

Walk the Talk

Jorge Becerra (MBA '88) credits IESE for bringing him into contact with Boston Consulting Group (BCG), where he is senior partner and managing director for its Miami, and Southern Cone offices. In this interview with *IESE Alumni Magazine*, he discusses the challenges for business brought by the global recession.

The MBA was truly a transformative experience for Jorge Becerra. He joined the 2-year program as an industrial engineer (University of Buenos Aires) with stints at **Unilever** and **S.C. Johnson** under his belt. Some 20 years later, he is one of the leaders of the **Boston Consulting Group's (BCG)** business in Latin America.

It was **BCG's** commitment to innovation, its quest for "non obvious" solutions to business problems, and the human dimension of the consultancy firm that appealed to Becerra. Moreover, the firm has given him the opportunity to unleash his entrepreneurial spirit. Following spells at the London and Madrid offices, Becerra relocated to Buenos Aires in 1995 to establish **BCG's** Argentinean practice.

From there, he moved to Brazil where he helped launch **BCG's** São Paulo office with help from another partner. Afterward, he went south again to set up the consultancy firm's offices in the Chilean capital of Santiago. In 2003, he moved again to **BCG's** Miami practice, where he has been working ever since. Besides leading **BCG's** business in the Southern Cone region, he is practice head for financial services throughout Latin America.

On top of Becerra's entrepreneurial activities within **BCG**, the IESE alumnus sits on the global advisory board of **Endeavor**, an organization that supports high-impact entrepreneurs in emerging countries. He strongly believes organizations and governments should support entrepreneurs because their positive impact on a country's economic development is well demonstrated.

Although the crisis "makes us all feel more insecure," Becerra stated that entre-

preneurial activity spikes during periods of uncertainty. As people lose their jobs and see dim possibilities of finding re-employment soon, some see the downturn as the nudge they needed to strike out on their own. "The lack of financing is going to have a greater impact on large and medium companies already up and running than on the entrepreneurial sector," he added.

You define BCG as "an organization where people walk the talk." Do you believe that this trait gains greater traction in the current economic climate?

Absolutely. It is a combination of transparency, sincerity, strength and consistency between the values you profess to hold and what you actually do on a daily basis. Many people recognize that the roots of this recession are not just mechanical failures but also a crisis of values. Individualistic societies, the pursuance of success at any cost and a lack of proper regulation go some way to explaining the mess we're in. Employees now have even greater expectations of their organizations in terms of transparent communications and consistent behavior.

How does it compare with previous downturns, in your opinion?

This crisis is unquestionably different in its depth, scope and uncertainty on its length. We are witnessing the impact of globalization, and one of its main effects is the level of interdependence it has created between countries, industries and sectors. The impact of earlier recessions was, to a greater degree, limited to certain industries or regions, but in this case the impact will be widespread due to the deeper and stronger links between players, sectors and markets.

The issue is not so much how globalization has affected the supply and demand of specific goods, but people's overwhelming perplexity on how regulators could lend credibility to activities that were taking place, especially in the financial sector.

Another difference is that this recession will result in an overhaul of government policy and regulatory bodies' roles, with countries and industries opting for varying degrees of intervention.

This recession is so severe and interconnected, that many of the tools used to overcome earlier downturns are not relevant. Given that, what do you believe are the greatest challenges facing business leaders today?

There are no magic formulas, but there are lessons to be gleaned from past downturns. I would highlight three areas: leadership, responsiveness and strategy. Firstly, leaders should be highly transparent in their communications with employees, recognize and respond to the gravity of the situation while centering efforts on strengthening the business in the medium to long term. Regardless of its depth and duration, there is no doubt that this crisis will come to an end, and companies should be prepared for that moment.

The second sphere is how to respond to the crisis. Some companies underestimated the severity of the downturn, waited too long to take action and then were forced to overreact. The recession has had a deeper impact on these laggards than on firms who took it very seriously from the beginning and prepared bold cost cuts and aligned production and sales models. A decisive and early reaction, however painful it might be, is possibly the best way to prepare for the crisis.

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The third area is more strategic. Companies should be alert and prepared for the opportunities that will emerge, such as the selective takeover of competitors who have failed to prepare for the downturn and are floundering. Mergers and acquisitions in periods of recession contribute 15 percent more value than in times of economic prosperity. Firms can also enter new markets that have been abandoned by competitors, whether individually or by joining forces with them.

As you mentioned, few management teams have experienced this sort of crisis. Is experience all-important?

It is true that few management teams have faced this type of crisis before, but that does not necessarily mean they are not prepared. Think of the “Miracle on the Hudson,” when Capt. Chesley B. Sullenberger successfully landed a commercial airplane on the New York river earlier this year. He had never been in that situation before, but he had prepared for it.

What’s more, companies should realize that they are not alone. There are three sources of external support. Firstly, consultants can provide the knowledge and experience that they may lack internally. Boards of directors, frequently underused, can be a great help if they consist of executives with a broad range of experiences and track records. And academics such as the scholars at IESE offer very useful analysis of economic and financial crises.

In this context, executive education emerges as a key issue. Which of the lessons you learned at IESE have turned out to be of greatest use in these circumstances?

While the technical tools may change, what is truly distinctive is the approach to the unexpected. I believe that what most

shapes you for life is the case study method, the quality of faculty at IESE and its inquisitive culture. Twenty years later, I am still benefiting from those two years at IESE, that quest to discover the underlying causes through systematic analysis, as well as the school’s human dimension.

In those days IESE stood out, as it still does, by arguing that it was not enough to apply purely technical dimensions to business problems. The school’s humanistic approach, coupled with its analytic rigor, is a hallmark of IESE that left its mark on me and served me well throughout my career.

Last October, IESE launched its Senior Executive Program in Miami (SEP Miami). What are the challenges and opportunities of working in Miami?

I see a great deal of opportunities. Miami serves as a platform for connection and integration between North and Latin America. Many global companies set up their Latin American divisions here. Much of the North-South business in this hemisphere is funneled through Miami.

Many business schools offer programs here and Miami is becoming a platform for academic analysis and executive education. There is still a lot of work to do, but Miami is progressing toward becoming an increasingly strong integration platform between North and Latin America.

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