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Positive leadership

Interview with Santiago Carbó

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"We need more business leaders willing to take more risk"



Santiago Carbó | Director of financial studies at the spanish savings banks foundation

Santiago Carbó ensures that the Spanish economy is facing a triple challenge: Internationalization, growth of productivity and the search of new markets. He believes the change must start in education, with education programmes that impulse entrepreneurship and help the development of future leaders.

What areas must our economy work on to improve its competitiveness?

The Spanish economy has improved markedly in recent years following a very serious crisis. Now, at this time of recovery, we have to consider the things we still must do to be stronger in the next crisis and, of course, to improve everybody's wellbeing. The main challenge for me is to increase productivity. If productivity improves, many of the things that currently concern us can be achieved in our country. Increasing productivity basically means that everyone -individuals, employees, companies- produces more, i.e. they achieve higher per-unit production, and we can move towards forming part of the most powerful European environment, because that of the United States is a long way off, even

for Europe. Many things are needed in order for us to reach that point: labour market reforms, organisation of work, employee training...but there must also be changes in leadership and in business people, because it is the business person who ultimately makes the big decisions regarding how his or her company produces, production times, etc...

What is the leadership situation in Spain like now?

What does the future have in store for us? What areas do we need to strengthen? We probably need more business leaders to intensify economic and business activity in our country, which is essential in order to ease the problem of unemployment and for us to be

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more productive, as I have mentioned. I feel that this is fundamental. Of course we must set out many cross-cutting strategies and policies not only in order to improve HR in general, but also, as I say, to encourage the emergence of new business leaders willing to take on risks and undertake major business and economic projects.

How can we set about creating new leaders?

I do not believe in heavy-handed interventionism, because that ultimately creates restraints and restrictions, and such an environment does not help the best brain power and leadership abilities to emerge. What we really must achieve are training and education conditions, at secondary and university level, which place significant value on being a leader, an entrepreneur, being able to take charge of your own life or professional project and spread those qualities to others. But this is not just a question of education: we probably need a financial system that supports those who have a good idea. Obviously it cannot just be a good idea; you have to be able to demonstrate something more and put in the effort, but we probably need to go into more depth on this issue. Public authorities, which have been simplified in the last 20 years, must also continue to stimulate the economy, or must at least avoid placing obstacles, in order for good business ideas to progress smoothly and not be faced with discouraging obstacles.

What issues must tomorrow's leader bear in mind?

A future executive should be as unconstrained as possible and be a broad thinker. This must happen firstly within the executive's organisation, i.e. they should probably think about how to reorganise staff towards other functions, because maybe the company needs to change its mission. But the executive should also be open to what he or she previously considered to be non-typical or non-traditional markets. For example, the highly intense situation of social networks and computer technologies opens up a field of very many possibilities, which are also risks, and one must be open to these possibilities, whilst always assuming the level of risk desired. We must explore and keep an

open mind, because we are now seeing that a lot of demand comes from there or is channelled from there.

We must also internationalise, which is another way of diversifying. Internationalisation is very important for the Spanish economy and I feel that French, British and German firms have a greater presence in Asia and the Middle East, in the Emirate countries, which have major potential. We do have stronger leadership in Latin America, but we arrived somewhat late in those strong emerging countries. What is clear is that in order for your company to achieve the profitability you desire, you sometimes need to broaden your capacity and your market to another place which is not as mature, where you can contribute the strength of your company and products and achieve a profitability that you may not be able to gain in other more mature markets, such as Europe or North America.

The crisis has forced us to live in a time of uncertainty. Is there a magic wand for managing risk?

There are no magic wands for managing risks. In order to operate in financial markets or take decisions that sometimes require an investment that does not necessarily relate to financial markets, but rather adopting one technology or another, you must sometimes take a risk-based decision and obtain good advice because you might not have identified all the risks in a certain transaction, especially if that transaction is fundamental or strategic. I would recommend following markets closely, together with the global investment situation, since risks are increasingly global, and the global political situation... all this will help you to not find yourself in certain situations that you might have avoided by monitoring those situations more closely. The key elements are having appropriate training, obtaining good advice, obviously having good ideas and knowing how achieve the correct dosage at all times: when there is a crisis you should act prudently and at times which are more expansive or which allow greater freedom to operate you could maybe risk more, but of course all while following a balanced model.

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