
Why FIFA Should Be Learning From Brazil



By L. Felipe Monteiro , INSEAD Assistant Professor of Strategy

FIFA's anxiety over Brazil's progress on World Cup preparations is a perfect example of developed countries' expectations that need to be adjusted to deal with emerging markets.

The group stage draw of the 2014 Football World Cup, held in the picturesque Costa do Sauípe in the Northeast of Brazil is a perfect showcase of Brazilian passion. Much more than drawing names out of a hat, Brazil is staying true to its love of football and celebration, laying on an enormous show. From football stars to pop singers, Brazil is rolling out its best to commemorate the occasion.

This is in direct contrast to FIFA, football's world governing body that is deeply anxious about the preparations for next year's World Cup. In case you haven't noticed, the world's press has been having a field day about the country's apparent shortcomings in delivering the event venues on time.

But this excessive criticism and the attention it is receiving may be a bit misplaced. It is also a fine example of typical developed countries' expectations that skim over the opportunities beneath the apparently

disorganised surface.

It's not Switzerland

Alberto Duran, a Brazilian entrepreneur and the founder and CEO of Mundivox Communications of Brazil summed up this mindset over coffee with me earlier this week; “When foreigners invest in Brazil, they might have a vision for five years. They see things not going to plan after two years, and they pull the plug. If they’d stayed for ten years, they would have made five times their investment. They’ve got to be willing to ride the ups and downs.”

What multinational companies and FIFA forget is that Brazil can pull it off. They’ve hosted the 2013 Confederations Cup, the dress rehearsal for the World Cup, and they’ve managed the Pan American Games. As Duran says, you need the stomach for uncertainty, but it will work out and Brazil has proved itself before.

Lessons on emerging markets

In my view, a richer and more meaningful approach is needed when developing events or even business of significant scale in emerging markets such as Brazil. Bringing too much of the developed country templates and standardisation to these markets will not work. There are three key pitfalls of prefabricated models that can limit the opportunities.

Firstly, how you deal with, and understand, the localness of these environments can open doors to global efficiencies. Take L’Oréal, which quite easily could have applied its European standards on the Brazilian markets, but instead, Brazil became a centre of expertise for the company. Due to the decades of immigrants joining the indigenous peoples, Brazil has more types of human hair than any other country. Small wonder that L’Oréal has made Brazil one of its five global regions. It’s also the only one that’s comprised of just one country.

Secondly, knowledge sharing is essential. Adaptation will yield key learning that can be applied elsewhere, as long as the knowledge is transferred back to headquarters, not just from headquarters to subsidiaries. This is not as easy as it sounds, but [findings from my research](#) demonstrate the possibilities. For FIFA, this might also mean knowledge that can be applied to other emerging markets and might open the door to such markets hosting the World Cup in the future.

Obviously, FIFA, or corporations for that matter, can't just go to every country and completely adapt the model by letting the host country do whatever it wants. This would be extremely costly, but my advice is to find the things that work with your cost structure, things that you can use on a global level, but at the same time don't go too far to the point of killing any local initiative that might be more appropriate for that local context.

Thirdly, imposing pre-established models can limit inclusiveness, especially in an emerging country like Brazil. This applies to your subsidiaries, but also the populace you're entering. If the recent protests in Brazil tell us anything, it's that the resolute focus on the billion-dollar infrastructure exclusively for the World Cup made the people feel marginalised as they faced dilapidated infrastructure, corruption and crime.

If we try to apply a McDonald's model to next year's World Cup, the sport that Brazilians cherish the most will feel foreign to them. Brazil is the only country that has participated in all of the World Cups and they always bring a celebration. FIFA should ask itself, what matters more, that the stadium is 100 percent clean or if it's 85 percent clean and you have the world's most fantastic crowd?

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About the author(s)

L. Felipe Monteiro is a Senior Affiliate Professor of Strategy at INSEAD and the Academic Director of the **Global Talent Competitiveness Index**. He is the Programme Director for INSEAD's **partner programme** with Fundação Dom Cabral, Advanced Management Program.