

# INSIGHTS

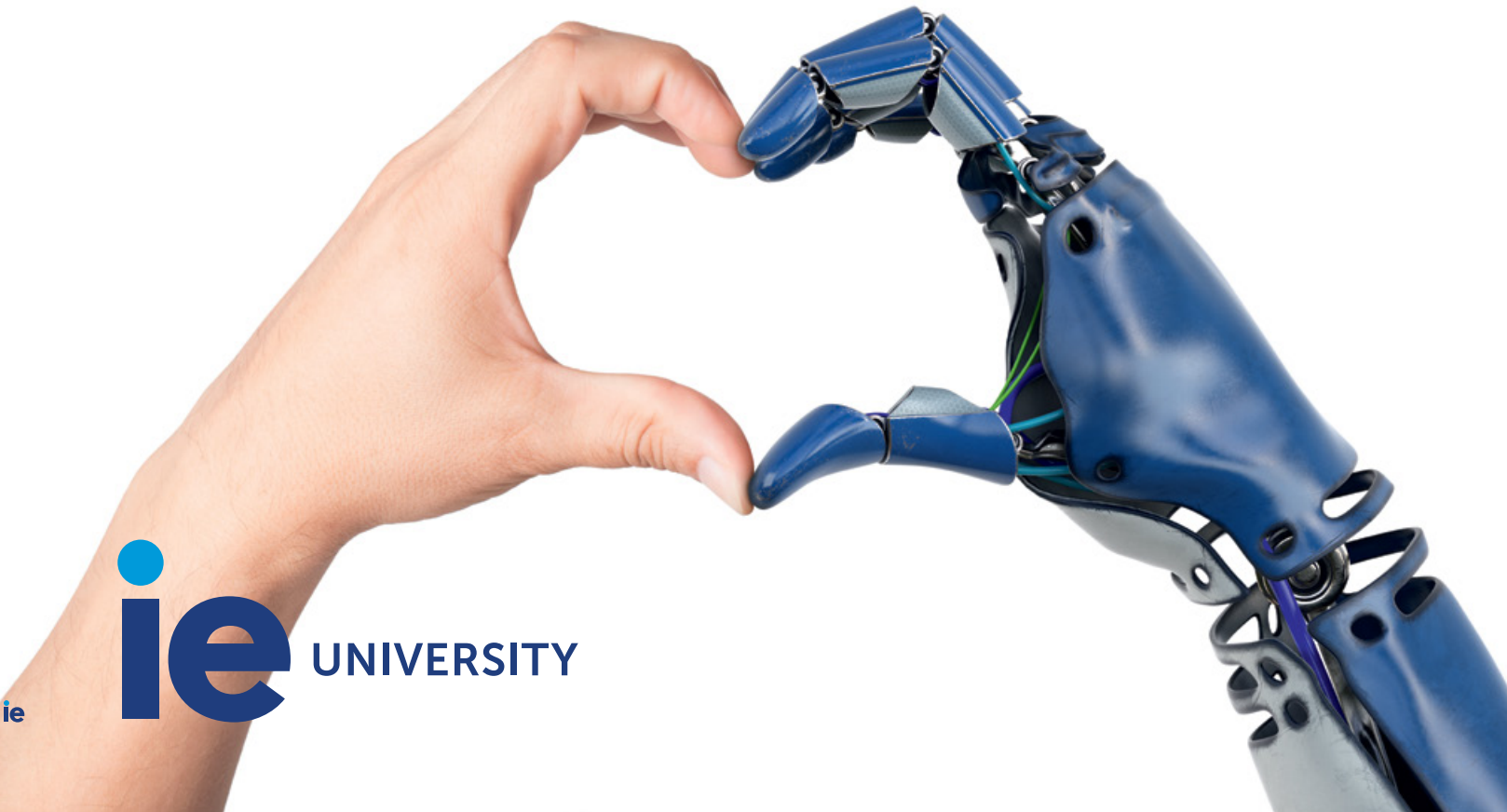
Nº 3 · September 2019

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INSIGHTS





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## ON THE EDGE

# EXPONENTIAL TECHNOLOGY AND HUMANITY

I have heard and read countless times that we are living in an age of change, where the only constant is change itself. From my point of view, however, every age is an age of change. Heraclitus of Ephesus, who lived five centuries before Christ, said that perpetual change is the foundation of everything. Everything is birth and destruction. I have also heard that the changes taking place now are exponential—more radical than anything ever seen before. But what degree of change did people experience in the past, when entire civilizations crumbled or were conquered? What about the impact of the printing press, the steam engine, electricity, and the automobile?

Schumpeter spoke of “creative destruction” and described entrepreneurs as drivers of constant change. The Industrial Revolution, the age of steam engines and locomotives, the age of steel and electricity, the age of oil, the age of automobiles and mass production, the information and telecommunications age—these all have been periods of social, political, and economic change. For us as human beings, who haven’t changed that much biologically since the cavemen, the key to success has always been an ability for leadership to adapt to change.

Leaders generate changes and inspire others to go forth and make their visions a reality. The early years of the 20th century brought us tools and methodologies that gave rise to the modern

manager. Throughout the century, production methods were improved and optimized and the role of business leadership crystallized in the figure of the manager—the conductor of the orchestra.

The information age of the 21<sup>st</sup> century has given us tools that generate far more data every day than we could ever analyze. We have enlisted the help of smart algorithms and robots, which in turn generate even more data. Management tools allow us to analyze markets, understand everything about our customers, and predict future behavior. We are laying the groundwork for a new age where robotics, artificial intelligence, nanotechnology, biotechnology, and space exploration will not only create new business opportunities but will also provide new tools for leading people and generating positive change.

This edition of IE Insights is an homage to leadership and management. At a time when data is king, what role is there for our managerial skills? Data is generated by science, but it’s humans who interpret it. Our humanity is the most important tool in today’s world of exponential technology.



William Dávila  
Executive Director of Corporate Relations at IE

ON THE EDGE



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# STRATEGY SALES & MARKETING



# UNDERSTANDING THE PREMIUM TRAVELER

JÖRN GIESCHEN AND MARÍA EUGENIA GIRÓN

Tourist destinations roll out the red carpet for premium tourism, thanks to the profitable and highly influential visitors this segment brings. But how do they go about attracting such tourists and what sort of demand is there? Anyone involved in creating value for a tourist destination should know it's vital to understand the behaviors and preferences of travelers when it comes to organizing their trips.



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## The premium segment largely looks for information online. Given that, travel agents now play a much lesser role than one might expect.

The tourism industry is at a pivotal juncture, with new destinations popping up around the world and others solidifying themselves. This opens the door to quite a few countries, depending on their ability to create value for tourism. Premium tourism may be the most demanding, but it also generates the most revenue. Thus, it behooves everyone involved to develop a strategic and competitive offer to attract this type of traveler.

The Customer Journey of the Premium Traveler, a study conducted by the Premium Travel Lab, set out to understand the differences in behavior between premium travelers and the more conventional or standard tourists. The research analyzes what inspires them, how they select a location and how they interact with their tourist preferences. It is also important to dispel a number of myths that circulate around this type of market.

➤ **INSPIRATION AND SOURCES OF INFORMATION**  
During the preparation phase of the trip, the premium segment largely looks for information online. Given that, travel agents now play a much lesser role than one might expect. Surprisingly, eight out of ten sources consulted are online, with TripAdvisor topping the list. In fact, during the inspiration phase, premium travelers review far more sites than standard travelers; they research more and are more discerning when it comes to choosing destinations. According to 35% of premium travelers and over half of standard consumers, the Internet has virtually everything they need to plan a trip.

Another debunked myth has to do with the purpose of the trip. One might think that premium customers are more likely to pursue cultural interests when choosing a destination. But they, too, prefer sunny beach getaways. Although that's not to say culture isn't important, as shown by the 80% who claim to take it into account. Compared to mass tourism, premium consumers place more importance on factors such as the hotel chain, shopping options and being able to fly their preferred airline.

These preferences denote the importance of brands and their relationship with premium consumers as a key motivator when deciding between one place and another; this is good news for organizations that specialize in branding and travel marketing.

➤ **DIFFERENTIATING FACTORS FOR CHOOSING ACCOMMODATIONS**  
Premium consumers tend to take more family trips, which means putting together a more varied package. With that in mind, they seek—in this order—the best hotel location, biggest rooms and high-quality services. After those three key considerations comes the friendliness of the service and the feeling of being at home.

Comfort and having a variety of services are also important factors, since premium guests tend to be active in the demand for activities around their trip. Likewise, health and wellness are also important, along with shopping, sports, dining and nightlife.

➤ **MORE DIGITAL CLIENTELE**  
Premium tourists are adopters of new technologies and disruptive business models, so it's indispensable to take full advantage of opportunities along those lines. Generally speaking, nearly half of these users bring a tablet or laptop on their trips and also rely heavily on their smartphones.

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## Nearly half of all premium tourists bring a tablet or laptop on their trips.

Interestingly, this openness to all things new has given rise to new offerings for this segment by Airbnb and other key players in the collaborative economy, which are increasingly drawing applause from consumers with high purchasing power.

Premium travelers also play a notable role as influencers, by being increasingly active on social media during their holidays. Given that, tourism operators should treat these platforms as another vital outlet for realizing their strategy.

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### About the research

- 2,175 interviews with people aged 16 or older.
- Countries analyzed: Spain, United Kingdom and United States.
- Sponsored by MasterCard in collaboration with Google.
- Conducted by consultant Jörn Gieschen of the Premium & Prestige Business Observatory at IE Business School.

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Jörn Gieschen, International Tourism Consultant and Researcher for the IE Mastercard Premium & Prestige Business Observatory.

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María Eugenia Girón, Executive Director Premium Business Observatory, Adjunct Professor, IE University member Board of Trustees.

# NOT ALL GOALS ARE EQUAL

ANTONIOS STAMATOIANNAKIS

Goal-setting is a well-established tool for managers, marketers, and policymakers: Setting a performance goal for your team can increase its performance relative to having no goal. Setting goals for your customers (e.g., in the form of loyalty program rewards) can increase commitment to a brand. Similarly, establishing goals has health benefits and can help students learn more.





**H**ow do managers decide what goals to set? Common practices involve a wide variety of goals, so there is no single clear answer. Whereas some firms set the goal of maintaining their sales level, others prefer to set the goal of increasing sales by a small amount, while others increase the target by a larger amount. Some banks provide benefits to customers who maintain their account balance, whereas others reward customers for increasing it. And some sports trainers emphasize the importance of maintaining an exercising routine, while others encourage their athletes to use a step-by-step improvement approach.

What types of goals are most effective under different circumstances? Our recently published research<sup>1</sup> provides some answers to this question. We found that the behavior of workers and

consumers is heavily influenced by the type of goals they pursue. Specifically, setting a goal to improve makes the size of this improvement the dominant thought in the person's mind. However, setting a goal to maintain a state operates quite differently, since maintenance lacks any improvement that the brain can assess. The brain therefore proceeds to more closely assess the environment in which the goal is to be pursued. This environmental assessment involves a negativity bias: things that could go wrong are considered more than things that could go right. Interestingly, when individuals have information about both types of goals, the aforementioned biases are attenuated.

But what are the practical implications of these findings? Here is a four-point checklist that may be useful.

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**The behavior of workers and consumers is heavily influenced by the type of goals they pursue.**

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**When people think they can succeed with little effort, they may not try hard. And, obviously, not trying hard can result in lower performance.**

**1** When you want people to adopt a goal, go for “modest improvement”

Just convincing people to pursue an externally set goal can sometimes be hard. In these cases, setting a modest improvement goal may help: The brain assesses the size of the improvement and realizes that it is small. This signals that the goal is easy, and thus success can come with little effort! Who wouldn't want to accept such a goal?

**2** When you want people to try hard for a goal, avoid “modest improvement”

Once people have been convinced to pursue a goal, the next question is how hard they will try to achieve it. The flipside of the previous point is that when people think they can succeed with little effort, they may not try hard. And, obviously, not trying hard can result in lower performance. So when the objective is to make people try hard, asking them for modest improvements may be suboptimal.

**3** When things get tough, use maintenance goals carefully

When circumstances are unfavorable to goal achievement, it makes intuitive sense to ask people to just maintain rather than improve their level. For example, when the economic environment is inhospitable, managers may be tempted to set the goal of maintaining (rather than increasing) sales. Similarly, dietitians may ask their customers to try to maintain (rather than lose) weight during the Christmas season, which is typically associated with excessive eating. However, our findings show that these goals will turn the brain's attention to the very same negative circumstances that initiated the goal: salespeople will despair about how hard sales are during this period, and dieters' heads will fill with all the temptations that can make them break their diet. When this happens, the maintenance goal—which was chosen because it was easier—will ironically start looking difficult because everything that could go wrong will suddenly dominate the pursuer's head.

**4** To be on the safe side, present information about alternative possible goals

Finally, our research points to an easy solution to overcome these problems: Give people information about different possible goals. For instance, presenting a maintenance goal together with a small improvement goal will make people realize that the latter may not be as easy as it seems—and thus they may try harder. Similarly, presenting both types of goals together can reduce the negativity bias that may be triggered for maintenance goals.

To summarize, setting goals is good practice. It is beneficial for both companies and individuals in all sorts of personal and behavioral domains. But it can be even better when you set the right type of goals!

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—  
Antonios Stamatogiannakis,  
Professor of Marketing at IE  
Business School.

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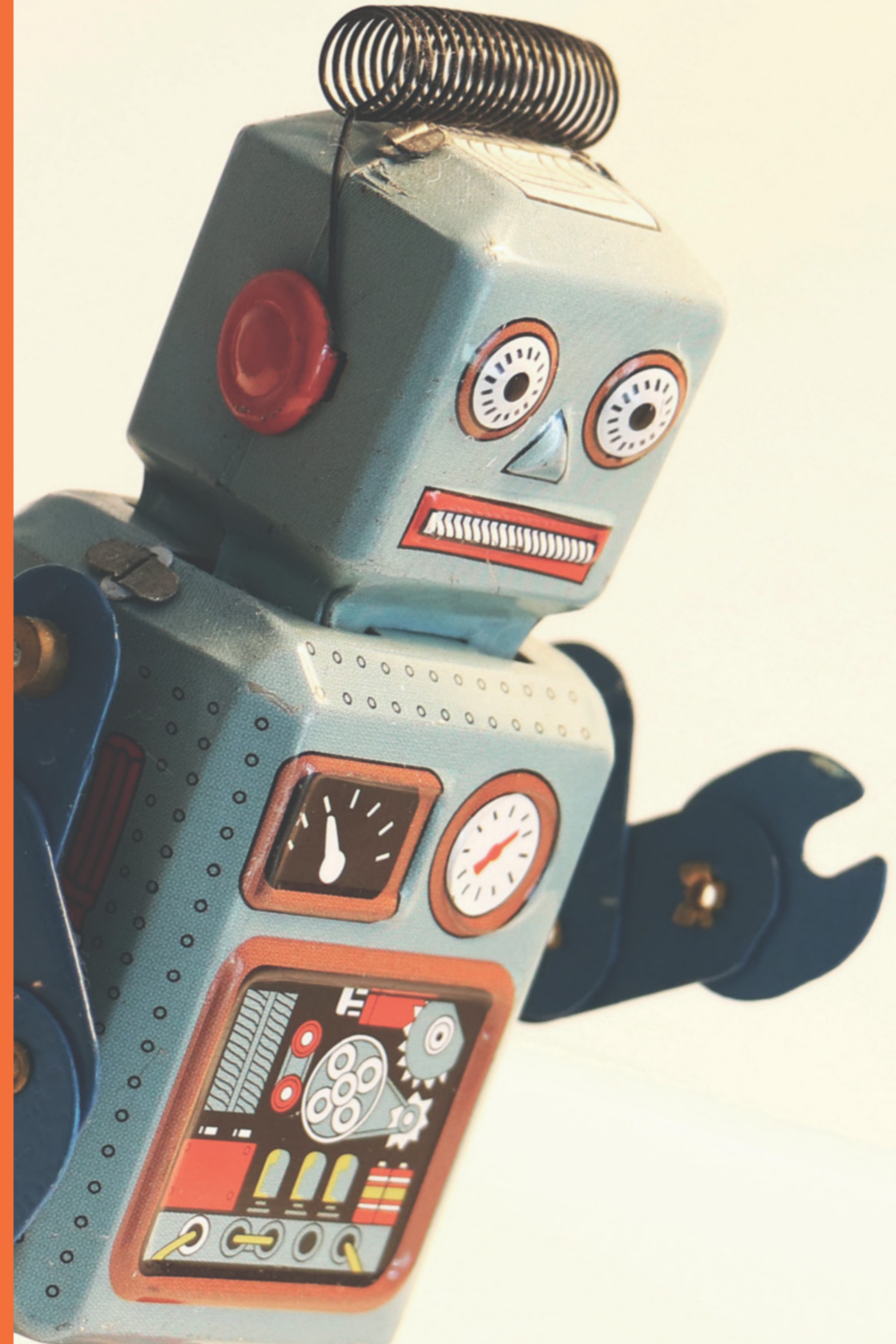
<sup>1</sup> These results are described in the paper “Attainment versus maintenance goals: Perceived difficulty and impact on goal choice,” co-authored by Antonios Stamatogiannakis (IE Business School, IE University), Amitava Chattopadhyay (INSEAD), and Dipankar Chakravarti (Virginia Tech, Pamplin College of Business). This paper appears in the November 2018 issue of *Organizational Behavior and Human Decision Processes*. Link to the full paper: <https://www.sciencedirect.com/science/article/pii/S074959781730434X>.

# TECHNOLOGY - INNOVATION SMART SOCIETY

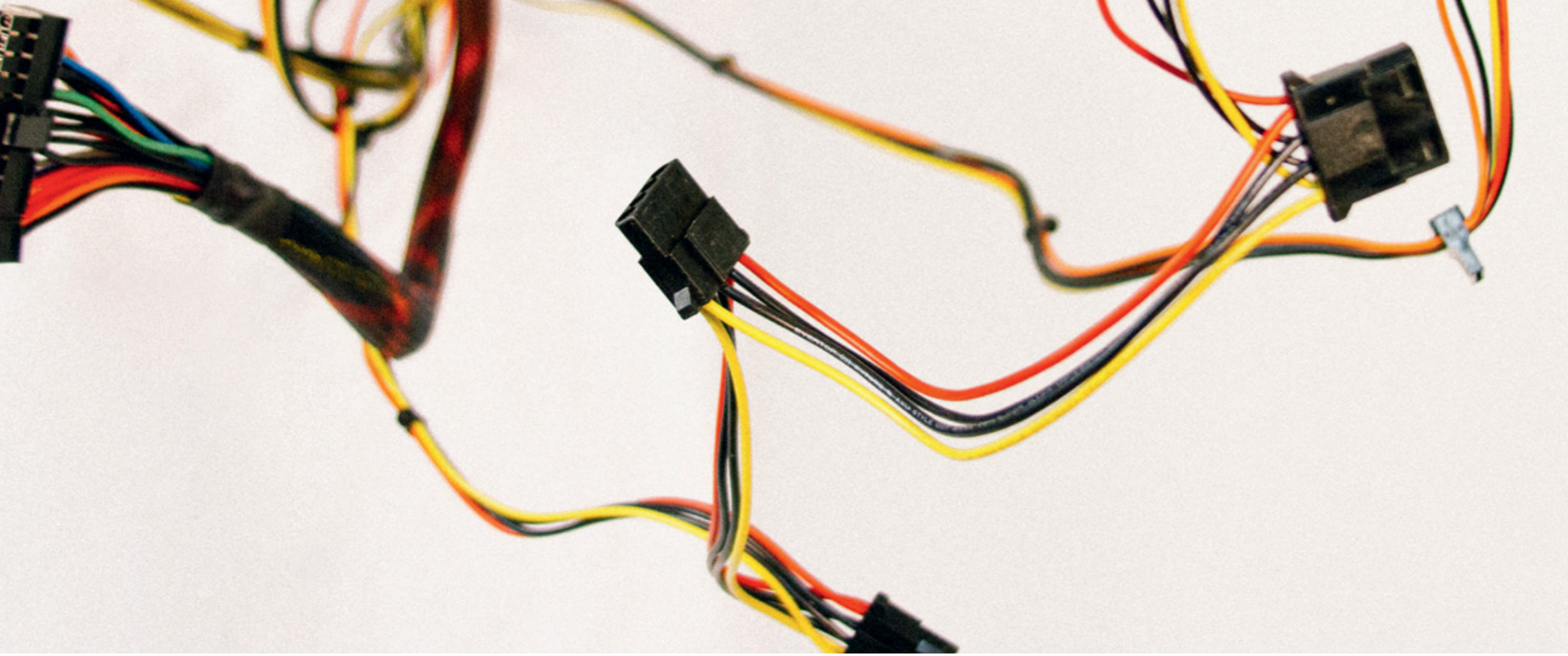
# ARE THE ROBOTS COMING?

MARK ESPOSITO

Some people envision radical advances that will solve the world's problems, while others imagine the apocalypse. We often hear about doomsday scenarios from various sources, but are these the voices of artificial intelligence scientists themselves? From medicine and education to TV show selection and dating, artificial intelligence is no longer something out of '2001: A Space Odyssey' but rather '2018: Living Reality'. Whether we like it or not, artificial intelligence is increasing its role in our day-to-day lives, but should we see it as a friend or foe?







—  
**As we spend more time speaking to our phones using voice-activated commands and watching TV series recommended to us by algorithms, we are feeding the need, use, and sophistication of AI.**

**T**he first thing to recognize is that this has not come out of nowhere. We are currently in the third wave of artificial intelligence (AI). The first wave began in 1960, although the term artificial intelligence was initially coined in 1956 by Professor John McCarthy of Dartmouth, who defined it as “the science and engineering of making intelligent machines.” But what do we mean by “intelligent”?

#### **Level Up**

We shouldn't think of AI as something found only in the upper strata of the technological world. Its building blocks stem from human functions that have been applied to machines. One such building block is the algorithm, a concept derived from the field of logic.

If you have ever used an air conditioner or lights that

automatically switch on when you walk into a room, you have been using AI for years. These two examples are considered “level 1” AI—out of four possible levels—because of the simplicity of the intelligence involved. Another basic form of AI is the calculator, which has been “taught” how to do mathematical calculations that humans can do at a slower pace or with less accuracy. AI level is determined on the basis of the kinds of rules the machine follows and whether or not the machine is able to learn. More advanced levels of AI include automatic vacuum cleaners that can learn the floorplan of a house and smartphone voice recognition technology.

This sort of learning is known as “machine learning.” The more sophisticated the AI inside a machine, the less it needs to be instructed what to do; instead, it learns through trial and error.

#### **Practical Applications**

So where and when do we encounter AI? Every time you check the weather or read the news, there's a very high probability that you are being given information that has been compiled, checked, and distributed using AI. At the end of the day, speed and precision are what computers do better than people. Because of this, media giants like Bloomberg tend to hire programmers rather than journalists to write for them.

AI uses patterns to organize information and make predictions. That's why your bank will alert you if your debit card is used to make multiple withdrawals in distant places or with a frequency that deviates from the norm. Likewise, AI alerts are used in airports to detect when lines are getting too long and more staff are needed. But this does not mean that AI is free from error. It often can only do what it has been taught or

programmed to do. In one very controversial case, facial recognition technology was found to be racially biased, showing that AI—like human intelligence—has limits.

#### **A Brave New World?**

World-renowned scientists such as Stephen Hawking have shared their misgivings about the dangers of AI. Many people therefore view the increasing presence of this technology as a potential threat. Others, such as Ray Kurzweil, have made it their mission to spread the word about the singularity that is expected to take place within the next 25 years, at which point technological growth will reach unfathomable proportions. Some imagine paradise, while others imagine *Terminator*-like scenarios. Even the business giant Elon Musk has expressed his concerns.

However, the overwhelming majority of scientists currently

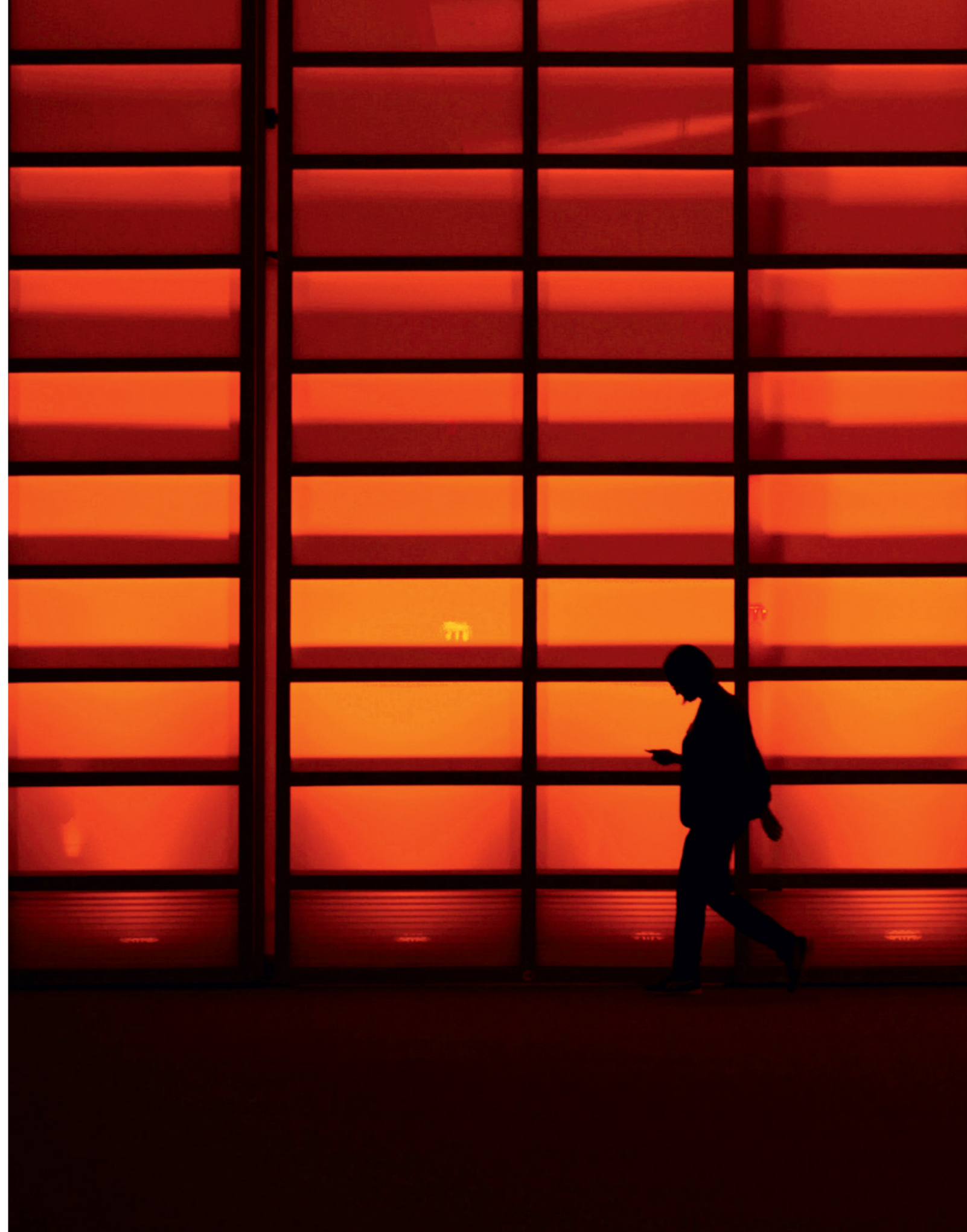
working in the AI world do not believe that this is where we are headed. Some of these scientists are actively involved in making the case for ethical AI. What is certainly clear is that AI has got our attention. As we spend more time speaking to our phones using voice-activated commands and watching TV series recommended to us by algorithms, we are feeding the need, use, and sophistication of AI. Will the AI of the future make the world a better, safer place where humans and machines can peacefully coexist? For now, this question remains in our hands.

—  
Mark Esposito, Adjunct Professor of Strategy at IE Business School, Professor at Hult & Harvard University's Division of Continuing Education, and co-founder of the AI studio Nexus FrontierTech.

# GETTING THE MOST OUT OF BIG DATA

CHRISTINA STATHOPOULOS

In today's age of digital transformation, everyone is online all the time. Big data is therefore an essential element of any economic activity, but not all organizations know how to manage big data properly. With good advice and the right tools, you can harness the power of big data to the benefit of your business. Don't just store information and let it gather dust; you have to learn to utilize it shrewdly.





**B**ig data is a hot topic at the moment. The world has become highly technological and a major digital transformation is affecting businesses and professionals alike. The amount of data being stored is rising steadily, with no end in sight. This information—collected from multiple sources in an unstructured manner, in real time, and in vast quantities—cannot be managed with traditional tools. Most organizations therefore manage data ineffectively, although the polar opposite is true of the major tech firms.

Nowadays, just about everything is collected, stored, and recorded online. The world is digital

—  
**A vast amount of data is currently available to be harnessed. More than 90% of big data has been generated in just the past two years.**

and this disruptive revolution was sparked by big data. To contextualize this new reality, consider everything that happens in just 60 seconds on the Internet: 38 million WhatsApp messages are sent, 3.7 million Google searches are made, and 4.3 million YouTube videos are viewed. These numbers reflect the vast amounts of data that are now available to be harnessed. More than 90% of big data has been generated in just the past two years.

## THE “FIVE Vs” ARE THE KEY TO UNDERSTANDING BIG DATA

**VOLUME** The amount of data produced today is mind-boggling.

**VELOCITY** Data is generated and transmitted in real time.

**VARIETY** Data can be structured, unstructured, or semi-structured and comes in various forms.

**VERACITY** Data is collected from multiple sources and it can be difficult to determine how accurate they are, so when you work with big data you have to assume that not everything is perfect.

**VALUE** (the most important feature) Data will do nothing for your business unless it is relevant.

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## Generating knowledge

It is essential to ensure that your data actually generates knowledge. Processing and contextualization are therefore crucial intermediate steps. All executives make critical decisions; the most effective decisions are based not on

instinct but on facts and data. How have successful organizations put this principle into practice? Netflix, for example, has decided which new projects to invest in by analyzing the habits of its viewers. Starbucks, meanwhile, has selected locations for new establishments by studying

the success rates of its existing stores.

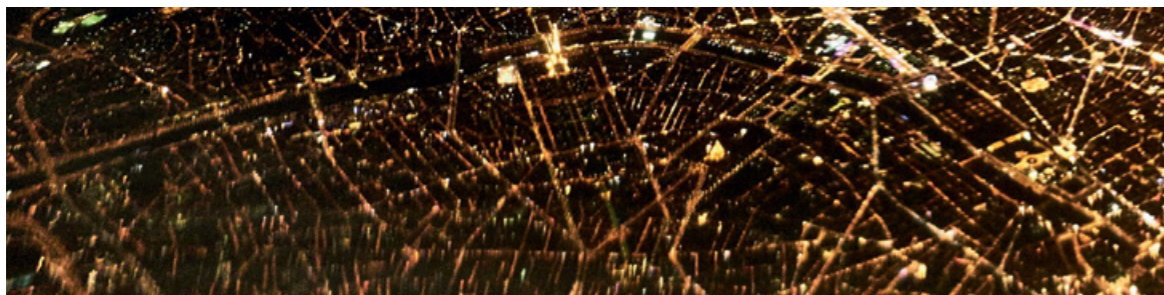
The fact is, most companies don't know how to make appropriate use of big data. Nearly all companies face four problems that make it difficult for them to adapt to this new environment:

**01 Silos:** A company can become disconnected if its information is locked away in different departments.

**03 Finding talent:** Workers qualified for these new roles are scarce.

**02 Information analysis:** Companies need to learn to work with information throughout the company—and not just with dry numbers and figures.

**04 Getting started with big data:** Some companies find it necessary to reorganize how they work.



## The importance of data presentation

In order for data to be memorable, it must be presented correctly. Ninety percent of all information is transmitted visually. People remember nearly everything they see, but not everything they hear. Ask yourself the following question: How can I tell my story with big data? You first have to understand the problem and the available data. In many cases, visual resources are used but the problem is not identified. When

using graphs, keep it simple and eliminate any superfluous information. It is also vital to humanize the information and present it in context so that the audience doesn't get lost. And don't forget to use color and movement when possible, which can make data less tedious.

Not everyone has to be a specialist in big data, but everyone should at least know what it is. To delve into this world, you need to acknowledge that technology is evolving quickly and be motivated to stay up to

date. The tools are within reach for virtually everyone. We need to stop thinking of information as mere figures and instead recognize it as an element of value. For organizations, this is a chance to grow. The biggest mistake would be to decide that this has nothing to do with your company and let this great opportunity slip away.

—  
Christina Stathopoulos,  
Analytical Consultant at Google  
and Adjunct Professor at IE  
Business School.



# CHALLENGES OF THE NEW CONCEPT OF MOBILITY

JULIO GÓMEZ POMAR

All signs indicate that the world is headed toward electric transportation as the standard for local transit. It is the preferred method in terms of sustainability. But with the supporting technology evolving at breakneck speed, companies are scrambling to identify the right strategy to adopt. Standing out in this uber-competitive field will largely depend on the skills and long-term vision of executives.

The transportation industry and infrastructure development have long been economic powerhouses. For the past century, transporting people and goods has been vital to any activity, while contributing enormously to a country's wealth. Investing in infrastructure has always had a multiplier effect on employment and an impact on the economic growth of any nation or region. Now, the technological revolution poses a series of challenges to governments and companies as far as the sustainability of transportation and their networks.

Protecting the environment has become a key item in national agendas around the world, and one of the critical elements of this challenge happens to be the transport sector.

#### **Technologies at odds with sustainability and efficiency**

Considering how much industries benefit from new technologies, future plans will revolve around adapting mobility networks to the next generation of vehicles on the market. Road infrastructures need to be prepared to accommodate self-driving cars in the medium to long term. Like any disruption, every innovation goes through different stages until

its definitive breakthrough. In this respect, the first of these stages for the mobility industry is assisted driving. Pretty soon, roads will need to be equipped with new services that interact with vehicles and provide that big technological leap.

In the rail industry, technological development is looked at through the lens of safety and user experience. Thanks to advances in this area, trains can now move at higher speeds along certain stretches with a greater degree of safety. Other positive aspects include things like predictive maintenance. Solutions born out of the Internet of things (IoT) are translating into efficiencies and major improvements in the reliability of the network. These new features automatically enhance the travel experience for users.

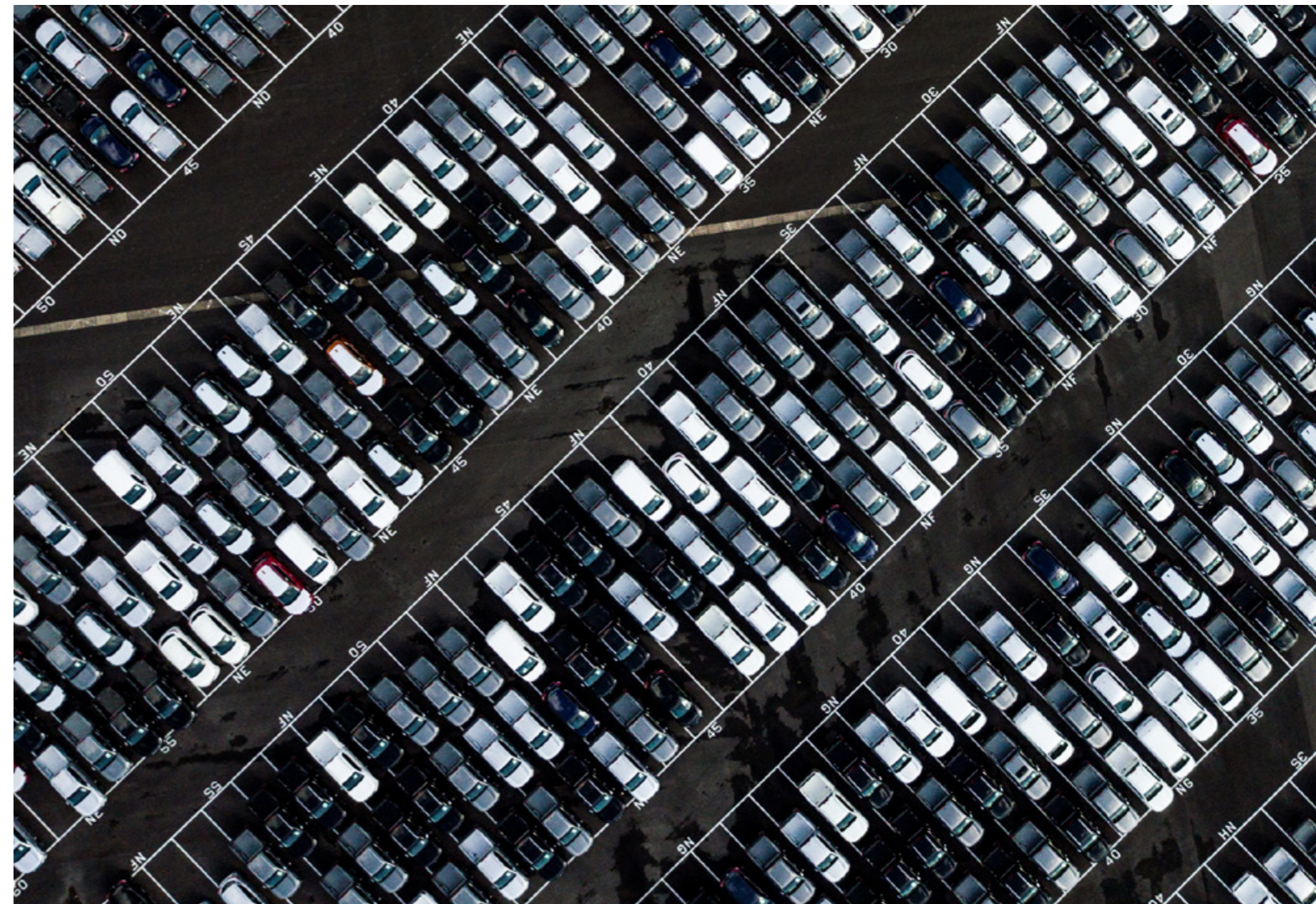
In air travel, technology allows for progress in terms of traffic congestion and airport security. In this realm, the tools are in an advanced stage of implementation, so it is unlikely we will see any major changes in the short term.

#### **Urban mobility**

Within cities, we can expect to see substantial changes in the near future with the emergence of electric vehicles. In parallel with that development, traffic control centers will leverage new

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**Solutions born out of the Internet of things (IoT) are translating into efficiencies and major improvements in the reliability of the network. These new features automatically enhance the travel experience for users.**





—  
**Having a vision also means knowing how to act in times of uncertainty such as the present, in terms of the key technologies in the transportation industry and the macroeconomic and cultural consequences that may arise.**

where innovation has not kept up with that of the transportation industry. Due to demands and efficiencies, methods, policies and structures remain very traditional in the field of construction.

#### **Cities diversify businesses: the leader's vision**

Urban mobility has become a strategic objective for many companies. It is expected to give rise to new ancillary activities and, therefore, diversification will be the name of the game. Experts from the rail industry are already adding other branches of business to their portfolio, such as the design of electric buses. This is just one of the many opportunities emerging globally with the rise of electric mobility.

Taking advantage of these options afforded by the market will depend heavily on the vision of the leaders at the helm of the organizations involved. It will require executives with new capabilities—not the same old skills—so that their full breadth of knowledge may be used for serving the company's needs. This calls for a very tech-oriented profile, since technology is the critical element for business growth.

Further, having a vision also means knowing how to act in times of uncertainty such as the present, in terms of the key technologies in the transportation industry and the macroeconomic and cultural consequences that may arise. Will the future be about cities filled with charging stations for electric vehicles, or cars with replaceable batteries? Do we need to be aware of geopolitics? What should the strategy be aimed at? These and other unanswered questions will require leaders to exhibit flexibility and adaptability.

—  
Julio Gómez Pomar,  
Head of the Center for  
Transportation Economics  
and Infrastructure  
Management at  
IE Business School.

digital solutions to have real-time knowledge of any issues occurring in urban mobility. Big data and the IoT will provide vast knowledge. The degree of implementation of these technologies will depend on the competitive capacity of the organizations operating in this industry.

Even so, we are already seeing important changes coming from business innovations in transportation. The technology inside today's vehicles is far beyond what we saw in cars 20 years ago. Likewise, train materials are increasingly innovative, with many companies thriving in this line of business.

The innovation gap lies in the transformation of other industries that are dependent on transportation. Such is the case of construction,

# TOWARDS “HAPPY” AIRPORTS

## → FROM NOWHERE (1990s)

- ▶ Transit concept
- ▶ Lacking identity

## → HOW

- ▶ Personalization and local context (cultural references)
- ▶ Service-oriented
- ▶ The visitor as a potential ambassador
- ▶ Opportunities to interact and socialize
- ▶ Open-plan transit areas
- ▶ Comfortable seating
- ▶ Natural vegetation
- ▶ Technological innovations
  - Elimination of check-in counters
  - Robot guides
  - High-speed Internet
  - Biometric identification at security checkpoints
  - Entertainment apps
  - Etc.

## → TO ECONOMIC STIMULATORS (2011)

- ▶ Hubs between networked cities
- ▶ Surrounded by economic activity (businesses, hotels, convention centers, shopping centers, etc.)

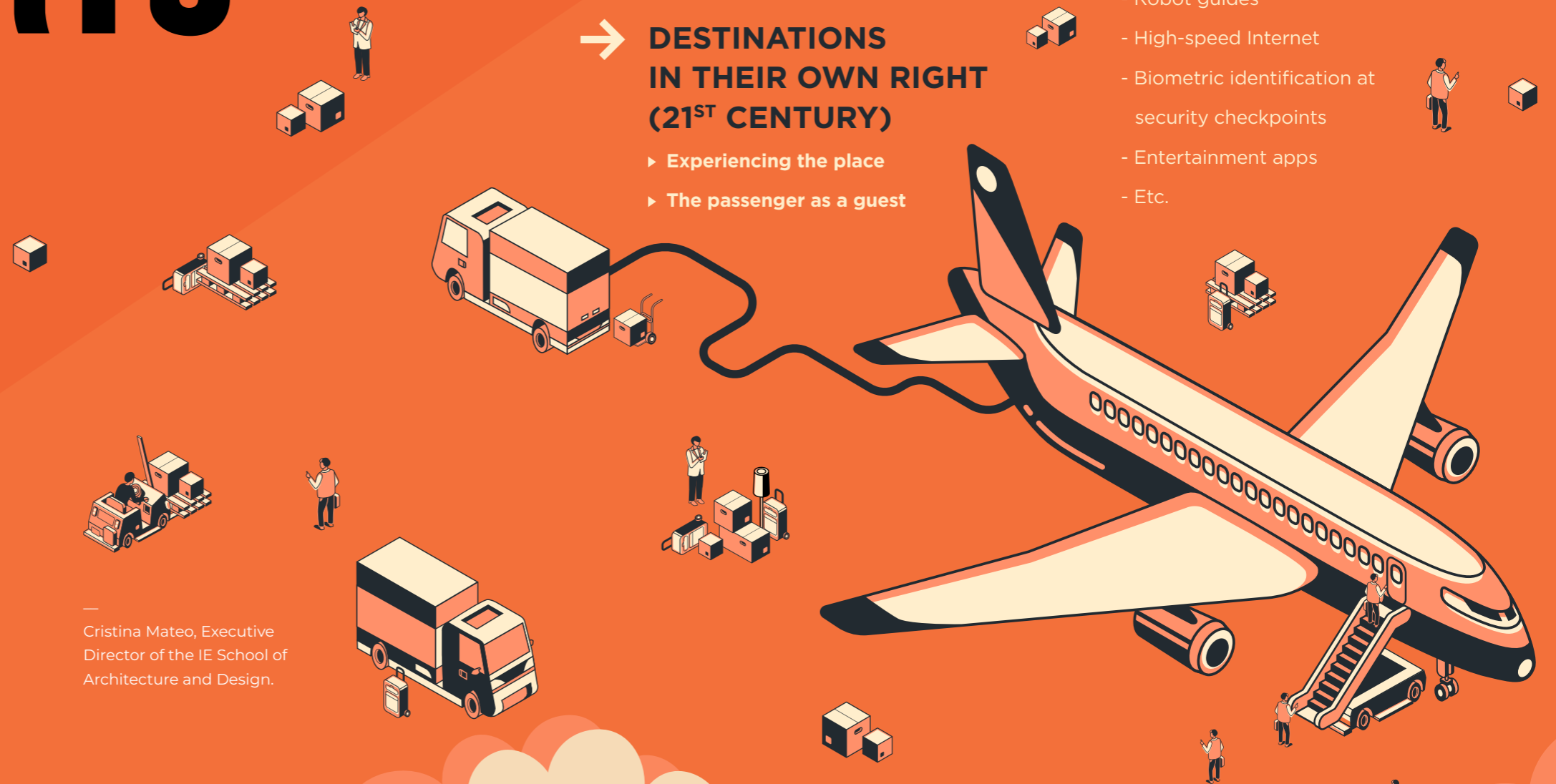
## → DESTINATIONS IN THEIR OWN RIGHT (21<sup>ST</sup> CENTURY)

- ▶ Experiencing the place
- ▶ The passenger as a guest

CRISTINA MATEO

Airport terminals have long been viewed as indistinguishable and anonymous places of transit. But now, at the height of globalization, airport terminals are fighting to differentiate themselves and become veritable meeting points that offer an attractive value proposition to passengers—in other words, 21<sup>st</sup>-century bazaars. But how is this transition coming along? In this infographic, Cristina Mateo, Executive Director of the IE School of Architecture and Design, shares some key aspects of the transformation towards happy airports.

— Cristina Mateo, Executive Director of the IE School of Architecture and Design.







# NEW SPACES FOR NEW LIFE HABITS

MARTHA THORNE AND PAUL PRIESTMAN

Our habits have evolved, generating new needs in relation to the environments where we live our lives. Modes of transport, homes, and workplaces are taking on new forms and incorporating new uses. Designers are playing a crucial role in this transformation process. In this conversation, Martha Thorne, Dean of the IE School of Architecture and Design, speaks with Paul Priestman, Founding Director and Chairman of the design consultancy PriestmanGoode, about the blurring of spatial and temporal boundaries and the steps cities should take to adapt to the new dynamics of life.

**Martha Thorne:** We're seeing lots of changes in the workplace. People are working from home, on the train, on the bus, in cafés, and so on. What does this mean for the future?

**Paul Priestman:** I think work is changing. As the population ages, more and more people will be working part-time and sharing jobs. In places like California, the commute is treated as part of the working day. As a designer of public transport, I think these spaces have to become workplaces. There are many negative aspects, such as overcrowding on trains. But what if you could work while looking out

the window at the countryside and enjoying a coffee? That's the perfect commute. This opens up some really big areas for us as designers of transport.

**Martha Thorne:** If we're going to move in that direction, the interiors that you design for buses, trains, and airplanes will have to be different from what we know today.

**Paul Priestman:** With public transport on demand, you can open an app, enter the details of your journey, and select a date and time. Then you just go down to the corner, where a small bus is waiting for you and four or five other people

who want to go to the same place. We can even take this one stage further. Let's say you really like Caffè Nero. What if you could choose a Caffè Nero bus, where you could have a coffee and buy into that brand? Or perhaps you'd prefer a Nike bus, where you could buy some trainers during the ride. The form of transport becomes an activity—you're actually doing something, rather than just sitting there commuting

**Martha Thorne:** Typologies seem to be breaking down and the boundaries between spaces are becoming fuzzy. A museum is not just a museum. A shopping center

is not just a place for buying things. A house is not just a place to live; it's a place to work, and it could also be a hotel because of Airbnb.

**Paul Priestman:** That's right. In hotel rooms, for example, nobody uses the desk anymore. People prop up in bed, turn on the TV, and use their laptop. We can get rid of the desk. Some of our current research has to do with seating on public transport. We take up a lot of space. Look at young people—they don't sit anymore. They perch or they lean. So we've been looking at how we can change seat design to increase train capacity by 30%. If you go to a coffee bar, most of

the time you don't expect to sit down. How is a short, 30-minute journey on a train any different?

**Martha Thorne:** Let's talk about the city of the future. What do you think are the most important elements that we need to address to make our cities livable and healthy for all?

**Paul Priestman:** I think the main problems that cities face are pollution, traffic jams, and congestion, so we need to convince people to use public transport more. But one of the dilemmas is that it's overcrowded. One solution is to consider other modes

of transport that help us stay healthy, such as walking or cycling. Making it possible to walk long distances safely—whatever the weather—is probably one of the most interesting options for cities. Barcelona is a good example of a place where it's enjoyable to walk.

**Martha Thorne:** The different types of transport clearly need to be integrated. Do you see city administrations, city governments, and even the private sector learning to work together so that the train system is connected not only to the bus system but also to bikes, taxis, and other modes of transport?



—  
“I think the main problems that cities face are pollution, traffic jams, and congestion, so we need to convince people to use public transport more”



—  
**“Most cities are becoming severely congested. We have to think about this far enough in advance so that we can replace automobiles”**

**Paul Priestman:** Yes, I think everything needs to be more joined up. The concept of moving platforms, with a tram that joins up with a high-speed train—that’s the dream, isn’t it? Being able to travel to another city or another country seamlessly from anywhere in the world. But there are still lots of barriers that we have to tackle. Why do people choose to drive? I think most cities are becoming severely congested. We have to think about this far enough in advance so that we can replace automobiles—a vital part of our infrastructure—with something else.

**Martha Thorne:** It’s fascinating to be involved in design education, but it’s also a great

responsibility. We educate people for a changing world, for jobs we can’t really define that may exist in the future. When it comes to talent, what skills do you think are important?

**Paul Priestman:** When I was a university student, everything was very specialized. But these barriers have broken down. Nowadays there is less pigeon-holing, fewer barriers. I think it’s still about ideas and absolute perfection—getting things right.

**Martha Thorne:** And you can’t do that with post-its or by putting words on a piece of paper; it’s a question of really testing and evaluating the physical object.

**Paul Priestman:** Indeed, you’ve got to make things and try them out. You have to understand before you can design. Design is not just about styling—it’s about making things better. First you have to understand the problem; then you can solve it. That’s design.

—  
 Martha Thorne,  
 Dean of the IE School of Architecture and Design.

Paul Priestman,  
 Founding Director and Chairman of the design consultancy PriestmanGoode.

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# ENTREPRENEURSHIP - COMPETITIVENESS & GROWTH

# — THE ATTENUATED GROWTH OF A STILL-DIVERSE WORLD

RAFAEL PUYOL

Shifting trends and the demographic behavior of developed and developing countries are key variables that have prompted economists to study the evolution of the global population model. Although the differences between developed and developing societies have diminished over time, generating clear economic impacts, the two population models are not expected to converge for a very long time.





Population is a key variable that will shape the economies and societies of the future. The importance of population is evident not only in the demographically advanced societies of the developed world but also in less-developed societies that are still in transition. Because of important changes in all of these societies over the past several decades, the current global population model looks nothing like it did in the mid-20<sup>th</sup> century. The model has changed beyond recognition and will do so again in the medium and long term.

This article outlines seven macro trends that are shaping the evolution of our still-diverse world at the global scale and highlights key characteristics of the two major demographic models that encompass most of the world's territories.

—

**Migration is intensifying and, to a certain degree, becoming globalized. Nevertheless, in relative terms, the current rate is just a fraction of what it was during the first big migration wave of the 19<sup>th</sup> and early 20<sup>th</sup> centuries.**

#### Macro trends

Macro trends are processes that are taking place to some degree all over the world. The existence of these trends indicates that demographic behavior has become globalized to a certain extent. The following are the seven main macro trends that are shaping the evolution of the global population:

**1.** Population growth is clearly slowing down. The global growth rate is currently 1.2%, down from 2.1% in 1950. Despite this slowdown, growth remains strong in absolute terms. In 2018, the global population was 7.621 billion people, but by 2050 it will be around 9.8 billion. Nevertheless, with so many variables in play, such predictions amount to little more than a thought experiment.

**2.** The death rate is decreasing overall, although because of the aging process this trend has reversed in some countries.

**3.** The birth rate is dropping across the board, with the global average falling from 5 children per woman in 1950 to 2.4 in 2018.

**4.** Infant mortality—that is, the death rate for children less than a year old—is falling. Life expectancy at birth is on the rise. Besides being good demographic indicators, these trends also indicate a population's level of social development.

**5.** Migration is intensifying and, to a certain degree, becoming globalized. Nevertheless, in relative terms, the current rate—migrants account for 3.2% of the world population—is just a fraction of what it was during the first big migration wave of the 19<sup>th</sup> and early 20<sup>th</sup> centuries (8%).

**6.** The global population is aging, although there are still significant differences in age structure between populations.

**7.** Urbanization is continuing to increase—more than 50% of people now live in urban areas—and this trend is especially strong in developing countries.

Although these macro trends are generally present throughout the world, we can still identify two major models: 1) demographically advanced countries that have completed their transition and have a relatively stable population, and 2) less-developed countries in various stages of evolution, which will eventually reach similar levels—and will do so more quickly than today's advanced countries did.

### Developed countries

Today's developed countries started transitioning demographically earlier than other parts of the world and have now completed all phases of this transition. Population growth is very low in these countries, and the growth that does occur is mainly due to immigration. Older people constitute a very large proportion of the population.

- When developed countries grow, they do so at a moderate pace. Some are stabilized and others have negative growth. The European Union offers the best examples. The EU population is increasing overall, but 10 of the 28 member states are currently losing population.
- All developed countries have very low infant mortality rates: less than 10 deaths (or less than 5, in some cases) per 1,000 live births—nearly a biological limit.
- Life expectancy at birth is now more than 80 years, with women living longer than men. The number of octogenarians, in particular, is growing.
- Practically no developed country has a birth rate of more than 2.1 children per woman; many are below the critical threshold of 1.5 children per woman.
- With the exception of Japan, developed countries tend to be countries of immigration. Although immigration has become the fundamental driver of growth and economic development, anti-immigration policies have been introduced in some countries, often with the support of far-right political parties.
- In all developed countries, the population is quite (or very) old. The traditional demographic trend has been reversed: the elderly population (65 years and older) is now larger than the young population (15 years and younger).

### Developing countries

Though diverse in their behavior and structures, developing countries share certain characteristics that set them apart from the developed world:

- Developing countries have moderate or high population growth (sub-Saharan Africa).
- Infant mortality rates are decreasing but remain higher than in the developed world. Life expectancy is lower than in the developed world. However, the death rate has dropped significantly in all developing countries.
- Birth rates are falling across the board. Some developing countries even have birth rates below the replacement level (2.1 children per woman). In most cases, however, the birth rate is between 2.5 and 6 children per woman.
- Developing countries tend to have a negative net migration rate. Thirty-five percent of migration currently flows from south to north, but south-south migration—that is, migration between developing countries—accounts for nearly 38% of all movements.
- The demographic structures of developing countries are predominantly young. People under the age of 15 generally account for around 30% of the population, but in some countries this figure is in the 40%-50% range. Under certain conditions of education and adequate job creation, this “demographic dividend” could be a powerful driver of development.
- Although many of the world's largest cities are located in developing countries, urbanization rates in the developing world are moderate (around 50%).

In short, the globe is split into two demographic worlds that, as of today, remain quite different. However, the differences between them are expected to decrease over time. This convergence of values represents the end of an ongoing process that still has a long way to go.

—  
Rafael Puyol, Director of the  
IE Foundation Observatory on  
Demography and Generational Diversity.





# CORPORATE SOCIAL RESPONSIBILITY IN THE EYES OF MILLENNIALS

MARCO S. GIARRATANA AND MARTINA PASQUINI

Companies need to understand how the millennial generation perceives CSR actions. Local activities linked to the company's core business can help to attract millennial talent and satisfy the demands of this demographic as consumers of products and services.

## Local CSR actions improve employer brand perceptions by 53.1%, while actions related to the core business are associated with a 33.2% increase.

Corporate social responsibility (CSR) is a strategic business tool that is actually quite easy to define: “Doing good while doing well.” This approach stands in contrast to the single-minded focus on profits that until fairly recently dominated the business world. In recent years, many companies have made CSR an integral part of their everyday activity. These companies are now inextricably linked to their social vision, placing equal importance on social objectives and financial performance.

These hybrid companies must also satisfy the demands of a new demographic: millennials. With lofty aspirations and stringent demands regarding sustainability and the social component of the economy, this up-and-coming generation is helping to fuel the CSR boom. The relationship between millennials and CSR strategy has become increasingly clear.

### Local business-related actions

This issue was recently highlighted by a study of millennials’ interest in CSR actions. The study reached two main conclusions: that millennials are more likely to be interested in local activities, and

that the most effective initiatives are those related to a company’s core business.

These findings suggest that millennials perceive CSR actions as more visible and accessible when they are locally based. Moreover, this new generation is likely to view CSR as false advertising if the actions have nothing to do with the company’s core business.

### Positive impact on employer branding

The study also looked at the issue of employer branding—that is, a company’s ability to attract and retain the best talent. The findings show that millennials are more willing to work for companies that design actions directly related to their core business. All things being equal, companies that engage in this practice find it easier to recruit and retain top talent—a key advantage in a world where organizations are fueled by human capital.

Drawing on nearly a thousand survey responses, the researchers concluded that local CSR actions improve employer brand perceptions by 53.1%, while actions related to the core business are associated with a 33.2% increase. Despite the gap

between these two figures, it is clear that both types of actions have a significantly positive effect and that together they can maximize an employer’s appeal.

### Consistency in consumer branding

The study also found certain parallels with millennials’ concerns regarding the consumption of particular brands. Although CSR generally has a larger impact on employer branding than on consumer branding, consistency between the two provides an enormous strategic advantage. An overarching strategy based on local actions associated with the company’s core business can do a lot to strengthen the market value of a brand.

The study also found that millennials’ perceptions are not terribly different from those of their immediate predecessors (Generation X). Therefore, it is possible to establish a single formula for attracting talent through CSR strategy: local social actions linked to the company’s core business.

The only notable difference between millennials and Generation X has to do with consumption habits. Millennials,

with their skeptical and pragmatic outlook, are somewhat less inclined to buy products and services from brands that adopt CSR strategies.

### CSR as a part of the business model

Whatever the target audience may be, there is a clear relationship between a brand’s CSR image and its economic performance. By confirming the importance of employer branding and consumer branding—two critical variables for business growth in today’s world—the study underscored the strategic significance of CSR and related policies.

These findings also point to ways in which the concept of CSR has evolved. In the past, these activities were deployed defensively, with the aim of preventing or reacting to crises and conflicts. Today, they are an intrinsic part of business strategy. Without a doubt, when it comes to strategy, social and environmental concerns are now on equal footing with finance.

### ABOUT THE STUDY

- > The study cited in this article collected nearly a thousand valid survey responses from millennials and members of Generation X.
- > There were three focus groups with a total of 23 participants, representing three different countries.
- > The study examined the actions of Coca-Cola European Partners and four other leading companies.
- > The aim of the study was to assess the impact of various CSR actions on an intangible asset: employer branding among millennials. The study was made possible by a collaboration agreement between Coca-Cola European Partners and the IE Foundation.

—  
Marco S. Giarratana, Professor and Head of the Strategy Department at IE Business School.

Martina Pasquini, Professor in the Strategy Department at IE Business School.





# ARABIC COFFEE: UNDERSTANDING DIVERSITY IN ISLAM

GONZALO RODRÍGUEZ

The first people to observe the energizing power of coffee were probably the Oromo, an ethnic group indigenous to what is now Ethiopia. From there, coffee spread to Egypt and Yemen. The earliest credible evidence of coffee drinking or knowledge of the coffee plant dates back to the mid-15th century, in the Sufi monasteries of Yemen.





The fact that millions of people start their day with a nice cup of coffee can be traced back to one of the *tariqas* (orders) of Sufism, the mystical interpretation of Islam. This reflection, so out of place for a Monday morning, led my thoughts to diversity and entrepreneurship—two aspects of Islam less well known in the West, and probably the ones that most attracted me to the religion.

In today's world, one feels obliged to take sides, to belong to a bloc, to adopt the discourse of the clash of civilizations. In contradiction to Huntington's well-known thesis, I would like to argue precisely the opposite.

The origin story of coffee is a good place to start because it is more than a historical curiosity. Indeed, it involves both little-known aspects of Islam that are of enormous interest to me personally.

Islam began with a divine revelation to a merchant in a highly commercial environment that was undergoing an expansion, thanks largely to the great caravan routes. The

religion spread into various regions mainly through seduction, despite Western beliefs to the contrary. In my opinion, the success of Islam was probably due to the egalitarian and horizontal discourse of its message, as well as its holistic component, i.e. the fact that it provides safe and effective answers in all aspects of human life.

A message that is transmitted so successfully and remains unchanged for so many centuries in such a diverse range of regions, peoples, and cultures is clearly inclined to accept diversity. An Arab from Medina has little or nothing in common with a Tajik Muslim, yet both adopt the same creed—a creed that, beyond the spiritual aspect, embodies duties and answers to issues that affect their daily lives, from what they eat to how they handle their finances.

We almost never hear about diversity in Islam, although the religion is obviously very diverse. Indeed, few civilizations have managed such great diversity so successfully. This observation opens the mind to a new understanding, different from our current perception of Islam, which is

—  
**Few civilizations have managed such great diversity so successfully. This observation opens the mind to a new understanding, different from our current perception of Islam.**

so often presented as hostile, violent, and insular. We forget that by the end of this century, a third of the world's population will adhere to this religion and this worldview. And some of this growth will take place in emerging regions with great economic potential, where a large percentage of the population is very young.

There is diversity in Islam; indeed, it has been diverse from the outset. Islam implies tolerance and management of the unknown. The vast majority of my readers will surely dispute this affirmation, but let's try to reflect for a moment. Is it possible for an idea to spread solely through the imposition of force? I don't think it's possible, at least not for very long. The history of Islam proves this: the fact that

the religion has adapted to extraordinarily different realities and cultures necessarily means that it has had some degree of success in managing diversity and that pre-Islamic cultures had a high capacity to absorb the religion's principles.

But let's return to the journeys of those Sufi Muslims. Imagine those encounters. Enormous caravans leaving Yemen on a pilgrimage to Mecca, bringing customs and discoveries with them. Eventually the Turks would adopt that bitter and energizing new infusion as their own. Such different cultures, sharing knowledge and enriching each other. Diversity and trade.

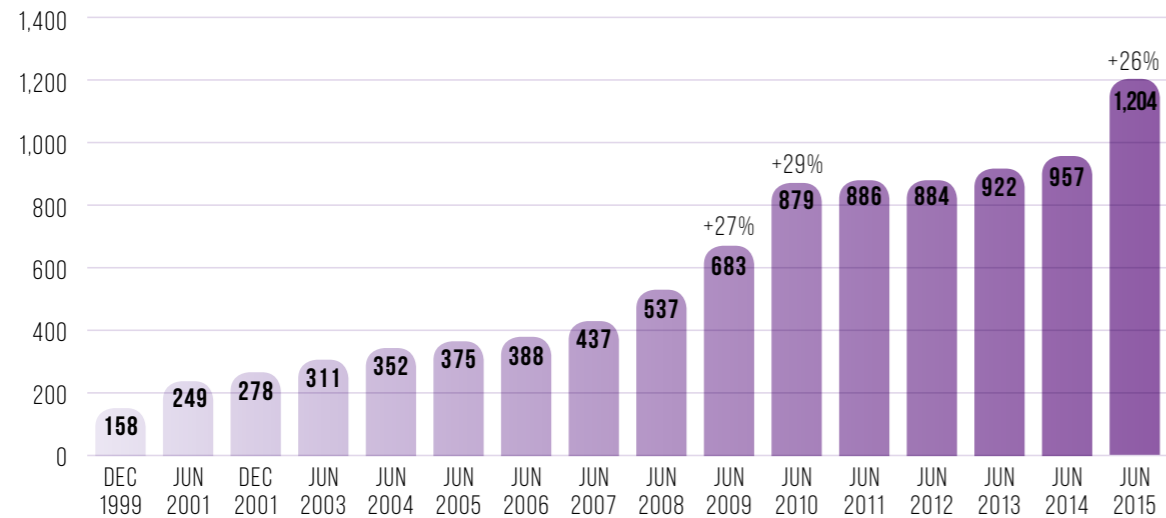
Entrepreneurship has always been well regarded in Islam. The story of the Prophet

himself dignifies trade and good management while condemning usury and speculation. These are some of the pillars of Islamic finance—pillars that introduce a moral component into human beings' relationship with the economy. Without knowing the origin of these principles, most unprejudiced citizens of any country would accept them without much hesitation.

But it's not easy nowadays to talk about Islamic finance in the West. The label *Islamic* conjures up so much noise that it becomes impossible to hear the message or see the messenger clearly. Nevertheless, Islamic finance does exist as such; the industry accounts for about 1% of the world's financial assets and is growing at a double-digit rate. Still, the interesting thing, in my opinion, is not the success of this industry in today's post-crisis world, but rather the growth of an approach that is non-speculative, fairer, and grounded in the real economy in an industry as complex as financial services.

I know from experience that not only is Islamic finance growing, but so is *ethical* or *alternative banking*. A large portion of the population clearly feels very disaffected towards traditional banking and many investors are seeking more ethical ways to invest their money. Just look at the number of ethical funds in Europe, which rose from 158 in 1999 to 1,204 in 2015, according to the 2015 *Vigeo* report.

## CHART 1. CUMULATED NUMBER OF SRI FUNDS IN EUROPE



Source: Vigeo, 2015.

Especially after the last financial crisis, this public demand for a more ethical, transparent, and responsible form of financial management is itself a clear opportunity to promote a better understanding of a new financial model—Islamic finance—that has a significant moral and ethical component. Personally, I don't believe that Islamic finance is any more ethical than other forms of finance, or that you must choose one or the other, but the very interesting legal and financial structures offered by Islamic finance are truly surprising to discover.

These structures—with curious names like *mudaraba*, *musharaka*, *istisna'a*, and *sukuk*—integrate a number of fundamental principles: a prohibition against charging interest, a prohibition against speculation or excessive risk-taking, a connection to the real economy, and equal positions for the lender and borrower.

For the uninitiated, learning about Islamic finance can be fascinating. You discover that

simple (or complex) structures such as sales, leases, mortgages, bonds, and project finance have a different, nontraditional structure that breaks with the established model in two fundamental ways: greater equality between the parties and less speculation.

This understanding of finance does not mean, by any means, that one must avoid maximizing earnings or turning a profit. Let's go back to the genesis of Islam. This is a religion that was revealed to a trader. Trade forms part of its DNA—but not trade at any price. A commercial understanding of Islam is conspicuously lacking, like so many aspects surrounding this worldview and religion.

The same is true of the real situation of women in Islam—in particular, women's financial autonomy. Few are familiar with the exemplary figure of Khadija, the first wife of the Prophet, who was a successful independent merchant in Mecca. In fact, Muhammad was employed by

the clever Khadija for several years. He had no qualms about working under the direction of his future wife, who later became the first Muslim. Khadija was a far cry from the submissive, sad image of Muslim women so often projected in the West. In truth, it is impossible to generalize about Muslim women, given the extraordinary diversity encompassed by Islam.

Western perceptions of Islam tend to be filled with prejudice—an inherent tendency of human beings when confronted with the unknown. But at the very least, we would do well to remember that Islam is not a

simple, unitary body, but rather the opposite, and that in this religion we might discover values that are completely unknown in our part of the world. Two such values are the enormous diversity present since the genesis of Islam and the entrepreneurial component of the religion. These values breed attitudes such as creativity, seduction, risk-taking, and innovation.

The representation and understanding of Islam in the West is biased by prejudice and fear of the unknown. To establish a clearer and less biased view of Islam, a good starting point would be to celebrate its diversity rather

than seeing it as a single monolithic entity. And one small way of doing this, over your next morning coffee, would be to remember the origins of this universally appreciated drink.

—  
Gonzalo Rodríguez,  
IE Islamic Finance Center  
General Coordinator.





# A ZEN CLIMATE TO BOOST YOUR BUSINESS

WIM FOCQUET

Many of the functions and departments that make up the traditional business universe have evolved considerably over the past few years, thanks to the incorporation of new concepts and technological advances. However, human resources is an area that must overcome various challenges to become the transformative element that it deserves to be. To transform organizations, we need to humanize our leadership approach: **spark-connect-transform!**



**W**ithout a doubt, people are an organization's most important asset. A company's performance and results depend largely on the passion and commitment of its people.

Therefore, one of the most important functions of a human resources department is to create a positive work climate and a corporate culture that allows employees to connect their personal goals to the company ones, and to live the lives they are longing for. Performance improves when people find purpose in their role at work and see the connection between their work and the company goals.

However, statistics paint an unflattering picture. According to Gallup reports, less than 1 out of 3 professionals in Europe are committed to their functions. The inverse figures point to a sad reality: at least 65% of all workers show up for work in body, but not in heart and mind. Their commitment to the company and to their functions is practically nonexistent.

The human resources field therefore faces a major challenge: it must reinvent itself by tapping into available data and using them to challenge individuals towards purposeful work and enable individuals to connect into positive teams rather than enforcing silo behavior that withholds individuals and teams from shining. Marketing, sales, and logistics have done an

## — One of the most important functions of a human resources department is to create a positive work climate.

about-face, turning the spotlight on the customer and improving their performance through the use of data and technology, but human resources has yet to make a significant effort in this regard. Human resources must close this gap and assume its rightful position alongside the upper management in order to become a true driver of business success.

### **Winning people back: a few milestones**

Workers begin to disengage from the company the minute they define their career path according to the traditional

image: a ladder they must climb, step by step, until the end of their active life. In fact, it is not uncommon for companies to fire workers who refuse to follow this development model. In recent years, the concept of a professional career has expanded to encompass more flexible paths. The new normal is for people to perform one function today and tackle another challenge tomorrow in a different department.

Standard people-management techniques have traditionally been based on compliance and job descriptions. These approaches often encourage employees to perform their

functions individually and in silos, isolated from the work of their colleagues. The goals of one department are often at odds with those of other departments that it must interact with. Even worse are the usual remuneration systems based on standard average performance and the official job descriptions, which are as vague as they are replicable in 90% of companies. How can this sort of standardization add value to the business if it does not take professionals' true potential or individual expectations into account?

Some companies have cracked the code. A company that works in entertainment and video games provides a good example: the workers themselves are responsible for writing the employee handbook and updating it as they go along. Employees have collective objectives and no hierarchical superiors; everyone is responsible for their own functions and focused on achieving the big-picture goal. All workers have desks equipped with wheels, for two reasons: 1) it allows people to move around and work with different teams on specific projects, and 2) it reminds employees that they can change their point of view.

Another basic function of the human resources department is to hire the best people—those who really fit in with the organization. Commitment levels tend to peak the minute a candidate is selected for a job.

—

## Any organization can design new techniques that truly add value to the business and position human resources as a high-level decision-making department.

In many cases, however, a certain amount of time passes before the new employee actually occupies the post. Few companies communicate effectively with new hires during this period. Commitment therefore starts to dwindle as soon as the person is selected. If, as is usually the case, the organization does not have a good onboarding protocol—including orientation and initial training—the new employee's enthusiasm will suffer even further.

### Technology and behavioral fitness

Over the course of a typical workday, professionals have countless interactions, meetings, exchanges of information with colleagues, etc., that have an impact on their behavior.

Increasing employees' commitment and helping them engage in more productive and effective behaviors requires more than just a two-day training process. You have to drill down and find out, on an individual basis, what behaviors or attitudes are affecting the team. Access to information and regular feedback is very helpful in making these sorts of improvements.

New technologies have made it possible to develop sociometric devices that provide detailed information about individual and team performance. We know the characteristics of a good team: a balance between listening and participation; cohesion (in which body language plays a fundamental role); and people who talk to each other rather than going straight to the boss.

With these new sociometric devices, we can record aspects such as body orientation while speaking, voice inflection, active participation, listening, etc., and use this data to evaluate the success of meetings and the progress of the group as well as each individual member.

By adopting a different approach and taking advantage of new technologies, human resources can win people back and help to create a suitable work climate where employees are responsible for generating positive behaviors that boost team performance. With a dose of creativity, any organization can design new techniques of this sort that truly add value to the business and position human resources as a high-level decision-making department. Tech is an enabler to reach the goal of connecting employees to the company goal. True attention and investment into employees' happiness and purposeful jobs are the game changer.

—  
Wim Focquet, Academic Director of the Master in Talent Development and Human Resources at the IE School of Human Sciences and Technology.

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# THE K2 OF LEADERSHIP

EDURNE PASABAN

Values such as communication, talent management, motivation, and teamwork are some of the leadership keys that make doing high performance activities in any aspect of life possible. In this infographic, Edurne Pasaban, the first woman to ascend the fourteen “eight thousanders” and Professor at IE Business School, shows the way to climb, with security and without fear, the highest peaks which demand a fundamental grasp of leadership.

—  
Edurne Pasaban, the first woman to ascend the fourteen “eight thousanders” and Professor at IE Business School.

## ✦ PASSION AND AMBITION

Both are necessary and reinforce each other

## ✦ ATTITUDE OF PROTAGONIST, NOT VICTIM

Basic to know oneself to be able to face doubts and fears

## ✦ FORM GREAT TEAMS WITH GREAT PEOPLE

Sharing values of help, commitment, and sacrifice

## ✦ INSPIRING LEADERSHIP

With communication skills, definition of tasks and roles, maintenance of trust and total transparency

## ✦ EGO AND TALENT MANAGEMENT

Know your own weaknesses and know how to delegate, together with flexibility and constant capacity for self-learning

## ✦ WITHOUT FEAR OF CHANGE

With self-criticism and awareness that any step can be the last

**TALENT - HUMAN BEHAVIOR**



# **RESHAPING THE PROFESSIONAL AND PERSONAL CAREER**

TERESA MARTÍN-RETORTILLO

With the increased life expectancy and constant shifting of professional careers, there is also a greater need to actively manage both our careers and the knowledge and skills we all need to be successful. And everything is simpler if this is built on a solid and clearly defined personal purpose.





People's longevity is a new reality that impacts all industries and organizations; this success brought on by scientific advances has repercussions on countless factors, including the working world. According to the World Bank, the Human Mortality Database and other studies, a high percentage of those born in developed countries in the 20th century have a life expectancy of over 80 years, and that figure is expected to keep rising in the coming decades. This opens the door for us to reshape our professional careers.

This demographic change has given rise to new phases in people's lives. Where we used to talk about education, career development and retirement, we can now point to the freedom to experiment before starting a career, and seek out impact projects before retirement. In fact, there are serious doubts that this concept will even exist in the not-too-distant future; instead, we will need to start thinking about some form of "unretirement."

#### A new world after 50

The outlook is different for veterans over 50 years old, given the personal and professional experience they have gained. We see that, for many people, titles, positions and compensation are less important than activities that make a meaningful impact on the community, in the broadest sense of the word. In fact, some of the most recognized projects with the biggest impact come from people in that age bracket; projects that, despite the age of their leaders, are entirely entrepreneurial, and allow them to teach, advise and do research on a variety of subjects.

This is the case of Lucy Kellaway. At 57, she left her job as journalist for the Financial Times to work in secondary education. By doing so, she not only helped reduce the problem of teacher shortage at this level in the United Kingdom. She also invited a group of professionals (many of them from the banking and service industries) to leave their careers and join the NGO Now Teach to focus on educating kids aged 12-16.

#### Longer careers, different outlook

The future of employability is shifting based on the current life expectancy of humans. Our careers are starting to last 60 years. With this change, new options are emerging for us to make the journey. The classic model based on one main area of focus (i.e., finance, education, politics, law), where a person engages in multiple variants throughout his or her career, is branching out to allow for multiple areas of focus. This is being driven by the rapid changes in our environment and the opportunity to explore and experiment, since careers are getting longer.

Careers themselves are adapting to the demands of any and all industries, so transitions are the new normal for young people and experienced professionals alike. In fact, the more veteran workers who are open to change reach this point in a more relaxed phase of introspection, where they explore deeper dimensions about their own identity. It is all about the purpose of their actions.

#### An "investment" with purpose

Professional transitions are becoming increasingly common (from the start of their career, workers have a number of socially

accepted and recommended options to continue learning and manage their transitions: earning a master's degree, going to a different country or organization, etc.). However, once a person has 25-30 years of experience, it is not so easy for them to invest in exploring what might make sense for their next step professionally and personally. Spending time on these approaches is, to some degree, a significant change that comes with its share of risks. In a way, it is a chance to start over; so if the person has a clear purpose, it is easier to take risks and make decisions along those lines. Choosing something that enriches you as a person is easier when you are clear about the reason or purpose.



## — Choosing something that enriches you as a person is easier when you are clear about the reason or purpose.

Oftentimes, reason and purpose get diluted, or even disappear, due to the need to tend to such basic needs as providing for one's family forward or earning the next promotion.

Given that the current labor and social models do not provide spaces to “stop and reflect,” how will these professionals have the time to map out and prepare for the next 10-20 years of impact, satisfaction and productivity?

For the process to be successful, these professionals must be given a chance to rediscover their purpose in life, and be supported in the process. Once they identify their purpose, it becomes their guiding light and a key criterion in their daily decision making. All of these tend to be reinforced by being clear about the path and setting

new goals that can be equally or more ambitious than those of their previous stage.

In some countries, we tend to think that attributing a greater importance to our work is the stuff of millennials or NGOs. Many of us grew up in environments where “devoting ourselves to doing good” was at odds with creating value. There is an increasing amount of empirical evidence that giving meaning and a certain level of importance to our work is not at all incompatible with creating value and achieving financial success. Fred Kofman, an economics professor at MIT and director of talent development at Google, and LinkedIn before that, explains this very well in his latest book, *The Meaning Revolution*. In fact, according to indices in the US, start-ups led by people over 50 are more likely to succeed

than those in younger hands. Thus, entrepreneurship is not exclusive to young talent. The ideal solution would be to combine the talents of these two segments.

In this context, it is vital to keep investing in developing and nurturing personal relationships. Harvard Medical School's Study of Adult Development, conducted for nearly 80 consecutive years, underlines how the quality of these relationships is the best predictor of a fuller life in these phases of a person's adulthood.

### **Dissatisfied and nonconformist, but motivated**

Personal reflection rekindles the nonconformist spirit that brought so much dynamism in the past. The journey continues with renewed values, more structure and a new group of people.

The new circles of friends should be seen as a fresh impulse to make sense of each personal transformation. According to Professor Herminia Ibarra of the London Business School, the relationships that contributed to a person's success in a professional role are not necessarily going to foster success in their next chapter. So it is essential to be strategic with this new network of professional relationships that will need to be developed.

In the complex process of relearning, it is crucial to have all kinds of help and experimentation. The NeuroLeadership Institute, as part of the workplace training it offers, presents various concepts such as attention and emotion to carry out an effective learning process. But it is vital to recognize the importance of “unlearning” that questions myths and hypotheses about the professional growth of previous eras to give way to new learning adapted to present and future demands.

In short, as noted by Anita Hoffmann, CEO of Executiva and author of the book *Purpose & Impact*, “because we're going to live longer and things change so fast, with industries coming and going, knowing how to create new options for oneself becomes an absolutely essential life skill.”

—  
Teresa Martín-Retortillo,  
Executive President of Exponential  
Learning at IE Business School.

Insights for this article were generated through the research done for the **Transformation with Purpose Fellowship**. For more information on the fellowship, do not hesitate to reach out to **Janna Wetter Coraspe**.



# STRESS MANAGEMENT AND LEADERSHIP

ALEJANDRA VALLEJO-NÁGERA

There are illnesses that are characterized by a total lack of stress. These rare cases are hazardous for the survival and well-being of individuals and organizations alike. It is normal to feel frequent stress build-ups. Although few people realize what is behind this adrenaline rush, it is crucial to know ourselves and listen to the signals our bodies send to get past the hurdles of daily life and work. You have some leeway.

**Y**ou could be in paradise and not enjoy it because you are a wreck on the inside. You could have the best team and not appreciate it. Why wouldn't you relish the happy moments in life and stop feeling bad? Sadly, 90% of the time, you're the reason. Normally, things go wrong because you were predisposed to failure with all the negative information you had accumulated. You lost your motivation. You eat to feel calm, not out of hunger. You like chomping on crunchy foods, as if they were something in your life that you want to destroy. Other times you want soft comfort food, like ice cream or donuts, to make up for the affection you're not getting from someone, or a chocolate bar with almonds that you grind up with your teeth if you are in need of everything. This comes from stress. To move on, you have to listen to your body and understand why this is happening.

Stress is a wonderful source of energy that helps us overcome obstacles and gain intelligence with each victory. Sometimes

we get stressed about things that don't happen to us. The nervous system puts the body on the defensive using the mirror neuron, which allows us to be empathetic and feel frustration when someone else feels it; in order to exercise good leadership, it is vital to act on this symptom. It takes only a moment for a negative

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**Stress is a wonderful source of energy that helps us overcome obstacles and gain intelligence with each victory.**



experience to impact us for the rest of our life. We may forget about it, but when we face a similar situation, our body will start producing cortisol and adrenaline, the prevention hormones, which tell us to flee.

#### Early wounds and toxic stress

Not everything starts when we are in a position of responsibility. Our initial impacts, the early wounds, occur in childhood because

that is when we are most vulnerable. There are five of them. We need to be familiar with them and know which ones are still active, so we don't keep suffering from them. The first of these is rejection. In our professional life, if we focus too much on others and feel stressed every time someone makes a negative comment about something we do, then this is still an open wound for us. And if we cling to toxic relationships for fear of

loneliness or continuously abandon people out of fear that they will do the same to us, then our wound is abandonment. Children go through this when they start daycare and see their parents walk out and leave them with total strangers. The third wound ties in with the fear of public speaking: humiliation. The other two are injustice and betrayal; those who still have these as open wounds are very controlling in certain aspects to avoid betrayal.



# — Why must our body break down before we ease up?

Overlooking these wounds leads to toxic stress. The brain does not want to miss anything for fear of being marginalized. And, since we are social beings who seek integration, we sometimes lose sight of priorities amid so much information. That is where we start to see disorders with sleeping, eating, etc. Why must our body break down before we ease up? In reality, there are very few reasons to get stressed, such as emotions and health. Some people look for the addictive adrenaline rush. Do you play sports to stay healthy, or to wear yourself out and dull the pain? Social media is another type of painkiller. Communicating too much in that space can imply a deep loneliness toward oneself and a loss of identity.

#### Optional tools

As individuals, we all respond in our own unique way, which usually becomes more evident when our body is under pressure, although there are tools that help us cope with different situations. Our responses can be reactive, complacent, elusive or adaptive, although each of these styles is linked to introversion or extroversion, curiosity or fear of the unknown. According to the expert researcher Sonja Lyubomirsky, well-being depends 50% on this genetic predisposition and determines which kind of work team is a better fit for us and who we will get along with.

It is important for us to accept our own style and learn to manage our own abilities, because in a company setting all temperaments are necessary and complementary. There is no danger if we know how to avoid toxic stress. Since everything starts with one individual, getting some distance is the first step. One exercise that can be enormously helpful for this is breathing. We must know how to breathe well to oxygenate the body and be able to think clearly. Some applications help train people how to breathe and de-stress, but even just a few minutes of daily exercise can be a huge help. When doing the exercise, the ideal target is to get down to about ten breaths per minute. The brain cannot be controlled, but the heart can be controlled by pulsations. In fact, while exercising, countless thoughts go through our mind, but it is important to release those thoughts and become fully focused on our breathing.

Meditation and other mental and physical relationship exercises can also help us manage stress. The goal is to approach them from a place of increased self-awareness.

—  
Alejandra Vallejo-Nágera, Professor  
at IE Business School and Adviser for  
Coca-Cola's Happiness Institute.

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# **POLITICAL LEADERSHIP APPLIED TO BUSINESS**

**ERIK W. HIEP**

In light of the changes currently taking place in economic and business models, leadership has become a hot topic of late. Leaders certainly need tech skills to face the challenge of digitalization, but they must also be equipped to handle decision-making, which remains a crucial issue in every organization.





**W**hat are the essential skills of leadership? This eternal question remains as relevant as ever in the business world. In fact, business leadership has much in common with leadership in the political arena and even in the personal sphere.

Every day, we all find ourselves having to make decisions of varying degrees of importance. In the political world, these decisions tend to be somewhat more profound, since they involve a wide range of people and have an impact on their quality of life. Nevertheless, the fundamental skill set of leadership applies across the board—in business, in politics, and in personal matters. What are the skills that make up this holy grail? This is what I wanted to find out when I recently sat down with David Cameron, the former British Prime Minister.

#### **The team over the individual**

Each leader has a unique personality, which comprises a multitude of variables and traits that influence his or her management style. Cameron cited three immutable principles associated with better decision-making: team, time, and temperament.

To ensure the best possible conditions, the team must always take precedence over the individual. The ego must be considered from the perspective of the group. Leaders should be considered incredible not on their own merit but as a result of the people that surround them. The configuration of work teams is therefore an essential ingredient for success. This is a key task in companies, in politics, in personal affairs, and even in sports. In Cameron's words: "Create a team that would do anything for you by doing the same for them"—and this includes people not necessarily aligned with the leader.

It is important not to ignore anyone. When making difficult decisions, don't shy away from the extremes. It's better to build bridges and work to overcome possible divisions. It's more practical to find solutions to complaints than to the underlying questions. Swallow your pride and don't worry about your next appointment or re-election. Never silence your antagonists, and be prepared to negotiate with them when necessary. Only with this approach will you be able to create a diverse, reliable team capable of facing conflicts effectively.

#### **Time and lack thereof**

Building a perfectly cohesive team takes time. Indeed, time was the second major theme running through Cameron's reflections during our conversation. This may seem obvious, but time is highly significant factor in planning a project. Investing time when necessary can lead to a better approach. There are so many variables, options, and lines of action, which the team must revise a thousand times. Experience shows that improvisation is not the way to exercise effective leadership.

—  
**The ego must be considered from the perspective of the group. Leaders should be considered incredible not on their own merit but as a result of the people that surround them.**

## — In the face of adversity, work on your soft skills—humor, fun, creativity, etc.—to generate a better climate and become more relatable.

This is why most organizations develop strategic plans for the long term. Returning to the subject of politics, Cameron recalled that Winston Churchill spent five long days in 1940 debating with his team about how to combat Hitler during World War II. “The most difficult decision I had to make was sending troops into battle,” Cameron noted. Outside the context of armed conflicts, important decisions now tend to be made in just 10 minutes. The rapid pace of modern decision-making is, in part, a consequence of the lack of time cited by many leaders. Although it may be tedious, when making decisions it is essential to take your time and think. Try to fight back against the stress and examine the potential consequences of your choice.

### The mirror effect

Finally, the former prime minister touched on his third key theme: temperament. The ability to

withstand pressure during conflicts and important processes is a fundamental part of being a leader. Mastery of a situation involves, among other things, remaining calm so that you can deal with it. Bosses are like mirrors held up to their teams: if they fall victim to panic, the people around them may follow suit, setting in motion an undesirable dynamic.

Don't surrender to the crisis; work hard and convey serenity to the people around you. Focus on what you really have to do and dedicate all your energy to it. This will give you strength and supply your team with greater mental capacity. In the face of adversity, work on your soft skills—humor, fun, creativity, etc.—to generate a better climate

and become more relatable. Soft skills are more important than ever, as they enable you to adapt to the pace of change.

These tips cannot ensure success—this is not an exact science—but they can guarantee a culture and a leadership style that are highly valued in today's world, for bosses, for political authorities, for parents, and for human beings in general.

—  
Erik W. Hiep,  
MBA and Professor in  
the Human Resources  
and Organizational  
Behavior Area at IE  
Business School.

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