

Headstart Internet Advantage Tugs at Latin America Bankers

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NEW YORK -- Wall Street is increasingly losing top Latin America talent to the new economy as bankers seek a headstart advantage in the region.

Latin American Internet use is forecast to grow faster than any other area in the world, but those defecting say it's the excitement of deviating from the status quo more than a pipe dream of finding a golden nugget that's calling their names.

"You almost feel like you have the play book because you've seen what's going on in the States, and down there the game is just starting," said John Boord, who earlier this month left his senior investment banking post at Salomon Smith Barney in New York to launch a live entertainment Web site for Hispanics called enDigital.com.

In recent weeks two other bankers have left Salomon's Latin America group for Internet ventures. Carlos Garcia joined Boord at enDigital, and Roger Kennedy became the chief financial officer of online auctioneer Deremate.com.

"At least they're not going to the competition," said a Salomon Smith Barney analyst.

Salomon is by no means the only bank witnessing a drain of talent to the Latin Internet world.

Morgan Stanley Dean Witter has also seen several exits since the New Year. Alain Marcus left the bank's fixed-income division in New York to apply his Latin America banking experience to a business-to-business e-commerce solutions company called asista.com.

In Brazil, Richard Lark quit his investment-banking post at Morgan Stanley in January to be the chief financial officer at Americanas.com, the virtual leg of Brazilian retail chain [Lojas Americanas SA](#).

J.P. Morgan's head of Latin America research, Annette Franqui, left in February to co-found a Web site for women called ifeminina.

It's Not Everyday A Revolution Takes Place

Many of those who have made the leap truly believe that the Internet is fundamentally changing the economy -- like the advent of the Industrial Revolution -- and say they want to participate more deeply in the shift.

"The way I thought about it was my kids reading about this huge structural change happening at the turn of the century, and they'd ask where I was. I want to say I tried it," said enDigital's Boord, formerly Salomon's director of Latin American equity capital markets.

Observers say that the phenomenon may be more apparent now among Latin America investment bankers, who witness the excitement of the start-ups first hand by helping them raise capital.

Mr. Kennedy worked with the auctioneer on its first round of financing.

"They mentioned that they were looking for a CFO. I thought about it on the flight back from Buenos Aires, and I said, 'We've been working together already. Let's continue,' " Mr. Kennedy said.

EnDigital's Boord helped raise capital for Latin stalwart portals like Spain's [Terra Networks](#) SA, New York's [StarMedia Networks](#) Inc. and Argentina's [El Sitio](#) . He was back at Salomon's New York offices a couple weeks ago courting former colleagues for funding.

Mr. Lark worked closely with Brazilian Internet Service Provider Universo Online and investment group GP Investimientos. This proximity made Lark a target for active recruitment, which in turn led him to re-evaluate his career.

Mr. Lark said that helping to create an industry is "just a lot more fun than being in a hierarchical environment."

What's a Latin America Banking Division to Do?

Investment banks said they don't comment on personnel departures, but they're taking notice of the small exodus.

"I think you're going to see more people getting lured as the goldrush of technology sweeps south of the border," said Jorge Mariscal, Latin America strategist at Goldman Sachs, adding that so far he's only witnessed a few exits from Goldman.

Still, once a banker makes the decision to jump, there's little their employers can do to convince them to stay.

"[Internet ventures] have an entrepreneurial risk that banks can't duplicate," said Mr. Lark.

Some risk-averse bankers may note that Internet start-ups are unstable. Even those who have departed, or are perched and ready to go, agree that it's difficult to quantify leaving a six- or sometimes seven-figure salary for something that in some cases has the odds of winning the lottery.

"We can make some money off the Internet by staying right here," said a Latin America analyst at Merrill Lynch.

Yet the banking industry isn't necessarily a pillar of stability, either, especially with the recent wave of consolidations.

The trend to downsize has widened the pool which growing technology companies have to choose from, but it also leads some who feel secure on the vine to cut loose early.

"The corporate culture hasn't taken very good care of people lately," said Dennis Nason, a Miami-based headhunter who said he's placed half a dozen bankers with Latin Internet ventures, and has another 10 assignments to fill.

And Wall Street's memory is short, so the new entrepreneurs say that in a worst-case scenario they can return to their old business having learned a bit more about technology.

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