

## Commencement speech at the Barcelona GSE – 26<sup>th</sup> June 2008

Magnifics rectors de la Universitat Autònoma de Barcelona i de la Universitat Pompeu Fabra, president of the Barcelona Graduate School of Economics, Graduates, Faculty, Members of the BGSE, families of the graduates, ladies and gentlemen.

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**Congratu-  
lation to  
the  
graduates**

It is a great pleasure to join you, your family and friends, the faculty and the institution as a whole in celebrating the achievements on this very special day. Graduations like the one we are celebrating today, are unique among the milestones of our lives. They are a celebration of your past accomplishments, but more importantly, they do represent an important first step into your new future. As a matter of fact not only into your future, but in the future of all of us, as I am sure that, in one way or another, all of you will contribute to the shaping of our society in the years to come. Moreover, this is a very special graduation ceremony, as you are the first class to graduate from the Barcelona Graduate School of Economics. I am pleased to offer all of you my warmest congratulations and support.

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**Thanks for  
invitation by  
BGSE**

I would also like to thank the Barcelona GSE for this opportunity to address you today. Please, allow me to comment for brief moments on both, CaixaForum and Barcelona, hosting us today.

CaixaForum Barcelona is one of the outstanding centres of our Social Welfare Activities. It is a facility devoted to cultural exchanges of all kinds, including for example our latest series of conferences on the impact of economic

globalization or the forthcoming exhibition of the Czech artist, Alphonse Mucha, which we will be inaugurating soon. Moreover, supporting education has always been among the main priorities for “la Caixa” and it continues to be at the centre of our Social Welfare Activities. Not only are we founding partners of the Barcelona GSE but we are also running a longstanding, prestigious scholarship programme, giving support to more than 100 students for graduate studies abroad since 1982. This year we added a two-year scholarship program that aims to attract international talent to four of the most outstanding biomedical research centres in Spain.

It is hence a great honour for me to be the keynote speaker in the first graduation ceremony held by the Barcelona GSE. Although the BGSE is a young institution, it is already recognized as a school that focuses first and foremost on academic excellence. With its world-class faculty and all of you, an outstanding international student body, I am sure that the BGSE will quickly become one of the most recognized graduate schools in the world. Moreover, it is an important addition to the city’s vibrant academic and research community and will allow Barcelona to consolidate its outstanding position as a centre of excellence in educating the leaders of tomorrow, both in Business Administration and Economics. And in one way or another, from today onwards, you all will be ambassadors of the Barcelona GSE and of course of our beloved city! With your knowledge, effort and commitment you will promote the school and decisively contribute to its development. As you succeed in your personal and professional projects, the BGSE will succeed and increase its recognition as a school where talent is developed – which in turns benefits you as alumni of this institution.

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Now, it is your time! It is time to deploy all you have learned during these intense nine months. In a few days, you will start a new stage in your lives. Some of you may extend your studies into a PhD program. Others will directly enter the labour market.

But, what's next? What else is important apart from the technical and scientific skills you acquired during your stay here? How do you make best use of so much valuable time you have invested over the last year? Your time and the one of all the people that have been around you: your families, your professors, the school's administration, the tutors, etc.

As you leave BGSE, you will join a global world. You only need to have a quick look at your class: over 90% of your classmates are from abroad and come from 31 different countries. Today, with new technology available and political barriers lower than ever, the world economies are highly interconnected and the degree of integration is ever increasing.

This integration process is the result of a very high level of mobility of people, goods, services and knowledge. All of them are easily transferred every day from one part of the world to another. This holds especially true of financial capital flows, technology or know-how but also – although to a lesser extent – of talent. You are a brilliant example for this increasing mobility of global talent and I encourage you to stay open minded, mobile and flexible, as it is an important part of your value proposition for any institution you might work for – be it in an academic or business career.

This globalization process which is conducting its first steps also triggers big changes in the competitive environment. New players from emerging countries with high specialization, a lower cost base or important sources of raw materials put pressure on developed economies. We are witnessing a disintegration of the value chain, with an increasing tendency to outsourcing and offshoring and the entrance of new competitors from related industries. Superior client service, time to market and organizational flexibility are more important than ever to compete in this new environment.

Moreover, we live in a time where changes in one part of the world can have an important impact on the other side of the globe due to the interconnectivity of today's financial, political and social systems. And as you all know, market conditions can change very quickly. We do not need to look any further than what is currently happening to the world economies. The current financial turmoil started last year in the US, where the financial system had grown tremendously through disintermediation and what is known as subprime lending. Loans granted to people with low capacity of repayment were repackaged and sold, so that the risk spread to the global capital markets not always with the degree of transparency that would have been desirable. As all of you know, and I am sure you have analyzed in depth during your program, when the first subprime mortgage clients started to default on their loans, the crises spread globally at a very fast pace due to the interconnectivity of global financial markets. The result was a confidence and liquidity crisis, against which even fundamentally sound financial systems, like the Spanish one, are not immune. And we are far from having seen the end of this retrenchment process. After large adjustments in values for financial and real estate assets all over the

world, we are now facing increases in oil and food prices, which put pressure on inflation, lowering purchasing power and keeping interest rates at high levels. The effects on the real economy will be substantial. And any adjustment – anticipated or not by economists and business leaders – inevitably leads to changes and tensions in the social systems and alters the global balance of power, especially if it affects such sensitive issues like energy and food supply.

This example illustrates, that managing and working effectively in complex and rapid changing environments will be crucial for you in order to progress and develop your professional career. It is obvious that a global world offers many opportunities for those who know how to play the new game - but it also adds risks and complexity. I would like to share three lessons with you today which I consider important for you in order to face the challenges ahead:

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### **1. The courage to take risks**

The first is the need to be courageous, be ready to take decisions rapidly and assume risks, especially in times of high levels of uncertainty. This is what will make the difference.

Unlike in the academic world, in business you seldom will have the time to analyse your decisions to the very last detail and considering all the potentially explanatory variables. It is always better to be approximately right than to be exactly wrong!

What does this mean? That from now on you will have to focus on gaining experience, taking decisions, losing the fear of getting things wrong (but not too wrong), learning from your mistakes and not repeating them. This is another

type of learning you are facing, one with real-life responsibility attached to it and one in which you will have to decide. As Benjamin Franklin, founding father of the United States put it: *The worst decision is indecision.*

I do not need to emphasize that taking the right decision is much more difficult the more uncertainty there is. But then again, the more uncertainty and hence risk, the more chances for a real breakthrough, for a great business decision and for a real learning experience.

However, one must be prudent and understand that there are some risks which is better to let go by. This is what experience will teach you: develop the intuition to take the right decision, the “gut-feeling” of good business leaders based both on rigorous analyses but also the business acumen acquired by years of practice.

A good example is the way Ben Bernanke and Hank Paulson reacted to the recent liquidity crisis: how they brokered the audacious buyout of Bear Sterns by JPMorgan and hours later, for the first time since the Depression in the United States, opened a discount window for investment banks. These are only two examples of their ability to take decisions fast and to take risks in a highly uncertain environment – indeed astonishing for two leaders of institutions which typically could be prone to bureaucratic behaviour. Jack Welch, former Chairman and CEO of GE, puts it this way: they displayed critical management qualities, which are decisive in any crisis: *“courage, swift action and upfront communication”*.

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## 2. Coherent decision taking and behaviour

But apart from courage for rapid decision and risk taking, any good professional definitely needs to be passionate, care about people and stick to his or her set of values – or in other words, be coherent in both business decisions and personal relationships.

- **Passion** is our internal engine and a source of enthusiasm. Passion leads us to hard work and to finish our duties with excellence. Passion allows for creative and innovative forces to unfold. Passion allows us to drag along those who are having a hard time accepting that the world is changing and that new approaches are necessary. But how do you create passion? How do you make sure it does not wither? For passion to materialize and be transmitted to the organization you need to have a clear vision of where you are heading and the conviction that this is the right path to follow. And as a leader, you need the ability to communicate this vision to your team in a credible manner. It is not only about doing things right – but also about doing the right things!
- The second pillar is **people focus**: working in teams is crucial, as joint efforts result in superior performance than the simple sum of the parts. However, it is not enough to just bring groups of people together – you really need to create a common team spirit. A group qualifies as a team only if its members share a common objective and help one another to accomplish it without clinging to the ownership of their ideas and contributions. And as a future leader, you need to keep in mind, that you will never achieve exceptional results if you are not good at attracting and nurturing talent to your cause, to your vision. But remember, when it gets

really challenging, you will be alone: taking risks and exercising power cannot and must not be split or share. You will and you must be ALONE.

- Third, it is vital to **define a set of values and stick to it**. For sure, the changing economic and business environment means that you need to be highly flexible and adaptive. You need to be able to anticipate and adapt to new technologies, an ever changing competitive environment, new business models that are arising and changing social and politic circumstances. For sure you need to be able to adapt to different cultural environments and adjust your behaviour to local habits and manners – just as you adapted when coming to Barcelona for your studies. However, there is one thing that should remain unaltered: your personal set of ethical and moral values. Those of your own decisions, but also those of your family, friends, your community and your country. The values of those to whom you pertain, of those to whom you owe, what you are. Dedication, honesty, a sense of responsibility, integrity and coherence are among the most important ones in my view. Integrity and coherence in the deployment of your values are crucial in order for other people to trust you and to understand the motives of your actions. Integrity means you are applying your values consistently and do not bend to expedencies or change your decision criteria in adverse environments and under social pressure. And coherence is absolutely crucial in order to create followership. As a matter of fact, neither **passion** nor **people focus** would make any sense if it were not for the coherent application of a stable set of values in both your personal and your business decisions. You must be prepared to carry on with a war of values. Your values. Stick to them!



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### 3. Timing

Last but not least, good timing is key for success. Bad timing can lead to disaster - and it is just as bad to take a decision too early as it is to take it too late. The five-o'clock train passes at five, not at five to five and not at five past five! I know that taking the right decision on the perfect moment is just an illusion. I imagine all of you have been investing at some stage in your life in the stock exchange and have had this feeling of never finding the right moment to enter and especially to exit an investment. Don't get frustrated - the "perfect timing" is only at the reach of God. And after all, we are just humans! However, that does not mean that we have to render! It is our obligation and duty to gather the relevant information, know our market and gain experience in order to anticipate the future and to get as close to the right timing as needed.

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<b>Closing</b>
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It is time now to bring these remarks, which are intended to be little pills of advice out of a long career in business, to a close. I want to encourage you to never underestimate the importance of the great academic training and technical knowledge you have acquired during your studies here at the Barcelona Graduate School of Economics. Be proud of your achievements and celebrate them! This professional knowledge, the intellectual progress, the problem solving capacity and the structured approach you acquired throughout this year of rigorous academic training will be an important and very valuable starting point. However, the main idea I have tried to convey today, is simple: always bear in mind that what you have accomplished so far is just the

beginning in order to successfully face today's challenging world: the learning process for you has barely started.

Thank you very much and good luck!