

ECONOMY

Being an entrepreneur is all about the word 'extra'

THINK STRATEGICALLY:

Entrepreneurship is About Making Things Happen

Transforming Puerto Rico Initiative Works to Change Economic Situation; Coronavirus a Growing Toll on Global Economy

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Puerto Rico Conference 2020

For me, entrepreneurship is a very personal subject that my family lives and breathes every day. Since the wildly successful Puerto Rico Conference was held this week, it is prudent to highlight some of the critical common threads heard during the conference. Some have been observed over the past few years as an entrepreneur and others were discussions as the conference progressed.

My friend Manolo Cidre, chairman & founder of Los Cidrines, often says, "One key difference among successful entrepreneurs and the 'wannabes' is as follows: While the wannabes are waiting for the right time, opportunity, sign or fill in the blank, the entrepreneurs have decided to make things happen for themselves. Period. No excuses, no signs, nothing but good old-fashion guts and can-do attitude."

Manolo often tells the story about when his baker did not show up for work on a crucial Saturday. He had no choice but to make the bread himself, and doing so, he added more sugar and more fat than was required, creating a softer, sweet bread, and the people loved it; to this day, it is the recipe for Los Cidrines bread.

Being an entrepreneur is all about the word 'extra'

Come to think of it, there is not much difference between an ordinary and extraordinary person. However, the little variations include:

- Admiration
- Worth
- Remuneration
- Recognition

Do you remember Tom Brady's backup quarterbacks? Almost nobody does, yet their stats were not more than 10 percent apart. The difference was one word: Extra. That extra 10 percent is equal to millions as well as worldwide recognition.

Advice most entrepreneurs can share about becoming an entrepreneur includes:

- What do I want as a professional?
- What will it cost me personally?
- Am I willing to pay the price?
- When should I start paying the price?

In my experience, if you do not answer the last question and set a start date, the other three items are unnecessary. When I decided I would become an entrepreneur, and that my previous job would be my last, it gave me the freedom and final push I needed.

Another trait I have found entrepreneurs have is patience, determination and commitment. Persistence and self-restraint are a result of seeing the Big Picture, and if you start for the wrong reason, you will stop for the wrong reason.

We always like to share the story of the sculptor who created Mount Rushmore, Gutzon Borglum, who commented when he finished: "I believe George Washington's nose is two feet too long, but that is OK; in about 1,000 years, erosion will make it perfect."

While there are many other lessons to be learned from entrepreneurs, there are two direct roads to disaster:

- Take nobody's advice
- Take everybody's advice

Coronavirus update: Numbers from WHO as of Feb. 23

A total of 78,811 cases were reported worldwide, with 2,445 deaths; outside China, there were 1,769 established cases, in 28 countries, with 17 deaths.

Primary U.S. economic indicators (Feb. 17-23)

- U.S. Housing Starts is currently at 1.567 million, down from 1.626 million.
- U.S. Producer Price Index (year over year) is at 2.06 percent, compared to 1.28 percent last month.
- U.S. Initial Jobless Claims is at 210,000, an increase of 4,000, or 1.94 percent from the previous week and 9.09 percent over the

same time the previous year.

- U.S. Existing Home Sales is at 5.46 million, down from 5.53 million last month and up from 4.98 million one year ago. This is a change of minus-1.27 percent from the previous month and 9.64 percent from one year ago.

Week in markets: Coronavirus' rapid spread impacting economy more broadly than expected

U.S. stocks felt the impact of the rapid spread of the coronavirus and stark probability that its effect on the overall global economy may be worse than initially expected.

Many companies are being asked to assess the negative impact of the coronavirus on their businesses; out of 500 or so companies examined, 170 stated it was too early to change their earnings guidance, while others were not as lucky.

Some companies reviewed include:

- Apple Inc., which is not expected to meet second-quarter financial guidance because production has slowed or was halted in China due to the outbreak. Apple generates about 15 percent of its revenue from China, and many of its products are manufactured there.
- Boston Scientific Corp., which has a \$600 million business in China, is expecting a "negative first-half impact" on expectations that Chinese patients will push back elective medical procedures during the outbreak.
- Carnival Corp.'s fiscal year 2020 earnings-per-share was an impact of 55 cents to 65 cents, if all operations are suspended in Asia through the end of April.

The Dow Jones Industrial Average closed the week of Feb. 21 at 28,992.41, for a loss of 227.51 points, or 1.38 percent, and a year-to-date (YTD) return of 1.6 percent.

The S&P 500 closed at 3,337.75, for a loss of 35.48, or 1.25 percent, and a YTD return of 3.3 percent. The Nasdaq closed at 9,556.59, dropping 174.37 points, or 1.83 percent, and YTD return

of 6.7 percent.

The Birling Capital Puerto Rico Stock Index closed at 1,851.30, a loss of 46.93, or 2.47 percent, and YTD return of minus-9.16 percent.

Meanwhile, the U.S. Treasury's 10-year note closed at 1.46 percent, losing 8.18, for a YTD return of minus-0.3 percent. The U.S. Treasury's 2-year note rose to close at 1.34 percent, or a loss of 5.63 percent and a YTD return of minus-0.4 percent.

The sentiment of current investors is impacted by the uncertainty of the coronavirus pandemic. However, 2020 still maintains a positive outlook but will be particularly accompanied by volatility.

Final word: Transforming Puerto Rico Initiative

The Transforming Puerto Rico Initiative will lead the way to implement, promote and preserve changes to the current economic situation, a dialogue that would then apply a set of objectives, called the Puerto Rico First Goals, and include:

- Transform Puerto Rico with robust economic development and sustained growth of 4 percent over the next four years.
- Have an industrial structure in which employment activity related to the knowledge-based economy will not comprise less than 25 percent of the gross national product within 10 years.
- Create 300,000 new jobs in the private sector in the next six years.
- Increase the labor-participation rate to 55 percent in six years.
- Reduce the unemployment rate to 5 percent in six years.
- Reduce the government apparatus by transferring to the private sector any corporation, operation or service that the private sector can perform more efficiently.
- Increase median household income by 30 percent, from the current \$20,873.80.
- Transform the island's educational system—from primary education to the university level—into one focused on entrepreneurship, skills and transformation.

In total, the Puerto Rico First Goals create more than \$15.5 billion in new economic activity.

Francisco Rodríguez-Castro, president & CEO of Birling Capital, has more than 25 years of experience working with government, and multinational and public corporations.

Weekly Market Close Comparison	2/21/20	2/14/20	Change	YTD Return
Dow Jones Industrial Average	28,992.41	29,398.08	-1.38%	1.60%
Standard & Poor's 500	3,337.75	3,380.16	-1.25%	3.30%
Nasdaq	9,556.59	9,735.18	-1.83%	6.70%
Birling Puerto Rico Stock Index	1,851.30	1,898.23	-2.47%	-9.16%
U.S. Treasury 10-Year Note	1.46%	1.59%	-8.18%	-0.3%
U.S. Treasury 2-Year Note	1.34%	1.42%	-5.63%	-0.4%