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Interview with Santiago Morera

«To be a global company diverse talent is needed»

XAVIER SALVADOR

There is a largely unchallenged maxim according to which information is power. Santiago Morera created one of his own: who accumulates talent has the power. This is the outcome of his observations as a manager at one of the most singular foreign corporations in Catalonia. Hewlett-Packard did not come to manufacture its printers cheaper, nor are they out to benefit from the aid public authorities welcome newly arrived investors with. On the contrary, from its Sant Cugat del Vallès site, the American group has become the standard of a company creating, managing, preserving and readily exporting talent. It is doubtless a singular case in the Catalan business community that not always pays enough attention to the requirements of competitiveness and interdependence in the global economy.



Hewlett-Packard in Sant Cugat or from Sant Cugat?

I always explain what we have here. People perceive the multinational as a

centre, a US delegation, just as a trade office or a manufacturing plant is opened. But you can become a company within a multinational or a group. We are often asked: So someone in the US takes the decision to invest or not? This occurred in the past. Now the ones taking the decisions on investments are us. Those investing in other companies are us. This means that the risk for the business we are in prevails.

Could it happen that within the global corporate strategy you may suffer from adjustments by the group, even if your own business does well?

As in any corporation, you are always subject to general adjustments. The level we are currently in is that you have when you are given a business. Our business case are large-format printers. We have the whole business, we have the R&D, we have the marketing, and we decided that we didn't want to have manufacturing here. 80% of our destiny is in the hands of business development. If it works, the more investment, the more possibilities. Where? If possible in Barcelona, but we could decide from here to invest in China because it's good for our business. We bought a company in Israel through a person living here. There are very few American corporations taking business management out of the United States.

Why did you give up production here in Catalonia?

Our production costs were not competitive.

Labour costs?

Yes, but labour costs were not the main part. When you have the whole value chain you see that there is a time when you are not competitive anymore. Ten years ago, a part of our premises that are now full of engineer desks were production lines. We noticed that we were not competitive and time has proven us right. There is no large-format printer manufacturer having a production plant in Europe, not even the United States. They are in Asia. We were the first to move to Eastern Europe (Hungary, Ukraine). And not even this made us competitive. Now they are leaving China for Vietnam. Why? The competitive world of costs cannot bear it and our added value was not about being a low-cost manufacturer of plastics and aluminium. After all, technology and components are labour-intensive. Within the global strategy of the company, we said: «Either we do it or we won't be competitive». Out of our business here – large-format printers – all manufacturing is done in Singapore, Malaysia and China.

«Ten years ago, a part of our premises that are now full of engineer desks were production lines. We were not competitive and time has proven us right».

HP sets a standard as a company able to retain talent. What is talent to Santiago Morera?

Talent is applied and distinct knowledge. This can occur in very different fields: in technology, people bringing in distinct knowledge that allows to have a better product development, innovate, etc., but talent is also a deep knowledge of marketing and customers to know what products are needed. There is also talent in management areas, and it means to have the best managers. In the end of the day, talent management is management of specific knowledge. This can apply to many different areas. When a company gives you a business it does not because you have low production costs but

because you have local talent that allows to take a business to the global scale. Behind any management is talent.

What is the difference between talent and experience?

I'll give you an example. I've been to China recently, at the lab we have there, and we were talking about this. They told me: «We are hiring people and prefer folks with three or four years of experience rather than people with ten or fifteen years. We are looking for people with knowledge». Why so? Because people with ten years of experience have more problems to adapt to our methods. With this I am saying that experience per se is not a value, it is always if applied to an area of knowledge. A person with three years of very limited but deep and malleable experience is better than somebody with ten years of experience, with a deep knowledge of an area unattractive for future investment. In China, people with ten or fifteen years of experience are people who have worked in very heavy engineering. Experience is very important as long as it is applied to areas of knowledge.

«In the end of the day, talent management is management of specific knowledge. This can apply to many different areas. This is really the key for us».

Talent and human resource management – what are the differences?

Human resources as we understand them need to embrace talent management. It's part of a process embedded in business. Human resources have a series of action rules: it's about the company's values and business focus. There are no differences. In the past they were separated in many companies, even administratively; but the key is putting both together. It's about having traditional human resource policies at the service of talent. Return is sure. Recognition of a good job makes an enormous difference.

Santiago Morera Escudé should rather use an XXL-size business card because of both the name of the position he currently holds – vice-president and general manager – and the business he leads from Sant Cugat del Vallès, the large-format printing division of the Hewlett-Packard corporation. Next to a golf course, between the remainders of what used to be an agrarian county, he manages a big, typically American-style campus where 400 highly skilled engineers work. From his headquarters in the Vallès county outside Barcelona, he controls operations in the United States, Israel, South Africa and China.

Having studied in Barcelona, Santiago Morera made his career at Hewlett-Packard, where he entered in 1988 as a financial analyst. He graduated in business administration and holds an MBA at ESADE.

Promotion is very much linked to talent, but it's very difficult to do because there are trends against it calling for a certain equality. It's a tension we all experience, but we have made big progress.

Talent is just managerial one? At what company level does talent management start?

It is clear that managers do a very important job because they manage their own talent and that of the rest. But it's also clear that we see it as a company asset at any level. Especially for hi-tech companies, talent management in labs, in research, in engineering is very important. It is true that we refer a lot to managers for this reason, because they are in charge of managing well the talent that is next to them.

But, how is talent managed in an SME in the building industry, for instance?

The concept is the same, implementation may be more difficult, there may be more resilience, but I think there are valid concepts in absolute terms. We have managers here who left for other companies, and after the initial clash in doing things the policies they apply are useful everywhere. Communication, involving people in management, understanding the business, meeting with all employees, etc. are things and

values that serve in spite of difficulties. But SMEs sometimes lack critical mass to do talent management.

Does this clash with collective bargaining?

It does. We need to find a balance because talent is after all different in everyone. When you want to link human resource policies to this, even if you try to make it objective, there is always a subjective part that forces to do it across the board. A balance needs to be found. It would not be reasonable either if talent management was based on one's own subjectivity.

There needs to be a balance. Today it's still too much across the board –a bit too much– and we are doing efforts year after year to go along this way.

«The most correct to manage a business is having human resource policies at the service of talent to be competitive».

How do trade unions react to this?

All human resource policies are explained to the works council and applied. Our company has a history –it doesn't start from scratch– in which employability is obsessively and repeatedly a factor also responsible for developing a professional career. This philosophy makes a difference.

When talking about different compensation, what does that mean –fixed and variable payment?

In the end, what we see in society is that there is much diversity; in business it's exactly the same. So there is much variation. But there need to be certain lines. The first, separating sales from non-sales. The non-sales professionals segment has between 10 and 15% of their payment variable; in management, this rate increases to 20, 30 or 40%.

Is the professional career compatible with hiring people? What rationale do you have there?

We have historically been very active hiring good people from universities, which has earned us our great engineering and R&D quality. When you develop and run a business, you grow. You need specific knowledge, experience in industries, import talent from other countries, and it is here when you complete your base with people who bring in not only theoretical knowledge but also a certain product, customer, etc. experience.

How do you detect talent?

We need to be realistic. We have limited information when searching. But within that, we try to find out their current knowledge of any specific subject mainly by means of personal interviews. In a second phase, we try to understand their personal attitudes to see whether they fit into our company. And we also do a battery of interviews to understand what could be the next move of that person in the years to come. What we do not is just hiring them for a job and that's it.

When you find a suited person you know it will be difficult to retain them. A way to enter here is a programme, the Hewlett-Packard University, where we try to correct the shortcomings of people who just left university. We do a five-week or even eight-week training activity. We explain Hewlett-Packard there, but also how to do presentations, how to communicate, how to work in a team, things we believe are basic in business to be on a student's CV. It's a continuation of university, but very much geared to the practical part of business.

There have always been industries suffering from the war, the battle for talent. Have you been *stolen* managers?

There are two areas, a well-known one – the commercial area – where we have the best manager school in the industry. This has been accepted by the competition and is an almost



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natural fact. In other words, in the commercial area we've had people with a very good career who have left once they reached a certain level. In telecommunications and computer companies here, a very high percentage change employees. This is a good sign. In R&D we do it in a more hidden way. It hasn't happened so much in the technology area because we don't have much competition at local level.

How is a multinational with staff from different cultures, languages, etc. successfully managed?

The language here is English. And a very important thing is that people need to understand that they are part of a global company. We are in Sant Cugat, Barcelona, Catalonia, Spain, but in the end of the day it's a global company. When managing and hiring talent, we have products

the most important market of which is Asia or America. People here need to understand that our customer is not 50 kilometres away, that we are in a global business. When we see a department where all engineers were born within 50 kilometres from here, it's a sign that something is not working. We foster very much diversity related to creation, talent and development.

Is this focused? On women, for instance?

The method is the following: we are very strict in that. When things, when all values are integrated, methodologies are easy. People believe in that, they see it, they experience wealth provided by diversity. What we are concerned about is how to keep it. To be a global company selling all over the world you need to have this diverse talent.

Sometimes there is the comfort to go to a local university and hire from there; it's easier, cheaper... We started with a lot of talent imported from Germany. Talent import is one of the things I wouldn't like to lose, because if it gets lost we'll lose the global vision.

«When you run a global business you need to look for the best talent all over the world».

What matters to lure talent –the brand, the city, the environment?

The first decision is the project: what do you want to do vs. what we can offer you. This is the first factor. The fact of being in Barcelona helps a lot, it has an appeal to people from abroad. So does the competitive salary. We try to be at a level of competitiveness with good additional items that help a lot the employee to settle in the country. Clarifying such uncertainties is also part of our attraction process.

Globalisation, talent – but what about the identity of companies? Where is this house from – Catalan, American...? Is global management having the company lose its identity?

The company

Where there used to be assembling desks, screwdrivers and production lines is today an enormous Babylon Tower. It is made of the engineers Hewlett-Packard has hired over the last years to do research. This way, this technology-based company saved its Catalan production site that formerly assembled printers and is now designing, developing and selling them all over the world. The factory has become an immense laboratory where English is the working language prevailing among the 2300 employees. This is the mutation of a multinational that landed in Spain in 1984 to set up a factory to sell all over Europe.

Gathered in a 39,000 m² area, engineers, technicians and professionals from all over the world work together in the brain of the global large-format printing business. They make machines able to print fast and at high resolution plans of an architectural project, an accurate artwork or the surface of a tarpaulin covering a building under refurbishment.

I don't think so. In the end of the day, global companies are a sum of many things. HP is very big today. Our large-format business is a mix of an American corporation in many aspects, Catalan, European, Israeli, etc. Many things come together here, and what eventually remains is a way of doing things. I think that every company tries to be different in its human resource, business and business ethics policy. HP has always distinguished itself for doing things in a way that it stays above businesses and countries. This reflects in customers, in the market. HP has an identity as to how it relates to clients, to employees, to the environment, etc. There is a footprint of how to do things. When you grow, companies are not the same. There has been a shift in the last ten years from being an American corporation to a global company (listed in America and having many shareholders there), but with an own way of doing things that makes a difference on the market in the long term.

«The new generations have a new perspective of their professional career, with different values. Perhaps this will change with the current crisis».

There have been complaints about lack of engineers for the future. But those working complain about poor payment.

Engineering students notice that this is an area where they will work a lot, that is difficult and has a return on investment that will be the same as if they had gone for a much easier career. I think this has to do with generations. Those leaving university will have good salaries if they are willing to work and do so as engineers. If the market is not able to create employment for engineers and offers worse paid jobs, it is then when this disconnection occurs.

Are there not enough HPs around the country?

That's it, we are harshly waking up from some years of positive economic cycle for many

reasons. We have been relying heavily on building and services, but the world is about competition after all, and the others haven't done this. What has happened here has been somehow special. There is not enough demand here, it's easier to announce things in terms of innovation than actually doing them. Services will always be around. The country environment is a positive distinctive element to a certain point. But in other respects it's not. People go to work for an interesting project, and they go wherever. It is very concerning that there is not enough qualified demand and good salaries in engineering. We'll have a harsh awakening because everyone is moving a lot in the other countries. Every country has looked in what specific areas. We should not look so much at the symptom but why it is occurring. In the end, the engineer working as a computer developer or doing a job that could be covered with someone holding a secondary vocational education degree, at a place that should be for somebody else and not earning what they should, becomes frustrated.

Is yours a case of company culture or culture of the managers who set this up? What do you recommend for corporation delegations to improve their position within their organisation?

There are two ways of looking at this. The corporate perspective is even secondary. It is obvious that big corporations use public tax, R&D, etc. aid to grow. This support is the minimum to

be competitive. But this is not what provides local growth in the long term. We need to help more local companies to grow. Big Catalan companies need help to have R&D departments. This is a less volatile and more interesting action from a country perspective than attracting a multinational. It has happened in many countries: they come and go. Production is a matter of cost. The important is how to do the next step. Our case is a combination of many factors. We are not measured for what we do here in Barcelona but for the global result of the business we manage from here.

«We notice restriction on credit all over the world, the building downfall more specifically in Spain».

Are you starting to notice the cyclical change?

Yes, at different levels. Our business here is that of large-format printers, an important field of application of which is architecture and building. This means that when there is a low building cycle investments are frozen. Of course we notice this. The existing financing difficulties also affect us because we sell large-production printers costing 400,000 to 500,000 euros. This is a big capital investment, and it's more difficult to raise such a sum. We notice this credit issue all over the world, the building downfall more specifically in Spain.

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