

COVER STORY

Sparking change for Puerto Rico

Orlando Bravo made billions by rehabilitating companies. Now he faces his biggest challenge: battling inequity on his home island

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Growing up as the son of a successful shipping company owner on the western coast of Puerto Rico, Orlando Bravo spent his early days largely insulated from some of the worst issues that plagued the island.

But as a youngster he saw the nepotism and casual corruption that permeated the business and political culture. So he left for the U.S. mainland, first to test his mettle against the likes of Andre Agassi in Florida as a would-be professional tennis player, then as a fierce competitor in the world of business and finance.

Fast forward a few decades and Bravo, armed with business and a law degrees from Stanford University, had made his way to a position atop San Francisco and Chicago-based private equity firm Thoma Bravo, where he gained a reputation for successful turnarounds of faltering software companies. In his time with the firm, Bravo has led more than 200 acquisitions representing more than \$60 billion in value.

But in September 2017, everything changed. That month Hurricane Maria slammed into Puerto Rico and devastated the island, leaving billions of dollars in damage, more than a million people without power and thousands dead.

The hurricane hit while Bravo was on a business trip and when he finally reached his father he was told the situation on the island was dire. Communities like the town of Lares were rapidly running out of supplies and the central government was blaming the inability to help on being physically unable to reach the outer reaches of the island.

Bravo knew from his contacts, however, that it wasn't true. In response, he rapidly brought his resources to bear to help bring supplies and relief to the island – first on his own jet, then on a larger chartered plane and eventually on massive container ships.

What he saw in the wake of the natural disaster were the same kinds of bureaucratic inaction and malfeasance that prompted him to leave.

“Sure, that bad system can produce unemployment, lack of opportunity, the flight of talent or recession,” Bravo said. “But now they were telling us that they could not deliver all the food and water that they had in San Juan to the town I grew up in, even as the government employs more Puerto Ricans than any other sector in the economy. Now that I couldn't take.”

On news networks, the recovery effort in Puerto Rico played out as a political quagmire involving President Trump, Congress, the island's central government and local officials. But Bravo saw a different reality on the ground: He and local groups faced operational problems like how to lower the cost of supply delivery or how to get shipments past customs, not unlike those he faced in business.

“As a kid I had mainly seen the bad system and was thinking, ‘I have to get out of here,’” Bravo said. “What I saw when I came back was the great people, beautiful, loving, talented, smart people who were very motivated to do whatever they could to help their communities.”

That experience culminated in a \$100 million pledge from his Puerto Rico-based Bravo Family Foundation earlier this year to help promote economic development and the entrepreneurial ecosystem on the island and create a system where people of all backgrounds have opportunities for growth.

A NEW WAVE OF LEADERS

To make progress on that audacious goal, Bravo Family Foundation Executive Director Guiomar García-Guerra said the organization is focusing their programming on supporting youth access to skills development. García-Guerra, a native Puerto Rican and experienced nonprofit executive, was inspired to



TODD JOHNSON

‘They were telling us they could not deliver the food and water they had in San Juan ... Now that I couldn't take.’

ORLANDO BRAVO, Co-founder of the Bravo Family Foundation



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join the foundation because of the chance to make fundamental change on the island.

“We landed on the issue of inequity which was really evident after Maria. When the hurricane hit you could see through the forest that there were no trees,” García-Guerra said.

The statistics show there's much room for improvement. Puerto Rico's poverty rate hovers around 44 percent and its level of economic inequality is one of the highest in the Western world.

The foundation's first program, dubbed Exceptional Community Leaders, was inspired by Bravo's

early experience with the lack of a strong nonprofit network on the island. In the recovery after Hurricane Maria, nonprofits were the organizations largely bearing the load of serving the island's residents, in contrast to the paralysis of the central government. But Bravo found that many of the groups lacked the infrastructure to efficiently direct aid.

Exceptional Community Leaders is meant to help professionalize nonprofits already doing good work in much the same way that Thoma Bravo has engineered positive results for its companies.

García-Guerra said in many cases, due to social and historical factors, many organizations even lacked deeds for the properties where they operated, leaving them vulnerable.

“If you are honest, you have the makings of a good operator and your mission is consistent with our philosophy, then we back you to build your business,” Bravo said.

A RISING TIDE

The Bravo Foundation's second program is known as Rising Entrepreneurs, which is meant to foster an entrepreneurial ecosystem in Bravo's hometown of Mayagüez.

Each year, Rising Entrepreneurs will accept eight to 10 applicants and support them on their entrepreneurial journey.

Nonprofit and government-funded initiatives have led to a nascent Puerto Rican startup scene and a handful of investment firms. These resources, however, have largely been located in and around San Juan and out of reach from Mayagüez, according to José Lugo, a professor of mechanical engineering at the University of Puerto Rico, Mayagüez (UPRM).

Lugo put the number of investment deals centered on Mayagüez-based companies as “very, very close to zero.”

While the cities are only a little more than 70 miles away as the crow flies, the car journey from Mayagüez

to San Juan often lasts over three hours on roads generously described as functional.

“If like a lot of young people, you have no money and no car, what do you do with your idea? Where would you get the seed money to actually get something off the ground?” García-Guerra said.

Located a stone's throw from UPRM, which houses the only college of engineering on the island, the program is meant to function as a center of a new entrepreneurial ecosystem that keeps talent close to home.

Lugo said he was impressed by the foundation's approach to fit into existing efforts to boost entrepreneurial activity.

“They are modeling the program in a way to multiply out other activities that are earlier in the pipeline,” Lugo said.

FROM THE ASHES

For all of Bravo's talk about reversing Puerto Rico's brain drain, it's hard to ignore the fact that he might be one of its prime examples.

García-Guerra explained that decades of issues and lack of opportunity have led to the reality of a Puerto Rican diaspora that stretches to the mainland and beyond.

“You have to make peace with it. There's always going to be skepticism. The first two years will have to be about the real efforts to make this happen. And maybe making a few mistakes, but being there,” García-Guerra said.

“The best thing I can say is we're committed to this and just started out our first year of operation. It's up to us to prove ourselves.”

Denisse Rodríguez Colón, the founder and director of Colmena 66, a San Juan-based nonprofit focused on supporting small businesses and entrepreneurs, echoed the need for a strong business development hub in the western part of the island.

She also highlighted a central irony of the tragedy of Hurricane Maria igniting an entrepreneurial spirit within many residents.

“For some, it was the only option they had to feed their families. But for others, they had lost all fear, because they saw the worst that could happen, and they came out the other side,” Colón said.

It was this fire, kindled in the worst tragedy in the island's history, that inspired Bravo's own effort to support the people he worked hand-in-hand with.

“When I was there doing work on the ground, I saw incredibly warm people, incredibly talented,” Bravo said. “When you look from afar, you may see our small island with its issues, but when you really get to know it, it's just awesome. It's an awesome addition to this diverse country that we have.”

FOUNDATIONS FOR THE FUTURE

The Bravo Family Foundation has launched two programs meant to open opportunities for young people and entrepreneurs.

EXCEPTIONAL COMMUNITY LEADERS

Launched: August 2018

Purpose: Helps professionalize nonprofits making a positive impact in the region by helping to establish governing, operational and fiscal structures. The program also trains young people to receive visitors and take them through programs that blend cultural exchange and community service.

Financial and other support:

Chosen organizations receive a \$100,000 grant and a content facilitator.

Description: Fernando Silva-Caraballo, director of the Puerto Rico Institute of Conservation Sciences, is working with the Exceptional Community Leaders to formalize his organization's programs and train youth to provide cultural and environmental education projects like guided trail maintenance and culinary education. “We're in the process of creating a program that not only exposes the visitor to the community in a very natural and authentic way, but provides them the opportunity to serve and participate in a hands-on community service activity,” he said.

RISING ENTREPRENEURS

Will launch: January 2020

Purpose: Equips aspiring technology startup founders in Mayagüez with the knowledge, capital and connections to start and run successful businesses.

Financial and other support:

Each year, eight to 10 applicants with strong ties to Puerto Rico and Mayagüez will receive a \$30,000 grant, business guidance and mentorship from international and local executive leaders.

Description: Participants will go through a curriculum cribbed from Thoma Bravo's experience of how to run an effective business. “We are taking the Thoma Bravo operating best practices of how you run a company from a philosophical and tactical standpoint and we're going to bring all that knowledge to the entrepreneurs in Puerto Rico,” Bravo said.