Brazil hosts a homecoming

Long-term expatriates are returning to Latin America's largest economy to help with a shortage of managerial talent, writes Joe Leahy

Cassio Calil recalls how he watched the recent rise of Brazil while working in the skyscrapers of New York.

After joining JPMorgan's investment bank in 2005, having first left Brazil in 1987 for more promising climes, he noticed more and more representatives of ambitious Brazilian companies intent on international expansion turning up in his office. After decades of missed opportunities, Latin America's largest economy was on the move.

"I was watching Brazil growing and growing from the camarote of New York," says Mr Calil, referring to the private boxes used by spectators during Carnival. "I was participating [in that] by helping our Brazilian clients with solutions, but I was sitting in Park Avenue and watching Faria Lima grow," he says.

He began to ponder a return to his native country and, today, he is one of those sitting in an office in Faria Lima – the avenue most popular with investment banks in São Paulo – after being appointed head of JPMorgan Asset Management in Brazil this year.

Mr Calil is among a growing number of Brazilians with international expertise and experience who are returning to Brazil. They are helping Latin America's largest economy deal with a shortage of managerial talent as it becomes ever more entwined in the global economy, particularly after China overtook the US as its biggest trading partner in 2009.

Brazil's distinctive culture, the lack of English spoken at street level and the country's labyrinthine politics and bureaucracy make it hard to import foreign talent. Meanwhile, the global financial crisis is also prompting more Brazilian expatriates to consider going back, according to executive search consultants.

"We are seeing senior expatriates returning home because of the great opportunities here, and others who are also coming back because of the downturn in the US and Europe," says Daniel Santiago Faria, country manager of Brazil for Marks Sattin, an executive search consultancy.

Popular sectors include banking and engineering. There are even specific schemes to attract and retain Brazilians with international experience. Citigroup, for example, has implemented programmes at US MBA colleges to recruit Brazilian graduates.

The shortage of managerial talent is reflected in soaring salaries. A study by Dasein Executive Search last December found that company bosses in São Paulo were the world's highest paid, with a chief executive in Brazil's financial capital earning an average of $620,000 excluding bonuses, compared with $574,000 in New York and $550,000 for top bosses in London. The trend has been accentuated by the strengthening of Brazil's currency, the real against the dollar, but has primarily been driven by demand for talent.

Other recent returnees include Reinaldo Garcia, Latin America chief executive of General Electric, Sergio Leifert, chief operating officer of Société Générale, and Charles Ferraz, chief investment officer at Brazil's largest private bank, Itaú.

"You read a lot about opportunities in Latin America, but when you're there you actually feel it," says Mr Garcia, who grew up in Ribeirão Preto amid the sugar cane fields of São Paulo state before leaving 31 years ago for the US. "It is one thing to go and visit [Brazil] and another to actually live there."

For most long-term expatriates, the subsequent rise of Brazil was almost inconceivable when they left the country. Thirty years ago, Brazil was governed by a military dictatorship presiding over a crisis-prone economy. The Chinese economic miracle was still in the future and China

would only emerge as the great engine for Brazil's commodity export sector in the mid-2000s. The ascent of Brazil's so-called "C classes" – the lower middle class fostered by social welfare reforms and increases in the minimum wage over the past decade – was also still years away.

When Mr Calil left the old Brazil as a young man 24 years ago, he was meant to be visiting Hong Kong for only three months as part of a traineeship with IBM. Following stints in Japan, Australia and Ireland, he ended up in New York and switched to JPMorgan in 2005. By then, some of Brazil's own companies were emerging on the international stage, led by the likes of Anheuser-Busch InBev, the world's largest brewer, JBS, the world's biggest meat processing company, and state-owned giants Petrobras and Vale.

Mr Garcia quit law school in São Paulo in 1980 to study economics in North Carolina. "There was a military government, inflation was very high, prospects for the future were not very great and there was not a feeling that you could control your own future," he says.

He joined GE straight out of college and went on to head its important healthcare division, a career path that involved moving to different positions in the US and Europe, including the UK.

"I didn't think I would actually ever work in Brazil," he says.

But in December last year, Jeffrey Immelt, GE's chief executive, asked Mr Garcia to return to Brazil to lead the Latin American operation. The move was part of GE's efforts to allocate more autonomy to fast-growing regional markets.

Asked whether he feels Brazilians with international experience such as himself are in danger of being press-ganged into returning home to fill the talent gap because they are familiar with the language and the culture, Mr Garcia says his nationality "helped" but it was not the deciding factor.

"It has got to be putting the right person in the right job," says Mr Garcia. "Jeff asked me: 'I'd like you to go but you can say no.' I really felt that I could absolutely say no, but I also felt that this is definitely the right place to be right now so I don't think it's a matter of forcing. There is a natural magnetic attraction to these markets now."

Return of the native: like Reinaldo Garcia (below), Cassio Calil says that having connections in Brazil is as important as actually being Brazilian (Manu Correia)

Like Mr Garcia, Mr Calil rejects suggestions that Brazilians with international experience are in danger of being pigeonholed. He points out that the connections he had with Brazil as part of his working life were as important as actually being Brazilian: "Had I been outside Brazil and not connecting to Brazil – even though being Brazilian – I would have been less effective."

Both men note how life in São Paulo has changed. The city is a more attractive place to live, although security is worse than 30 years ago, says Mr Garcia. Both mention the national sport – soccer – as one thing that kept them "Brazilian" during the long years away. "If I was watching a soccer World Cup, who would I cheer for?" says Mr Calil. "It has been Brazil from the day I left."

Banking on talent

•Investment banks in Brazil have been particularly challenged by the general scarcity of managerial talent. Industry leaders such as Citigroup, Goldman Sachs and JPMorgan have stepped up hiring to cope with increasing deal and trading flows.

•Citi says it is looking to attract expatriate Brazilians and other Latin Americans working for the group abroad back home.

•Citi's headcount had reached 7,000 as of April, the last figure available, double that of five years ago. JPMorgan, meanwhile, has increased its headcount by about sixfold.

•Citi is also looking to hire Latin Americans graduating from MBA schools in the US. They are usually rotated through the group's global network before eventually being redeployed back home in the fast-growing markets of South America, particularly Brazil.

Fonte: Financial Times, London, 23 Aug. 2011, Business Life, online.