equity firm in Brazil. With this new financing, which also helped serve as an entrée into the thriving Brazilian market, along with additional mentorship and strategic guidance from Endeavor, OfficeNet quickly became the fastest growing office-supply company in Latin America.

Another early success story was that of Patagon.com, an online financial services business, and its founder, Wences Casares. After being turned down by investors 33 times, Casares was introduced to Endeavor by Freire and Bilinkis, who had served as his mentors. He was chosen as an Endeavor Entrepreneur in the second selection panel, held in August 1998, and with the added support and coaching he soon had term sheets from four different U.S.-based investment firms. Two years after launching Patagon.com, Casares sold 75 percent of the equity in the business at a pre-money valuation of around \$900 million. This exemplar not only demonstrated the power of Endeavor to help its entrepreneurs directly, but also typified the viral nature of the model—what would later be called the “multiplier effect”—whereby successful entrepreneurs become role models for others, inspiring them to start a company of their own.

Knowing that some skeptics might attribute their success in Chile to luck, Rottenberg and Kellner were quick to expand operations into another country, and before the end of 1998 they had officially opened Endeavor Argentina. With two countries up and running, their goal was to refine the model before rolling it out to additional countries. Although things did not always go smoothly in Chile and Argentina, after two years of selecting and supporting entrepreneurs, it was clear that Endeavor's model was making an impact.

THE ENDEAVOR MODEL

Although it was updated and improved throughout the years, the Endeavor model changed little in the 10 years following the organization's inception (see **Exhibit 2**). Rottenberg maintained a decentralized management approach, letting each country run an independent operation with guidance and support from the Headquarters in New York. Endeavor Global, as the central office was called, handled the international expansion effort, corporate partnerships, organization-wide strategy, overall quality control, and provided some key entrepreneur services (see **Exhibit 3** for a list of staff positions). The organization was run much like a franchise, as country affiliates paid \$100,000 per year to Endeavor Global in exchange for the support and services they received. By July 2007, Endeavor had offices in eight countries outside the U.S (see **Figure 1**).

Country	Local Office	Year Launched	Entrepreneurs
United States - HQ	New York City	1997	N/A
Chile	Santiago	1998	51
Argentina	Buenos Aires	1998	69
Brazil	Sao Paulo	2000	64
Uruguay	Montevideo	2000	15
Mexico	Mexico City	2001	38
South Africa	Johannesberg	2004	22
Turkey	Istanbul	2006	2
Colombia	Bogota	2006	3

Figure 1: List of Endeavor countries

Despite its nonprofit status, Rottenberg aimed to run Endeavor like a for-profit enterprise. To attract top talent, salaries were competitive and Rottenberg was unapologetic about using nearly the entire annual budget on overhead expenses, which mainly consisted of international airfares and accommodations. This was in stark contrast to most NGOs, which tried to minimize administrative costs so they could point to a high percentage of funds being funneled directly to the end beneficiaries.

Country Affiliates

All Endeavor country affiliates were separate nonprofit entities with distinct boards of directors. Each signed a Global Affiliate Agreement, which laid out the roles and responsibilities of the local office. The main duties of the affiliates included searching for and selecting the entrepreneurs; providing local entrepreneur services, including workshops and seminars; managing local educational programs, such as introducing case studies into the curricula of universities; and offering philanthropic training for members of the community. Each country office was staffed with 5 to 15 employees hired locally, which typically included a managing director, an associate of search and selection, and an associate of entrepreneur services. Employees of Endeavor country affiliates were also called upon to help support global initiatives or events, as needed. By design, the affiliate offices operated with the look and feel of the local culture, in order to minimize the potential misconception that Endeavor was a “big ugly American” organization trying to impose its values on emerging markets. Those efforts to give each country office a sense of independence from the headquarters worked so well that often local citizens were unaware that Endeavor was anything but a homegrown organization. Rottenberg explained an example of this phenomenon:

One of my proudest moments came at a 4th of July party in 2006. I was introduced as the cofounder and CEO of Endeavor to one of my husband’s longtime friends, who happened to be a *Wall Street Journal* correspondent stationed in Sao Paulo, Brazil. The man looked puzzled and said, ‘Endeavor? That is a Brazilian organization that helps entrepreneurs. What are you doing with a New York office?’

In order to maintain this sense of place in the local business community and to ensure long-term support, Rottenberg was emphatic that Endeavor be “pulled” and never “pushed” into a country.

Employees of Endeavor Global would periodically visit countries on scoping trips, introducing the model to business leaders and answering questions, but it was always made clear that the country would have to do all the subsequent work to “pull” Endeavor in, if they so desired. In most instances, the process of attracting Endeavor into a new country was spearheaded by a wealthy individual or a syndicate of benefactors.

Country affiliates were also responsible for their own financial sustainability. Before Endeavor established a presence in any new country, they required a firm financial commitment of at least \$3 million from a group of country benefactors, which would fund operations for the first five years. The onus was then on the affiliate office and the Endeavor Entrepreneurs selected in that country to develop a long-term financial plan. By 2007, almost all country affiliates had devised a system that would ensure financial sustainability by the tenth year of their operation—usually through a combination of cash and equity contributions from the entrepreneurs. For example, in Mexico, entrepreneurs collectively agreed to commit \$5,000 per year plus 0.1 percent of their annual revenues to the local Endeavor office. In Brazil, members of the network donated 2 percent equity of their business, which created a pool of securities valued at about \$10 million in 2007, and this was expected to completely fund local office expenses by 2009.

Endeavor’s commitment to requiring local support was put to the test in 2001 in Chile. At that time, Rottenberg felt the country had not made enough progress in terms of long-term financial support and commitment from the business community—so she closed down the Endeavor office in Santiago. She described the reaction to this decision:

I have always said that if countries don’t want this model, we’ll shut down. When we pulled out of Chile the top business leaders said, ‘Wait a minute. You can’t shut down Endeavor Chile.’ I told them that we needed a better board and more funding. Using the Country Benefactor model we had developed, we raised \$1.5 million for the local office by early 2002 and had created a new board comprised of eight premiere business leaders in the country. Soon after, we even had an offer from the Chilean president to come and speak at an Endeavor seminar.

Entrepreneur Search and Selection

Candidates aspiring to become Endeavor Entrepreneurs were evaluated in a multi-step process that took up to six months to complete. They were screened through a series of interviews and review panels based on six main criteria: entrepreneurial initiative, business innovation, values and ethics, role model potential, development impact, and fit with Endeavor (see **Exhibit 4**). The process culminated with an international selection panel, where global business leaders and Endeavor staff chose entrepreneurs through unanimous vote (see **Exhibit 5**). Although the search and selection process was managed by country affiliates, Endeavor Global employees were generally involved in the final decision making. By 2007, Rottenberg had attended all 26 of Endeavor’s international selection panels.

Although all Endeavor Entrepreneurs were evaluated against a common set of criteria, they generally fell into four distinct categories the organization referred to as: “diamond in the rough,” “surefire success,” “local star,” and “fast learner.” Entrepreneurs of each profile type

conferred a different set of benefits upon the network and had a varying need for Endeavor's services: "Diamonds in the rough" were young, extremely talented individuals that might never have realized their potential because they lacked role models and the confidence to pursue entrepreneurial ventures. Casares of Patagon.com fitted squarely in this bracket, and for these entrepreneurs Endeavor played a key role in helping them to build a team, establish a board, and get initial financing with reasonable terms.

Those profiled as "surefire successes" were individuals that Rottenberg conceded would have made it with or without Endeavor's support. Marcos Galperin and Hernán Kazan—Stanford GSB classmates (MBA '99) who founded MercadoLibre.com, the eBay of Latin America—typified this small subset of Endeavor entrepreneurs. Endeavor received some criticism for supporting such individuals, since it did not align with the organization's original value proposition of being a catalyst for individuals that needed a push or helping hand. Some argued that surefire successes were selected to bolster Endeavor's metrics. Rottenberg explained the rationale for picking people that fell in this category:

We are picking the surefire successes for role model effect, and we're honest about that up front. We say to them, 'Look, we're going to give you some moral support and with our global network, on the margins, if we can add value, we will. But, we expect a lot out of you since we know we're going to get some flack for picking you.'

"Local stars" and "fast learners" benefited most from Endeavor's network and entrepreneur services. The local star was someone who had developed a regional brand—usually in a low-tech industry—and was at a clear inflection point when Endeavor selected them. With guidance and support, these entrepreneurs could grow their business nationally or internationally. However, the risk with this profile type was whether they really wanted to be pushed or were happy with what they had already achieved. Fast learners were people that Endeavor assessed as intelligent and full of interesting ideas, but who had no management experience and would require lots of "hand holding." In opting to incubate such individuals, there was always a danger of realizing that the fast learner was actually a slow learner. Although this profile type consumed a lot of the organization's resources, it was critical because it best demonstrated Endeavor's capacity to fundamentally change the culture of entrepreneurship in a country.

Endeavor estimated that approximately 15 percent of its entrepreneurs were diamonds in the rough, 15 percent sure-fire successes, 50 percent local stars, and 20 percent fast learners.

Entrepreneur Services

The cornerstone of Endeavor's model was its network of corporate executives, seasoned entrepreneurs, consultants, bankers, lawyers, accountants, and venture capitalists—collectively called the VentureCorps—who helped mentor and provide strategic guidance to the Endeavor Entrepreneurs. Each country affiliate maintained relationships with its VentureCorps members who were linked with specific entrepreneurs based on a customized "needs assessment" performed immediately following the selection process. Monthly presentations, workshops, and forums—exclusively offered to Endeavor Entrepreneurs—were also organized at the country level. In addition, Endeavor helped make introductions to local and U.S.-based venture

capitalists, assisted with funding road shows, and held periodic venture forums where investors could hear business pitches. Although Endeavor aided with the fundraising process, it was explicitly clear that funding was not guaranteed (see **Exhibit 6**).

Endeavor Global and its New York-based staff were responsible for some entrepreneur services and programs that were more effectively provided in a centralized manner. For example, the U.S. office managed the eMBA program, recruiting MBA students from top schools to work on-site with Endeavor Entrepreneurs on 10-week consulting projects. The students were provided a small stipend for living expenses in exchange for helping hone business plans, outline growth strategies, or aid with any other pressing decisions. In 2007, the program matched 33 MBA students with 30 companies (see **Exhibit 7** for the job description). Additionally, Endeavor Global organized a biannual entrepreneur summit, which brought the entire network together, and an annual entrepreneurship immersion tour designed to provide exposure to seasoned global leaders of enterprise from various countries.

Corporate Partnerships

As Endeavor's model gained traction and attracted increased media attention, corporations began approaching the nonprofit with the hope of establishing partnerships. These companies saw value in accessing the VentureCorps network, the local boards of directors in each country, and the entrepreneurs—who were considered highly valuable as potential current or future customers. They also wanted the right to use proprietary content Endeavor had developed for workshops, forums and training sessions. Further, since many of these enterprises had dedicated philanthropic arms, they were eager to propagate Endeavor's best practices back to their own foundations, especially those dealing with impact measurement and performance metrics. Of course, this was in addition to the magnanimous motivations (ostensible or genuine) driving an increased focus on corporate social responsibility and charitable giving throughout the entire private sector.

In most cases, companies offered to provide Endeavor with financial support and in-kind donations⁸ in exchange for the benefits described above. For example, Salesforce.com—a leading provider of online customer relationship management (CRM) software—donated \$100,000 to fund Endeavor Global and provided 100 heavily-discounted licenses for its software to allow more effective management of the VentureCorps and easier cross-border networking. Similarly, Citigroup provided assistance with the compilation of financial statements in each country, strategic board advice, and VentureCorps mentors, in addition to \$300,000 in direct financial support. In the last six months, Rottenberg had received phone calls from 12 other companies interested in initiating partnership discussions, including Cisco, Dell, and Goldman Sachs.

The opportunity to significantly expand the role of corporate partnerships forced Endeavor's management to think strategically about the issue. On one hand, they did not want to limit themselves to one or two corporate partners, which would require them to forego the benefits offered by a variety of partnerships. However, they also did not want to dilute themselves—cluttering their website with 20 company logos and constantly working to fulfill requests. As

⁸ An in-kind donation is a contribution of goods or services (as opposed to cash).

such, Endeavor wanted to be very thoughtful in selecting a handful of corporations with which to form mutually beneficial relationships.

Rottenberg treated discussions with potential corporate partners as negotiations among equals, and, based on encouragement from the board, she aimed to change the lopsided power dynamics her team felt existed between for-profits and nonprofits. She explained:

I don't like the mentality that the poor little nonprofit needs the big corporations with all the skill and talent. I'm not willing to put up with that. My approach is, 'We actually think you need us more than we need you.' I think there are a number of nonprofit organizations like us that are starting to recognize the value they bring to the table. So now we're getting a third-party evaluation of all our assets, tangible and intangible, and we're going to use this as the basis for our negotiations. And we're not going to be afraid to walk away. I have walked away.

One deal Rottenberg walked away from was with a top-tier accounting services firm. The firm had been working with Endeavor in a partnership that included an Entrepreneurship Fellows program, which was similar to the eMBA model, and initially went through a trial period. The firm sent senior employees to work on-site with Endeavor companies on six-month sabbaticals, allowing them an opportunity to gain international and entrepreneurial experience, while also providing much-needed rejuvenation. Both Endeavor and the firm were very pleased with the outcome of the trial; however, when the firm presented a longer-term partnership plan, which included a significant ongoing financial commitment and expansion of the Fellows program, it was contingent on Endeavor changing its approach to focus on less-developed countries. Rottenberg turned down the expanded partnership offer because she was not willing to alter Endeavor's strategy.⁹

Venture Capital and Angel Investing

There was a nuanced relationship between Endeavor and the early-stage investment community. Since many of the individuals closely linked to the organization—including board members, country benefactors, and members of the VentureCorps—were considered ideal sources of “smart capital,” they were naturally targeted by the entrepreneurs for financing. However, given their connection to Endeavor, some of these potential investors felt it would be a conflict of interest to become financially vested in any of the network's companies. Some board members expressed concern that their involvement with Endeavor might be perceived by their peers as merely a tactic for generating deal flow. But from the entrepreneurs' perspective, if everyone associated with Endeavor was eliminated as a possible contributor to their business, then it had the potential of negating all the benefits accrued by joining the network.

Rottenberg's stance on the issue was clear: every member of the Endeavor community should feel comfortable investing in the companies. She argued that any entrepreneur “worth their salt” would have somehow gotten their business plan into the hands of the people concerned anyway.

⁹ She was able to maintain the Fellows program in its original form, however, since it was highly beneficial to entrepreneurs.

Further, by helping negotiate on behalf of the entrepreneur, Endeavor was actually making the deals more expensive for the investors, which should have assuaged their feelings of guilt. However, to ensure that a company seeking funding received unbiased advice, a mentor who had no intention of investing was assigned to the negotiation. In fact, in one instance, a VentureCorps member counseled a Brazilian entrepreneur not to take a financing deal offered by one of the country's major benefactors.

MEASURING ENDEAVOR'S IMPACT

In line with Rottenberg's overarching goal of running Endeavor like a for-profit, she placed significant emphasis on measuring the organization's impact. In lieu of a financial bottom line or statement of profit and losses, Endeavor developed a set of Global Impact Metrics that it used to evaluate its performance (see **Exhibits 8 and 9**). Two of the most frequently cited metrics represented the cumulative number of jobs created (79,386 from 1998 to 2006) and annual revenues generated (\$1.9 billion by 2006) by Endeavor Entrepreneurs. Rottenberg described her approach to metrics:

I am a fanatic about metrics. We really try to be very rigorous and analytical. We also make a clear distinction between impact and output. It irritates me when advertisers in the nonprofit sector use metrics that are vague and focus only on the organization's output, ignoring whether or not the output is actually accomplishing anything. For example, the metric 'number of children we have reached' doesn't say anything about the level of impact on the quality of those children's lives.

From its inception, Endeavor's value proposition was based on more than just financial capital. In 1998, Rottenberg and Kellner plotted a diagram that summarized their vision for how the organization would have a positive impact on the human, social, intellectual, and cultural capital of the countries in which it operated (see **Exhibit 10**). This model served as the guide for selecting and updating the Global Impact Metrics, which were approved each year by the global board of advisors. The data behind the metrics was collected each year through surveys sent to the country affiliates and every Endeavor Entrepreneur who had been in the network for at least 18 months. If a company went bankrupt or closed down for any other reason, then all its metrics were set to zero. If an entrepreneur stopped working with Endeavor, sold their business, or did not complete the survey, then their numbers were "frozen" at the previous year's values.

Despite its focus on rigor and specificity, some people argued that Endeavor's metrics were more an indication of its ability to "pick winners" than a true measurement of the impact it had on the companies' success once selected. To debunk this claim, Endeavor was examining the possibility of including a control group—those individuals who made it to the final selection panel but were not selected as Endeavor Entrepreneurs, for example—to provide a comparison when presenting its global impact metrics. Although this comparison had yet to be made, Rottenberg pointed out that she knew of only one company passed over by Endeavor that had gone on to be a big success, and that entrepreneur was rejected based on questionable values.

In addition, a report entitled "Where are they now?" was published every three to five years and aimed to emphasize a clear causal link between Endeavor and the success of its entrepreneurs.

The study featured every single company in the network, describing its situation when first selected, the specific services provided, advances made by the entrepreneur, and its current relationship with Endeavor. The rare failure cases were also included along with the lessons learned. The idea was to present enough qualitative specificity—through a series of mini case studies—to help bring the quantitative metrics to life.

Measuring impact in the non-financial categories was more difficult for Endeavor, since the outcomes were less easily quantifiable and often involved second-order effects. For example, management wished to include a metric showing the impact of the “multiplier effect” in the 2007 impact report, and so they asked entrepreneurs, “How many people do you know that have started a business because of knowing you and learning from your example?” Based on the responses, they calculated a quantity for this metric—approximately 5,800—but the global board of advisors would not allow it to be published in the primary matrix of results since the validity of the numbers could not be adequately substantiated. However difficult it was to quantify, Endeavor had qualitative and anecdotal evidence to suggest they were making a significant impact on the cultures of the countries within which they operated. Casares explained his perspective on this shift:

Endeavor has consistently risen to the challenge of its own mission. It is changing the way people see entrepreneurs and business. In Latin America, being an entrepreneur used to be socially unacceptable. Now it is completely desirable, almost chic. This change within the culture’s perspective is incredibly powerful and extremely valuable.

One important corollary of this cultural shift was the change in dynamics between the early-stage investment community and entrepreneurs. Before Endeavor’s arrival, many emerging markets had very few VC firms or angel investors, and by accepting any type of seed financing, entrepreneurs were often left with no company equity—and were subsequently treated as employees, not founders. As Endeavor helped its companies seek better financing from U.S.-based investors, or assisted in negotiating better terms with local VC funds, this relationship was changing. Additionally, Endeavor entrepreneurs were starting investment firms of their own, which was helping to quicken the transformation. By 2007, 12 institutional emerging market VC firms had been started by members of the network.

REVISITING THE HQ FUNDING MODEL

At the country level, it was always clear that each office was responsible for devising a plan to ensure its own financial sustainability, which typically involved ongoing commitment from its entrepreneurs. For Endeavor Global, it was an entirely different situation. The head office had always operated in a somewhat hand-to-mouth fashion, each year raising the bulk of its \$3 million budget through individual donors attending the annual fundraising gala (see **Exhibits 11 and 12** for financial statements). When a new CFO, Larry Brooks, was hired in 2006, he began to examine possibilities for altering this funding strategy. A week before the annual board meeting, Brooks outlined the options to the executive management team:

Option 1: Maintain status quo

The biggest advantage of maintaining the current funding model was that it provided ongoing incentives to perform—since donors would only be willing to continue funding the organization year after year if they felt it was continuing to have an important impact on emerging markets. As such, this model most closely simulated a for-profit environment, keeping employees hungry to show the value of their efforts in order to raise money for the following year. With a strong board of directors committed to Endeavor, there was relative confidence that annual fundraising was fairly secure in the foreseeable future (see **Exhibit 13**). However, there was some concern that donor fatigue was already starting to become a problem, as the same group of individuals were often solicited each year, and it could progressively become more difficult to generate sufficient funds in this fashion.

Option 2: Raise an endowment fund

If Endeavor were able to raise \$40-\$60 million and create an endowment fund, they could use the proceeds to cover annual expenses. This would allow them to focus all of their energy on the primary task of selecting and supporting entrepreneurs, since there would no longer be an annual fundraising campaign. It was unclear how difficult it would be to raise such a large sum of money at one time, but most of the management team felt it was certainly in the realm of possibility. Although it would certainly reduce the stress and uncertainty associated with their current model, some argued that it would also lead to complacency. With funding guaranteed in perpetuity, there would be less incentive to continually improve the organization.

Option 3: Raise a fund to invest directly in Endeavor Entrepreneurs

Given the success rate of the companies it selects, Endeavor had periodically been approached by institutional investors interested in partnering on a seed fund. The investors would provide all the initial capital required and proposed a 50/50 split of all “carried interest”¹⁰ earned by the fund. Endeavor’s share of the gains could then serve as its primary source of revenue. Some on the executive team and board of directors liked this model because it kept Endeavor’s incentives aligned with those of its entrepreneurs. Since so much effort went into building successful companies, they argued it was only fair that Endeavor share in the rewards. However, Rottenberg was opposed to this model because it would impact Endeavor’s neutrality. She explained:

We have turned down millions of dollars from the venture capital market. Every two years we seem to get a significant offer. For example, in 1999 we could have raised \$100 million. However, I’ve always said that Endeavor needs to remain pure. Everyone who has tried copying our model—but for profit—has failed. This is because trust is the missing ingredient in these countries and there was no neutral party to bridge the gap between investors and entrepreneurs. We want to be able to say, ‘These terms are unacceptable,’ but as soon as you get on the other side of the negotiating table, the trust disappears. On top of it all, our VentureCorps has said in no uncertain terms that they would walk away if we went this direction.

¹⁰ Carried interest is the share of profits that goes to the management of a fund.

RAMPING UP GLOBAL EXPANSION: FROM CHARMING TO IMPORTANT

When Edgar Bronfman, Jr., chairman and CEO of Warner Music Group, joined Endeavor's board of directors in 2003, he said to Rottenberg, "I believe in the model, but I think it is charming. If I am going to commit to this organization and get other people involved, it needs to become important." The rest of the board shared Bronfman's viewpoint and in order to become important, they felt the organization needed to increase its rate of global expansion. When Rottenberg met with the board in April 2007, she presented her plan to expand into 20 countries by 2020. The board felt this was not aggressive enough, and it set forth the more ambitious target of operating in 25 countries by 2015.

Endeavor's staff embraced the growth plan, but also expressed a sense of trepidation. They worried that the rapid addition of country affiliates would negatively impact the overall quality of entrepreneur services provided by the head office. It was estimated the current Endeavor Global staff headcount of 20 would need to be doubled in the following eight years in order to accommodate the growth. This raised a concern about the additional funding required to support these additional employees, as well as the ability to effectively locate, hire, and integrate these people into the group. Further, given Rottenberg's hands-on approach and role as "spiritual leader" of the organization, some wondered if her time and energy would become a limiting factor in the scaling process.

Despite the concerns, Endeavor's International Expansion team was excited by the new growth goal, and they quickly turned to the task of identifying and assessing potential new country affiliates. As a starting point for the process, they used research reports prepared by Goldman Sachs that assess trends in emerging markets and highlight those countries with the most promising outlook for development. These studies used [macroeconomic stability](#), [political maturity](#), [openness of trade](#) and [investment](#) policies, and quality of [education](#) as criteria for determining growth potential, and particular emphasis was placed on the "BRIC" countries (Brazil, Russia, India, and China) and the "Next Eleven"¹¹ (see **Exhibit 14**).

By July 2007, based on research, scoping trips, and discussions with top business leaders, Endeavor had identified three high-potential candidates for new country affiliates: Egypt, Kenya, and India. Each country had unique benefits and drawbacks. Egypt was appealing, most importantly because one of its most prominent business leaders, Naguib Sawiris, was prepared to fully commit his support to Endeavor. Sawiris, chairman and CEO of Egypt's largest telecommunications company, met Rottenberg in May 2007 at the regional World Economic Forum on the Middle East. After learning about Endeavor, he was convinced it was exactly what Egypt's economy needed. Within two months he had assembled a syndicate ready to provide \$3 million to fund the first five years of operational expenses and had lined up six board members. The biggest concern with Egypt was the potential for political volatility, given its proximity to the Middle East. A series of bomb attacks in July 2005, which killed at least 80 people, had raised some concerns; although no significant terrorist attacks had occurred since then.

¹¹ The Next Eleven (or N-11) was a shortlist of countries named by a 2005 Goldman Sachs report as having promising outlooks for investment and growth. The countries were Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey, and Vietnam.

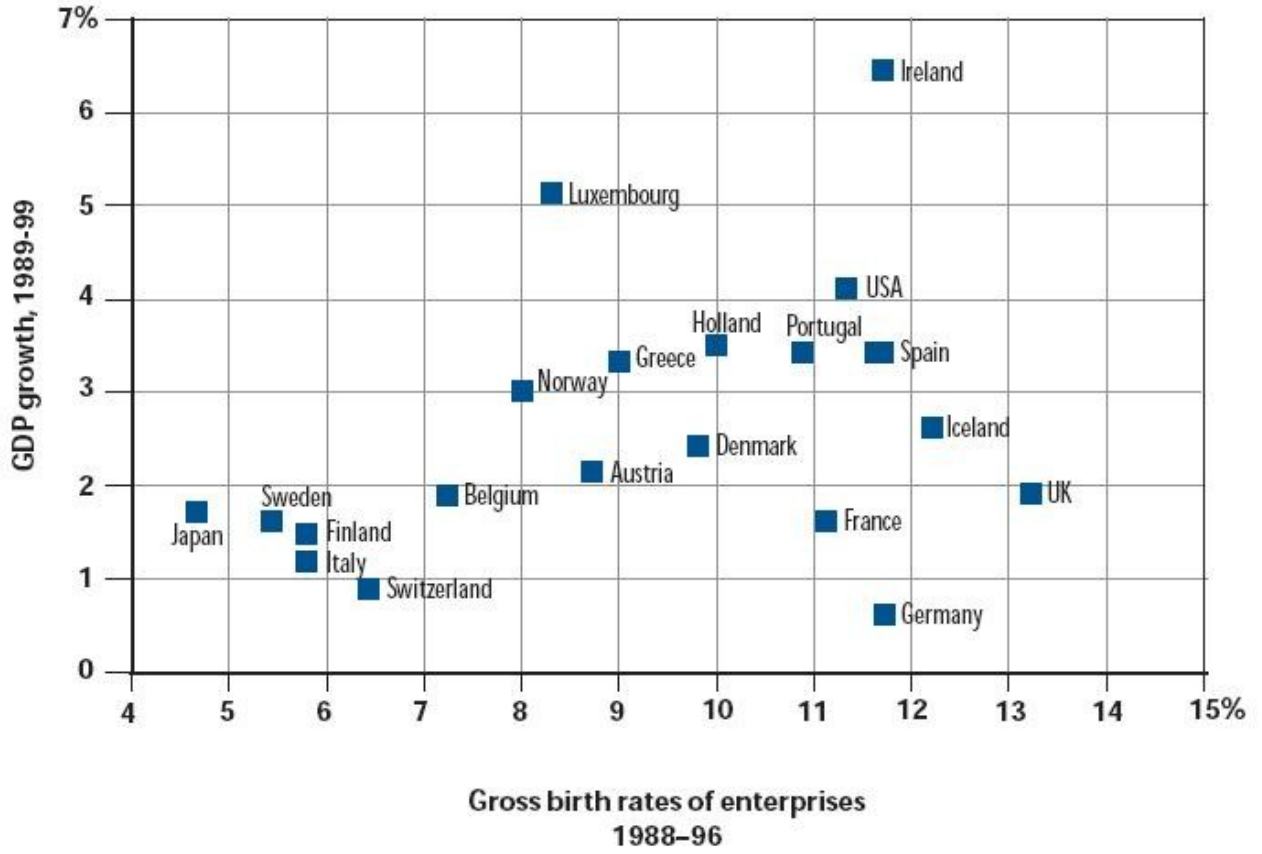
Kenya was also an attractive option, especially because the international community was passionate about improving conditions in Sub-Saharan Africa, and Endeavor would earn extra “development credit” by continuing to expand its presence there. In the preceding years, the political climate in the country had warmed, and an office there could serve as a central hub for future expansion throughout the continent. However, Endeavor’s management was not certain a sufficient base of entrepreneurship potential existed there to guarantee the effectiveness of such an enterprise. As such, some discussions took place about bundling Uganda, Tanzania, or Rwanda with Kenya, creating a multi-country operation—something frequently done by other development agencies. This type of regional plan had its own drawbacks, since Endeavor typically located its country offices in large capital cities to simplify operations. The multi-city approach was unproven and carried some risk with it. Finally, a committed country benefactor had not yet emerged in Kenya and there was concern that raising enough money to support initial operations would be a challenging task.

The final candidate, India, was an emerging market that attracted attention from nearly every international development agency. For Endeavor, going there was analogous to a VC firm opening an office on Sand Hill Road. The signaling effect was a central motivating factor. It also helped that India had at least 40 to 50 leaders in the private sector that could serve as country benefactors, compared to just a handful of such candidates in many other emerging markets. Some interest had been shown by the Indian business community, and by July 2007, there was \$1.5 million in committed capital and three individuals were ready to join the board. There was also no doubt that the base of entrepreneurial activity in the country was sufficient. In fact, some argued that Endeavor would be redundant in India, considering many of the top U.S. VC funds, such as Benchmark and Sequoia, were already investing actively there. Some wondered how much impact Endeavor would have, given the welcoming climate for new ventures that existed already. Further, since India had numerous business hubs—including Calcutta, Bombay, and Bangalore—spread throughout the country, there was also a question of whether a single office would be effective.

THE NEXT 10 YEARS

Endeavor had made a lot of progress in its first decade of operation. But, like many of the entrepreneurs in its network, the organization was at an inflection point. Rottenberg knew that many of the decisions made now—around global expansion, corporate sponsorships, and funding models—would have a lasting impact on Endeavor’s long-term success. They would dictate whether the organization could make the transition from charming to important.

Exhibit 1 GDP Growth and Creation of Enterprises, 1989-99: A Country Comparison



Source: OECD 2001

Exhibit 2 Endeavor Model



Source: Company

Exhibit 3
Endeavor Global Staff

LINDA ROTTENBERG
Executive Office

QUINN N. FITZGERALD
Entrepreneur Services

DAVID AUERBACH
International Expansion
Partnerships, Policy & Outreach

CINDY KO
International Expansion

ELMIRA BAYRASLI
Partnerships, Policy & Outreach

MOLLY E. LINDSAY
Search & Selection

LAWRENCE H. BROOKS
Finance & Administration

CARLOS PESSOA
International Expansion
Programs

LAURA ESNAOLA
Entrepreneur Services

REBECCA PLOFKER
Special Events & Communications

NATASHA FAUBLAS
Administration

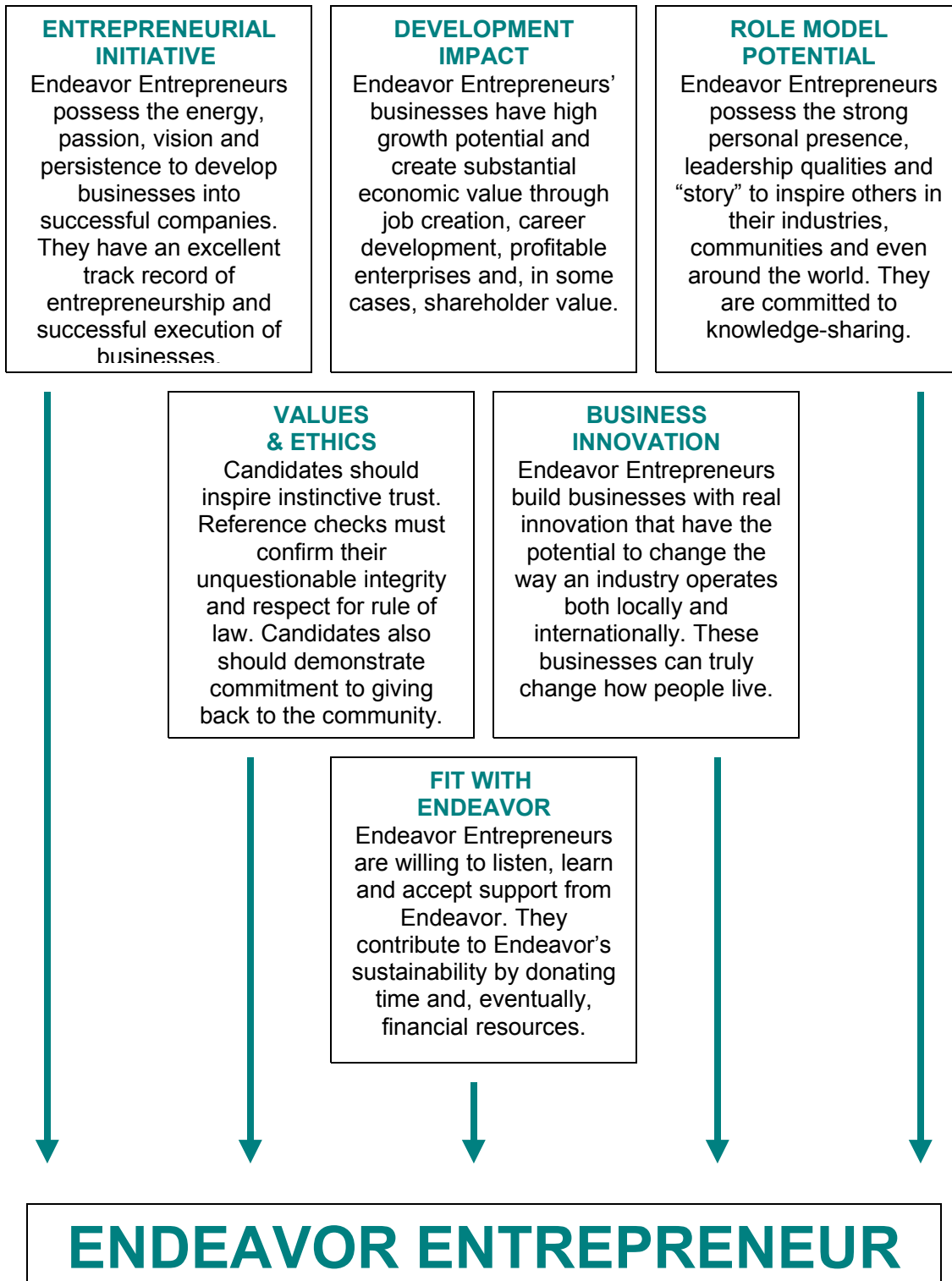
ALLEN KINSEY TAYLOR
Search & Selection

LEAH FISH
Marketing & Communications

SORIBEL HOLGUIN DE VALVERDE
Executive Office

Source: Company

Exhibit 4 Endeavor Entrepreneur Selection Criteria

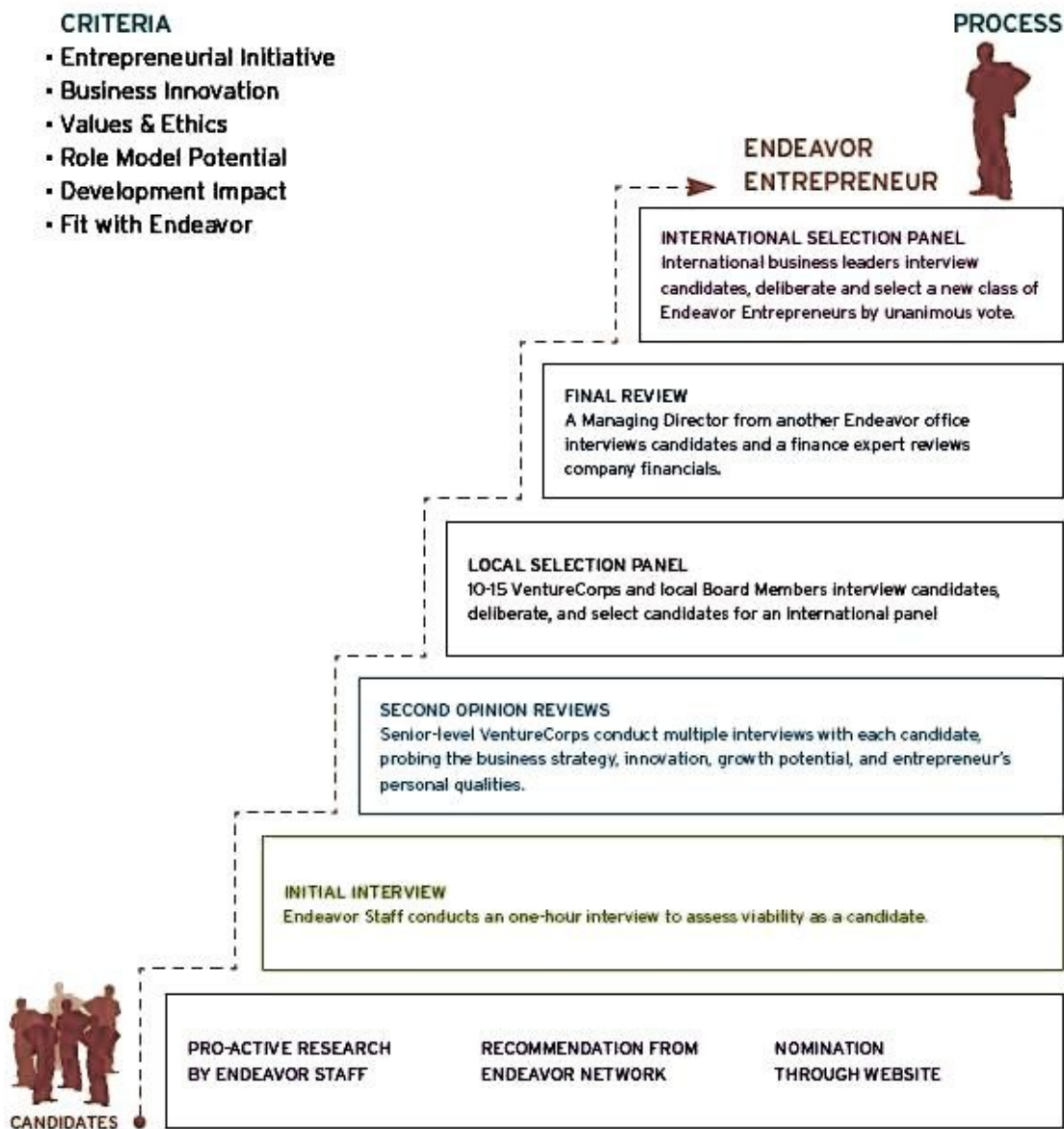


Source: Company

Exhibit 5 Endeavor's Search and Selection Model

Endeavor's Search & Selection Model

Through a rigorous, multi-step selection process, Endeavor screens thousands of emerging-market entrepreneurs annually to identify the best talent in a country. Candidates with the most innovative, high-growth ventures and greatest promise to become future leaders are selected as Endeavor Entrepreneurs.



Source: Company

Exhibit 6

Global Entrepreneur Services

FIELD STUDIES

eMBA Program

Endeavor recruits top MBA students from leading U.S. business schools, such as Harvard, Stanford and Wharton, to spend 10 weeks during the summer working on-site with our entrepreneurs. The three primary areas of focus for the eMBA program are strategy, processes, and financing. Concrete deliverables often include honed business plans, analyses of company growth options, and feasibility studies.

In 2007, the eMBA program placed 33 MBA students in all eight of Endeavor's markets.

Global Entrepreneurship (G-Lab) Program at MIT

Global Entrepreneurship Lab (G-Lab) is the flagship international internship course offered at the Sloan School of Management at MIT. A semester-long academic class, the G-Lab Program enables groups of four students to research a specific challenge faced by an Endeavor Entrepreneur's company. After a three-month investigation using MIT's research facilities, the G-Lab team spends three weeks on the ground with the entrepreneur. At the conclusion of the G-Lab, the group presents their results to the entrepreneur, senior management and professors at MIT.

In 2006, 9 G-Lab teams were matched with Endeavor companies. For 2007-08, this program has been expanded to Columbia GSB, Kellogg GSB and HEC in France.

Endeavor Corporate Social Responsibility Program

Endeavor recruits blue-chip companies to dedicate staff and resources to help our most promising high-impact entrepreneurs scale their businesses. Each fellowship is carefully crafted to meet the specific needs of the entrepreneurs and to make full use of the unique technical skills and talents of the fellow. Fellows work on-site in the entrepreneur's home country, focusing on projects that are specifically designed to improve key areas of the entrepreneur's business

This program was launched as a partnership with Ernst & Young in 2006 for Argentina, Chile and Uruguay and is in the process of being expanded.

IMMERSION TOURS

Endeavor Immersion Tours enable Endeavor Entrepreneurs to meet a diversified group of top-flight entrepreneurs, academics and business executives from a diverse range of industries. On these Tours, Endeavor Entrepreneurs have the chance to share experiences, give each other advice, and discuss common challenges and opportunities.

Past tours include the India (with Ratan Tata of Tata Group) and Israel Tour (focused on High-Tech & Telecom) - organized by Endeavor Uruguay; the Silicon Valley Tour with visits to the co-founder of Yahoo!, top venture capital funds, and the Googleplex; the Austin Tour with Michael Dell; and the Boston Tour with 11 keynote speakers including the founder of Staples, the founder of Advent International and the Chair of Citizens Bank.

ENDEAVOR ENTREPRENEURS' SUMMIT

The Entrepreneurs' Summit is a dynamic event that convenes Endeavor Entrepreneurs, leading international executives, and top academics. It provides the global Endeavor community with a platform to network, discuss common challenges and opportunities, and inspire each other to continue to THINK BIG.

The 2nd Endeavor Entrepreneurs' Summit was held April 30 – May 2, 2007. The audience included over 100 High-Impact Endeavor Entrepreneurs and top business leaders from the US and emerging-markets that make up the local Endeavor Boards, Global Advisory Board, and US VentureCorps. Edgar Bronfman Jr., Endeavor Chairman and CEO of Warner Music, invited all Endeavor Board members from our local country affiliates to the first ever world-wide Endeavor Board Meeting. An all-star lineup of presenters included keynote speaker Michael Dell, Jim Wolfensohn, Emilio Azcarraga and other prominent members of the Endeavor community.

CUSTOMIZED GLOBAL SERVICES

The Personalized Mentoring Program helps Endeavor Entrepreneurs confront their most serious business challenges; we match them with business professionals in our network with relevant expertise, knowledge or contacts. Endeavor

Exhibit 6 (continued)

Global Entrepreneur Services

Global arranges individual meetings with potential advisors, investors, partners and clients for visiting Endeavor Entrepreneurs. When appropriate, Endeavor will offer its entrepreneurs in need of growth financing a road show with key members of the network as well as the opportunity to participate in Venture Forums, where they can present their companies to an audience of international investors.

ENHANCED SERVICES

Creating Global Success Stories

A select number of high-potential entrepreneurs will receive customized global services. These services include personalized mentorship programs which help Endeavor Entrepreneurs confront their most serious business challenges. We match entrepreneurs with business professionals who have relevant expertise, knowledge or contacts. Endeavor Global arranges individual meetings with potential advisors, partners and clients. As needed Endeavor can also set up opportunities for soliciting investment through road shows and venture forums, where entrepreneurs can present their businesses to an audience of international investors.

Leveraging our Network

Looking forward over the next 6 months to a year, Endeavor aims to restructure and re-engage the U.S. VentureCorps. Taking inventory on the needs of our entrepreneurs as well as the expertise and time commitment of our VentureCorps, we hope to create an automated platform where entrepreneurs can connect directly with our network according to their precise business needs. This milestone would greatly enhance the global customized services offered to Endeavor Entrepreneurs.

Endeavor Fellows

Endeavor Global is in talks with consulting firms to set up a partnership for employees to go work with our entrepreneurs and local offices. In order to respect the partnerships with these consulting firms at the country level, Endeavor Global will make sure to mirror these relationships.

Possible partnerships may include:

- 3 - 6 month externships
- Year-long hires
- Off-site mentoring for offices and entrepreneurs

Conferences

Endeavor Global will inform the local offices and entrepreneurs about conferences in the U.S. and Europe with two major goals: for our entrepreneurs to attend as guests and for them to actively participate in case they are interested in participating.

Public Speaking & Communications Workshop

Communications is often an overlooked area, but an extremely essential one for high-impact entrepreneurs. How you communicate your company's mission/product and expose your innovations are key questions in connecting with customers, vendors and other partners. Communication can be challenging because it is like entrepreneurship: something you need to work at. Endeavor Global would like to help its entrepreneurs become better communicators by offering the following two services:

Public speaking – Communication is successful if the message that is received is the same as the one that is sent. Key to this is understanding the audience and what points you want them to take away. Endeavor Global offers a one-day workshop for entrepreneurs to develop listening skills, public presentation skills for various mediums, i.e. business forums, media interviews and public speeches.

Public relations – Reaching out to the public can be a frustrating experience, particularly in today's high-tech age. Endeavor Global offers tutorials on reaching out to a target audience. Among some of the tools you will come away with are: learning how to reach out to the media, how to reach out to various constituent groups and how to write a winning press release.

Source: Company

Exhibit 7

eMBA Job Description

eMBA Program

Endeavor recruits top MBA students from leading U.S. business schools to spend ten weeks working on-site with an Endeavor Entrepreneur to help them address, analyze, and offer solutions to their critical business challenges. eMBAs (Endeavor MBAs) are chosen through a competitive interview process to ensure the best match between their skills and experience, and the specific needs of the Endeavor Entrepreneurs' projects. The Endeavor Entrepreneurs hold the final round of interviews and decide whether to extend an offer.

As an eMBA, your contributions may include honed business plans, analysis of a company's growth options, and feasibility studies. Projects in the past include creating a new sales strategy by a Columbia Business School student for a Mexican company that, thanks to the eMBA's work, grew from \$7 million to \$18 million in revenues. In 2004, through a Wharton student's guidance, Endeavor Entrepreneur company "Urunet" became the first Uruguayan company in history to raise U.S. venture capital.

The eMBAs often write a case study and present their summer's work in live case studies to local and U.S. MBA audiences. In 2007, 33 eMBAs were placed in eight Endeavor countries to work for Endeavor Entrepreneurs.

The opportunity:





- Learn about emerging-market business in an entrepreneurial setting
- Leverage your MBA skill-set and private sector experience in a meaningful environment
- Work with a High-Impact Entrepreneur and get a holistic perspective on how a company is run
- Prove your leadership skills in a challenging, entrepreneurial and fairly unstructured setting
- Overcome cultural and business barriers to make a significant impact on a company
- Write a business plan for a certified Endeavor Entrepreneur and present it to his/her Board
- Participate in Endeavor's global events and become part of the Endeavor Network
- Produce a case study for publication in the U.S. or emerging-market countries

Compensation for ten weeks: Lodging, roundtrip airfare and a living stipend of \$350/week.

Requirements: Private sector skills directly relevant to the profile requested by the entrepreneur. Consulting, finance, venture capital and entrepreneurial background encouraged. Endeavor interviews U.S. and non-U.S. citizens.

Source: Company

Exhibit 8 Endeavor's Growth over the Past 10 Years

YEAR	1998	2000	2002	2004	2006
 CANDIDATES SCREENED	200	2,670	7,246	11,692	15,551
 ENTREPRENEURS SELECTED	10	82	140	206	272
 REVENUE IN MILLIONS	38	390	332	839	1,900
 JOBS CREATED	1,149	5,700	8,562	25,583	79,386

In 2006, Endeavor Entrepreneurs generated 79,386 value-added jobs and \$1.9 billion in revenues.

Source: Company

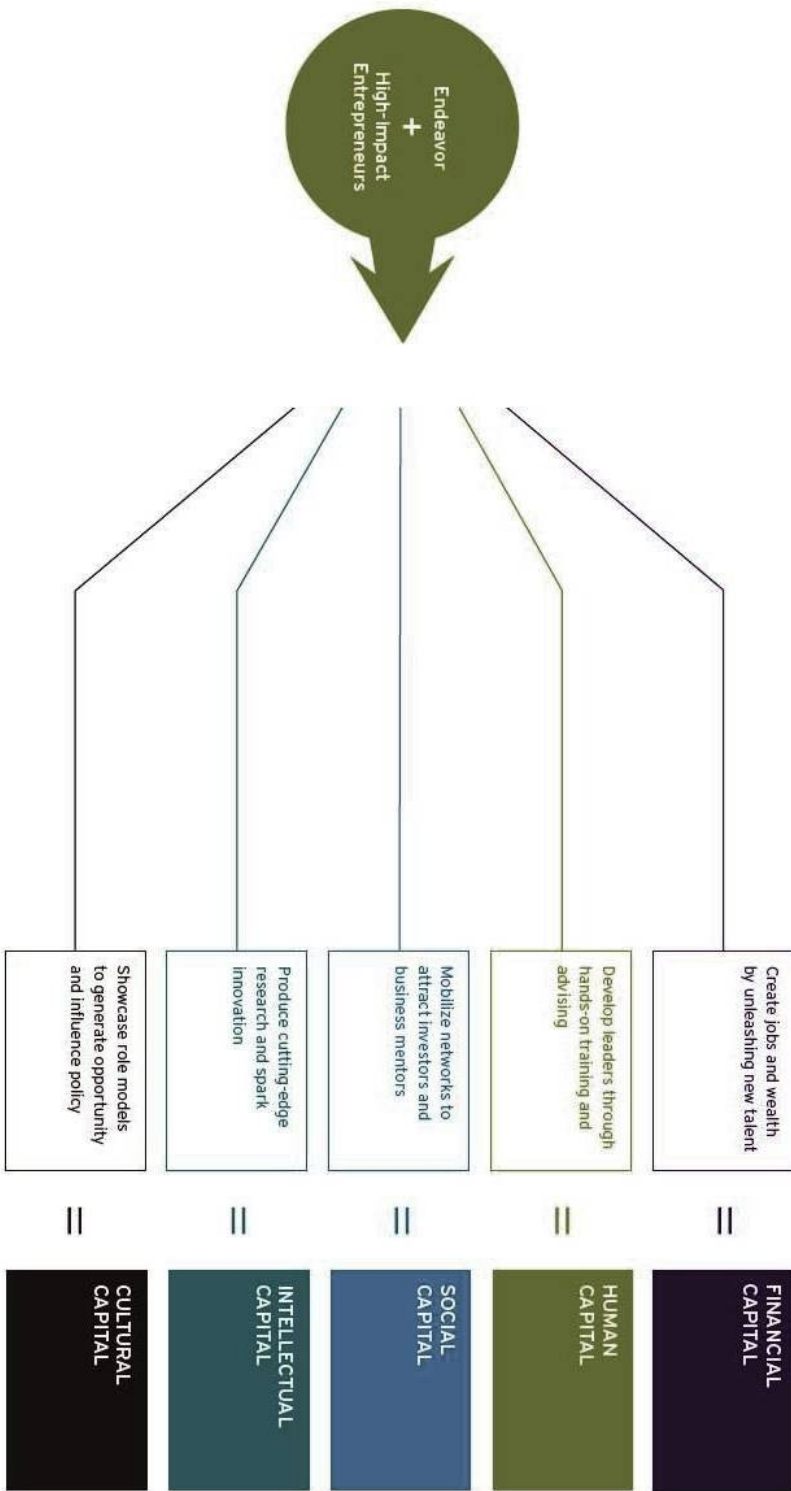
Exhibit 9 Global Impact Metrics: 1998-2006

FINANCIAL CAPITAL	HUMAN CAPITAL	SOCIAL CAPITAL	INTELLECTUAL CAPITAL	CULTURAL CAPITAL
79,386 High-value jobs created by Endeavor Entrepreneurs	15,511 Screened candidates received professional feedback through Endeavor's Search & Selection program	23,334 Hours of one-on-one mentoring by top professionals in Endeavor's VentureCorps	2,612 Weeks spent by top US MBAs consulting for Endeavor Entrepreneurs	80.8% Endeavor Entrepreneurs are financially giving-back to Endeavor
10x The average multiple that Endeavor Companies pay above minimum wage	272 High-impact Entrepreneurs representing 161 companies selected by Endeavor	421 New companies started with direct involvement of an Endeavor Entrepreneur as an investor, board member, or mentor	50% Endeavor Companies holding patents or patents pending	12 Institutional Emerging Market Venture Capital firms started by members of the Endeavor Network
\$19 BILLION Revenues generated by Endeavor Entrepreneurs in 2006	263* Average number employed by Endeavor Companies	93% Of Endeavor Entrepreneurs say that Endeavor has contributed significantly to their personal growth	246 Major entrepreneurship awards received by Endeavor and its Entrepreneurs	43.8 MM People reached through media content on Endeavor and its entrepreneurs
\$908.4 MM Equity financing raised by Endeavor Entrepreneurs after being selected	86% Endeavor Companies providing in-house training and education to employees	88% Of Endeavor Entrepreneurs say that Endeavor has contributed significantly to their businesses	117 Endeavor Entrepreneur case studies taught in universities	2.2 MM People receiving entrepreneurial content directly through Endeavor
95% Endeavor Companies still in operation	91% Endeavor Companies providing more benefits than those required by law	68% Endeavor Entrepreneurs were the first in their communities to receive outside financing or institutional support	81% Endeavor Companies investing in RSD	86% Of Endeavor Entrepreneurs believe that Endeavor is having significant impact in their countries

*The average does not include outliers or indirect jobs.

Source: Company

Exhibit 10 Endeavor's Value Proposition



Endeavor's Value Proposition
Endeavor's Value Proposition demonstrates how stimulating entrepreneurship can transform emerging-market societies in multiple ways.

Source: Company

Exhibit 11

2006 Endeavor Global Financial Statements

GLOBAL

STATEMENT OF FINANCIAL POSITION (December 31, 2006 in US \$)

	2006
ASSETS	
Cash and cash equivalents	1,532,399
Contributions receivable	85,458
Grants receivable	389,900
Prepaid expenses	187,687
Fixed assets, net	198,951
TOTAL ASSETS	2,394,395
LIABILITIES AND NET ASSETS	
Accounts payable and other accrued liabilities	100,742
Capital lease obligations	37,862
TOTAL LIABILITIES	138,604
NET ASSETS	
Unrestricted net assets	1,840,891
Temporarily restricted	389,900
Permanently restricted net assets	25,000
TOTAL NET ASSETS	2,255,791
TOTAL LIABILITIES & NET ASSETS	2,394,395

COMBINED STATEMENT OF ACTIVITIES (December 31, 2006 in US \$)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES				
Contributions	2,311,681	-	-	2,311,681
Grants	219,249	239,900	-	459,149
Net realized gain (loss) on investments	(1,385)	-	-	(1,385)
Interest income	51,863	-	-	51,863
In-kind revenue	231,459	-	-	231,459
Net assets released from restriction	100,000	(100,000)	-	-
TOTAL REVENUES	2,912,867	139,900	-	3,052,767
EXPENSES				
Search & Selection	393,513	-	-	393,513
eMBA	247,356	-	-	247,356
Entrepreneur Services	271,167	-	-	271,167
Endeavor Net	189,881	-	-	189,881
Affiliate Services	305,058	-	-	305,058
New Country Expansion	557,271	-	-	557,271
Philanthropic Networks	455,347	-	-	455,347
Total program expenses	2,419,593	-	-	2,419,593
Management and general	106,835	-	-	106,835
Fundraising and development	448,319	-	-	448,319
TOTAL EXPENSES	2,974,747	-	-	2,974,747
Change in net assets	(61,880)	139,900	0	78,020
Net assets, beginning of year	1,902,771	250,000	25,000	2,177,771
NET ASSETS, END OF YEAR	1,840,891	389,900	25,000	2,255,791

Source: Company

Exhibit 12 2006 Financial Statements for two Country Affiliates

ARGENTINA

STATEMENT OF FINANCIAL POSITION

(December 31, 2006 in US \$)

	2006
ASSETS	
Current assets	
Cash	130,368
Other assets	39,553
Total current assets	169,921
Non-current assets	
Fixed assets	7,148
Other non-current assets	-
Total non-current assets	7,148
TOTAL ASSETS	177,069
LIABILITIES AND NET BOOK WORTH	
Liabilities	
Current liabilities	21,277
Other liabilities	-
Total non-current liabilities	21,277
NET WORTH	155,792
TOTAL LIABILITIES & NET WORTH	177,069

STATEMENT OF ACTIVITIES

(December 31, 2006 in US \$)

	2006
REVENUES	
Revenue for general purposes	
Benefactor donations	74,796
Entrepreneur donations	8,543
Other donations	22,303
Revenue for specific purposes	
FOMIN BID	55,703
Other income	148,470
TOTAL REVENUES	309,815
EXPENSES	
Entrepreneur Services & eMBA	25,952
Search & Selection	25,741
Communications	49,770
Education Seminars	80,032
FOMIN BID	40,756
Other operating expenses	45,156
Depreciation	2,441
TOTAL EXPENSES	269,847
Financial expenses (income)	9,167
NET INCOME	30,801

BRAZIL

BALANCE SHEET

(December 31, 2006 in US \$)

	2006
ASSETS	
Current Assets	
Cash and liquid assets	1,094,050
Other receivables	6,049
Total current assets	1,100,099
Permanent assets	
Property and Equipment	8,050
Depósito Judicial	29,884
Total permanent assets	37,934
TOTAL ASSETS	1,138,032
LIABILITIES AND NET BOOK WORTH	
Current liabilities	
Suppliers	7,495
Taxes and social charges payable	2,145
Provision for vacation pay	42,210
Other accounts payable	811
Total current liabilities	52,661
TOTAL LIABILITIES	52,661
NET WORTH	1,085,371
TOTAL LIABILITIES AND NET WORTH	1,138,032

STATEMENT OF INCOME AND EXPENSES

(December 31, 2006 in US \$)

	2006
REVENUES	
Individual donations	86,914
Endeavor Entrepreneurs Donations	204,695
Country Benefactor Grants	199,673
Corporate donations	528,887
Other income	234,520
TOTAL REVENUES	1,254,688
EXPENSES	
Activity Expenses	
Search & Selection	127,479
Entrepreneur Services	238,104
Marketing	494,242
Endeavor Rio de Janeiro	22,518
Administrative expenses	45,360
Depreciation	2,392
TOTAL EXPENSES	930,095
Surplus (deficit) transferred to net worth	324,593
Net worth at the beginning of the year	760,778
Foreign exchange adjustment	
Net worth at the end of the year	1,085,371

Source: Company

Exhibit 13
Endeavor Global Board of Directors

EDGAR BRONFMAN, JR.
(CHAIRMAN)
Warner Music Group, Chairman & CEO

EMILIO AZCÁRRAGA
Televisa,
Executive Director &
Chairman of the Board

NICHOLAS F. BEIM
Matrix Partners, General Partner

J. MICHAEL CLINE
Accretive Technology Partners, LLC,
Managing Partner

TIMOTHY DRAPER
Draper Fisher Jurvetson
Founder & Managing Director

PAUL J. FRIBOURG
ContiGroup Companies, Inc.,
Chairman & CEO

JASON GREEN
Emergence Capital Partners,
General Partner

Source: Company
PETER B. KELLNER
Richmond LLC,
Founder & Managing Director;
Endeavor Global, Inc., Co-founder

MICHAEL KLEIN
Citigroup
Co-President, Investment Banking

DANIEL S. OCH
Och-Ziff Capital Management Group,
Senior Managing Member

LINDA ROTTENBERG
Endeavor Global, Inc.,
Co-founder & CEO

CHARLES B. SEELIG
Dune Capital Management LP,
Managing Director

BRIAN SWETTE
Burger King, Non-Executive Chairman
eBay, Former COO

JAMES WOLFENSOHN
Former President of the World Bank
and Wolfensohn & Company, LLC

Exhibit 14
The Next 11: Basic Statistics

The N-11 Snapshot				
	Population (2005, mn)	2005 GDP (US\$bn)	5y Average GDP Growth Rate (2000-2005)	2005 GDP Per Capita (US\$)
Bangladesh	144	61	5.4%	422
Egypt	78	91	4.0%	1,170
Indonesia	242	272	4.6%	1,122
Iran	68	203	5.7%	2,989
Korea	49	814	5.2%	16,741
Mexico	106	753	2.6%	7,092
Nigeria	129	94	5.1%	733
Pakistan	162	120	4.1%	737
Philippines	88	98	4.7%	1,115
Turkey	70	349	4.3%	5,013
Vietnam	84	47	7.2%	566

Source: Goldman Sachs. Global Economics Paper #134. "How Solid are the BRICs?" December 1, 2005.