Traditional managers are winning the battle over companies' new model leaders
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Managers with experience in traditional businesses are taking the reins of technology companies in order to bring profitability back to a sector that is paying dearly for the excesses of its former managers

Jean-Marie Messier of Vivendi, Thomas Middelhoff of Bertelsmann and Bernie Ebbers of WorldCom. They all have a model of business management in common that allowed them to convert the companies they ran into huge empires of the new economy, although with feet of clay. Times have changed and shareholders are no longer satisfied with big promises and business in the future, they are demanding immediate results. That is why the priority of the big technology companies is to get the numbers in their accounts back into the black. And it would appear that the best way of doing this for many companies entails two processes.

First, eliminate from top management the architects of the expansion. In fact, in the last six years the rotation of corporate presidents has increased fifty-three percent, a percentage that is even higher in the case of the telecommunications and information technology sectors. Second, companies have decided to substitute for their old bosses managers capable of taking command of a drifting ship and bringing credibility and profitability back to their companies. An example is the new executive president of France Telecom, Thierry Breton, who brought Thomson Multimedia from the threat of a suspension of payments to first place in the world ranking of manufacturers of electronic products.

Victory
All these changes seem to reinforce the victory of executives with experience in traditional businesses over the champions of the new economy. Thus, Messier has seen how the empire that he created under the umbrella of Vivendi is being broken up by his successor in the post, Jean-René Fourtou, who has dubbed himself "the company doctor". The office of president of Bertelsmann that Middelhoff held has been occupied by Gunter Thielen, whose plan to improve the profitability of the group depends on the sale of assets, above all, those to do with the Internet, in order to focus the company's strategy on more traditional businesses, like the printed media or television. For its part, AOL Time Warner has entrusted the presidency of its Media & Communications Group, that groups together the company's most important business units, to Don Logan, the man that until now ran one of its traditional media, Time Inc. So it is important for these organisations to analyse their management model. According to John P Kotter, author of What Leaders Really Do "managing and leading are distinct systems of acting but complementary and necessary for business success." He adds that
"they are different facets and are difficult to combine in the same person." The former professor of Harvard Business School understands that running a company means managing its internal complexity and that leading means managing external change. The actual business environment is characterised by volatility and companies are increasingly becoming larger and therefore more complex. So by deduction and based on this theory both managers and leaders are necessary.

Is there still room for visionary leaders in the new economy?

The profile of the manager with vision is becoming the norm

José Ramón Pin, IESE Professor

The leader of a company cannot be a visionary but they have to have vision, which are two completely different things. The visionary is the one who sees the future but does not work out the way to obtain it. He is a utopian. The leader with vision is the one capable of establishing an image of the future of the organisation and the work needed to get there. In this strategy is included the capacity to build structures that make it viable. There was never room for visionary leaders because the words leader and visionary are radically opposed. The leader gets employees in his charge to do what he outlines in the long term and to do it although he disappears from the scene. This is the key to the demonstration of leadership. If his ideas and systems do not survive him then there has not been leadership. In this sense, what happened in the years of the new economy bubble was that many of the protagonists confused the meaning of leadership.

The necessary work of visionaries

Juan M. Cruz, Director of Human Resource Consulting, PwC

Now that the whole economic reality of the last seven years is being questioned it is useful to ask oneself if the balance of this economic cycle has really been negative. The answer is clearly no. The advances in telecommunications mobiles, the use of the Internet as a stage to spread knowledge and the incredible advances in biotechnology are more than sufficient to place the balance on the plus side. The great visionaries, in the best of cases questionable and, in the worst, accused or in prison, to the cry of "what you can dream you can do" committed the cardinal sin of not complying with the principles of the financial economy, not advancing according to the real volume of economic transactions that they generated and convincing some analysts of the value of their societies. It is our responsibility to retain a sufficient percentage of innovation, even in times of recession and to protect our visionaries even when they are submitted to the strict financial control of the old economy.