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# Recoleo Professionalizes Vegetable Oil Recycling In Brazil

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[Recoleo \(http://www.recoleo.com.br/site/\)](http://www.recoleo.com.br/site/) vans, with their signature cartoon oil drop, collect over 400,000 liters of vegetable oil from 1,500 homes and 3,500 businesses each month across four Brazilian states to process into biodiesel for over 5,000 clients. Later this month, the vegetable oil recycler will start to collect used oil from over 800 [McDonald \(http://www.mcdonalds.com/\)](http://www.mcdonalds.com/) stores in [Brazil \(http://en.wikipedia.org/wiki/Brazil\)](http://en.wikipedia.org/wiki/Brazil). The business of recycling oil in Brazil is not new—Recoleo has eight competitors in its home market of [Minas Gerais \(http://en.wikipedia.org/wiki/Minas\\_Gerais\)](http://en.wikipedia.org/wiki/Minas_Gerais) alone. But it is the fastest growing company of its kind because it has invested in improving the image of its oil collectors, educating the public on the environmental benefits of recycling, and increasing its supply channels through franchising.

The Portuguese name “recoleo” refers to “collect oil”, which is derived from the verb “recolher” (to collect) and “oleo” (oil). **Nivia Freitas**, the CEO and president of Recoleo, is the force behind these vegetable oil collectors. With the help of her husband, **Ricardo Coelho**, a university ecology professor, and a team of 25 corporate employees and 15 franchise team members, she has built a market leader in recycling in ten short years.





Nivia Freitas (right), CEO of Recoleo, talking with Nelson Freitas (left), a Recoleo driver, about the next shipment of oil for a biodiesel plant.

### From fashion to garbage

Freitas is an atypical green entrepreneur. “Even though my husband was an ecology professor, I myself didn’t really understand the benefits of recycling in the beginning,” said Freitas. “I just saw it as a opportunity to make money and I had to work very hard.”

She grew up as one of nine children raised by her truck driver father in Belo Horizonte, the third largest city in Brazil where Recoleo is headquartered. From age 16 to 21, Freitas worked as a fashion model and then owned a clothing store before a recession left her with no customers and debt. She then went into business making *cachacas*, a distilled alcohol made from cane sugar. When that company failed, she and her business partner looked for another opportunity and found Recoleo. Recoleo is her third and longest-running business. She said, “I like to tell people I went from modeling beautiful clothes to dealing in garbage.”

Ten years ago, Freitas was pregnant when she first started Recoleo and her husband gave her as a gift a new Fiat. Dr. Coelho recounted how several weeks later, “she told me that the car was not at the workshop for fixing it as I had been previously told. The car had turned into small plot of dirty land, with a stuffy little room where she had a very old computer and a simple telephone.” He knew she was serious about the business.

In the early days, they rented a small piece of land in the outskirts of city borders and bought a very old VW van to collect oil in the area. To get to the office and to conserve gas money, Freitas would take a 1.5 hour long bus ride



each way. Dr. Coelho said, “She would come home with that unbearable smell of cooking oil in her hair. I had no other choice as to ask her to repeat the shower in the bathroom again and again.”

After one year, her business partner left and she bought his stake. The business slowly grew and they were able to buy a newer van and two motorcycles and soon after, hire more people. They moved their office closer to the city and they bought new equipment. They obtained the first environmental license that a recycling company had ever obtained in the state. They also began franchising to increase their oil supply.



*Recoleo staff (from left to right) Wellighton Pedro Araujo, Reilson Paulo Dos Santos, Claudinei Antonio Da Silva, Josenilde Viera Salome, Sebastião Gomes stand in front of a Recoleo van.*

As an academic, Dr. Coelho helped them look for support and knowledge among experts at universities across the state. Because vegetable oil recycling was still relatively new, they also developed educational materials, events, and videos to increase awareness among the general public about the advantages of this kind of recycling.

“Most people do not have a clear understanding of what is recycling, so we invest 20% of the company’s resources into education,” said Freitas. “The profits of the company directly correlate with awareness. Considering how many people recycle their oil in this city now, I think it’s fair to say we helped change the minds of 40% of people on recycling.”

“The company Recoleo has contributed much to this extension of ecological consciousness, because it clearly demonstrates that it is possible to remove something that is considered trash and turns it into a product that interests different business segments,” Dr. **Antônio Carlos Fraga** wrote to me in an

email. “Recoleo’s contribution to environmental sustainability is larger than other companies, since it has a much more professional structure.” Fraga is a professor specializing in vegetable oil and fiber plants at **Universidade Federal de Lavras**.

### **Professionalizing “sucateiros”**

Brazil has long had the tradition of recycling companies hiring people with no qualifications and sending them out into the streets to collect any kind of material that might have some value. At the end of the day, they were paid very little.

“We call this kind of people in Brazil *sucateiros*,” said Dr. Coelho. “They usually live at the “bottom” of the society and ordinary people simply have no respect for this kind of people. Our dream was to do something very different. We wanted to start a company where collectors of used oil were trained and qualified in the best possible way.”

Instead of collecting everything on foot, the Recoleo collectors are professional drivers. Drawing from her fashion days, Freitas said she understands the importance of a professional appearance in building self-esteem. The Recoleo employees are given uniforms and badges and the public has come to associate the collectors in these bright green shirts and trousers as Recoleo recyclers, not as *sucateiros*.

“I wanted to invest in a sense of their citizenship, in belonging to society, and to have them take pride in their work,” said Freitas. “I believe we have changed how society views recyclers.”

Belo Horizonte is the capital city of Minas Gerais, the second largest state in Brazil, which has both large urban and rural areas. Freitas has made a concerted effort to hire those from disadvantaged backgrounds she personally identifies with, including single mothers, recovering drug addicts, and those who just moved from rural villages.

Through a Skype video conference call, I could see the room of employees ranging from recent college graduate Marianna Resende, who started at the company as an intern, to Tarley Barbosa de Jesus, who came from the sugar cane production and now works in an oil processing plant of Recoleo in the nearby [Contagem](http://en.wikipedia.org/wiki/Contagem) (<http://en.wikipedia.org/wiki/Contagem>) city to 73-year-old Zélia Remígio da Silva, who heads HR. Since I do not speak Portuguese and only Dr. Coelho could speak English, I relied on him to translate.

Before coming to drive for Recoleo six years ago, Marcelo Rodrigues de Almeida worked on the floor of a screw factory. He now makes \$2k US a month in a country where the average monthly salary is US\$ 367. Barbosa came from the poor northern region of Brazil. He never finished elementary school. With Recoleo’s support, he enrolled in a professional course to learn



about machinery. In his four years at the company, he has worked his way up to chief of the workshop. He said, “Most people like me would not be able to get this kind of opportunity.”

Despite their efforts, personnel issues do not elude Recoleo. Because of the recession, over the past year, they laid off 30% of their staff but managed to increase 40% of production when they discovered some employees had been stealing oil and selling it to their competitors. Dr. Coelho and Freitas said they are constantly learning how to manage their business more efficiently.



*A fleet of 21 Recoleo vans are used to collect oil and to help brand Recoleo.*

### Sourcing oil-“McDonalds” style

To their knowledge, they are the only recycler in the world using a franchise model. Franchise owners pay the equivalent of \$20,000 US (about R\$ 50,000). They need to establish relationships with local private and commercial oil suppliers and then then pick up the oil and deliver it to Recoleo headquarters, where Recoleo can guarantee to buy the oil at a good price and they process the oil into biofuel. Successful franchise owners who have developed a strong sourcing network can recover their investment in six months.

“Recoleo’s franchising system that is one of our prides,” said Dr. Coelho. “When someone decides to be one of our franchisees, he will spend a few days in our company receiving intensive training that will address all phases of the business. In addition to this training (which is both practical and theoretical), we will oversee the entire assembly phases of the new business and we will guarantee the purchase of all production initially at prices and terms that he would never meet if he were to start the business alone.”

Through franchising, they expanded other major cities like Brasília, Porto Alegre, Curitiba, Bahia, São Paulo, Goiás, and Espírito Santo across Brazil.

Dr. Coelho said, “We have now many cases of successful franchisees. Indeed, our system of franchises is one of the pillars of our business and makes up 40% of total revenue.”

Dr. Fraga said, “Recoleo is innovative with its franchise model. The evolution of the vegetable oil recycling process is directly related to the transformation of recycling into a new business, where diverse people and businesses can generate more income and employment.”

**Herbert Gomes** was Recoleo’s first franchiser in 2008. His company, Franquia Recoleo-Betim, serves Betim (<http://en.wikipedia.org/wiki/Betim>), the second largest city outside in Minas Gerais after Belo Horizonte. With the revenue earned through the Recoleo franchise, he

said, “I was able to buy my first house, my first brand new car, and to pursue an old dream—to go to college.” He took a course in “Environmental Management” at the Catholic University – PUC-Betim.

Recycled vegetable oil is a good source for biodiesel but has been traditionally difficult to acquire and not cost-effective. Individual households, large condo and apartment complexes, and commercial businesses now save their oil to be collected in exchange for cash or cleaning supplies. With Recoleo scaling their business with the franchises, they are able to get high quantities of oil and negotiate better prices.

“Recoleo stands for being able to do a job that we call here in Brazil the “work of little ants”,” said Dr. Coelho. “We are able to collect thousands of small samples at a much lower cost and gain scale. We are able to mobilize hundreds of thousands of people to the cause of recycling oil.”

As the public learns more about the benefits of recycling, the supply of oil to recycle will increase. Dr. Fraga said some studies show the average Brazilian consumes 27 kilos of oil a year and the current volume of collected oil to be recycled averages 4 kilos per person per year—the supply potential is deep. Over the past year, Freitas said the company increased supply input by 15%.

### What’s ahead for Recoleo

According to Dr. Fraga, the Brazilian government does not provide any tax incentives to recycling. Dr. Coelho said businesses are challenged by the high cost of fuel, high interest rates on loans compounded by difficulty to access capital, as well as the current recession.

“Despite the difficult times through which we are passing, we are at the same time very excited. The company has become more efficient and it is producing far more than last year. In addition, we are opening important franchises out of state,” said Freitas.

Dr. Coelho said, “Our dream is to see Recoleo throughout Latin America and even in the USA. We have already visited some cooking oil recycling companies in Europe and the USA. We believe that we are better than most of them.”

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