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Interview

Antonio Vázquez

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“The key to leadership is making your people grow professionally”

Antonio Vázquez, Chairman of Iberia and IAG

A few weeks ago was the first anniversary of the new airline IAG (the result of the merger of Iberia and British Airways) being listed on the stock exchange, concluding one of the most important corporate transactions of the last few years. This was a significant transaction piloted successfully by the Chairman Antonio Vázquez because “I knew where we wanted to go and where we did not”. Antonio Vázquez considers that clearly knowing the path to follow is a fundamental part of knowing how to lead. Endorsed by other major transactions throughout his professional career, Antonio Vázquez has learned that executives must make the appropriate decisions and call “a spade a spade”, and he considers it essential that business leaders make their teams grow: “we must work in a way that enables our people to grow professionally”.



As one of the leading figures in the merger between Iberia and British Airways, what has this milestone meant for your professional career?

It has meant a radical change to Iberia's future scope of development. The company worked as a 90-degree hub, namely towards the Atlantic and towards the south, but the incorporation of the new group enables us to look at long-haul flights with a 360-degree vision. Gaining critical mass was a very important change in terms of current and future development and, moreover, the merger agreement has been very beneficial for both parties.

What qualities must an executive/leader have in order to manage a merger of this nature between two major companies?

The most important thing is knowing where you want to go and where you don't. In a transaction that is seemingly very complex, has many facets and for which you have the best advisors, there are a lot of inputs that you must process, but it is very important to have a clear idea of where you want to go and where you don't.

This idea not only has to be simple but you need to know how to explain it in a simple fashion. If you know where you want to go, know how to present it with simplicity and find resonance with the other party, you have fertile ground on which to move forward. You can tell almost from the outset whether a merger of this magnitude can be carried out or not.

What has been the most complicated situation you have had to handle throughout your career?

When you are looking for the right time for internationalisation or major corporate change, with all your analytical parameters firmly in place, that right time will likely never arrive because you may fall into the trap of analysis paralysis. The right time to make general decisions is always now.

I have been involved in major corporate transactions throughout my professional career. For example, the large expansion of Tabacalera in cigars, when we decided to invest in the United States and Cuba. This was a complex expansion to manage because the time was difficult; what we wanted was to enter a market as important as the US, which accounts for 40% of world tobacco consumption, with a leadership position. To achieve that, the ideal thing would have been to have bought a company that already was a leader. However, leading American cigar companies were trading at extremely high multiples, we are talking about the boom in the US stock market and particularly in cigar consumption in 1996/97.

So we decided to do the very opposite: instead of buying something that already included a product, raw materials, a brand and a distribution network, we decided to buy little bits. So, within a year and a half this transaction had made Tabacalera the world leader in cigars, even though it was a local company. The process involved buying various parts and weaving them together, while simultaneously handling the purchase of 50% of all Cuban cigars. The worst time came when, following our major investment in the US, the El Niño hurricane hit, which destroyed tobacco, and then we suffered a plague of tobacco blue mould, which meant that we had no tobacco for two years.

It is very hard when you make an investment and see that the returns get delayed, and it is very complicated because you have to explain this to the market, and to yourself. However, on the other hand, the germ

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of very solid management capacity always lies within these types of difficulties because obstacles strengthen management teams and strengthen the management muscle.

Do you consider internationalisation to be a key factor for recovery?

I cannot imagine any company operating only in its domestic market, for me that not only constitutes a poor outlook but also short-sightedness in terms of the Company's survival horizon. You may have the option to internationalise but your competitors definitely will do, and you are part of the world.

At this moment in time, internationalisation is not an option, it is as necessary as breathing. And companies should not differentiate the executive structure between the domestic and exports market, I recommend that they divide the world into territories, Spain is one territory and even Europe would also be considered a territory. It is a fact, and a very true one for me, that the world is global. You may or may not respond to it but today internationalisation is absolutely essential. A company that is not thinking in terms of open markets is inconceivable.

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Taking into account the importance of business fabric in improving a company's competitiveness, how can a business executive and leader contribute to this improvement?

By making the decisions that they have to make and “calling a spade a spade”, because we won't understand each other otherwise.

In Spain there is a lot of talk about changing the production model, which I do not believe in at all. There is no need to change any production model, everyone just needs to do their own job well. What does changing the production model mean? Are we now going to focus on innovation, technology and high-end electronics and forget about tourism in the current climate?

We need to do what we do well and offer top quality at the best possible price. For this reason I think that the competitiveness front is vital, and a lot more important than the financial front.

Europe's real problem is rooted in its competitiveness. The continent has been committing an anthropological error in the sense that first it created some standards, then it exported them and, lastly, it began to compete assuming that the entire world would buy the European model of democracy and the welfare state. And that is not the case.

Europe has a serious competitiveness problem: it has to adapt the welfare state to productivity. We have created a comfortable, lax Europe, that is quite idle in some respects.

Once the problem of competitiveness is resolved, Europe will continue to be one of the best places in the world in which to live.

How must leaders and executives act in times like the current crisis? On what areas must they focus management?

In organisations, the more responsibility a person has, the less clear a picture they have. If I am asked, “what do you do?”, the answer is that first I deal with the problem of the day (one day it is a regulatory problem, the next day it is a slots problem).

An important part of the activities performed by Company senior executives is dealing with these specific daily problems in order to solve them so that the Company can maintain its “cruising altitude”. In other words, effectively, quickly and clearly solving any setbacks that might arise.

What an executive needs most is vision, knowing where he is headed. When you feel as if you are managing the company retroactively instead of proactively, something is wrong. If you want to lead an organisation you need to pre-empt certain changes, encourage your team to reach their objectives and, when problems arise, be the leading player in solving them.

As well as vision, information is also important, especially in relation to matters concerning internationalisation: information on the location, knowing what is happening in the place you are focusing on. Lastly, it is essential to know the final recipient of your goods or products and have knowledge of their whereabouts, what they think and what they are going to want.

What do leaders need to know how to do in order to successfully manage people and get the best out of their teams?

Above all, how to listen, you need to listen and have a clear idea of where you want to go. The raw materials with which we work are human beings, and you have got to realise that. When you know exactly where you want to get to and you set objectives, it is not difficult to achieve a degree of harmony with those objectives (be they making money, increasing market share, achieving sustainability or respecting the environment) but it is also very important to achieve harmony with your motivation. This goes well beyond keeping in line with objectives and requires a considerable level of empathy, which stems from dialogue; and dialogue should be between two people, not between committees.

It should be from one person to another, maintaining eye contact, it is necessary to speak to people: "How did you do that? How can you improve? Where have I let you down? How can I help you to improve?"

In essence, the biggest motivating factor in personnel business management is watching people grow professionally. Company leaders have the important duty of making their teams grow, and not stand still. The key to leadership is making your people grow professionally.

Do you think that training plays an important role in leadership capacity? In what ways should future leaders further and better prepare themselves?

Training is imperative. When someone is no longer interested in training, you have to get rid of them. Reality is changing and this has to be understood every day. Furthermore, your career could become a very frustrating routine if you don't learn new things from day to day or gradually grow professionally. For me, it is not about a professional career at 18 or at 65, but about growth, and for me leadership is not leadership if this growth does not entail growing together.

A vital aspect of training is being able to design career paths for those who have notable growth potential and capacity. I think you need to be on top of these people, offer them new career paths and opportunities and even risk losing them.

If you were to start again as a businessman, which path would you choose?

I would not choose a very different path. In the end, as time goes by and I look back, I realise that I have worked in four major areas: consultancy, consumer products, Tabacalera and Iberia. I do not think that I would do things very differently.

For example, my experience in consultancy made me begin to work with an attitude of zero defects, with motivation for excellence and with a methodology. I learned something important: you have to endure the pressure with a smile on your face (something which helps a lot in life) and then you get used to the fact that you have to not only do a good job of excellent quality but also be in direct and permanent contact with your client.

In the world of consumer goods, I learned about other aspects such as brands, exports and alliances. And in Tabacalera, I was involved in major corporate transactions, such as those I mentioned earlier.

In other words, each part of my professional career has made a small contribution. I am grateful as I have had major challenges and experience in starting projects from scratch, with a blank sheet of paper on various occasions, something that is very good and rewarding. I have enjoyed my professional life and I continue to do so, otherwise I would not be at an airline. In this world, if you don't have a fighting spirit, you lose.

What qualities define a business leader of today?

Vision, decisiveness and proximity. Vision, because even if you are the best person in the world, if you don't know where you are going, your company will not do well.

Decisiveness, capacity to act, because you may have brilliant ideas all your life, but you need to put them into practise. You need to be close to your executive team but rational at the same time. Although the Latin world is changing, I think there are still a few defects to refine; one of them being a widespread sense of misunderstood loyalty. It is one thing to be a good person, but another thing to burden the company with a dead weight that you can't get rid of. If someone doesn't deliver, you need to remove them, because the company is not yours, it is the shareholders' and you can't afford to have unproductive resources. You need to be very rational, but which doesn't mean that you shouldn't be very close to your team.

Another aspect to refine is Southern Europe's sense of tragedy. When you talk to British or American businessmen they say that they have failed at one or two projects. In Southern Europe, on the other hand, success and failure are still taken very personally, and I think this should be avoided. A project that does not go ahead or fails does not constitute a personal failure. We should not confuse the fact with the person. Just because a child lies does not mean they are a liar, simply that what they said was a lie, but you are not going to discredit the person.

In short, the three pieces of advice that I would give would be not to misunderstand loyalty, not to permit mediocrity in exchange for a good personal relationship and not to overly somatise negative experiences.

What advice would you give to the leaders of the future?

Not to change, to carry on being as they are, to be themselves. I think that Spain now has a business fabric unlike any it has ever had before, an executive fabric it has never had before and a generation of young people who are infinitely better prepared than we were, with languages, a global understanding, university and post-graduate education, etc.

I think that such raw material is excellent and that today's generation of young people is perfectly on a par with any generation of young people in the world. My advice to them is not to lose their identity or end up wishing they were English or French.

Know yourself, set no limits, be ambitious, think the sky is the limit, think that the world is more open than ever, that it is full of opportunities and dream without fear, you can always go back.

“A leader must have vision, decisiveness and proximity”

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