



With the cooperation of:

Deloitte.

Positive leadership

Interview with Ignacio Garralda

January 2015
www.liderandoenpositivo.com



“There must be consistency with what the leader says and does”

Ignacio Garralda, Chairman of Mutua Madrileña

The current role of the business leader has evolved, with the need to be “much more down-to-earth and interactive with the company’s staff”, states Ignacio Garralda, Chairman of Mutua Madrileña. “The defining characteristic of a good leader is to try to visualise what the objectives are and motivate people so that they can achieve them”. In order to do this, “the team must be very close to the person in charge of the company”. He also underlines the importance of social networks as supervisors of these leaders, stating that “once you feel that you are being watched, you are obliged to be accept accountability and, when you do that, things work out a lot better”.



Ignacio Garralda, Chairman of Mutua Madrileña.

In an industry such as the insurance industry and in a group as diversified as Mutua Madrileña, what are the main characteristics a leader must have? Do you think that one must have different abilities or awareness than in other industries?

The attributes a leader must have are generally the same for almost all companies, regardless of the industry in which they operate.

I feel that, in principle, the defining characteristic of a good leader is trying to visualise what the objectives you have to achieve are and, once defined, trying to motivate people so that they can achieve them. In order to do this, the team members must be very close to the person in charge of the company in order for them to feel involved.

Subsequently, it is crucial for the team that the leader in question, the person in charge of the company, follows through on everything he or she says., i.e. there is consistency between what is said and what is done. That is the keystone for leadership.

How do you think trust is maintained in an environment of cutbacks, which has been a result of the current crisis?

The crisis has affected everyone, but we have avoided the full effect of it, in the knowledge that, logically, we couldn't avoid it completely.

We have not made staff cutbacks; rather, we have continued to increase our headcount since 2008 and, therefore, what we have tried to do is to ensure that teams and new staff could get highly involved in customer care, being available to customers and in direct contact with them.

In this sense, the evolution of la Mutua's workforce has been very much in line with the business trajectory of the Company itself.

Over your extensive professional career, what have been the most significant challenges you have had to face?

I became Chairman of Mutua Madrileña in 2008, just when the financial crisis had begun. In those days, the Company had the serious problem that our customers were leaving Mutua Madrileña at a rate of 5,000 per month, which came to a total of 60,000 customers per year.

The first thing we did was to try and stop that drain, implementing aggressive pricing policies, which enabled us to recover our rhythm and get back in contact with our customers, as well as reverse the downward trend we were experiencing. Since then, we have been gaining customers both in and outside Madrid.

Then, in a second stage, once we had managed to redirect that critical phase, we embarked upon a phase of expansion and performed the largest transaction to date in the Spanish insurance industry: the purchase of 50% of SegurCaixa Adeslas and its takeover by Mutua Madrileña. It also carried a bancassurance agreement

“Now we face the third stage of our growth strategy, which is slower and consists of expansion beyond Spain”

with CaixaBank, for a value of 1 billion euros. This enabled us to enjoy geographical distribution and operations in fields that la Mutua had never had before, managing to become number one in healthcare through Adeslas.

Now we face the third stage, which is slower and consists of expansion beyond Spain, which logically requires knowledge of markets beyond our borders and will take us longer.

During this process you have described, what do you think have been the keys to success?

It is always a combination of various things. But, without doubt, a definitive factor has been to identify the objective very clearly, because the focus can only be on one thing, not several different things.

The focus was initially on restructuring the tradition, the central business of la Mutua, and then to expand beyond Madrid and, in the future, beyond Spain. It is about knowing how to clearly make a distinction between the main objective and the complementary or collateral objectives. For me, that is the secret to success. Although it is not always easy, you must perform a rigorous analysis of the situation and subsequently have the ability to see it in a global

“Once you feel that you are being watched, you are obliged to be accept accountability and, when you do that, things work out a lot better”

context in order to know which of the alternatives is the definitive one.

In Mutua Madrileña’s case, commercial, advertising and promotional visibility have grown significantly in recent years. How does this visibility contribute to strengthening the Company’s leadership?

One of the keys to Mutua Madrileña’s success has been the campaign which we began in 2009: “Soy de la Mutua” (“I’m with la Mutua”). It took off on television, was quite a novel campaign and we have been consistent and continue to back it. Conveying to Mutua’s customers the feeling of belonging to the Company was what totally differentiated us from the rest of the competition, whose advertising was mainly price-based.

At that time, we believed that the pride component of belonging to la Mutua had more value. That feeling of belonging which we managed to create is one of the main reasons our yearly cancellation rate is the lowest in the entire industry, because our churn rate is around 5%, whilst that of other companies is 21%.

Turning now to society, which is extremely sensitive with regard to values such as transparency and the honesty of its leaders: what do you think those in charge of large companies must change? What would certain political and economic figures have to do to in order to regain the trust that society has lost in them?

We have never been in a situation like the one Spain is

currently in. There is a feeling of a total breakdown of trust in the ruling classes and, by ruling classes, I mean anyone with a certain amount of responsibility. The only way to fix the situation is for the ruling classes, whether politicians or businesspeople, to accept a certain role of leadership by example and accountability. Until now, there were certain companies which were accountable to supervisors, especially in the financial system, but now companies must be accountable basically as a result of the proliferation of social networks. Social networks have become the supervisors.

Therefore, all businesspeople must be aware that they are being supervised at all times; once you feel like you are being watched, you are obliged to accept accountability and, when you do that, things work out a lot better.

What message would you send out to those young people preparing to be the leaders of the future?

The crucial thing is that they invest a lot of their time in training. If you do not have training, you can work somewhere and, if you have contacts, somewhere else, but if you have no training it is very difficult to get a position and have a long professional career throughout your life.

Furthermore, people nowadays do not just work in one place, but rather versatility, change and the chance to go from one place to another are going to be necessary elements for reaching positions of responsibility. And in order to do that, you need training. Not only that: young people should also know how to take risks and be entrepreneurs.

Innovation has become one of the biggest levers of growth. How do you think you can innovate in an environment of both leadership and people management?

There is no doubt that innovation is essential and in Spain we have not paid it the attention it deserved, probably due to a chronic shortage in terms of financial resources allocated to this field. As far as possible, it is about making innovation a process in which the

employees themselves, in their individual cases, are thinking about what the points for improvement of their respective services are. Therefore, it should be a duty that is completely generalised and developed across the entire organisation. At la Mutua, we try to place great importance on this issue, encouraging our employees, through idea competitions or giving them information, to be the ones to lead the processes of innovation.

Specifically, for example, we have the “I’m an Entrepreneur” course. This programme provides training to all those who want to gain that capacity to be a businessperson or entrepreneur. This programme is for both la Mutua customers and the employees themselves that wish to join this course.

Based on your career in charge of large teams and as a leader figure, how do you feel that this figure has evolved? What do you feel that leaders need now that they did not need before?

This figure has evolved and will probably evolve even more. Before, a leader was something almost religious, an enlightened person. Now this type of leader no longer exists. He or she must be much more down-to-earth and interact more with the company’s staff. It is essential that the leader takes information from the people in his or her teams and that people notice that what they say is taken into consideration.

This interaction of ideas and innovation provided by all those involved in management teams is fundamental.

And that game of interaction also works in the sense that teams realise that they have a leader who stands up for them in bad times, and that the employees see

“Today’s leader must be much more down-to-earth and interact more with his or her co-workers”

that, if there is a difficult time, it will be the company’s number one who takes the step forward.

Is there a leader you especially admire? If so, why?

I must admit that I admire business leaders but they do not impress me because, at the end of the day, there will always be a successful business behind them.

I think that what impresses me most are social leaders, who are much rarer and more difficult to find, like, for example, Nelson Mandela or Gandhi: leaders who came out of nowhere and revolutionised systems of segregation in a completely peaceful way.

Leadership must be moral and they were two totally moral leaders who paid the price by spending many years in jail, but who never used violence to achieve what they were trying to do.

Contact

CONFEDERACIÓN ESPAÑOLA DE DIRECTIVOS Y EJECUTIVOS - CEDE

World Trade Center
Moll de Barcelona, s/n Edificio Este 1ª planta
08039 Barcelona (Spain)
Tel. +34 93 508 83 20
Fax. +34 93 508 83 21
Mail: info@directivoscede.com