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## ***PREPARING to Expand to BRAZIL . . .***

### **Athletes do it! - Adventurers do it! - Travelers do it!**

Everyone we know who is about to participate in something that will stress our body (at least the experienced ones) will ensure that they are READY! They will prepare, train and do a check up of their body and their preparedness for the event. Pilots do a pre-flight check.

Doctors do a pre-op before a surgery. The more intense the potential task ahead, the more important the check-up and preparations are.

### **The Question**

So why then, are so many US organizations so willing to try to enter one of the toughest markets in the world without any preparation, internal check-ups or for that matter, any understanding of the difficulties, business methodologies, financial resources, cultural nuances or experience required to be successful in entering the Brazil market??

This has been a mystery to me for years. And this applies not only to Brazil but most other foreign markets as well. And to be fair, it applies to organizations other than US organizations – but it does seem more prevalent in the United States.

## **The Wrong Solution**

Many of us who have been living and working in Brazil and have successfully established businesses in Brazil have seen the disasters. And we have seen companies look for solutions in Consultants and Advisors thinking that if they find the right one, the biggest one, the one that is most widely known - that will guarantee success in entering the Brazil market. Not so.

The companies MUST be prepared internally for this initiative and if they are not, the risk of failure is extremely high.

## **Preparing for BRAZIL . . . the CHECK UP**

So what should you consider in preparing your organization for entering the Brazilian Market?

The checklist is short but CRITICAL:

- Why Brazil? How does Brazil fit with your business strategy? You do have one, right – strategy, that is? We talk with so many companies that have already made a decision to enter the Brazil market because it's a hot market (they've heard), other companies are entering the Brazil market or there is a champion in the organization who is intent on opening up a new market in Brazil. The Brazil strategy MUST tie in with the organization's overall strategy – in terms of products, distribution, development, marketing, etc.. Working though this takes time and MUST be sanctioned at the highest levels in the organization.
- Can you afford it? So many companies try to enter the Brazil market and “try” to finance the entry with returns from the future Brazil operation. While they would NEVER try to do this in the domestic market, they seem to think in some way that they should be able to strike some deal in Brazil that will magically not cost them some kind of investment dollars. This is frustrating for firms like us who are guiding this initiative and simply does not work!! And of course, you get what you pay for!!
- Do you have the right TEAM? A visit to Brazil to see Carnival does not make someone an expert on Brazil. Nor does someone who claims that they know only “how” to enter the Brazil market. The TEAM should include internal employees dedicated to this initiative, advisors who are business operators who have “done it” and not only consulted about it, and partnering with LOCAL operating people on the ground in Brazil who are experienced in building a business linkage between the Brazil market and the company entering the Brazil market.
- Do you have the time? This seems like a simple enough question, but entering the Brazil market is not an overnight venture. (And if it is, you really are in trouble!!) I am amazed at companies who understand and can accept months of waiting for FDA approval but are surprised when I say that an ANVISA application in Brazil might take 12 to 18 months and a full RADAR in Brazil might take 9+ months.

- Are you prepared to “give”? No, I don’t mean bribery – which, by the way is NOT the way to do things in Brazil, in case you haven’t heard. What I mean by “give” is to be prepared to accept a lower margin for entry deals, accept strategic partnerships where necessary, accept local business rules and culture, accept “trial before buy” deals, and most of all to accept advice from local operators and experts and perhaps give up that control that you may have on your domestic operations. Are you prepared, if a manufacturer, to assemble and manufacture in Brazil with Brazil products and labor? Unlike China, you don’t HAVE to, but when you look at the tax and import structure in Brazil, you will change your mind.
- Do you have something that the Brazilians want? Why should you think that the Brazilians automatically want the products and technology that you have? If they don’t want it guess what, they won’t buy it - so why would you insist on trying to sell it in Brazil.
- Innovation . . . are you willing to involve local Brazilian research and development? Brazil has blossomed in their research and development capabilities. They are rapidly developing intellectual property they make very good partners in joint research and development initiatives. Are you, as a Company, prepared to engage in this and become a true business partner of Brazil?

So I have taken a little different slant to the traditional Doing Business in Brazil. Of course you want to surround yourselves with the best resources and information and especially work with experienced and trustworthy operating personnel in Brazil.

But don’t forget the very important “Check-Up – Brazil. If you don’t do your internal company check-up before embarking on a Brazil initiative, your chances of being another unhappy company failing to “make it” in Brazil is almost guaranteed!

Obrigado! Não é sorte - é a preparação!



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