



“Mas Isso Ainda Vai Mudar”

Henrique Barauna explains why sustainable SMEs are on the right side of history

On December 14, 2006, New Ventures hosted Henrique Machado de Araújo Barauna, co-founder of Óxil Reciclagem de Plásticos, to speak to a crowded audience at the Brazil Investor Forum on the history of his company and the gratification of being a sustainable entrepreneur. The 2004 forum finalist began by telling the story of his enterprise’s origins – one which was undoubtedly familiar to the ten entrepreneurs present – in which he detailed how the Óxil team met in college, identified an unsatisfied consumer demand, and decided to market a solution.



Though having presented at the 2004 Investor Forum encouraged angel investors to provide seed money for Óxil, as he related, the team quickly ran into obstacles common to many small and medium size enterprises (SMEs) both in Brazil and internationally. “Our biggest problem was the lack of market credibility, being a relatively new business, and the worse issue of having a lack of working capital.” Henrique went on to detail the individual problems facing SMEs in a similar position, including the growing but still small niche of environmentally-oriented consumers, the similarly emerging but still nascent group of sustainable investors and the lack of state support.

Returning to his company, Henrique noted that in the face of myriad challenges, Óxil had still managed to secure suppliers, muscle its way into the market and stay on track to double production within the next year. He had specific advice for entrepreneurs on how to achieve similar results, exhorting small businesses to well overestimate the amount of working capital they would need to operate their enterprise and above all, to make sure to differentiate themselves from competitors in order to remain profitable.

The entrepreneur’s speech was frank in acknowledging the fledgling state of SME support, noting that, for example, finance is often funneled in other directions: “Without a doubt,” he asserted, “the capital flows among companies in the tobacco or arms industries just this morning exceed significantly the capital available to all of the enterprises represented in this room.” In his concluding remarks, however, Henrique encouraged sustainable entrepreneurs to take pride in standing by their principles, and to take heart in the fact that they are at the far edge of a global shift in the way we do business.

“At the end of the day, it is thanks to the groups of consumers that care about buying sustainable products, the slow but sure actions of governments and the minority of responsible investors such as those assembled here that enterprises like Óxil have the ability to establish themselves, grow, and one day, finally be the rule rather than the exception.” As Henrique implies, it is rarely easy to be a pioneer in the business world, but listening to Óxil and the rest of the entrepreneurs in the New Ventures portfolio speak, one gets the sense that they did not found their companies to take the path of least resistance. They are seeking to maximize profits in pursuit of a better world.

Summary written by Derek Newberry, World Resources Institute ©2007 - The Rising Ventures Series features articles, announcements and profiles of investors and entrepreneurs related to the theme of innovative small and medium businesses (SMEs) in emerging markets that deliver social and/or environmental benefits. These businesses have been identified through the New Ventures (www.new-ventures.org) and Development through Enterprise (www.nextbillion.net) projects. To view other Features in the Series, visit <http://www.new-ventures.org/risingventures>.