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# Positive leadership

## Interview with José Luis Feito

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# “Internationalisation is, without doubt, the great challenge to Spanish firms, and their survival depends upon it”

José Luis Feito, Chairman of the Institute of Economic Studies

Intellect, industriousness and charisma: that is how José Luis Feito, Chairman of the Institute of Economic Studies, sums up the qualities that every leader must have. This economics expert considers that leaders are born and not made, although their training and that of their team is important. Training which includes a comprehensive knowledge of the economy and his or her industry, and whose success lies in one of the key issues in the coming years: internationalisation. In a country in which 80% of the business fabric is made up of SMEs, this expert recognises that internationalisation is essential: “Success and survival will depend on companies having a diversified market, not just domestically, but also abroad. It is a lesson which Spanish businesses must learn and apply”.



José Luis Feito, Chairman of the Institute of Economic Studies.

**In times like these, when it seems we are beginning to come out of the crisis, how should a leader and senior executive act? On what areas must they focus management?**

They must focus on the optimal strategy for ensuring the best results for the company: sometimes, survival; in other cases, rates of return that compare to the best in the industry.

Also, attention must be paid to the overall capital and resources necessary to carry out, develop and execute this strategy.

Lastly, they must have the energy, the ability to pay attention to global issues and the attention to detail necessary to achieve their objectives.

The mission of an executive is always the same: it is harder and more demanding when the context is difficult, and pleasant or less demanding when the context is improving, but it does not change according to cycle.

The Institute of Economic Studies is made up of companies from a wide variety of industries and analyses different economic and social matters. Which matters are key in order to exercise this “opinion of leadership”? What qualities must a leader have in order to disseminate lines of thought and influence society?

The main quality is the same as in any other environment: excellence, being the best in the industry.

In the case of the Institute’s environment, it is about bringing economic thinking of the highest quality to practice, to recommendation, and disclose it to public opinion in the most rigorous way possible, making it possible to gain an insight into the best aspects of economic thinking, both on part of executives and business leaders.

That is the main objective of the Institute: to manage to convey an understandable language to a public less versed in economic matters the most significant advances and data in order to understand the business environment.

But an objective is also to analyse in the most rigorous way possible the evolution of the economy, providing key advice to executives so that they cope as well as possible in a world which is changeable by definition.

**One of the aims of the Institute refers to the training of businesspeople and managers. What are the main training needs of leaders? What technical and emotional aspects must executive training emphasise nowadays?**

Emotional issues or the personality traits necessary to perform effectively and correctly as a leader cannot be taught; one is born with them. There is, therefore, a significant genetic component which determines if a person has the vocation and ability to be a leader.

Then, there is a training component which, by definition, can and must be taught and learned. This

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refers, firstly, to the ability to understand the global economic context, which is why quality training in economics is necessary, with the knowledge of a series of essential key elements to guide the leader’s company.

Secondly, it is necessary to have a comprehensive knowledge of the company and the industry in which it operates; a knowledge which must always be updated and requires full dedication to the life of the company and the industry, which characterises the life of senior executives.

**Company executives cooperate and interact with each other on an increasing basis, participating in forums, associations and foundations. How has the role of the executive evolved in this sense? Is there now a tendency towards more cooperative leadership?**

Spain, indeed, has experienced a very positive evolution in this sense. Executives have associated with one another in order to exchange experiences and interact, i.e. to improve through mutual knowledge in their respective activities. That is a very positive step forward in the life of an executive.

On the other hand, there is also associationism which enables the executive to reach society. The aim is to utilise the executive’s knowledge in a series of areas in order to convey to the rest of society a better

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## “If we want to take a leap forward in terms of our level of innovation, executives must pay a lot of attention but, especially, more raw material must be produced for the executive”

knowledge of his or her industries and the economy, and to try to influence those in charge of economic policies so that they take into consideration the opinions, experiences and knowledge of executives at all times. It is a natural evolution that is proving very positive in Spain.

The associative relations between Spanish executives are of the highest level, comparable with others in Europe and even with the English.

### **Do you consider internationalisation to be a key element for recovery? How do you perceive the globalisation of Spanish companies?**

The internationalisation of Spanish companies was the first lever to halt the recession and which began to bring about recovery. We have been experiencing economic recovery for the last twelve months and the start of this process was initiated, precisely, by the international sector.

Before the crisis, Spain had a level of internationalisation, measured by the volume of exports of goods and services in GDP, of around 25-26%. Now it exceeds 30%. Therefore, the globalisation of Spanish companies has been essential in halting the terrible recession that we have suffered and initiating recovery. At the Institute of Economic Studies, we consider it

so important that we have just released an economic report of SMEs in which we analysed the causes of their demise and survival.

In the report, we concluded that the essential variable for determining whether or not an SME would survive or not was, precisely, its level of internationalisation, an important detail if we consider that SMEs comprise 80% of the Spanish business fabric. In this connection, and the cause of net growth in the number of SMEs since the onset of the crisis, is the fact that there are now many more exporters.

To put it more precisely, they are much more internationalised, i.e. on one hand, they export and, on the other hand, they are able to produce products that compete with imports. In fact, there are many globalised SMEs, although they do not realise it, because they have specialised in the production of goods which, previously, international companies made, and they compete, therefore, at a global level.

Internationalisation is, without a doubt, the greatest challenge for Spanish businesses, at least for those that have not yet carried it out. Companies have realised that their future survival will depend on having a diversified market, not just domestically, but also abroad. It is a lesson which Spanish businesses have learned and are applying.

### **Innovation plays a fundamental role in the development of businesses. How can one innovate in terms of leadership, especially when it comes to leading teams?**

Being able to manage teams has a genetic component which is difficult to teach: you either have it, or you don't. I think that the problem is not so much with the executive, but rather with the fact that human resources must be accessed to collaborate with him or her.

The problem, therefore, is raw material: the education system lets us down, the high level of failure at school

which we have. In summary, 30% of our young people do not even finish their school leaving certificate.

If we want to take a leap forward in terms of our level of innovation, executives must pay a lot of attention and lead high-level teams but, especially, more raw material must be produced. The problem is that we must improve our human resources, especially at pre-university level and in basic education.

**What messages or advice would you send out to the young people who are preparing to be the leaders of the future?**

I would say that they should pay close attention to their personal training. They must be able to have multidisciplinary training that allows them to be leaders in any industry to which their vocation brings them.

They also need general economic training requiring effort and dedication and which, these days, is more necessary than ever.

**What have been the experiences that have had the biggest impact on you in your professional career?**

**Who are the leaders you most admire and why?**

Given my experience, my admirations sways, on the one hand, towards theoretical economists, who I've either known personally or through their work, such as Robert Mundell or Friederich Hayek.

In the area of applied economics, I especially remember one of the directors I had at the IMF, Jacques de Lorosière, a prodigy when it comes to applied economics and managing teams, achieving the highest

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“A leader must have intellect, industriousness and charisma, i.e. the ability to get people to follow”

level of excellence and dedication. I also admire an unjustly forgotten Governor of the Bank of Spain, Mariano Rubio, who is one of the people responsible for us having one of the best financial systems in the world.

**What three qualities would you say a leader must have?**

They must have intellect, work capacity and charisma. That is to say, they must be able to get people to follow them and be willing to get involved and work with enthusiasm and dedication. To a certain extent, a leader must have these three essential characteristics.

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“The experiences which have stood out the most for me have always been the times that have been the most difficult”

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“Our young people are the leaders of the future and we have the duty to give them what we received when it was our turn”

## Contact

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