

SMALL BUSINESS

# Selling the local view of Latin America

LatinSource provides first-person insights by in-country experts

BY ANDREW MARKS

WITH A HARD-LINE LEFTIST headed for a probable win in this month's presidential election in Brazil, and with the country's currency headed for the cellar, John Welch needed to know just how bad things were

going to get.

To find out fast, he phoned Murillo de Aragão, a Rio de Janeiro-based political expert who works for a tiny Manhattan-based business intelligence service called LatinSource.

"He knows the party dynamics inside out, and is one of the few pundits who routinely calls the situation correctly," says Mr. Welch, head of Latin American research in the New York office of German bank WestLB. Mr. Welch has also

had many conversations with Affonso Pastore, former head of Brazil's central bank, and another LatinSource consultant.

### All-star lineup

In just seven years, LatinSource has blossomed. Its founder, Ann Schroeder, has built its annual revenue to \$2 million by assembling an all-star network of 18 consultants in 11



ANN SCHROEDER

countries. She markets their insights to financial institutions such as Fidelity Investments and Merrill Lynch & Co. at annual fees ranging from \$4,000 per year for the basic package of written reports, to \$15,000 for the privilege of speaking directly with her consultants.

"They offer the kind of local flavor that you can't get from a desk in

New York or London," says Gianfranco Bertozzi, Lehman Brothers' head of Latin American research. "It's something I really value when I'm putting together my research."

Winning those kinds of accolades on Wall Street is quite an accomplishment for a Texan whose drive to succeed was originally confined to a tennis court. Ms. Schroeder spent 10 years on the pro circuit, rising as high as 138th in the world before jumping to business, earning an M.B.A. and becoming a broker at Lehman Brothers.

Latin America did not loom large until she joined a firm that represented a roster of financial consultants. "They gave [coverage of Latin America] to me not because I had any knowledge of the region, but because I was low man on the totem pole," Ms. Schroeder recalls.

When investors unexpectedly got more interested in the region, she found herself swamped with calls for the one analyst she had to offer. Convinced that there was a solid, underserved market there, she decided to go out on her own.

Ms. Schroeder began by turning to her prospective clients—the brokerage research chiefs, hedge fund and portfolio managers—and asking them whom they really respected in the various markets. That client participation not only made it easier to pick the right consultants, but also paid an additional dividend when it came time to market her dream team on Wall Street.

### Unknown entity

Getting those consultants to sign on with an unproven entity proved the hardest part. "They had to be the acknowledged crème de la crème in their country, and they had to be independent, because clients wouldn't listen to someone who might be biased by ties to the government," Ms. Schroeder says.

In the end, she won over her all-stars with her list of contacts at the investment houses and with the promise that those institutions would pay well for on-the-scene expertise. It is a market that a number of her consultants had themselves tried to tap in the past.

"The distance makes it difficult to find clients and manage the client relationship," notes Ruth Krivoy, former president of Venezuela's central bank, and a LatinSource consultant. "That's where LatinSource comes in and adds value."

To sweeten the deal, the company also makes its experts preferred shareholders, in addition to paying them a slice of the consulting revenues they bring in.

In Manhattan, LatinSource's eight-person office packages each adviser's reports. Ms. Schroeder heads the sales and marketing efforts, including biannual conferences for clients and prospective clients, at which each consultant speaks.

Now, the company is expanding its reach, aiming at emerging Asian and European markets. EuroSource launched in August with coverage of Turkey and added Russia this month. Coverage of South Korea is targeted for the first quarter of 2003.

"Our clients keep asking us to expand our coverage to new emerging-market countries," says Ms. Schroeder. ■

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