

# Brazil: Strong Businesses in Difficult Times

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27/01/2022 Latin America's economy is suffering. Yet it also has some bright lights. Porsche Consulting's office in São Paulo supported two Brazilian corporations that posted record sales in 2020—despite the pandemic. Or precisely on account of it.

The new apartment building shines in Brasília's evening light. Brasal Incorporações, a Brazilian construction company, completed the Reserva Urbana edifice and its 24 luxury condominiums in 2020. The high-end units come in different sizes, all feature panoramic windows—and all are sold and occupied. "The Covid-19 pandemic stimulated our business," says Sebastião Longuinho de Jesus, who oversees new construction projects for Brasal. Investors see the merits of concrete in Brazil as well, also and especially during the pandemic. "Working with experts from Porsche Consulting, we gave our new-construction division a more professional structure, filled our orders, and used what we learned to advance our company further."

## Brasal

The Brasal Incorporações construction company is a member of the Brasal holding, which has been active in Brazil for 55 years in five different sectors. It is headquartered in the capital city Brasília and employs 850 people. The company has built more than a million square meters of housing in the country, and in 2020 posted sales of 98.6 million euros (110.4 million USD). Brasal has completed three projects with Porsche Consulting. The first two focused on lean construction, planning, and logistics. In the third project the Porsche experts supported the company in its transformation to a high performance organization. The results: overall construction costs were lowered by 4 percent and working time was shortened by six months, for savings of around one million euros (1.1 million USD). The project work has been instrumental in making the company resilient through the pandemic and fit for the future.

Brasal is an example of the rapid recovery in certain sectors of Brazil's economy. Like many other countries with high populations, the world's fifth-largest nation faced economic and political crises in connection with the Covid-19 pandemic. While most of the country's employers lost considerable revenue on account of having to suspend production or close their plants for safety reasons, sectors such as online sales and construction enjoyed good results. According to Germany Trade and Invest, an information service for the German government, six months after the pandemic broke out 80 percent of all construction site operations in Brazil were back to normal levels, whereas only 20 percent had been active in the spring of 2020.

The team at Porsche Consulting also had to respond immediately to the new situation. Consultants traditionally work at their respective sites and rarely from their offices. They need proximity to their clients. "We like to be where our customers are and prefer to speak with them in person, but unfortunately that was hardly ever possible," says Rüdiger Leutz, the Managing Director of Porsche Consulting in Brazil upon describing the dilemma he and his forty-member team faced for an extended period during the pandemic. Many companies had to stop production and many employees—including those of Porsche Consulting—had to work from home. While the lockdown boosted the business of online food delivery services like iFood and Rappi, it brought dramatic losses for most parts of the economy as large parts of the population were compelled to remain within the four walls of their homes.

But this country in the southern hemisphere has experience in dealing with crises. Leutz, who was born in the southern part of Germany, praises the Brazilian approach to life. In Brasília, Rio de Janeiro, São Paulo, and the entire nation for that matter, "People are not known for sticking their heads in the sand, but instead for pulling together." He could therefore apply new strategies in responding to the pandemic. In place of the previous focus on reducing clients' costs and increasing their efficiency, a different strategy rose to prominence in 2020. It took an ad hoc form in answering the question: "How do we and our clients jointly chart a course through the storm?" Cash flows were scrutinized and the employees were closely involved. A premium was placed on clear and direct communication. Leutz and his team achieved this with the help of a hybrid consultancy model. For safety reasons they initially held all workshops and meetings online. In late 2020, they began holding some client consultations and

workshops regularly on site with the appropriate health protocols. “That’s part of the Porsche spirit,” notes Leutz. “It’s also a reflection of our sportsmanlike approach. We’re no ivory-tower consultants but instead prefer to work closely together with our clients. We want to understand their employees and build trust. That's one of the things our clients appreciate about us.” The strategy succeeded, and Porsche Consulting’s teams worked with their customers even more effectively and rapidly than before the pandemic.

The Porsche consultants in Brazil promptly put their newly gained experience into practice in developing a new business model tailored specifically to the Latin American market. All projects have to yield monetary value and the costs for consulting on strategy are linked to a success fee. Or in other words, to measurable results. That helps the consultants in their talks with new clients, who can now commission Porsche Consulting with a lower financial outlay. Aside from compensation for expenses, they will only be billed for successful results. Leutz is “absolutely convinced” that these results will come. “Otherwise we wouldn’t venture to make that kind of offer.”

Change of scene to another of Porsche Consulting’s clients in Brazil. Marlos Santana de Almeida, industrial engineering manager for Brametal in Linhares, has good reason to view the future in optimistic terms. In the tough year of 2020, his company posted the best results since its inception in 1975, producing 200,000 tons of steel structures for applications such as transmission lines. He, too, put two successful projects with the Porsche consultants into practice. One was a sales and operations planning (S&OP) program to synchronize the company’s sales, purchasing, and production planning activities. It yielded an increase in planning precision of 21 percent, in raw material stocks of 25 percent, and in production of 9.3 percent. “We are now working in a much more structured and target-oriented way,” says Santana de Almeida. “The project not only exceeded our expectations. Porsche Consulting also changed our mode of work with the culture and discipline it brought.”

## Brametal

The Brametal steel producer employed 1,500 people and posted sales of 106.5 million euros (119.3 million USD) in 2019. It is the largest manufacturer of metal structures in the Americas, with a product range including lattice steel towers and steel poles for electric power lines and, telecommunications, and — more recently — solutions in fixed-tilt and solar tracker structures for ground-mounted solar power systems as well. With more than 46 years of successful performance and an average annual production capacity of 200,000 tons, Brametal is also one of the great steel companies in the world. Its production facilities are located in the state of Espírito Santo (north of Rio de Janeiro), in the city of Linhares and further south in Criciúma in the state of Santa Catarina.

Both Brasal and Brametal succeeded in growing even during the pandemic. Luiz Garcia, a partner at Porsche Consulting who supervised work with the companies, relied unswervingly on the inimitable Porsche spirit. “We always collaborate closely with the individuals on site and understand how they work. That's the best way for us to show them new ways and convince them of the benefits.” Despite the Covid-19 pandemic and periods of strict health protocols, that proved the formula for success with

these two companies too.

## Info

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## MEDIA ENQUIRIES



**Jan Boris Wintzenburg**

Director Communications and Marketing<br>Porsche Consulting GmbH
+49 (0) 152 3911 8663
jan_boris.wintzenburg@porsche-consulting.com

### Image Sublines

Path: Brazil:␘Strong Businesses␘in Difficult Times␘/Images/img_1.jpg
Title: The Reserva Brasília construction project, 2022, Porsche Consulting
Subline: Sweeping views: The Reserva Brasília construction project is one of the luxury apartment buildings set on solid economic foundations by Brasal in 2020.␘Credit: Brasal Incorporações

Path: Brazil:␘Strong Businesses␘in Difficult Times␘/Images/img_2.jpg
Title: High-voltage pylons, 2022, Porsche Consulting
Subline: Success at dizzying heights: In Linhares, Brametal can test high-voltage pylons at a height of 80 meters. This is only possible at four locations worldwide. Credit: Brametal

Path: Brazil:␘Strong Businesses␘in Difficult Times␘/Images/img_3.jpg
Title: Brametal steel producer, Linhares, Brazil, 2022, Porsche Consulting
Subline: Heart and source of growth: The Brametal steel producer uses solar power for its largest plant, located in Linhares, where its own solar power station covers a quarter of the energy needs.␘Credit: Brametal

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