

**MARKETING**

## **World Business Forum. Inspiring leaders**

**The 8th edition of the World Business conference took place in Milan on the 9th of November and lasted two full days. The event has proven its reputation as a unique occasion for networking with an audience of more than 1,500 managers, half of which in general management positions while the remainder came from business areas like finance, sales, marketing and human resources.**

Eleni Chioutakou - Marketing Director - Machinery, Fabio Perini S.p.A.

The majority of companies attending the event were medium size (100-400 employees) involved in commercial services and product manufacturing. Speakers for the event were important personalities from the world of business and politics presenting their views on today's challenges with an on-going macroeconomical crisis impacting all sectors, and how all this is reflected on consumer requirements and therefore the need to develop new business models.

THE FIRST DAY STARTED WITH TWO-TIME PULITZER PRIZE WINNER DANIEL GOLEMAN. Goleman, writer of the book "Emotional Intelligence", described how emotional competencies can become a fundamental element for professional success and explained the ways to cultivate them. According to Goleman's theory, IQ alone does not provide the set of competencies one needs to be successful since it doesn't include abilities like self-mastery and the smooth coordination of emotions.

Goleman's multiple books show that this set of skills - that anyone can acquire - can be applied in professional & social environments, relationships with children and many other areas of our everyday life. Using his experience in psychology and neuroscience, Goleman explained the good and bad boss of human brain, the way they function with the bad boss being our radar for threat and responsible for stress hormones that, when activated, paralyze the good side of our brain, making it fallback to childish responses. He took a step forward describing interaction between human brains to explain how inspiring leaders that have a positive impact on others are the ones that make people feel cared for and supported; they set clear directions and listen. According to Goleman, 30% of business performance comes from emotional impact and it therefore becomes critical to communicate a sense of acceptance, see the potentials in a person, remain calm under pressure, be engaging and accessible in order to drive growth within an organization.

SIR TERRY LEAHY, FORMER CEO OF THE BIGGEST CHAIN OF BRITISH SUPERMARKETS, FOLLOWED. Sir Leahy is probably the most appreciated and respected leader in the UK and he explained how he turned Tesco supermarkets into the third most important national and international player with over 2,000 stores.

His success was based on customer-oriented solutions, a clear definition of company culture and the continuous engagement of employees towards challenging objectives. He took the audience through the tough moments he had to face at the beginning of his career competing with two key players (Marks & Spencer and Sainsbury) that left no room for middle range supermarkets and described the most important lessons learned from his experience.

Sir Leahy spoke about how finding out the truth about the real market position of his business allowed him to develop a strategy and move to a stronger position. Starting off with customers was a key element since it led him to establish a solid communication channel and gain precious insight and suggestions on how to improve, and finally gained their loyalty. Finally, spurring employees to attain "unreachable" goals has proven to be the way to keep them engaged and made Tesco a stimulating working place.

His strategy was to aim high to apparently unattainable goals like "becoming the No. 1 choice in the UK", "as strong in non-food as food" and "a leader in global retailing". Apparently Tesco clubcard, internet shopping and mobile commerce made Tesco services more effective and created room not only for loyal shoppers but also for those who seek personalized assistance, contacting them with promotional activities on the items they most frequently buy, and youngsters who have no time to spend in supermarkets. Fresh and Easy, a miniature store chain in the USA, made its

own market while “green” initiatives were taken seriously making Tesco a world leader in measuring emissions with the project “0 Carbon waste”. An entire store built in wood with new concept lighting, refrigeration and ventilation system powered by recycled vegetable oil!

SIR LEAHY'S SPEECH WAS FOLLOWED BY BRACKEN DARRELL, Executive Vice President of Whirlpool Corporation and president of Whirlpool Europe, Middle East and Africa since 2009. Darrell gave “going green” a whole new dimension with his insight on what it means for a company the size of Whirlpool to create sustainable solutions for the last 45 years. Not only has Whirlpool invented the way to measure energy consumption, not only has it made it a standard for everybody in the electro-domestic field, but the company's commitment and continuous efforts turned it into a world leader in the long run. Being Green is definitely more than a slogan in this case.

CHARISMATIC JONAS RIDDERSTRALE and his non-conventional approach to management came next. Ridderstrale described a progressive business environment. His style and energy overwhelmed the audience and his alternative views and impressions on how the world and today's customers have changed compared to the 80's made clear that to create competitive advantage today, businesses cannot focus only on innovation or only on expertise but on both. According to Ridderstrale, to be competitive either you destroy established routine or someone else will. Of course he mentioned that this is considered a risk for most companies and it takes courage and a good experience on how to handle mistakes but if mediocre success is rewarded, creators of the future will never obtain the necessary room for experimentation. He characteristically stated that “magnificent is always a surprise whether it is a positive discovery or an enormous mistake”. Ridderstrale points to people and recruitment as issues beyond everything else with “talent makes capital dance” as his slogan and highlighted that the best companies develop a corporate religion, a dream to share values and sponsor employees to love the company and its customers.

STRAIGHT AFTER INSPIRING RIDDERSTRALE, THE FIRST DAY ENDED WITH TAL BEN-SHAHAR AND POSITIVE PSYCHOLOGY; therefore, the reasons why happiness is positive for business. Tal Ben-Shahar is a consultant for multinational companies on areas like leadership, education, ethics, happiness, consciousness and self-esteem. He is the writer of two international books “Happier” and “Being Happy” translated in 25 languages. But what is Positive Psychology? For the greatest part of its history, psychology seemed almost obsessed by human weaknesses and pathologies. Positive psychology is focused on how to improve human functions and make everyday life satisfactory. For example, traditional psychology would work on “Why do individuals fail” while positive psychology would concentrate on “What makes some individuals succeed despite unfavorable circumstances”. Shahar gave some examples on how positive psychology works like resilience; the ability to recover after a failure, setting future goals and being future-oriented, strength focused not on ignoring weaknesses but focusing on strengths and explained that high expectations and grounding positivity will help cultivate the seeds of greatness in business in customers, employees, partners and ourselves.

THE SECOND DAY STARTED WITH LARRY HUSTON, FORMER INNOVATION OFFICER AT PROCTER & GAMBLE. He introduced his revolutionary model of open innovation that has been adopted by more than 100 companies since his experience with P&G. The results of his initial work brought P&G to raise its competitive advantage increasing innovation productivity by 60% with more than 250 product innovations. Today General Manager of his own company, 4iNNO in consultancy, Huston has assisted CEOs of more than 100 companies worldwide in reinventing growth and productivity using this same innovation model. Practically, Huston described cases where innovation was not only achieved by in-sourced staff but where other people, ready-to-go ideas and assets could contribute to the process. In other words an environment reached by the internet where customers, professionals acting in the same sector or even associations and other helpful members can actively participate in the innovation process. This can generate an increase in the number of people working on new products and technologies, involve customers and improve the speed of innovation itself.

MOVING ON TO THE ONLY ITALIAN SPEAKER AT THIS EVENT, PASQUALE NATUZZI surprised the audience with his testimony on how he brought Natuzzi Group from a small local business to a more than 500-million euro business and almost 7000 employees. Natuzzi started off with the difficulties he had to face in the beginning of his experience to start up a new business in Italy, initially fighting against both bureaucracy and the lack of support for young businesses like his. He described his first visit to the USA where in a big mall he discovered that leather sofas were far more expensive than the ones he was able to produce in his small plant and how he immediately spoke to a sales lady in the floor asking to put him in contact with the buyer. This went well and in a few years' time the USA came to constitute

90% of his total business. That obtained, Natuzzi began to consider the strict dependency on one market alone; so it was then that he started studying Europe as a second market to grow in. Color has been the trick to attract the attention of this market and a few years later he had also achieved this goal with an equal split of 50-50 between the two markets.

He is now owner of Natuzzi Group with 4 brands, Natuzzi directly operated stores, Leather Editions for multibrand stores, Softaly with products aimed at the medium market, young consumers, and ItalSofa for big distribution channels like IKEA. He has rationalized his operation processes and is able to offer 6 months return on investment for Italian franchisers of the well known brand "Divani&Divani" and produces "just in time" with a total production cycle of 3 days, reducing risks of raw material obsolescence and immobilization of finished products.

Natuzzi spoke proudly about the fact that from his company new managers were born that subsequently made their own businesses and strongly believes that only through difficulties can tactic solutions be invented. At the end of his speech he invited everyone to stick by their company values and despite the tough moments industries are facing, not to reach compromises with non-ethical solutions.

AS GREAT BRITAIN'S AND NORTH IRELAND'S FORMER PRIME MINISTER, TONY BLAIR'S SPEECH WAS MUCH ANTICIPATED BY REPORTERS AND PHOTOGRAPHERS THAT SUDDENLY FILLED THE CONFERENCE ROOM. Ever since his political experience came to an end, Blair has maintained his status of influential leader focusing on climate and global poverty in Africa and the Middle East, in particular for the peace process as a special representative of United Nations. His diplomatic efforts were recognized when he received the Liberty Medal 2010 for his constant effort towards conflict resolution.

With his unique prospective on economical and political dynamics that are modeling our post-crisis world, he gave his own views on the impact they will have on the future of today's businesses.

Blair clearly stated that he sees no future for individual European nations so EU nations need to act together to overcome this critical moment. He also mentioned that optimism about our own system is necessary to compete with other regions like China and India, since part of their success is their capability to imitate the European system. Therefore, revitalizing the way of doing business and not changing it would be the key!

A quick interview conducted by Beppe Severgnini, well known reporter of the Corriere della Sera, writer and creator of the successful blog "Italians", spurred Blair to explain Britain's attitude toward the rest of Europe and share some of his personal thoughts on ways to overcome the crisis. Blair stated that in the end people understand that in the 21st century Britain needs to be part of Europe. There is no future for Britain unless they join a bigger group. According to Blair, the world is interconnected and although the rhythm of change is usually hard to bring forward, at the end it can bring far greater benefits than staying in our comfort zone. Characteristically he described the rhythm of change as having the following sequence:

- Proposing the change = predict disaster;
- Implementing the change = predict hell;
- After the change = wish to have done it before.

Referring to ways to face this difficult moment, he insisted on new generations stating that nation leaders need to show new promising generations how Europe can provide practical benefits for them. Looking up to idealistic ideals of Europe will not engage them and leaders need to make sure they share responsibility with them, make them feel onboard the decision-making process and turn politics of anger to politics of answers!

AFTER BLAIR'S INTERESTING AND REFRESHING POLITICAL VIEWS, CHARLENE LI TOOK OVER WITH SOCIAL NETWORKING. Charlene Li is considered one of the 50 most influential people of the Silicon Valley with more than 44,000 followers on twitter. She graduated from Harvard Business School and is author of the bestseller "Groundswell" and recent "Open Leadership: How social technology can transform the way you lead".

Social networks became an important asset for change in business fields, forcing leaders to give up more and more of their control. These technologies definitely influence the way some areas like marketing and innovation are applied but can bring sustainable success.

Li explained there are four goals defining an open strategy for a company and they are: listen and learn from the people writing and then choose to dialog, support or innovate. Open strategy does not necessarily mean being open to receive comments from customers, but also allowing employees to learn from customers directly connecting them. Customers then become known by the of their local grocery store or electronic store employees for example, and get coupons to use right away or ask questions on promotions and after-sales care instructions. According to Li that's where relationships begin and expand.

Social networks can be used to engage customers with a company's future products, proactively communicate promotional activities or available services, provide support, get ideas or - like in most cases - just go social and have fans, upload event pictures and eventually allow bookings.

The important element that can determine the success of such an initiative is discipline! Either it is a blog or a social network commitment and authenticity are the only way to convince others, including employees, that this is serious and can become a working tool. It's also essential to determine the type of information each company decides to give out and share the strategy internally.

Other than that, it is all about creating a culture of sharing...

LAST BUT DEFINITELY NOT LEAST CAME JOSEPH STIGLITZ, one of the most dynamic economists of his generation, Nobel Economy Prize winner in 2001 and former Chief Economist in the World Bank. He is now a Professor in Columbia University. He started his political career in the Council of Economic Advisors of President Clinton and in 2009 was nominated president of the ONU commission of experts on the revision of the international monetary and financing system to develop a sustainable global economy.

Stiglitz gave important insight for what concerns the European crisis that can also be found in his recent book "Freefall". Stiglitz started with the causes of this crisis both in the USA and Europe, mentioning that transition from agriculture to manufacturing when industry was moving to Asia and local economies didn't predict implications was definitely a determining cause, followed by oil dependency and global imbalances where each economy accumulated savings for its own benefits, weakening the global economy. In particular, in the case of Europe, when the Euro appeared, it took out the interest rate and the exchange rate but didn't put anything in their place. That all led to a growing sentiment by populations that something is wrong in the way decisions are taken in our societies and has in fact created a massive non-realization of resources and needs. Financial markets fail to allocate savings in a productive way, 7M American families have lost their homes and 3 to 4 million are expected to lose them in the near future. In all this, there is something unfair in what's going on. There's a sense of inequity. The system seems corrupt and this sense of unfairness is reflected in businesses.

Stiglitz continues by highlighting that this is the biggest and longest crisis since the great depression with true unemployment rates being 1 out of 5. Fixing the financial system is necessary but not sufficient for a return to robust growth. Governments need to fill in the gap by playing an essential role in addressing fundamental problems.

Recovery is all about fiscal policies, especially when focused on investments (education, infrastructure, technology), at helping transition to new economy and well designed policies that can actually lower medium-term debt-GDP ratio. For Europe, investments to help small businesses or other forms of assistance to make countries in difficulty grow. Austerity, underlines Stiglitz, cannot provide fiscal viability (Asia & Argentina failed) and solutions to economic breakdown. At the very construction of the Euro, a growth stability path was in the base of it. So, the framework didn't work.

However, a new global order is emerging from the crisis with a new global balance of economic and political power since the level and stability of global growth will depend, in part, on the ability of the international community to make the necessary reforms exemplified by the need to create a new global reserve system. What's positive is realizing that the resources necessary today are the same: fiscal, knowledge capital and creativity; nations are fighting over resources and this interferes with using our strengths. So, maybe, if we get the resources back to work, the economy can be restored and prosperity will follow. Political will is all it takes but the means are already available! •