Introduction

Is Brazil an attractive place for business? In this course, students will be given the tools and resources to answer whatever variation of this question most interests them. Should my company sell our products in the Brazilian market? Should I start a company in Brazil? Could I have a successful career as an executive in a Brazilian company? Should my company buy from Brazilian suppliers?

Brazil is a country of contrasts. Brazil has the ninth largest economy by nominal GDP and by purchasing power parity. These high rankings translate into potentially attractive market opportunities in a number of industries. At the same time, companies operating in Brazil are tormented by the so-called “Custo Brasil” (“Brazil Cost”), which broadly refers to the difficult regulatory environment, poor infrastructure, and lack of qualified human resources. Doing business in Brazil is extremely challenging, as this complex environment is not easy to navigate. But it can be worth it: companies that devise effective strategies to minimize the “Custo Brasil” can reap huge rewards for their efforts.

This course will provide students with a framework to evaluate the business attractiveness of a country and provide the resources to answer related questions in the Brazilian context. Students enrolled in the 2016 edition of the course will be rewarded by the fact they are taking the course at a particularly interesting moment in Brazilian history, as companies strive to find their place and redefine their strategies in a turbulent political environment. With this in mind, it is particularly important that students keep up with the news during the months immediately preceding the module. Newsworthy events such as the olympics, the ongoing impeachment process, and the decisions made by the new president of Petrobras will be important background for most of the conversations and company visits during the week in São Paulo.

Objectives

General
- To provide students with a framework to help them evaluate the attractiveness of a new country from various business perspectives.
- To practice combining various types of information (e.g., quantitative data, external reports, personal interviews, etc.) into a consistent evaluation of a business opportunity.

Brazil-specific
To obtain a broad understanding of the Brazilian business environment from a historical, economic, and political perspective.

To answer a Brazil-related business question of the student’s interest (through the final project).

**Learning Outcomes**

- Learn how to evaluate the attractiveness of a new country from various business perspectives.
- To practice combining various types of information into a consistent evaluation of business opportunity.
- Broad understanding of the Brazilian business environment

**Competences**

General Competences
- Decision Making
- Critical Thinking
- Judgment
- Communication

**Content**

The course will give students an overview of the main opportunities and costs associated with doing business in Brazil as well as introduce students to the major industries that move the Brazilian economy. This will be achieved through a variety of session formats (see “Methodology” below) in which students will have the opportunity to discuss various topics related to doing business in Brazil with executives from a carefully selected sample of Brazilian companies and companies doing in Brazil. A comprehensive description of the sessions is found in the “Program” section below.

**Methodology**

*Case studies*

Three of the course’s session will be case discussions:

- Amazon Fund: To be or not to be in Brazil
- The Rise and Fall of Petrobras
- The Fall of a Traditional Company - Sadia (A)

Each of the cases has a list of preparation questions in the “Program” section of this document. These questions are intended to help students focus their preparation efforts and should not be interpreted as an exhaustive list of interesting topics for class discussion.
**Guest lectures**

We will be joined by guest speakers in most of our sessions. They include:

- Mailson da Nóbrega (Consultant, former Minister of Finance)
- Nortpool Furlani Junior (Nike)
- Mauricio Aveiro (Embraer)
- IESE alumni working in Brazil (various companies)
- Rüdiger Leutz (Porsche Consulting)

These guests have been instructed to speak for no more than 30 minutes in order to leave plenty of time for discussion with the students. With this in mind, preparation for these sessions will consist of:

1. Studying the background material, which is intended to present students with the “basics” related to guest’s company and the topics to be discussed. We do not want to waste precious class time going over background information that the students can read before the session.

2. Submitting three questions that you would like to have answered during the session (in writing, prior to the session).

**Joint session with EMBA Brasil**

The last session in the first day will be a joint session with the Brazil-based EMBA students. This will be an interactive session in which we will explore similarities and differences between the Brazilian and European/Spanish business cultures.

**Company visits**

Even though they are not formally listed as course sessions, company visits are an essential part of this course’s learning experience. Each student will visit two companies, one on Tuesday afternoon and one on Wednesday afternoon. On July 29 students will be provided a list of the companies available to host visits and will be given a link to website in which they will rank their visit preferences. The visit schedule will be distributed to students by mid-August. Students are expected to be well-prepared for the visit, having researched the company and industry in question.

**Evaluation**

- Class participation (25%)

As is the case in any IESE course, students are expected to come to class well-prepared. The previous section outlined the type of preparation required for each type of session.

- Questions for guest speakers (25%)

Each student must individually submit a list of 3 questions that would be interesting to ask each of our guests. Questions will be evaluated base on their relevance to the topic at hand and understanding of the background reading material assigned to that session.
• Daily diary (25%)

Students are expected to keep a daily diary of their learnings during the module. More details will be provided in the first class.

• Final report (25%)

The final report consists of a brief document (4-5 pages plus exhibits, if relevant) in which the student will answer a variation of the question “Is Brazil an attractive place for business?” Possible project topics include:
  - Should my company open an office in Brazil?
  - Should I look for a job in Brazil after graduation?
  - Should I start a company in Brazil?
## Course Outline & Bibliography

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<thead>
<tr>
<th>Session</th>
<th>Guest(s)</th>
<th>Preparation</th>
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</table>
| 1. Course introduction | | Mandatory reading - Case:  
- Amazon Capital: To be or not to be in Brazil  

Complementary readings:  
- ST-357-E Search Funds - What has made them work?  
- PN-502-E “Business in Brazil: Infrastructure”  
- PN-503-E “Business in Brazil: Regulatory Environment”  

Preparation questions:  
1. Should Carolina start the search fund or accept the consulting job?  
2. Would you invest in Amazon Capital?  
3. What are the main challenges Amazon Capital would face and what strategies would you recommend to overcome these challenges? |
| 2. The Brazilian Economy | Mailson da Nóbrega | Mandatory readings:  
- Elstrodt et al. - “Connecting Brazil to the world: A path to inclusive growth”  

Complementary readings:  
- World Bank Executive Summary: Retaking the Path to Inclusion, Growth and Sustainability |
| 3. Cultural differences and similarities | EMBA Brazil students | Mandatory readings:  
- None  

Complementary readings:  
- Trompenaars and Woolliams - “Lost in Translation”  
- Kirkman, Taras, and Steel - “The Biggest Culture Gaps are Within Countries, Not Between Them”  
- Behrens - “What Corporations can Learn from a 4,000-Person Parade Extravaganza” |
| 4. Market opportunities before, during, and after the Rio Olympics | Nortpool Furlani Junior (Nike) | Mandatory readings:  
- Forthcoming  

Complementary readings:  
- Forthcoming |
| 5. The Rise and Fall of Brazil’s biggest company | Paulo Ferreira (ISE) | Mandatory Reading - Case:  
- The Rise and Fall of Petrobras  

Complementary readings:  
- Forthcoming  

Preparation questions:  
1. What did Petrobras do well in its early years? How would it compare to the IOCs?  
2. What went wrong at Petrobras?  
3. Where were the internal controls and corporate governance that should have prevented the corruption? |
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<th>The Human Resources Challenge: Attracting and Retaining talent</th>
<th>Mauricio Aveiro (EMBRAER)</th>
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<td>Mandatory readings:</td>
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<th>Human Resources Opportunities: Foreign perspectives</th>
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<td>Mandatory readings:</td>
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<td>- <a href="http://thebrazilbusiness.com/">http://thebrazilbusiness.com/</a></td>
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<td>Complementary readings:</td>
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<td>- <a href="http://www.commisceo-global.com/country-guides/brazil-guide">http://www.commisceo-global.com/country-guides/brazil-guide</a></td>
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<td>- Araujo et al., “Understanding the adaptation of organisational and self-initiated expatriates in the context of Brazilian culture”</td>
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<td>Preparation questions:</td>
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<td>- Suppose you want to start a business in Brazil. What are the main challenges you think you will face? How could you prepare to overcome these challenges?</td>
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<td>- Suppose you want to work for a company in Brazil. What are the main challenges you think you will face? How could you prepare to overcome these challenges?</td>
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<th>Corporate governance and risk management</th>
<th>Fernando Bagnoli (ISE)</th>
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<td>Mandatory readings:</td>
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<td>- DGR-1-IN The Fall of a Traditional Company - Sadia (A)</td>
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<td>Preparation questions:</td>
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<td></td>
<td>- To what types of risks is a company like Sadia exposed?</td>
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<td>- What is the role of the Board of Directors in the analysis and prevention of risks?</td>
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<td>- Are the board members to blame for the derivatives event and Sadia’s debacle? If yes, why? If no, why not?</td>
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<th>Understanding and overcoming infrastructure challenges</th>
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<td>Mandatory readings:</td>
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<td>- Case - Porsche: The Crisis of 1992</td>
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<td>- PN-502-E “Business in Brazil: Infrastructure”</td>
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<th>Final wrap-up</th>
<th>Preparation assignment:</th>
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<td>Each team will prepare a brief presentation (3-5 minutes, no slides) about their company visits.</td>
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Guest speakers

Session 2 - Mailson da Nobrega
Economist and consultant
www.mailsondanobrega.com.br

Mailson da Nobrega is one of Brazil’s most prominent economists and consultants. He is the son of a tailor, born in a tiny town deep in the northeastern state of Paraíba. Mailson started working at the age of 10 in jobs such as detaching the cashew nut from the fruit and as a street vendor. At age 20 he began his first government-related job at Banco do Brasil, the main state-owned bank in the country. In 1977, at the age of 35, he started working in the ministries that created the rules and managed the State interventions in the economy. In 1983, as Deputy Minister of Finance, he coordinated the creation Brazil’s public account system. He led the studies that gave rise to deep institutional transformations such as the creation of the National Treasury Secretariat.

These actions gave him the credibility to be the Minister of Economy from January 1988 to March 1990, one of the most difficult periods of the Brazilian economy as it followed the default of 1987. During this period he was in charge of continuing the institutional modernization of public finances, which had started in 1986. His legacy as a minister includes having taken fundamental steps to opening the economy, privatization initiatives and the modernization of national finances.

After leaving the government he became one of Brazil’s most prominent consultants. In 1997 he co-founded Tendências, a consulting firm known for its strong team and influence. He is a regular contributor to Brazil’s most important newspapers and magazines, such as Folha de São Paulo and Veja, and published four books from 1985 until 2010.

Session 4 - Nortpool Furlani Júnior
Director Retail Brand Presentation - Nike
www.nike.com.br

Born in the northeastern state of Ceará, Nortpool graduated in Civil Engineering and started working in Real State Advisory before going to FMCG companies. In 1998 he started working in the Coca-Cola Company and had several roles before pursuing his MBA at IESE. After graduation, he worked in Nike for EMEA markets for four years, later being transferred to Brazil. After a short stint in Bacardi he came back Nike where he now holds the position of Director Retail Brand Presentation.

Session 5 – Paulo Ferreira
Professor of General Management – ISE
www.ise.org.br

Paulo Roberto Ferreira is Professor of General Management at ISE. Before joining ISE he held a number of executive positions, including VP for Latin America at Dow Chemical. Ferreira has an extensive academic record including an undergraduate degree in Metallurgical Engineering from the University of São Paulo an MBA from the University of Michigan Business School and post-graduate degrees from ISE, IAE, IPADE and Fundação Getúlio Vargas. He served as a member of the board of directors for various local companies and was a director of ABIQUIM (Brazilian Association of Chemical Industries) and the Thermoplastics Trade Association.
Session 6 - Maurício Aveiro

VP People - Embraer
www.embraer.com.br

Maurício Aveiro has been Vice-President of People at Embraer since 2014. His academic credentials include an undergraduate degree in Mechanical-Aeronautical Engineering from ITA (Brazil’s most prestigious engineering school), a Graduate degree from FGV - Fundação Getúlio Vargas, and an AMP from IESE. Maurício worked for Kamyr of Brasil (later called Kvaener of Brasil) prior to joining Embraer in 1999. Since then he has held several director positions, such as Client Support, Services, Contracts and in the Defence Program. From 2011 to 2014 he was president and CEO of Bradar, a radar and remote sensors company controlled by Embraer.

Session 8 - Fernando Bagnoli

Professor of General Management - ISE
www.ise.org.br

Prior to joining ISE, Bagnoli held important executive positions such as as Business Director and Regional CEO for many multinational companies such as Dow Chemical, Steelcase and Quest International in the Americas and Asia. His academic interests focus on Strategic Planning and Execution, Corporate Governance, Global Businesses and Leadership. He is currently in the board of several Brazilian companies in various industries and markets. His academic credentials include an undergraduate degree in Civil Engineering and a Master of Science in Structural Design, both from USP - University of São Paulo.

Session 9 - Rüdiger Leutz

CEO and Managing Director, Porsche Consulting Brasil
www.porsche-consulting.com

Rüdiger Leutz holds a BSc in Industrial Engineering from the Karlsruhe Insitute of Technology and the University of Southern Mississippi. He started working for Porsche consulting in 2001 and settled in Brazil in 2010 with the mandate to organize and start the operations of Porsche Consulting in the country. He has been CEO and Managing Director of Porsche Consulting Brasil since operations began in 2013.

Professor’s Biography

Paulo Roberto Ferreira, senior lecturer in the Marketing Department at IESE, previously occupied the position of vice-president of a large chemical and petrochemical multinational company, where he was responsible for the Latin America market. Moreover, he spent 10 years in overseas assignments in the US.

Ferreira has served as a member of the board of directors for various local companies and was a director of ABIQUIM (Brazilian Association of Chemical Industries) and the Thermoplastics Trade Association.

He served for a number of years as dean of ISE - Instituto Superior da Empresa - , the São Paulo-based business school that enjoys close links with IESE.