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Jesús de Benito at S&P (A)

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In November 1999, after years of hard work, Jesús de Benito, owner and CEO of S&P, saw an opportunity to turn the company he had created into a large sum of money. He was in the middle of tense negotiations. So much was at stake that he could not think clearly and calmly. He wondered what was the best course of action. Although he liked the numbers he was hearing, there were other considerations, which were causing him great uncertainty and which he decided to talk through with a consultant whose advice he valued.

The Early Days: an Engineer in His Workshop

Jesús had been born fifty years earlier in a small town north of Burgos. His father was a truck driver and his mother ran a small grocery store. Soon after Jesús came into the world, the family moved to Valladolid, where Jesús completed part of his schooling. During the holidays he and his sister would help their mother in the new store beside the river Esgueva.

Jesús wanted to be an industrial engineer and so in 1973 he decided to go to Madrid. In his third year at university, circumstances forced him to look for work to pay for his education. Before long he was offered a job as a mechanic for the airline Iberia. This involved traveling every day to an industrial area very close to Barajas airport. Very often Jesús had to go up on cranes to repair aircraft.

Jesús graduated at the end of 1982. It was around that time that a workmate made a remark he was never to forget: "You're lucky – having a degree, you'll be able to get out of the workshop, whereas I'll still be right here, on this scaffolding, twenty years from now."

Shortly after this, Iberia announced several vacancies for graduates, for which Jesús immediately applied. He passed the exams with exceptional grades. After leaving the repair shop at Barajas, Jesús paused o reflect on the life stage he was about to leave behind: "These five years have

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been an interesting experience. I've found out what goes on in workshops and what it's like to do manual work all day in overalls. I've also seen what the unions are like."

Jesús had good reason for saying this. Before he took his final exams, a companion warned him about the need to join a union: "If you want to get ahead, you need to join a union. And be sure to choose the one that's best for you." Jesús had always tried to avoid political and union affiliations, so he took a radical decision: "If I'd ever had any doubts, now they vanished. I refused to join any union, despite the possible consequences for my career at Iberia."

In January 1986, after his promotion, Jesús was transferred to the airport in Palma de Mallorca to work as an analyst. Much of his time was spent on a project called "Automated stopover management". His job was to design logistical processes for passenger and freight movement. At the same time, he thought carefully about the future that awaited him if he did not make concessions to the appropriate centers of power. His conclusion was that – whether now, in his thirties, or ten years from now – once he reached the top of the professional ladder at Iberia[1], it did not matter how much effort he made, because the end result was going to be the same. So he decided to change career.

A New Job

During his stay in Palma, Jesús stayed in touch with his friends and acquaintances from university. It was through one of them that he received an offer to run the production department of a factory located on an industrial park on the outskirts of Madrid, which made lighting systems, mainly halogen.

In May 1988, when Jesús started his new job, the situation was difficult. The company, which had various factories, was the result of a 50/50 alliance between two family businesses, Lledó Iluminaciones and the German company Staff Leuchten. According to the CEO, circumstances had reached the point where the company needed to be "turned around".

Under the alliance agreement the Spanish shareholders appointed the CEO, while the German shareholders appointed the general manager. Jesús was interested in the project and was attracted by the personality and capability of the chief executive, who was the son of one of the founders, now deceased. The German and Spanish owners had equal representation on the board. The Germans were represented by professionals and the Spanish family, by the CEO and his cousins, who were children of the other founder, now retired. One of the objectives set by the new management team was to create the new positions of production manager and quality manager. The former fellow student through whom Jesús had got the job was appointed to be the new head of quality. Jesús was given the task of improving plant productivity. Other major objectives set by the management team were to boost the company's growth, generate new product ranges, and build up the sales network. These objectives involved reorganizing the company, making new investments in machinery, and restructuring the workforce, processes and distribution channels, as well as introducing other management policies.

Thanks to his prior experience, Jesús quickly grasped the situation and confidently made the necessary changes. One of his many tasks was to negotiate with the union representatives, who he was surprised to find accepted him almost as one of their own. Jesús was not assigned any specific objective within the production department as such; it was up to him say what indicators needed improving. As soon as he joined, he realized that the plant was generating a large

[1] At that time Iberia was a state-owned enterprise.

amount of waste and scrap, which could be profitably sold. Another problem was the high reject and return rate, which at that time stood at 20%. After a few months the rate was cut to 2%.

The reorganization program imposed by the CEO included a dividend freeze, in order to finance various IT projects and other investments. The company also decided to devote resources to two patented product lines.

Despite these efforts, the company's financial situation refused to improve. Because of the new investments, the company's bottom line results still failed to reflect the improvements that had been made, which needed more time to take effect.

An Unexpected Change

Jesús liked to be the first to arrive at the factory in the morning. One perfectly ordinary day in May 1989, after a trip to a trade fair in Hannover, he turned up at his office at seven in the morning to find a surprise waiting for him. Among his correspondence was a dismissal letter. After pausing a few moments to take this in, Jesús phoned the quality manager, who he discovered had also received a dismissal letter.

Following a brief exchange, they decided to go and talk to the CEO. They were even more taken aback to find that the CEO, too, had been dismissed. The CEO explained the situation to them: "This is the final outcome of a power struggle that started when my father died."

So now Jesús was unemployed, married, with a young daughter, and a growing sense of frustration. After briefly taking stock, he realized that as an experienced engineer he was a good candidate for various vacancies advertised in the newspapers. At the same time, he had been accepted onto an MBA course at a highly regarded business school in Madrid, starting in January 1990.

During those few weeks, in which he explored various career avenues, Jesús was invited to an interview with SAP, the world-leading German IT solutions provider. His knowledge of the German business environment and the appeal of becoming a consultant proved decisive. What was more, he would be earning almost as much he had been in the factory. In August Jesús joined SAP, which undertook not only to allow him to complete the MBA but also to pay half the tuition fees.

In 1991, after completing various assignments as a systems consultant, Jesús was transferred to the head office of a large customer in the energy sector in Seville. His main task was to implement an integrated SAP management package. After nine months Jesús received a call from a headhunter offering him a position as manager of a factory in Valencia belonging to the French Télémécanique group. Although he was enjoying his work as a consultant and was learning a great deal, Jesús was tempted by the idea of going back to machines and assembly lines.

He had an interview with the company's general managers of manufacturing and human resources at their Barcelona headquarters. Four days later the HR manager called him to say that they wanted to hire him but not to manage the factory; instead, they wanted him for a position in sales, which they thought was a better match for his profile. To start with, they offered him the East Coast office, with good prospects of rapid promotion within the group. Jesús was surprised and, after thinking the matter over for several days, rejected the offer for