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# Liderando en positivo

## Interview to Honorato López Isla

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# “Nobody has all the strengths and no weaknesses; being aware of this, you can help an executive to develop and become better managers”

## Leadership and management

I believe that to manage is to lead. In my opinion, a leader must have qualities such as a strategic vision of the future and knowledge of the various businesses. Leaders should not only have such knowledge, but also be able to transmit and share it across an organisation. A leader must be a person with the capacity to take decisions and an ability to give orders; and these skills must be based on the example set for the other teams. Furthermore, a good leader must assume risks. In today's business world it is very difficult to encounter decisions that do not entail a certain degree of risk. I believe that it is very important for a leader to have the capacity to train and stimulate a team. The abilities that I most appreciate in an executive depend on his or her personal profile and the industry in which they work. Indeed it is the weight or coming together of these characteristics that lend a distinct profile to each executive. Leaders are not made using a specific mould. No two are alike and there are many executives who always lead organisations, but always with a combination of the qualities.

## Shared and leadership team

Many executives talk a lot and rarely listen; often because of a lack of time. In my opinion, sharing with the team is important, making the very team itself the leader. A good executive must transmit to his or her people that they themselves have to be leaders in their areas. In this sense it is a good idea to reflect, to be aware that we all have our limitations, to get to know oneself, which is the most difficult thing, and to be humble in certain situations and with colleagues. An executive must lead by example, although this is a very personal question and neither should an executive demand from others what they themselves are not

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The importance of people-oriented management is one of the keys emphasised by the former Chairman of Unión Fenosa, Honorato López Isla, in a recent interview forming part of the Positive Leadership (Liderando en Positivo) project. From communication skills, teamwork and the ability to transmit and generate knowledge, López Isla goes over the qualities that a leader should possess.

capable of doing. With respect to the work-life balance, it could be said that it is not so much a question of time but a question of concept. An executive must give priority to his/her values regarding personal and family life. It is important for me that there is a good balance between home life and work life. And here time plays a fundamental role, and it is one of the scarcest resources in our lives. Obviously, an executive must be able to administer his or her own time, give importance to matters, be precise and have the capacity to get over ideas. An important skill: transmit what you want to a team as clearly and precisely as possible and, naturally, take decisions without delay. A company's management structure tends to become complicated when these rules are not obeyed.



### **The role of communication in the organisation**

In terms of the need to hold meetings in order to share information and communicate, the ideal situation is to hold few meetings with few people. However, it is true that one must know what meetings are like and what they are for. In my opinion, meetings should be arranged for a specific purpose, especially those meetings in which decisions are to be taken. Although there are meetings which serve to communicate and inform on values or cultures ... A distinction must be made between the types of meeting. Communication skills play a decisive role in this respect. And the executive must get all the team involved, making a permanent effort so that the team shares not only his or her vision, but also their goals. A good leader must transmit values, share them and create a culture. I am a strong believer in company culture and although this is a medium to long-term matter, it requires an ongoing effort: all of this requires communication. In any organisation or institution, if you are unable to communicate, you achieve nothing.

In management terms, I enjoy the work itself in the widest sense. For me work, and I am not referring to routine, entails creation, it means developing things, projects and ideas, and sharing such developments to get the entire organisation involved. I like to take decisions; I like my people to come to me with matters that can be solved. To sum up, I can clearly state that I greatly enjoy developing teams. Throughout my professional career, it is something that I have gladly taken responsibility for.

### **New technologies in executive management**

New technologies in executive management will play a fundamental role if we are capable of using them correctly. A deep insight is required of the new technologies applied to business and management and implies knowing how to use them to improve our businesses. However, the business must come before the technology. If this is true, we should think about how they can improve our products, the service provided to our customers, our operations or our flow of operating

and economic information ... and how we can integrate this information in a unique and shared way. Both the operating and middle-management level and the executive level, we must have the same information and this information must be fully integrated. The use of these technologies is basic to the development of new businesses as we have found at our company; the application of new technologies to a person's own knowledge is of unquestionable importance: how should we work using the new technologies? What's more, I believe it is vital. If we are incapable of applying the new technologies at this time, the company as such will disappear.

The application of the new technologies to management optimises operations, products, etc., because the optimisation of information knowledge makes the company improve as a whole. It is possible to gain insight into the basic parameters of your businesses in real time. It is fundamental to know what the basic parameters of a business are, and on this basis, establish the processes that the technologies allow you to achieve within a suitable timeframe. Moreover, these technologies provide shared knowledge to be used in actions, in such a way that if everybody is in possession of adequate information on the business, we can all act much more rapidly and effectively.

### Knowledge management

Knowledge management –an essential intangible in any organisation- is complicated. The first thing is to know what we mean by knowledge. What is knowledge? What is knowledge in business? What is the basic knowledge that people should have to be able to manage that business? And once we perceive that this knowledge exists how do we make sure that this knowledge continues to improve? How do we broaden the knowledge that people should have? And above all, and in my opinion, more importantly, how do we share knowledge? That is to say, how people in the different organisations of the company share and develop this knowledge. In short, what we may understand as knowledge management is the task of being aware of, developing and sharing knowledge.

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**The implementation of new technologies to the business management improves operations and products. It is essential to apply the new technologies to people's knowledge.**

The basic instrument for managing this knowledge is a corporate university, like the one Unión Fenosa currently has. The possession of such a university means that the organisation is able to capture from other organisations what is considered to be the “basic business knowledge” that we must take into account; it means that the development of such knowledge will be taken care of, that people will be looked after and that knowledge will be shared and transmitted ... In short, the university is basic to the organisation.

#### **From knowledge to people**

And if managing knowledge is difficult, managing people is even more so. It is far more complicated because all of us have our own particularities. Therefore, what is most important in people management is actually knowing the people involved. We all have strengths and weaknesses and, stemming from this, the first duty of a manager or a director is to gain an insight into these strengths and weaknesses. But this knowledge must be used to promote the strengths and help to cover the weaknesses, and in my opinion and based on my experience, this is highly positive. Nobody has all the strengths and no weaknesses; being aware of this, you can help an executive to develop and become a better manager; they feel more satisfied and this is consequently more positive for the company. Penalising weaknesses only destroys teams. To all of this you must add the need to be balanced, fair and equitable with people when making judgements. It is very important that you promote, value and reward a person's qualities and results. But not just with one person but rather you

must be balanced with the team as a whole. And if you do this, you help to make a team, to share, and in short you are managing people better. It is not easy because we are all different, but I do believe that it is essential.

#### **Particularities of the energy industry**

The energy industry has certain particularities that make it complex. It is a complete and integral sector because it manages many resources, financial as well as human. Moreover, it is a very demanding industry in technological terms; and it is a very varied industry in terms of strategy, from primary energy to the provision of a service that is classified as public and in which everyone has to have energy available to them, reaching millions of customers. To sum up, we are talking about an industry that has to combine the long term with the medium term. An industry that is very multifaceted.

#### **Strategic vision combining the immediate with the long term**

It is not easy to combine short term pressures with the need to hold a long-term view. Most major decisions taken in the industry are long-term decisions ranging from operating with primary energy to building a power plant or distribution networks, these are decisions that affect the company as a result of their very structure for 40, 50 or 60 years. Therefore these decisions are important in terms of the resources available and due to their very long-term incidence. But in turn, these decisions have a short-term impact that often adversely affects the income statement. However, we need to respond at short term on an ongoing basis; to present



quarterly results, etc. And this requires a balance between the impacts that these decisions have at long term and responding at short term to the markets and providing permanent quality and fair prices to the customer. I believe that this need to manage and provide balance is one of the characteristics that set this industry apart and which makes it all the more interesting and enthralling.

The industry is increasingly more integrated, from the energy generation facilities to the last link in the chain which is retailing. The idea that we have at world level of the globalisation of the concept of energy means that we have to extend our perception beyond the familiar world of electricity to the world of energy. We speak as much about primary energy, the oil industry, gas and coal as the final energy that we deliver to our customers. In my opinion, we as companies must cover all bases: from collection, transmission and distribution to supply to our customers. And this perhaps, is one of the most exciting aspects of the industry.

A citizen's perception that energy is expensive is a long-standing matter, based on the idea of public service. We have a problem and this is the fact that the price of energy is one of the few that is currently still regulated. Consequently, it is a matter dealt with at political level and the idea is perpetuated by the media. This has not helped us in our endeavours to transmit and communicate. But beyond this matter, the main problem is that customers, the citizens, do not buy electricity, but rather they use it. Nobody is aware of buying electricity and, consequently, as there is no conscious effort made to buy it, neither is there any awareness of its price. In fact, I can state quite categorically that most of our customers do not know how much they pay each month. We have a problem and that is the need to transmit the overall effort of which we have been talking to reach a final price for energy. This is a job that we have yet to do. As we all know, Spain is a country bereft of energy. We import over 80% and at times 90% of what we use, but we do not have the sensation that we have a lack of energy resources. We do not have the impression that energy is scarce, expensive and subject

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I think it is very important to be aware of the current economic situation, not only in Spain but also across the globe. If we are, we will be able to go ahead.

to prices that we do not control and, consequently, often as not we waste it. But it is not just important to be aware that energy is scarce and can be expensive but also that it has an environmental impact. We as an organisation are fully committed to the mitigation of environmental impact and we are concerned about CO2. The problem lies in the fact that the "man in the street" is not aware that by consuming energy, CO2 is produced. It is for this reason that for many years now, we at Unión Fenosa have broached the matter of energy efficiency from both the economic and environmental standpoints.

#### **Times of difficulty, times of change**

Before I conclude, I would like to reflect on the economic situation. Although I am not going to add anything that has not already been said, from my perspective I wish to say that the situation is difficult and complicated not only for the world, but also for the country in general and above all for certain sectors. I believe that it is very important to gain a true understanding of the situation and, by understanding it, we will forge ahead. I am no guru, but being conscious of the fact that the situation is bad and being well aware of our strengths and weaknesses, after this economic glut, this period of abundance, we have to sit back and take stock. Spain has made significant advances in political and social terms (let's recall for example the situation at the beginning of the 80s with the complicated social and political situation then reigning), in terms of employment (there is now far greater stability, we have witnessed the incorporation of a significant part of the labour force: women, and today workers are far better trained), and in the world of business. The infamous brick companies are always cited

as a negative example but it appears to me that Spain has very sound companies with multiple capabilities, which have known how to expand abroad and compete internationally ... and I believe that these are the values which we must build upon rather than just highlighting the negative aspects which undoubtedly exist in our business structures and in certain business sectors. If we are sure of these values, if we are fully aware of them, and if we make the effort to work with them as our base, I think we will be able to pick ourselves up and dust ourselves down and, although this is an easy thing to say, reinforce our position with respect to other countries.

In these times of difficulty, executives must be expected to be conscious of the situation, be capable of making plain the company's capacities and naturally they must also be aware of its weaknesses, transmit them and call on the effort of the company itself. This effort should not just be called for and demanded internally but also demonstrated to society at large, making it clear just what the company can contribute. A framework must be called for that makes it possible to ask the government for help to escape the crisis and develop an inner strength. The principal error in these circumstances is to think that others will get us out of the crisis, to think that "well, it happened to the US and the world is in crisis and we are too" and that we have to wait for the US to solve the problem. Although it is true that countries such as the US and the EU as a whole have an enormous weight in the world economy and therefore in extracting a country such as Spain from the

crisis, we must consider the framework for action that they have and work with a full understanding of our situation. It would be a mistake to think that the US is going to help us to put the crisis behind us, or that it will be the government, using the measures that it could put in place. We as business people and citizens have to contribute all our ideas and endeavours, and be able to transmit them. Only then will we be in a position to demand that the government establish a suitable framework for us to overcome the crisis.

It is difficult to change Spain's growth model, but there is no alternative. It was based on a deeply embedded construction-driven economy. Construction, together with the car industry was a potent driving force. It is true that we have to change, but change must be made on certain conditions. If until now we have been too lax in terms of business, professional and labour-related needs and the needs of society as a whole, it is not possible to get out of situations like the one we are currently in without making sacrifices. We as citizens and businesses are the first ones to have to make sacrifices, then the government. The government has to be conscious of the fact that it must make sure that other sectors are more reactive. It is easy to speak about knowledge, new technologies, the world of training and other more advanced sectors but these are long-term cultural matters. Therefore, at short term, and not losing sight of this timeframe, change must be based on a major effort from the world of work, labour and society. In short, don't spend, don't waste and be more efficient. I believe this point is vital. It is true that we need to recover the

channels of financing because financing is the fuel that powers the entire business world, but within a suitable framework established by the government aimed at recovering such financing. Now it is up to us -business people, companies, employees, the world of culture, those from the world of training- to make an effort to change our professional profile and the way we make demands in our working lives in order to do things more effectively.

All of this also entails the call to get back to traditional values. But it is also true that when these values or business ethics are talked about, we have to be conscious that there are thousands of companies and that these examples arise only occasionally. It is true that they should be set as examples because they have been tremendously significant. The globalised world and the world of finance have led to certain imbalances, to certain balloons that ultimately burst. But in my opinion, there are many businesses, many business people, managers and employees who share these values. Perhaps what needs to be done is to make sure that more is known about them. Perhaps what is needed is to make sure the negative examples that were so highly valued and given such importance disappear. Perhaps the values that so many companies have should be communicated and transmitted as well as those of many backbench politicians who work permanently for the

good of the country and of the community. We could say that it is about recovering these ethics in the face of public opinion; these values that many people in this country evidence and hold dear.

### ***Nunca choveu que non escampara***

Para concluir con un mensaje de optimismo, me gustaría hacer hincapié en la idea que anteriormente comenté y es que el país tiene unas bases de carácter político, social, empresarial y laboral mucho mejores de las que recuerdo que podía tener en el año 82 e incluso en el 92. En toda actividad hay ventajas e inconvenientes, cualidades positivas y otras que no tanto, creo que si somos conscientes de la realidad de la situación, de adecuarnos a ella, de hacer, como veníamos hablando, esa digestión, me parece que seremos capaces de salir. Salir vamos a salir, de hecho hay un dicho en mi tierra, en Galicia, que dice Nunca choveu que non escampara, nunca llovió que no despejara, el tema es si esa lluvia es un torrente que nos lleva a media humanidad... Creo que si realmente confiamos en nosotros mismos, nos exigimos, ponemos en valor nuestra ética, nuestros conocimientos, que son muchos, y somos conscientes de nuestras limitaciones, y trabajamos, las cosas se consiguen trabajando, todo lo que ha demostrado este país, quitando el lastre de lo que ha pasado en estos últimos años, se pondrá de manifiesto, y saldremos de esto y con futuro.



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