

THE TEACHINGS OF JOSÉ LÓPEZ¹

*“Happiness is when what you think,
what you say, and what you do are in harmony”*

Mahatma Gandhi

José López ended almost every one of his interventions with this quote by Mahatma Gandhi. So much so that this was the sentence his family chose to share in their thank you letter to those who had sent their condolences after his death.

José López, former Global Executive Vice-president of Operations at Nestlé and later a board member of several companies, always had a lot to tell; he never left anyone indifferent. During his years at Nestlé, he always worked and achieved results in rapidly changing environments, leading global transformational projects in various areas, including continuous improvement, sustainability, quality, and so on.

Since joining Nestlé as a project engineer in 1979, he took on increasing responsibilities in different countries. In 1996, he became Chief Operating Officer for the Oceania region. Later, he was CEO of Nestlé in Malaysia and Singapore. He also served as President of Nestlé in Japan. Between 2007 and 2015, he was part of Nestlé's global management committee as the global executive vice president for company-wide operations, responsible for more than 440 factories in 86 countries and the entire supply chain and GLOBE². He solved major crises and drove many initiatives, but more importantly, through his ideas, values, and principles, he left his mark on everyone who knew him.

The pedagogical interest of his legacy for the reader is five-fold: competitiveness, continuous improvement, operationalization, sustainability, and leadership, and provides a glimpse of the principles and values any manager should adopt.

¹ Technical Note of the Research Division of San Telmo Business School, Spain. This document has been written by Professor Rocío Reina Paniagua with the assistance of Professor Antonio García de Castro, and is intended as a basis for class discussion only and not to illustrate any judgment on the effective or ineffective management of a particular situation.

Copyright © March 2021, Fundación San Telmo. Spain.

The reproduction of all or part of this document or its storage and/or transcription in any form and by any means, whether electronic, mechanical, photocopying, recording or otherwise, without express authorization from San Telmo Business School is hereby strictly prohibited. If you would like to order copies or request permission to use this case, please contact the Case Publishing Department at +34 954975004 or send an email to casos@santelmo.org.

² The company's ERP software, which included all the standardized information and best practices.

This note compiles the gist of his thoughts on each of these topics, on which he was most interested and worked throughout his life. We will share many of his words, images, and moments³.

THE BUSINESS, A FORCE FOR GOOD. COMPETITIVENESS

José always defended that businesses were a true *force for good*, a drive, and an active part of society, founded in pursuit of prosperity.

Since his time at Nestlé Malaysia, he always kept an eye on the position of different countries, Spain in particular, in the competitiveness ranking that the Swiss business school IMD published. He started his speech at the San Telmo Assembly in 2016, mentioning this. In Malaysia, he learned that one could benchmark the most competitive countries and draw a roadmap to help other countries progress, seeking greater prosperity for their societies.

According to the IMD's World Competitiveness Ranking, in 2019, Spain ranked eighteenth out of 63 countries in competitiveness. What concerned José most was that Spain was among the worst valued in three factors directly related to human development in companies: employee training (Spain ranked 58th out of 63), attraction and retention of talent (58th), and lack of corporate values (54th). He said:

"In order to compete, one must work with all the forces of the company. Lowering wages will only improve exports, not competitiveness. There are no shortcuts to competitiveness."

He compared Spain with those at the top of the list – Switzerland, Denmark, and Belgium, smaller countries that work better on human development, employee engagement, and talent –, and drew the following conclusions to help improve these indicators:

- Focus on **employee engagement and talent**. José always talked about something he had learned throughout his life as a manager, working with his team:

"Human beings cannot see how good others are; it is part of our survival instinct. We prefer to see others a little beneath us; it makes us feel better. When I was young, I discovered that everyone who worked for me was more talented than me."

So I decided that my job would not be to prove otherwise but to organize their lives in a way they could express that talent. When you look at your employees, you should think: this person is more talented than I can see. Moreover, right

³ This document reflects José Lopez's ideas and proposals, although his words will not always be in quotation marks.

after that, ask them: what do you think we should do? The answer is almost always better than what you were going to say in the first place.

- **Build on the organization's strengths and be transparent.** He said:

"The three principles of Inditex, surely Spain's most successful company, are good faith, ongoing dialogue, and transparency."

- **Reduce risks by implementing ethical standards and a compliance-oriented corporate culture.** He was clear on this: one had to commit to this, and he cared about it:

"The path companies have taken in recent years may have created a gap between society and businesses; both worlds look at each other but do not understand each other and do not know very well what to make of each other. Companies must change their image and show themselves for what they are: instruments of good that bring prosperity to society. All of us – businesspeople, managers, and society – must make an effort to define what the relationship between the two worlds should look like. How should businesses regard society? And vice versa? Companies have made mistakes and society has reacted with distrust, but the two must come closer."

A country's competitiveness

José López thought that competitiveness was essential and that some European countries did not seem to have noticed. In this regard, he said:

"Asia and North America (where many new business models are born) are indeed working on competition-related aspects and taking the opportunity to grow and position themselves in the new reality, meeting the demands of society, and keeping their population motivated and trained for it. In Europe, we try to stay still in a rapidly changing world, causing Europe to be removed from reality. Our society does not seem to understand the new world fully."

He insisted that education played an essential role in this adaptation, on this road to competitiveness. He believed that Europe had an excellent educational system to prepare individuals *for jobs of the past*. This approach needed to be changed from early childhood education through university. He thought we should act on intellectual competitiveness by watching big markets closely. A phrase he kept repeating was: *"We must be competitive in tomorrow's world."*

The way José saw it, companies had three alternatives: die, be acquired, or undertake transformation. He continued:

"If we want to do the latter and make it possible for our companies to continue to operate and be sustainable, transformation must be ongoing."