

With Recovery in Sight, Brazilian Firm Weighs Expanded U.S. Presence

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If you've enjoyed an ice-cold **Coca-Cola** or a gourmet popsicle, you likely have a **Brazilian** company to thank.

Behind every frozen treat is the freezer that kept it cool, and millions in the **U.S.** run with compressors made by **Embraco**, which has its **North American** sales and distribution base in **Suwanee**.

Founded in 1971 in the southern Brazilian state of **Santa Catarina**, Embraco is a dominant global player in commercial and household compressors, which are vital components for refrigeration systems found in refrigerators, ice machines, point-of-sale coolers and more.

Embraco landed in **Georgia** in 1995 as the company began to spread its wings internationally. It now has factories in **Slovakia**, **Brazil**, **Mexico**, **China** and **Italy** and business offices in the U.S., **Russia** and other key markets.

When **Douglas Schmidt** takes his kids to the mall, he likes to count unseen compressors in the vending machines and water fountains. There's a good chance they're made by his employer, which has churned out 500 million compressors in its history.

But Mr. Schmidt, commercial sales manager for North America, also acknowledged that there's a flipside to holding 65 percent of the compressor market: The company now has to be "aggressively defensive" to maintain its leading position.

"We are the ones with the target," Mr. Schmidt said.

Embraco differentiates itself through innovation - spending 3 percent of revenues on R&D each year - and close contact with its customers, which has been especially important since the bottom fell out of the construction industry in 2009. Fewer houses meant fewer new refrigerators, and dampened consumer optimism translated into less spending on remodels.

To deal with the recent slump, Embraco scaled back its distribution hubs.

"We sort of took a leaner approach with the downturn, put more infrastructure in here instead of being scattered throughout the U.S. Logistically, Atlanta's very strategic, so it made a lot of sense for us," **Vic Saad**, a controller for the North American office, told **Global Atlanta**. The company's ability to analyze and forecast demand was an asset to its customers, who appreciated the close communication during turbulent times.

"In some cases, we know better than they do when something's coming, especially if they have turnover. We have the history that their new buyer doesn't have," Mr. Schmidt said, noting that the company's global operations give it a panoramic view of market trends.

That lens is showing positive activity. Embraco is part of **Whirlpool Latin America**, which is controlled by **Whirlpool Corp.** The U.S.-based appliance maker is seeing sales tick up, and Embraco is "bullish" about the recovery of both the residential and commercial real estate markets in the U.S., Mr. Saad said.

Now comes some the decision about how to best handle the growth.

In 2011, Embraco put a factory in Mexico to manage lead times for buyers of its energy-efficient compressors in North America. Previously, they had all been shipped in from Brazil and **Europe**.

The Mexican factory is already nearing capacity, and Embraco is weighing whether to bring some manufacturing to the U.S. One idea is to make condensing units, which include compressors but also have fans and other components. They're bulkier and more costly to ship from Brazil, and making them here could help Embraco compete by leveraging its sourcing and size advantages.

The **Southeast U.S.** would be a strong contender for a potential plant, given the advantages that drew Embraco here in the first place: convenient air links, especially to Brazil, capable employees and a good road network for distribution, Mr. Saad said.

Working for a Brazilian Company

Embraco has 56 workers in Suwanee but more than 12,000 around the world. It's a Brazilian company, but it's also an integrated global corporation.

Part of that comes from the region where it was founded. The city of **Joinville** in Santa Catarina has a heavy European influence, and it's not uncommon to meet people with German last names, said Mr. Schmidt, who joked that his surname is sometimes better pronounced there than in Atlanta.

The region is also home to many European manufacturers, which has played a role in shaping Embraco's global management philosophy, which mixes autonomy and accountability. "My goals and my directives all come from corporate. It makes sense. I know who my peer is in Europe, China and Latin America. We are a team, even though I only see them face to face maybe four times a year. We are not a disconnected sales office," Mr. Schmidt said.

As with many Brazilian companies, bonds are sometimes forged through soccer. During the 2010 World Cup, the conference room in Suwanee morphed into a viewing theater, and employees were allowed to watch on their laptops. During the global sales meeting last year in Joinville, the Brazilian employees played against the visiting sales leaders.

The Brazilians won by one goal. Mr. Schmidt chalks it up to home field advantage: Not only was the referee a local, but the local team had all their own gear and cleats. "I'm bringing them each time to make sure."

