Interview: Ivo Mafra – Founder and President, DC Logistics Brazil



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Ivo Mafra, president and founder of DC Logistics Brazil, a Brazilian based third party logistics (3PL) company awarded Best partner Worldwide and Latin America 2016 – WCA world, details the company's intention to further increase its commitment to the healthcare industry. He also documents how DC Logistics Brazil has been helping companies navigate the strenuous logistics environment in Brazil since 1994, while DC has already established itself as the historical partner of leading multinational healthcare companies in the country.

What is the most gratifying part of being an entrepreneur that has successfully set up the operations of a top ten logistics company in Brazil?

The most gratifying part of entrepreneurship is the social responsibility that comes with it. There is more to my activity than merely the finances of my business or the volumes of goods we move. Instead, I am proud that the company can leave a mark and make the country better through employment. More importantly, contributing to my colleagues' development truly emerges as my main driver.

This social commitment is a transformative element of our environment and it is reflected in the company's corporate values: DC Logistics Brazil is intransigent with compliance. Our employees and management are strictly aligned on the clear fact that proactive battle against corruption is a duty. In this regard, DC Logistics Brazil has a compliance program that is recognized internationally

and which has recently received as series of awards praising the company as a trusted, reliable, and transparent partner.

Could you give our readers an overview of the main trends in the logistics market?

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In terms of international trade, Brazil's first three partners are China, the US and Europe – in this order. These trade ties are reflected within DC's activity, as our main trading country is China and we largely deal with European and North American markets. The regulatory aspect was problematic until recently as we suffered from long clearance delays, but the government has just enforced a series of measures that should bring more efficiency and rapidity to the market.

Within Brazil, the size of the country coupled with the lack of infrastructure has historically increased the costs of third party logistic services. Indeed, rather than several multi-modal platforms well connected to economic centers across Brazil, the country's infrastructure consists of a number of smaller maritime infrastructures and clogged thoroughfares. Hence, the opportunity for lucrative operations has attracted a number of players to third party logistic provision. In turn the increased competition eroded the margins and investments in the sector.

Despite this critical situation, DC has developed the ability to agilely navigate this environment. Our flexibility and resilience are necessary assets that have helped us cater to the needs of our clients in Brazil. Today, DC Logistics Brazil efficiently managed goods on behalf of 1300 customers monthly with a workforce of 200 employees scattered across ten different offices in Brazil.

Finally, DC's services spread across the entire spectrum of services, and we are capable of providing maritime and aerial transportation for imports and exports, as well as international and national road freight throughout Latin America.

How important is the healthcare sector for DC Logistics Brazil and how do you want this segment of your business to evolve in the coming years?

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DC is currently serving a majority of small to midcap companies and we are gradually increasing our focus on the pharmaceutical industry. Currently, the healthcare sector represents around two percent of the volumes of goods that we transport. Nonetheless, DC has longstanding arrangements with Fresenius and Abbott, for which we organize weekly international shipments.

However, partnering more broadly with international pharmaceutical companies will require us to strengthen our international footprint. Indeed, while DC Logistics Brazil's superior market knowledge of the Brazilian market is an undeniable element of our present success, most international firms in the pharmaceutical industry arrange for globally managed logistics service agreement.

On the other hand, the very sensitive goods transported in the healthcare sector calls for highly specific logistic setups, which entails interesting business openings for a compliance and quality focused company like DC.

How is the company performing currently and where do you want to position it to fulfill the market's opportunities?

DC Logistics Brazil is in healthy financial posture and we will likely reach our performance record by the end of the year. Looking forward, the recent governmental initiatives to accelerate the imports custom clearance are facilitating the operations of Brazil based logistics companies. Overall, the logistics processes are becoming more transparent and computerization will help third party logistic suppliers begin the custom clearance process even prior to the arrival of merchandise on the territory.

We use the Balanced Scorecard framework to define ten year horizon strategic objectives, actions and measureable key performance indicators in our business' main elements, namely finances, customers, internal processes, and human resources. Currently, the company stands as a top ten logistic service supplier in both maritime and aerial imports, with around two percent of market share, and our vision is to grant seven percent market share of Brazilian Freight Forwarding volumes by 2027.

I have two main areas of focus to achieve this objective. First, I intend to increase the share of large clients which we deliver our services to, in order alleviate the structure of our operations by rebalancing the volume of goods transported per clients. Second, I am looking forward to strengthening DC's export activities exports in the fresh and frozen segment and in the pharmaceutical industry.

How is DC Logistics Brazil currently addressing the international part of its activities?

Our company is involved in five international industry specific logistics networks. The agents managing these groups operate as business intermediaries and facilitate the forging of mutually beneficial partnerships. In a nutshell, we have found a way of getting in touch with trustful,

committed partners capable of opening international business opportunities for us.

Conversely, DC Logistics Brazil’s success within these networks is a consequence of its ability to build trust thanks to the utmost quality of our services and our proven commitment to respect timely payments. In this regard, building long-lasting relationship with international companies was no easy task, especially considering the reputation of Brazilian companies in terms of trustworthiness.

I believe joining a pharmaceutical-specific, international logistics network could be one of the steps ahead to service this industry to a further extent. Before proceeding with such actions, a clear strategy and business case needs to be set up; by failing to do so, DC would compromise its ability to find the right partners at a fair price.

Given the fact that the market is so competitive, how do you differentiate the company?

Multi-billion dollar logistics companies evidently hold a larger scope of actions and buying power than DC Logistics Brazil. Nonetheless, our constant focus on market opportunities and agility helps us increase our market share one step at a time. Larger corporations suffer from inertia as a result of their size, while DC’s reactivity allows it to capture opportunities as they arise.

Secondly, we have been offering the whole range of services enabling our customers to follow the progress of their shipments – since 1994. Having set up these services ourselves, we are moreover capable of building tailor-made solutions for our clients – if requested- to better meet their needs.

Overall, our organization is capable of leveraging its profound knowledge of the country to provide dedicated and very precise services to its clients. Additionally, DC has always put the greatest emphasis on remaining a price competitive player, despite the high operation costs that characterize Brazil. Finally, with infallible commitment to good governance, DC has become a respected top ten player in the 3PL sector in Brazil and a trusted partner around the world.

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