



# **Oded Grajew: A new type of Business Leadership is possible**

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# Oded Grajew

## Introduction

A “left wing social businessman”; as improbable as this may seem, this is how Oded Grajew defines himself, aiming to unite, in one phrase, two realities and perceptions that, until recently, seemed wholly incompatible in Brazil.

Grajew is an immigrant, born in Tel Aviv, who came to Brazil at the age of 12. At the tender age of 15, he was forced to become the head of his family, due to his father's untimely death. In spite of this hardship, he attended the best universities in the country and became a successful businessman, with strong ties to the political and economical elite of Brazil.

Living in the midst of a social group that historically sought the perpetuation of their privileges, Grajew became a person who, throughout his personal and professional life broke barriers, roles and traditions, seeking solutions to some of the most serious contemporary problems of the country. He consistently used his connections to political and economic power, not to obtain or maintain advantages, but to build new ways of thinking, forge new partnerships, establish dialogues and act in the construction of a better, more just society.

Brazil is a strongly elitist country, where the different social segments are not accustomed to talking and working together to construct joint proposals and agendas in an effort to address the important problems of the country. This reality only began to change in the country's very recent history. Oded affirms: “there is the old Brazilian elite that helped to build the country the way it is and is still using its privileges and does not wish to change. The new elite feels the effects of our unequal reality, and, because of not having participated in the process and of not being tied to favors and privileges, *wants* to change.”

Taking advantage of the end of military dictatorship and the beginning of the re-democratization, as well as observing the challenges that Brazilian society would have to face during the following period, Grajew was able to, repeatedly throughout his life, identify, create, and strengthen dialogues between the different segments of Brazilian society, which historically, maintained no contact of any kind.

From his own social class, Grajew sought dialogue and purposely moved through the different social levels, consolidating movements and institutions that figured prominently in

the recent history of Brazil. Today, these organizations play important roles in the construction of a potentially democratic, just and cooperative Brazilian society.

## **A little bit of history**

With the election of President João Goulart in 1963, Brazil had a government with a strong social conscience, which went on to propose changes unprecedented in Brazilian history. Within a scenario rigidly defined by the Cold War, the government of the largest country in Latin America began to approach structural matters such as agricultural, tax, educational, and electoral reforms, with a strong nationalist approach.

The political polarization between the right wing and left wing parties as well as the protests and marches in opposition to the conservative elites backed by the conservative segments of the Catholic church and by the middle class, led to fears on the part of the elite that Brazil would unite with the block of communist countries. This, it was feared, would bring consequences to the region and to the entire American continent. More than fear of communism, the elite seemed to fear any social change that might have represented a threat to a yet obsolete and aristocratic society, despite the accelerated process of urbanization, industrialization and modernization lived by the country.

As a result, and with the support of the government of the United States, the armed forces rebelled against the democratic government in 1964. Thus began a dictatorial period that would last for 21 years and would leave deep wounds in Brazilian society. As other dictatorial regimes, the Brazilian dictatorship established censorship to tightly control the means of communication, ordered the closing of the National Congress, the end of free and democratic elections, the freedom to demonstrate, canceled all political freedoms and fundamental rights of the citizen.

Many businessmen fully supported this regime, whether actively or passively. The old Brazilian oligarchy wished to perpetuate its privileges and its personal and direct ties with power without having to worry about establishing a plan for the development of the country. They were, in the main, indifferent as to the type of government regime that held power, as long as it provided a stable environment, order and economic growth. Thus, the process of social change was derailed by a coup and Brazil continued to be the country with the worst human development and income distribution rates.

During the latter part of the 70s, a slow process of democratization began in the country, which would be consolidated in the 1980s. It is during this historical period of dictatorship

and political re-democratization that the story of Oded Grajew, businessman and social entrepreneur begins to take shape.

## **A new type of business leader**

Historically, the vast majority of Brazilian business leaders and their representative associations have not placed social issues as priorities on their many agendas. Allowing for the rare exception, they have consistently used their positions of privilege and power to acquire more wealth, without any commitment or sense of social responsibility. With the end of the military dictatorship, this reality began to change. A search for greater transparency in the relationships with government and with power began to emerge. Many of the new businessmen organized themselves and demonstrated their desire to have access to power and government as well. This new business elite was not historically tied to power and privilege, and it came to desire and encourage change.

Related to and parallel to this change in the political winds, the redemocratization process allowed for the organization and demonstration of workers in independent unions, stimulated the growth of non-governmental organizations and allowed for the return of freedom of the press and of the other media. In this new scenario, and reflecting a need for broader change, a segment of the businessmen understood that it would have to answer to the desires of workers and of society as a whole, thus becoming involved in the process of redemocratization, which until now, they had only timidly supported.

Searching for their place in the new political and business environments, Oded Grajew and a small group of businessmen united to break with the traditional visions and roles of their sector, adopting a pioneering vision for the time, and establishing a new social movement. This movement cleared the path for a new business forum in Brazil: the *National Business Thought* or "*Pensamento Nacional das Bases Empresariais*" (PNBE). Grajew, as one of its founders, defined the movement as revolutionary and radical: revolutionary because it proposed real changes and not incrementalism, and radical because it proposed analysis and interventions regarding Brazilian social questions and problems, and they're underlying structural causes and origin.

These young businessmen joined together out of a desire to contribute to the process of democratization that had begun two years earlier with the end of the military regime. They shared the conviction that the leadership of business entities had lost their representative capacities, because they did have internal democratic structures and because they kept a strict and corporative posture, as opposed to the one desired by the new businessmen, committed to the great social and economic issues.

The *National Business Thought (PNBE)* was created as a movement of businessmen of a modern and progressive stream, which ran counter to the role of the traditional representative organizations of business leaders. It sought to fight for democracy, at all levels of society focusing on the broad exercise of rights and the inclusion of new issues in the national agenda. The movement gained relevance and visibility and it was transformed into an institution that attracts even the conservative sectors of businessmen, thus diluting, according to Oded, a great part of the original progressive impetus.

This group of businessmen began to contact a wide range of social actors (banks, companies, governments, unions, Lawyer's Associations) to propose the elaboration of a new business vision in which themes such as ethics, fighting of corruption, the defense of the environment, a more equitable distribution of income, social justice and the establishment of new ties between capital and work are included.

The reaction of the traditional business institutions was negative. A great part of the members of the powerful Federation of Industries of Sao Paulo (*Federação de Indústrias do Estado de São Paulo - FIESP*) saw the members of this new movement as a group of naive romantics, or simply as instruments of party politics. These new businessmen were seen as enemies of the business class and were labeled as communists. Despite the initial resistance, the movement gained force within the business sector and in Brazilian society at large. Thus, this business-led movement for social change would have an important impact in the key areas of Brazilian political and social life.

Reflecting the new democratic environment of Brazil, Grajew and other progressive businessmen established contacts with the government without the mediation of the more traditional representative business institutions that acted as representative offices for government-related issues. In an unprecedented step for the renewal effort, representatives of small, medium and big business met with the Ministry of Finance to discuss important matters regarding economic and related business policies, without the intermediation of the federations, confederations and other long-standing business institutions.

Years later, in 1990, a year before which there had never been a dialog between business and workers, the PNBE proposed what was the then called "Social Pact" or "*Pacto Social*". Businessmen, workers and civil society organized through a democratic and participative process, would try to negotiate and propose a plan for the country that was then living in a state of crisis and economic instability.

### ***Social Pact***

The main business associations and unions of the country (National Confederation of Industry, Commerce and Agriculture, Brazilian Federation of Banks and United Worker's Union) subscribed to a document to control inflation and promote development.

Negotiations began with different areas of the federal government. The mass demonstrations against President Collor for not supporting the Pact led to divisions between business entities and unions, and the eventual downfall of the Pact, but the movement marked an unseen union between sectors, with subsequent consequences in other fields.

One of the most important acts of the PNBE was to mobilize in support of the impeachment of President Fernando Collor de Mello, whose government was involved in accusations of generalized corruption. Through the organization's initiative, a series of contacts with the key unions evolved and later extended to the Bar Association. The goal was to initiate a public demonstration in support of the continuation of the investigations of corruption in the Federal Government. As a result of this massive public outcry, and other demonstrations that followed, Brazil experienced one of the greatest democratic mobilizations in its history. The impeachment of President Collor followed soon after.

The experience of building the PNBE showed Grajew and his colleagues that a large number of businessmen and members of society wanted to have voice in constructing a more socially just country.

In the beginning of the 1980s, a rash of violent incidents involving children and teenagers in Brazil took place and were made public. This generated deep concern and served to trigger the mobilization of several segments of society. In response, the Brazilian Association of Toy Manufacturers (*Associação Brasileira de Fabricantes de Brinquedos - Abring*), of which Grajew was founder and president, mobilized its members to create a unit for the defense of children's rights, which was the embryo to what is now the Abring Foundation.

The ***Abring Foundation for Children's Rights***, created in 1989, is an organization that fights for the rights of children and teenagers. Its projects typically involve multiple segments of society, including government, business and the media, and focus on diverse issues related to childhood.

Oded states that: "In Israel, where I was born the situation was bad. They said: the present is hard, but the future will be better if we take care of our children. If we want a better and different country, we have to do the same. To create the Abring Foundation, we pulled together the toy industry and began a dialogue with UNICEF. It seemed extravagant, but it

worked. Today, the Foundation exceeds toy industry from which it emerged in name and reputation. The Foundation has 2500 companies as sponsors or supporters and projects that benefit over one million children are developed in partnership with government”.

Still looking for ways to involve business in social development, in 1998, Grajew and a group of businessmen created the *Ethos Institute for Social Responsibility* (Ethos) in order to spread the concept of corporate social responsibility in Brazil. Today, the Ethos Institute is proud of having brought together hundreds of member companies from all industries and activities. Collectively, Ethos’ member companies are responsible for a total revenue of around 30% of the Brazilian GNP.

The “*Instituto Ethos de Empresas e Responsabilidade Social*” or *Ethos Institute for Social Responsibility* was created to help companies understand and incorporate the concept of social responsibility into their every-day activities. The practice of social responsibility is characterized by an ongoing concern for the ethical standards required by the relationships between company and its employees, clients, suppliers and associates, as well as the community, public offices and the environment.

These businessmen and companies were interested in knowing management tools to help them in reviewing their daily practices and operations, because they know that they need to conduct them in an ethical manner. This meant adopting an ethical posture regarding employment and tax policies, corruption, and excellence in customer relations, among others. Additionally, the member companies showed more and more desire to actively participate in the discussion regarding corporate social responsibility in Brazil and in the world, and to make their contribution to improve it, sharing experiences, spreading best practices, supporting projects and establishing networks.

The Ethos Institute became a national reference point in the area of corporate social responsibility and was able to disseminate new concepts and practices among businesses. Through partnerships with the media it helped create a network of socially responsible companies. Also in partnerships with other companies, the Ethos Institute developed indicators of social responsibility which not only aim at evaluating the companies, but also at being an instrument to demonstrate the scope and depth of this concept.

PNBE, the Abrinq Foundation and the Ethos Institute represent a profound change in the role of the business sector in national matters. Oded Grajew, as a leader of these initiatives, embodies this new commitment of companies. His withdrawal from the day-to-day management of these organizations, which he helped to create, did not mean the end of any

of them. On the contrary: they all grew, bore fruits of their work, and consolidated as benchmark institutions of a new corporate movement.

## Another globalization is possible

In addition to his accomplishments in other fields, Oded Grajew was the mentor and one of the founders of the World Social Forum. Oded says that in 2002, during a trip to Paris, the idea for this forum came to him while a meeting of the World Economic Forum was being held in Davos:

“The fact that the Davos event treated the problems of the world as if they were strictly economic problems, leaving the social problems in a second plane, always bothered me. Then, I had the idea of the Social World Forum, the center of which is people, solidarity, life quality, and the preservation of the planet and of the human race. I went to talk to Bernard Cassen, director of the ‘Le Monde Diplomatique’, who suggested that I hold the event in Porto Alegre.”<sup>1</sup>

“It was needed to show that the world has other paths that are not the same as the ones defined by the Economic Forum, which is based only on the financial side. The idea was to find an alternative to neoliberalism and show other perspectives, as well as make people aware of the danger of inequality.”<sup>2</sup>

The success and the magnitude rapidly achieved by the World Social Forum verified its validity. In its third edition, in 2003, there were approximately 100.000 people, from over 100 countries, including youth, Native Peoples and traditional populations as well as the most varied social movements.

Under the motto “Another world is possible”, the *World Social Forum* is an international space for the reflection and organization of all of those who are against globalization and are building alternatives to favor human development and searching to overcome the domination of the markets in each country and in the international arena.

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1 “A Elite Mudou” (*The Elite Changed*), Revista Isto É, January, 31<sup>st</sup>. 2001, São Paulo

2 “A sociedade diante de novos cenários” (*The society before new scenarios*), Jornal “O Povo”, March, 6<sup>th</sup>. 2002, Fortaleza.



An event of this magnitude was only possible, in great part, due to the enormous creativity of Grajew who, once again, used his social position, his professional contacts, and his capacity to move easily through diverse political groups to establish a network of partners and supporters of this pioneer initiative: The United Workers Union (*Central Única dos Trabalhadores*) and the Workers Party, the non-governmental organizations, business leaders, and the broadest scope of social movements in Brazil and in the World.

## Opening Paths

The cycle of identifying needs and opportunities, and the creation of new initiatives and organizations to respond to those needs has repeated itself many times during the life and career of Oded Grajew. Despite his withdrawals from the organizations he created, the sustainability and continuity of his actions and projects can be seen in the institutionalization of his vision. This seems to be the case because, according to Oded, there was team work—a group a group of people that are still acting in these organizations in many ways so as to guarantee the accomplishment of their missions

The fact that Grajew is able to move among and seek partners in different levels of society guaranteed, not only an ample vision of society and its different perspectives, but endowed the organizations with active and diverse boards and management that have a fundamental and strategic role in defining programs and hiring staff, among other duties. Grajew seems to know intuitively that, coming from his social group and his field of professional work, having relationships with many sectors—from government to organized civil society—is key to enduring success. He has continuously maintained a dialogue and negotiations with these different sectors and social actors, which has enabled the creation of various networks and new working relationships.

Grajew has always been a pioneer in his initiatives, which acquired a character of innovation and rupture with the paradigms and traditional visions of Brazilian society. Among his biggest achievements is that he was able to introduce new and vital issues into the national agenda, such as corporate social responsibility, the dialog between business, workers and government, and the fight against child labor, among others.

Oded seems to be a man who understands that self-knowledge, culture and ongoing learning are fundamental to exercising leadership. Having had contact with other realities and talked to many representatives of different fields and social groups helped him to understand Brazil's complex reality. By being persistent and creative, he has managed to operate in private industry and in the third sector, having created and supported organizations that are

national touchstones in the areas in which they act, such as the PNBE, the Abrinq Foundation, the Ethos Institute and the World Social Forum.

He certainly did not do it alone, but he does seem to know how to launch and put himself in the forefront of incipient and pioneer movements, so that these movements are then able to consolidate paths opened by him and by a pioneer group of business leaders with political vision.

It should be noted that his story is still being written. In 2002 he received an invitation from President Luiz Inácio Lula da Silva to be the Special Advisor to the President and join the Council of Economic and Social Development where now, side by side with the government, he continues to promote dialogue and search for innovative solutions for social change.

## **Key Questions**

1. How would you describe Grajew's leadership style and values?
2. What seems to be his strategic approach to problem-solving?
3. What difficulties might you encounter if you applied this approach to your work?
4. What questions would you ask of Oded Grajew if you could interview him?
5. What additional information would you like to see included in the case study?  
Why?

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