

# Understanding Brazilian Business Culture



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## Table of Contents

Introduction - Business Culture : The Need for a pragmatic focus	1
Chapter 1 - Overview of the Brazilian Business Environment	3
Chapter 2 - What You Need to Know About Business Culture in Brazil	5
Chapter 3 - Case Scenarios: Successful Adaptations by International Firms	13
Wal-Mart	13
Brazilians working with Americans	14
Chapter 4 - Tactics and Strategies:	16
Chapter 5 -Getting Help When & Where You Need it	21
Notes	21

## Introduction

### **Business Culture: The Need for a Pragmatic Focus**

With the continued integration of the global economy, questions related to culture and its impact on business should be on your screen. They are growing and becoming more perplexing. For Canadians, the push for diversification in export markets presents a plethora of practical business questions related to culture that many executives haven't fully faced before.

Is there a strategic way to prepare for cultural factors and key sources of market intelligence to rely on? Which international markets require a significant marketing adaptation and which ones will allow limited or marginal changes? How can I mitigate the risks deriving from business culture issues? To what extent can I apply the adaptations that successful firms have made and to what extent do I have to swim on my own? How significant are the cultural factors to success in a major market like Brazil?

#### **Discounting the Importance of Culture**

In my view, Canadian businesspeople are not in the forefront in identifying and appreciating the extent to which culture impacts trade with Brazil.

Some of had success in the US and have the preconception that business will not be all that different in Brazil. Others assume that cultural factors will naturally erode and that we are on the road to "global products and processes". Some think that their products and services speak for themselves. Canadian executives venturing out for the first time see cultural factors in the context of "nice to know" factors rather than "need to know." They haven't experienced the consequences of cultural faux pas and are not inclined to spend precious time on them.

Moving forward we can expect that business culture will continue to be a dominant factor in the Brazilian market as people are tremendously proud of their culture and Brazil is less integrated into the global marketplace than many countries. On the international trade side, the glocalization process of global products with local adaptations is playing out in Brazil just as it is all major strategic markets.

Looking at business culture in the global context, the reality is that there is a simultaneous convergence and divergence of national cultures taking place as countries participate in the global marketplace. On the one hand, they are certain global products and practices that have become commonplace while others have distinctly local characteristics. National pride and local content in markets like Brazil will continue to support local products, brands and solutions and mean that you need to be very mindful of Brazilian business culture.

## **Understanding your Brazilian counterpart**

The premise that the cultural file can be absorbed as your firm moves along or handled by a “local representative” should be dismissed. After all, what you put into preparing for your business in Brazil is equally reflected in what you come away with.

As EDC’s Regional Vice President for Latin America, I saw the interplay between Canadian executives and their Brazilian counterparts first-hand. There was often a “disconnect” despite interest on both sides in working together. Canadians were thinking contract and short term, Brazilians were thinking relationship and long term. Canadians were perplexed by the processes, taxes and lack of clarity in Brazil. Brazilians were wondering why Canadians showed little emotion and were tentative about forming friendships.

Understanding your Brazilian counterparts - their motivations, the processes, the timelines, the decision-making, and how Brazilian culture weaves through all of this, can be hugely daunting, particularly to those who may have limited exposure. Many don’t know where to turn for help.

The cultural diversity within Brazil is also significantly under recognized. The five geographic regions in Brazil all have some distinct characteristics impacting business. I still see businesspeople looking for a one size fits all cultural approach to conducting business in the country. Like it or not, preparation on the cross-cultural side is not a quick fix and needs to be viewed from a holistic perspective — one that goes beyond geography, and incorporates the culture within the business sector, the organization and the individual counterpart.

## **Practical Business Impacts of Culture**

This guide delves into the direct impacts of culture on the key pillars and functions of conducting business in Brazil. We present an overview of the Brazilian business environment, what you need to know about Brazilian business culture, contrasting negotiating perspectives of Brazilians and Canadians, cultural case scenarios and key tactics and strategies for success from the business culture perspective. We also draw on discussions with executives with direct experiences in doing business to capture the nuances seen from the ground.

It is my hope that this guide, will provide you and your firm with useful insights and “inside information” to avoid the potential pitfalls and bottlenecks due to a lack of cultural awareness.

## Chapter 1

### Overview of the Business Environment in Brazil

The Federal Republic of Brazil occupies about half of the land area of South America. With a population estimated at 210 million, it is the world's fifth-largest country and the largest economy in Latin America. (US \$2.0 trillion economy - GDP per capita US \$ 10,888 for 2017)<sup>i</sup>

Brazil is divided into 26 states and a Federal District, grouped into five regions for administrative and political purposes: the North, the Northeast, the Central West, the Southeast and the South.

As the country's name suggests, it is a federal republic with a democratic government composed of an executive branch (headed by a President), a bicameral legislative branch (made up of a House of Representatives and a Federal Senate) and a judicial branch.

The country has been politically stable since its current constitution was adopted in 1988, even though the multiplicity of political parties – there are more than 30 – means that coalition governments are normal. President Bolsonaro representing the Social Liberal Party (PSL) won the recent election.

Brazil experienced a period of economic and social progress between 2003 and 2014, when more than 29 million people left poverty and inequality declined significantly. Since 2015, however, the pace of poverty and inequality reduction seems to have stagnated.

There was a significant contraction in economic activity in 2015 and 2016, with the GDP dropping by 3.6% and 3.4% respectively. 2017 saw the beginning of a slow recovery in Brazil's economic activity, with 1.1% of GDP growth in 2017 and 2018. Restoring fiscal sustainability is the most pressing economic challenge for Brazil and a comprehensive social security reform was sent to the Congress recently. Brazil also needs to accelerate productivity growth and infrastructure development and is now facing the impact of the Covid-19 crisis.

Despite the economic and social challenges, there are a spectrum of opportunities for Canadian firms<sup>ii</sup>

Brazil is home to the largest ICT market in Latin America, with more mobile lines than people. With the largest banks in Latin America and a high concentration of financial services in Brazil, opportunities are strong in the fintech sector.

There's ample potential in advanced manufacturing and artificial intelligence, especially applied to all production and manufacturing sectors. Demand for cleantech and energy solutions is high, especially in the areas of water and wastewater management, carbon

capture and storage, and smart-grid technologies, but also when applied to create more sustainable and responsible extractive and infrastructure sectors.

The extractives markets in Brazil are amongst the most dynamic in the world, with plenty of opportunities in oil and gas, from exploration and production to refining, distribution, and transportation. Brazil also has large mineral resources, including rare metals, and a large concentration of key players in the market, with numerous opportunities for R&D partnerships.

The aerospace industry is fueled by Embraer and the need to expand regional aviation networks.

Defence and security solutions will continue to be in demand as the government tackles its public safety challenges.

With a universal healthcare system offering full coverage for the entire population, Brazil's life science sector has demonstrated a strong preference for and adoption rate of Canadian health services. There is also plenty of opportunities in diagnostics solutions, especially with private healthcare providers and diagnostics centres, always on the lookout for what are the best existing technologies to maintain their competitive edge.

It's worth noting that Canada is in the midst of negotiating an inclusive and progressive free-trade agreement with Brazil and the other members of Mercosur.

## **Accelerators and Ongoing Issues**

The Brazilian business environment offers exciting opportunities and the following table identifies both accelerators and ongoing issues that you should be mindful of as you develop your approach and consider your strategies.

<b>Accelerators</b>	<b>Ongoing Issues</b>
<b>Leading democracy, economy and society in South America</b>	<b>Government's handling of the Covid-19 crisis</b>
<b>Expected market reforms under Bolsonaro</b>	<b>Complexity of tax and customs systems</b>
<b>Huge Market scope</b>	<b>Tariff and non-tariff barriers</b>
<b>Strength of local industry – agricultural, resource, manufacturing and service sectors</b>	<b>Infrastructure constraints</b>
<b>Young Population</b>	<b>Low quality of public services – health and education</b>

<b>Few restrictions on FDI</b>	<b>Security issues for businesses and public</b>
<b>Past privatization initiatives</b>	<b>Corruption issues – Operation Carwash</b>
<b>Burgeoning middle class</b>	<b>Language barriers</b>
<b>Strong banking sector</b>	<b>Strength of local industry – Buy Brazil Act</b>
<b>Large foreign exchange reserves</b>	<b>Business Culture issues for Canadians</b>
<b>Mercosur</b>	<b>Diversity amongst regions</b>
<b>Natural resources</b>	<b>Slow and overloaded legal system</b>
	<b>Visa requirements/issues</b>

## Chapter 2

### What You Need to Know About Business Culture in Brazil

Whatever the prevailing economic and political situation, those wishing to do business with Brazil and Brazilians should be aware of the various cultural and structural barriers which might confront them.<sup>iii</sup>

Probably the most pervasive barrier encountered by the unwary traveler would be the ‘Custo Basil’ or the Brazil Cost. This term refers to the very real extra costs of doing business in Brazil - corruption, governmental inefficiency, legal and bureaucratic complications, excessive taxation, inflation etc. Although this ‘Custo’ is difficult to define and has lessened in recent years, it remains real and the cause of great frustration for international businesspeople.

Due to this ‘Custo Brasil’, it is important to work closely with local lawyers and accountants. Many people have found the services of local middlemen (despachante) extremely useful in overcoming many of the unfathomable local complexities.

So, as with many countries, the opportunities are there and they are real but it is essential to understand the local business landscape if you are to reap the rewards - regardless of whether your sector is computing, banking and finance, or pharmaceuticals, local knowledge is vital.

As with most South American countries, many Brazilian companies tend to be organized along strictly hierarchical lines with information flowing in a very structured way up and down the various chains of command.

As in most structured hierarchies, most key decisions will be made at the most senior levels of an organization and all international negotiators are well advised to try to develop a good understanding of the corporate structure of any potential partner - as a great deal of time and resource could potentially be wasted by trying to get a decision out of somebody who does not really have the requisite level of authority.

Trying to decipher the exact structure of your contact's organization is quite a challenge. The organization chart you are shown may not reflect the way in which power actually flows due to the complicating factor of the power of personal relationships. Business organizations are riddled with internal politics where one's allegiance to an individual may be considered of greater importance than any reporting lines on an organization chart.

### **The Brazilian Way of Doing Things – “Jeitinho Brasileiro”<sup>iv</sup>**

No. You cannot run away from it. In order to do business in Brazil, it is crucial to have good relations with local people. You also have to understand “ Jeitinho Brasileiro “. This underlying cultural factor may be best described by the following example.

Let us imagine a situation where a man is in a hurry, out for his lunch hour. He has only this precious hour to pay a bunch of bills, and they are all closing in on the due dates. Once he gets in the bank, he faces a two hour long queue. Desperation defines the moment. But wait he is a Brazilian. Far ahead, he sees a co-worker second in line. What do you think he will do?

You guessed right if you thought that our guy will insidiously skip the line, pretending that he will talk to his colleague. This is the kind of behavior that can exemplify how the “jetinho” works. It means that regardless of the rules or systems in place, where there is a will there has to be a way around it.

You are probably thinking: “ well people do these short cuts everywhere around the world, what makes Brazil so different ? This is true but in Brazil it goes to unique proportions: people, institutions, companies, policies and even legislation have been influenced by it. The jeitinho is so ingrained in the daily lives that you can see examples of it everywhere: managing to get a seat when all places are booked, traveling with more luggage than allowed, parking in spots for disabled people, ordering dishes not on the menu etc.

Even with legal matters, if a Brazilian wants something that is not permitted, he or she will try to figure out a loophole until an alternative way is found. For Brazilians, “jeitinho” is like one of the first apprenticeships on how to get by in life, and Brazilians even practice it unconsciously.

## **Brazilian Management Style**

The respect which is afforded the manager by subordinates, is directly proportionate to the personality of the boss. Relationships are of key importance in this Latin culture and the boss and subordinates work hard to foster a relationship based on trust and respect for personal dignity.

First and foremost, managers are expected to manage. The boss is expected to give direct instructions and it is expected that these instructions will be carried out without too much discussion or debate (if there is debate it should be done in private to avoid showing public disrespect to the hierarchy).

If giving instructions to Brazilian subordinates, try to be as clear, precise and comprehensive as possible. If tasks remain undone after having asked for them to be done, start by questioning yourself. 'Were my instructions given clearly? Was I too vague?' If you only give partial instructions, only part of the task will be performed. (As in most strongly hierarchical cultures, subordinates will undertake the tasks they are given but no more - to do more might be seen as disobeying the boss!)

## **Brazilian Meetings**

Initial meetings can be somewhat formal - where you are expected to shake hands with everybody present on arrival, but any subsequent meetings are likely to become much more informal.

There is likely to be a great deal of small talk before getting down to issues. Do not be in too much of a hurry to end this initial part of the meeting as the tone you set here could be important in the relationship development cycle. Do not make yourself appear impatient or overly pushy.

Although non-confrontational, Brazilians have a Latin temperament and will often appear extremely emotional during meetings (especially to those cultures who have a more reserved approach). Emotion is merely an expression of commitment and interest and does not indicate a lack of control or anger.

Less emphasis is placed on the importance of absolute punctuality than in some Anglo and Asian cultures and you should not be surprised if meetings start late and finish even later.

If an agenda is produced, do not expect it to be followed. All the issues on the agenda will be covered, but not necessarily in the order they appear on the written document. In a country which is severely hampered by red-tape and bureaucracy, this flexible approach (jeito) is of real importance and may prove to be your greatest asset.

Don't be in too much of a hurry to rush off at the end of a meeting, even if the meeting is running late. Take the time to seem relaxed and easy-going as these are qualities much admired in Brazil.

### **Brazilian Communication Styles**

Many senior and middle ranking Brazilian business executives speak excellent English and in fact many of them may have studied abroad in the USA or Europe.

However, English is by no means universally spoken and when dealing with people outside the major commercial centers, an ability to speak Brazilian Portuguese is extremely useful. (Try to avoid using Spanish as this can be seen as culturally insensitive. Brazilians are proud of their uniqueness in South America as non-Spanish speakers.) If doing business in Brazil for the first time, check out whether you will need a translator or not.

As with many Latin countries, communication tends to be predominantly oral rather than through the written word. Brazilians tend to put the spoken before the written word. When sending something in a written format it is usually a good idea to follow it up with a phone call or a visit.

Verbal communication in Brazil can often be viewed as being theatrical and over-emotional by those cultures which place a great significance on the maintenance of professional reserve in all situations. In a country like Brazil, if you feel something strongly, you show it.

The use of significant amounts of exaggerated body language (by the standards of less tactile cultures) plays a significant role in normal communication. Brazilians are very tactile - even across the sexes - and work at very close proximity. They also exhibit strong levels of eye contact when speaking to people. This combination of tactility, proximity and a steady gaze can be intimidating for some (many Asian cultures for example), but it is important that you adapt to these issues as quickly as possible otherwise your own reserve could be misinterpreted as unfriendliness.

Be careful when using humor in very serious situations as it can be viewed as lacking in gravitas. However, in everyday situations it is important to be seen as good company and entertaining. Life is to be lived and enjoyed.

### **Brazilian Teams**

In order to ensure good, collaborative team-working within Brazil or from Brazilian colleagues working in international teams, it is important that everybody has the opportunity to get to know each other well and form those all-important relationship bonds.

This might mean that it takes longer to mold a Brazilian team than it would a similar team in the USA or the UK.

Team members will be very keen to fully understand their exact role and responsibilities within the team - as well as the roles and responsibilities of all the other team members. People do not like to be seen encroaching onto somebody else's area of responsibility. It is also seen as difficult to know if you have done a good job if your role is ill-defined.

Each team member will expect to see a chain of command within the team (as befits a hierarchical culture) and if no such chain of command exists, the team leader can expect that every small problem will be brought to them directly.

### **Women in Business in Brazil**

Foreign businesswomen are treated fairly and with respect which reflects a trend in Brazil which sees women increasingly joining the business world and making significant advances. However, despite this trend, it is still fairly unusual to find senior female managers at the very highest levels of Brazilian-owned organizations.

This does not mean however that Brazilian men will forget old world traditions and may mean, for example, that they may not allow a woman to pay for a lunch or dinner and that women can expect to be complemented on their looks, appearance and dress sense.

### **Brazilian Dress Code**

Appearance is extremely important in Brazil and it is vital that you look your smartest. First impressions count for a lot in the early stages of the relationship building process. Men are best advised to wear conservative dark suits and traditionally, three-piece suits have indicated an executive position whereas two-piece suits have indicated office worker status.

Women tend to be less conservative in their dress sense at the office than women from many other countries. They 'dress to impress' and are more flamboyant than in many other countries.

### **Successful Entertaining in Brazil**

Business entertaining forms an integral part of business life in Brazil and business meals can be lengthy affairs.

Do not be surprised to spend two hours over lunch and three hours or more over dinner. If you are entertaining business guests, make sure that you do it in style – do not be tempted to cut corners.

Business meals are really about getting to know each other as people so don't be tempted to try to use the meal as an extension of a meeting. Keep the conversation at the social level and if business is to be discussed, wait until the coffee is served.

Although most social events will start much later than the official start time, it is good idea to arrive at any business functions on time – you may find that you are the first person there, but then again, you may not. Most restaurants will automatically add a 10% service charge on to the bill, but it is still a good idea to leave a further tip of between 5 – 10%.

### **Targeting Different Social Classes<sup>v</sup>**

In Brazil the differences between the social classes are very well defined. It is common to call these classes A, B, C and D. The A and B are the upper classes and the C and D are lower classes. It is important to be clear on which classes you are targeting.

C&A is an example of a multinational (Dutch) company that has a strong audience in Brazil that elected to change its target class. The company, which has more than 200 stores in Brazil, repositioned itself from being associated to class C, in an attempt to penetrate class B. In this repositioning, the brand started to do fashion collections in partnership with well-known Brazilian and International fashion designers and celebrities.

As a result, the brand achieved the objective and nowadays it has a market share in class C and B which increases its profits. Being attentive to the preferences in each of the classes is very important for success.

### **Different Perspectives in the Negotiation Process<sup>vi</sup>**

The following chart illuminates different perspectives and approaches between typical Canadians and Brazilians throughout the negotiation process. This chart was developed by Francois Godbout of Viabilis do Brasil, a Canadian colleague of mine who has many years of experience in negotiating and conducting business in the Brazilian market.

This should be viewed as a general guide and you will find not all Brazilians fit the mode here depending on their past experiences, industry and international business orientation.

<b>Canadians</b>	<b>Brazilians</b>
<b>Relationships</b>	
<b>Focus is to develop business relationships based on commercial and technical advantages</b>	<b>Friendship relations before business</b>
<b>First contact easy to make but business relations remain superficial</b>	<b>Long Term relationship orientation</b>
<b>Executives and professionals have career plans and are available for next opportunity</b>	<b>Executives and professionals expect to stay for a long time and grow within the organization which is a second family to most</b>
<b>Relations and negotiations are built on company to company, supplier to client basis</b>	<b>Relations first: resulting negotiations and business are made between friends</b>
<b>Meetings and Timelines</b>	
<b>Could make specific and objective requests shortly after meeting starts</b>	<b>Small Talk</b>
<b>Meetings can be short and concise</b>	<b>Most meetings last much longer than scheduled</b>
<b>A direct question needs a direct answer</b>	<b>When pressured they do not feel that they are being respected</b>
<b>Time schedules and limits for a negotiation are normal and important</b>	<b>Time is an ally to allow for full analysis to take a safe decision</b>
<b>More concessions are usually obtained near the end of the period of negotiation</b>	<b>Many details may be reviewed exhaustively to take a decision</b>
<b>Initial Positions and Trust</b>	
<b>An initial moderate position is generally adopted and some initial concessions may be offered to show good faith</b>	<b>Often adopt an early radical and exaggerated position, but if comfortable, may quickly propose or accept some important concessions</b>

Will trust their interlocutors unless or until there is reason to do the contrary	Until relationship is well established, it is assumed that the foreign interlocutor is not trustworthy
Priority goes to competence and abilities, regardless of most other considerations	Appearance and power, as well as economic and social status are very important
Mostly “Open Cards” discussions	“ <i>Bluff</i> ” is commonly used
<b>Focus and Decision Making</b>	
Language must be clear, but discussions are often informal	Love to use a more poetical or hermetical language, however final negotiations become often very formal
The rational aspects of the business decisions are of priority	Harmony within the group becomes the priority, after establishing relationship
Factors such as Cost/Benefit and ROI are the major considerations	Keeping honor and dignity and saving face are important considerations
The person in charge of the negotiations is allowed to take decisions	The highest level Executive of the organization is responsible for the final decision
<b>Executive Accessibility and Women in Business</b>	
Company Executives must be accessible and easy to contact	Often you need to approach various levels before reaching the right person
Most executives now share Assistants and directly handle phone calls, e-mails and agendas	Good relations with the executive secretary is a must. He/She facilitates the contact and shares strategic information
Women have important functions and are more present at high level in organizations	Presence of women is increasing as well as their power, both direct and discreet
Business subjects are rarely discussed at home	Spouses may have an influence ( <i>second opinion</i> ) on decisions

<b>Roles and Planning</b>	
<b>Answering “I don’t know” and deferring to a subordinate or colleague is normal</b>	<b>A high level Executive cannot say “I don’t know”. He will find or even invent an answer</b>
<b>During negotiations, the “I” will be used</b>	<b>Negotiations are a group’s responsibilities: “We”</b>
<b>Each participant’s function and responsibilities will be clearly defined</b>	<b>Each participant’s role remains vague, often there are multi-taskers</b>
<b>Objectives, milestones and expected results are clearly identified</b>	<b>Planning is undertaken but “doors are kept open”</b>
<b>Contracts</b>	
<b>A contract is normally precise and elaborate presenting clauses to be carefully implemented</b>	<b>Contracts’ redaction is very formal, mostly to attend the Brazilian burdensome legal bureaucracy</b>
<b>It is expected to be respected in all details</b>	<b>Viewed as a “Letter of Intent” and adjustable to new situations that may arise.</b>
<b>Most of the time, lawyers are present and participate in the negotiation of a contract</b>	<b>Lawyers are considered as Councillors / Advisers for legally reviewing the documents</b>

## **Chapter 3 Case Scenarios**

### **a) The Wal-Mart Case<sup>vii</sup>**

Wal-Mart the biggest retail company in the world entered in the Brazilian market in the year 1995, through a partnership with the local company Lojas Americas, Brazil’s leading department store chain. In this joint venture, Wal-Mart owned the 60 percent leaving the remaining 40 percent to Lojas, which was owned by the Banco Garantia, an aggressive and very profitable investment bank.

The initial intentions of Wal-Mart were to reach the number one retailer position in the Brazilian market in the shortest time and displace the number one retailer company, the French firm, Carrefour, by implementing their expertise and practices through an

extensive set of operational manuals that proved to be successful in the US. These manuals included product assortment, internal space utilization and product mix.

After the first years of bringing their strategy of “everyday low prices” to the Brazilian emerging market, the company found that the results were not meeting expectations. There were an array of reasons including unreliable supply lines, faulty management-performance measures, traffic congestion, competitor’s reaction, and government policies.

If we look at the factors, the principal issue related to their adaptation and assimilation of the Brazilian managerial culture. Faulty product mix and store-space misallocations were examples of ineffective management policies. In addition, local managers were setting prices below cost to artificially stimulate demand and inflate sales volume numbers as they strove to meet targets.

According to Nelson Fraiman, a Columbia Business School professor, imposing a series of systems and procedures that work in the US, was a faulty premise in Brazil. If Wal-Mart had worked more closely to develop systems and processes they could have avoided misunderstandings and poor decisions by Brazilian managers. Wal-Mart did not fully appreciate that Brazilian workers like to develop close relationships and expect to have regular orders from their bosses, in this case the US controllers.

After 15 years of operation in Brazil, Wal-Mart adapted and gained double digit year-over-year in sales during the global downturn of the year 2008, exceeding the 6 percent overall growth of the Brazilian retail market.

The ultimate success hinged on the capacity of Wal-Mart to adapt to the local market by acquiring two established local chains and adopting their hyper-local approach and moving away from doing all things at “the American way”. They were able to adapt to the local culture using innovative ideas coming from the local workers.

## **b) Brazilians Working with Americans**

*Brazilians Working with Americans* is a collection of ten short case studies designed to help students, as well as members of the business community, understand some of the cultural factors that come into play when American business professionals work in Brazil<sup>viii</sup>. The ten cases are based on actual experiences that Brazilian executives relate about their work with their American counterparts.

Throughout the book there are several opinions or subjective observations made that clearly show how Americans and Brazilians approach business dealings differently. For example, in the first case study, “The Pressure's On,” Americans are presented as being more mechanical whereas Brazilian are more emotional. Another fascinating observation in the first case study relates to the employment of women as event or product promoters.

As one American business executives pointed out, Brazilians see it as helpful to feature women wearing somewhat provocative clothing to attract attention, while Americans view the women as perhaps beautiful but entirely lacking in knowledge about the product.

The contracting of beautiful women as event promoters, product sellers, or pumping gas in Brazil is a common marketing tool used by multinational corporations and Brazilian companies alike. Walk into a mall in Brazil and you will be greeted by a well-dressed female able and more than willing to inform you where the nearest bookstore or internet café is located. Sex sells, and in Brazil, the paradise on earth and the land of the “*mulata*,” sex sells even more.

Businesses in Brazil use beautiful women to attract people to their presentation instead of trying to really show the details of their product. The approach is to attract people and establish a relationship, and if business is developed that will end up happening on a secondary level.

Another important point brought up in *Brazilians Working with Americans* is that “American companies are focused primarily on logic, on productivity, and are really trying to maximize their investment in their business. Brazilian companies, on the other hand, are focused a lot more on relationships and how to deal with their customers and suppliers on a one-on-one basis”.

This type of situation can, however, create problems for Brazilians who are less likely to follow strict business customs in their dealings. Instead, many Brazilians will resort to the famous “*dar um jeitinho*,” that is, “if you want to make a rule, go ahead and make a rule, but there will always be a way to get around that rule”. While some pundits would call the “*jeitinho*” an anti-business practice or even a dishonest act, most Brazilians see the “*jeitinho*” as a legitimate method of problem solving. “In Brazil, therefore, between the ‘you can’ and ‘you cannot,’ we find the ‘*jeitinho*,’” that magical problem-solving process where one can create a situation of mutual benefits to all parties involved despite difference of opinions.

Another interesting case study involves the establishment of a fast-food restaurant in São José do Rio Preto, a city located in the interior of the state of São Paulo, with a population of 180,000 people.

There were many problems with the establishment of the business: customers assumed from the location and elegance of the restaurant that it was probably too fancy and too expensive; customers did not understand how fast food restaurants work; customers were embarrassed to pronounce the name of the items; and customers had a hard time understanding the drive-through concept.

The failure of the fast food establishment in São José do Rio Preto had a lot more to do with geography and purchase power parity than anti-fast food attitude. Also, the idea of fast food in Brazil is just finally catching on to Brazilians. However, we must remember that usually when Brazilians go out for dinner, they want to sit down for hours and converse about soccer, soap-opera, politics, sex, religion, etc. They do not want to be rushed through the line to get their food, eat, and leave. Going out in Brazil, as in the rest of Latin America, is a time of celebration and camaraderie. Therefore, businesses in Brazil

must cater to the development of personal relationships first and foremost in order to be successful in the marketplace.

In conclusion, *Brazilians Working With Americans: Cultural Case Studies* is truly a mesmerizing book and helpful to anyone interested in Latin American studies, business, language study or just simply as a reference book if you are planning a business trip to Brazil in the near future. The case studies comprising this work bring out the cultural and societal differences that most people take for granted until they realize that culture *does* matter in this global economy of the twenty-first century.

## Chapter 4 Tactics & Strategies for Success

Culture underlies so much of the business process in Brazil. Like most countries, Brazil has its own unique business culture and your company's success, regardless of its industry sector or the type of transaction being pursued, can be seriously curtailed if there is a lack of understanding and sensitivity to cultural aspects and nuances.

Compiled from our research, experience on the ground in Brazil and interviews with both Canadian and Brazilian business executives, here's a roundup of recommended tactics and strategies that will help you better navigate Brazilian business culture. They are presented in alphabetical order for ease of reference. You should visit and revisit them as you plan and execute your strategy in Brazil.

### **Body Language and Personal Distance**

Brazilians use a great deal of body language, stand at relatively close proximity and have strong levels of eye contact. Try to become comfortable with these – don't act in a reserved fashion

Personal distance in Brazil is closer than in Canada, so your Brazilian counterparts may stand very close to you while speaking. Brazilians frequently interrupt each other during a conversation, but this is a sign of interest and is not considered rude

### **Clothing**

Clothing for business occasions is expected to be formal and conservative. This preference will persist even after you have gotten to know your business colleagues and the atmosphere has become more relaxed

### **Customer Relations**

Customers are treated as friends or part of an extended family. Time and money spent on keeping the relationship strong is well spent.

## **Decision Making Process**

Brazilian companies generally tend to be organized along strictly hierarchical lines (although this may vary if dealing with the subsidiary of a multi-national).

Decisions are made at the top. The process is highly authoritarian. Mid-level managers do not easily make decisions.

If possible, make sure you are dealing with the decision-maker rather than an influencer of the decision-maker.

## **Gifts**

During a first visit to a company, it is customary to give a gift, usually promotional items without great material value. Expensive gifts can be misunderstood as bribes and are unwelcome.

## **Greetings**

When you meet your Brazilian counterparts for the first time, they will expect you to address them by their titles and surnames. Brazilians often address and refer to their colleagues only by family name, but you should not do this until your relationship has reached a more personal level. In general, you should act formally until it is clear that a less formal approach will be welcomed.

Handshakes are the most common form of greeting between business colleagues. In informal situations, men and women may greet each other with one or two kisses on the cheek or may briefly embrace.

## **Hiring/Dismissal**

Hiring is often nepotistic. Personal relationship and the way the individual fits into the group, or that person's group connections are often primary criteria.

## **Language**

Portuguese (*not* Spanish) is Brazil's official language, and proficiency in English varies widely. While businesspeople of the younger generation often have some ability in a foreign language usually English – a large proportion of senior decision makers do not. Outside the larger cities it is even more difficult to find businesspeople who are fluent in other languages, so you should find a reputable translator who can accompany you to meetings. Note also that your product literature and business cards should be in Portuguese.

Developing a modest capability in Portuguese is a big plus.

## **Local Partner**

Due to the various cultural and administrative complexities of the country, local partners and expertise are imperative throughout the various stages of business development and operation.

Developing a local presence for visibility with key clients – after sales services, technical assistance, spare parts and Portuguese communication is also crucial.

Invest in local partnerships- Joint ventures, strategic alliances

## **Local Professional Advice**

It is hugely important to get good advice locally – legal, tax accounting, financing and marketing areas as well as others. Draw on advice from your local partner or the Canadian Embassy or Consulate to help identify the professional services players to draw on.

## **Long Term Commitment**

Brazilians want to see that you are committed to the Brazilian market and to your relationship with them. Visiting them regularly or establishing a local presence should be part of your long-term strategy for the market.

It is always a good idea to stress long-term commitment to Brazil and your Brazilian contacts. Try to keep in touch between contracts or projects. Your relationship with your Brazilian counterparts is not purely transactional. It is personal as well.

## **Meetings**

Meetings often start late. Dress is formal but atmosphere is informal. Initial chitchat, frequent interruptions are expected. Agenda is flexible and participation is generally spontaneous.

Punctuality is a variable commodity in Brazil. Meetings often start and finish late. It can be difficult to schedule more than one or two meetings per day.

You should avoid leaving a meeting before it has been concluded with the excuse that you have to go to another meeting.

## **Motivating People**

Public praise and positive feedback, building strong, personal relationships and creating a pleasant work environment are key.

## **Negotiations**

Business negotiations in Brazil are strongly influenced by personal contacts and connections. Brazilian businesspeople prefer a steady working relationship with their counterparts and may feel insulted if you or your representatives visit them infrequently and hurriedly. They also won't like changes in your negotiating team while negotiations

are in progress. In addition, the emphasis on the personal means that important business deals are normally concluded face to face and not by phone, mail or email.

Before establishing an adequate personal relationship, Brazilians may play hard and bluff, even transmit incorrect information. Brazilians expect Canadians to play a similar strategy. Consequently, it is important to take the time to develop trust and steps to build a longer term relationship.

During negotiations, it is advisable to avoid showing that you are in a hurry. Ideally, you should avoid indicating your departure date to avoid potential undesirable “last minute” requests.

You should also understand early that for Brazilians the contract is viewed as a “working tool in evolution”, especially if it has long-term objectives.

### **Performance Appraisals**

Informal, one-on-one, gentle and face-saving. Minimize criticism and lavish praise. The criticism will still be heard.

### **Performance Expectations**

Subordinates are expected to show respect and supervisors are expected to take care of and guide their employees. Personal initiative is not expected, as that is the supervisor’s job.

### **Positioning Your Company in Brazil**

It is common for an international company to have had great success back home or in other international markets but gain little market attention in Brazil. Communication planning to reach the new consumer base is very important. You need to show that you are aware of Brazil’s unique characteristics.

Brazilian consumers like to interact with their favorite brands (in Portuguese). Therefore, it is essential that your website and social networks are updated regularly with a well defined visual identity so that your Brazilian audience recognizes your brand as strong.

### **Problem Solving**

Problems are revealed with reluctance and saving face is paramount in dealing with them. “Jeitinho,” the way around, is the solution.

### **Relationships**

Relationships come first, second and third in Brazil. Time spent working on the development of long-term friendly relations is never a waste of resource.

Brazilians place great importance on personal and family relationships, and this emphasis extends to business dealings in a way that isn’t common in Canada. Establishing a personal side to your business relationship – frequently through social occasions – is part of building mutual trust, and without that trust it will be much harder

to negotiate a sale. Most Brazilians, consequently, will want to get to know you on a personal basis before they do business with you.

Canadians should show interest in their counterparts' families and special interests.

Canadians should also be mindful to not refuse a reasonable request from your Brazilian partner for help or a favor. This will upgrade the relationship and the gesture will be returned. Of course, there are limits to favors and you must be mindful of your corporate ethical policies.

### **Seniority/Rank**

Brazilian businesspeople are sensitive to rank. If you intend to negotiate or meet with senior decision makers in Brazil, send representatives with an equivalent level of authority.

### **Servicing**

You should be prepared to explain your strategy for providing timely and local service to your Brazilian customer, especially if you are supplying to more remote locations. Being able to provide spare parts, technical assistance and on-site after-sales service (in Portuguese) are highly valued.

### **Targeting Different Social Classes**

Work with your local partners and collaborators to identify the social classes that you are targeting with your product or service. Preferences, prices and marketing channels will be different in each class and you need to focus on your strategic planning towards your targeted class(es).

### **Time**

Brazilians have a relaxed attitude to time, so business negotiations will progress more slowly in Brazil than in Canada. A meeting can be delayed or cancelled without warning and your schedule should be set up to accommodate this. You, however, should always be punctual and be careful not to display frustration or impatience with delays. Because it's vital not to rush business dealings, you shouldn't insist on final decisions until your Brazilian counterparts are clearly ready to make them.

## Chapter 5

### Getting Help When & Where You Need it

Navigating Brazilian business culture is a constant learning process and one where surprises and faux pas occur, regardless of how well versed and prepared you may be on the cultural file.

MIRA services ([www.miraservices.ca](http://www.miraservices.ca)) can help provide important guidance to your learning curve and the support you need when issues arise through the provision of the following services:

- Research and analysis of your business opportunity in Brazil with strategic recommendations on how to best proceed
- A critique of your business plan including from the business culture point of view
- Recommended cultural tactics and strategies tailored to your current situation
- References to a network of experts who can address specific issues related to culture, including marketing, negotiations, human resource management and much more

### Notes

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<sup>i</sup> World Bank data

<sup>ii</sup> Global Affairs Canada

<sup>iii</sup> Globalbusinessculture.com +44(0)1962 820100 4 Brazilian Business Structures

<sup>iv</sup> <https://thebrazilbusiness.com/article/the-brazilian-way-of-doing-things>

<sup>v</sup> <https://thebrazilbusiness.com/article/the-positioning-of-a-foreign-company-in-brazil>

<sup>vi</sup> Francois Godbout, Viabilis do Brasil

<sup>vii</sup> <http://www.martinmeister.cl/2012/04/30doing-business-in-brazil-walmart-and-lenova-cases>

<sup>viii</sup> *BRAZILIANS WORKING WITH AMERICANS: CULTURAL CASE STUDIES*. By Kelm, Orlando R. and Risner, Mary E. Austin : University of Texas Press , 2007 , p. 240 ,

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