Success stories

of American multinationals in Spain

AmCham Spain
Cámara de Comercio de EE. UU. en España
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U.S. multinational firms have substantially contributed to the development of the Spanish economy over the last several decades. Since the 1960s, the United States has been the largest investor in Spain, and still is to this day. U.S. foreign direct investment stock in Spain now reaches more than 50 billion euros, creating 71,113 direct jobs. This investment provides an enormous value to the development of the productive fabric. Many of these firms have manufacturing centers in Spain from which they export to the entire world. Others invest in R&D in our country to create synergy with our universities, research centers and other companies. And almost all of them create ecosystems that allow Spanish companies, especially SMEs, to grow and become more competitive and international.

U.S. investment has had, and continues to have, an impact on the economy that goes far beyond investment figures: licensees and franchises of recognized brands, distributors and operators of major consumer goods, partners and clients of large technology companies, suppliers for large factories in Spain, the contribution of knowledge, strategy and governance for consultants, etc. In the modernization of Spain, U.S. investment has played a key role, although it is often hardly recognized. It has also helped attract investment from other countries, which has allowed Spain to continue to be among the top 12 investment-receiving countries in last two decades.

However, after six long years of economic crisis (2009-2014), Spain’s image as an investment destination has been severely tarnished. The main English-speaking news media have described the Spanish economy in a way that continuously highlights its structural deficiencies (mainly unemployment, debt and lack of competition), without hardly a word on its strength and resilience.

Therefore, the recovery we are now seeing of the Spanish economy – the highest expected economic growth for 2015 – should come as a major surprise to the majority of the international business community, which has been exclusively fed a partial image of our economy, in which risk factors have been emphasized excessively.

Unfortunately, during these six years of crisis, this negative image has put a halt to many investments. Although from the U.S. Chamber of Commerce we like to think that no U.S. firm has relocated because of the crisis, but we are aware that many investment projects have been abandoned or slowed, some by firms with no presence in our country that have considered other destinations, and others by multinational firms already present in Spain. In these cases, the constant trickle of bad news has polluted the perception at headquarters, even when subsidiaries were growing and making profits under extraordinary management teams.

This leaflet we are presenting – a summary of interviews with senior executives of 16 leading firms – seeks to show the investment community the excellent performance of some of the main U.S. firms in Spain over the last several decades. By doing so, we hope to contribute to a change in the erroneous perceptions and prejudice that has been created, allowing for quick consolidation of major investment flows in Spain due to a recovering economy.
Spain has many attractive qualities for foreign investment: a substantial market of more than 46 million people – a western democracy with a solid middle class – with approximately 80 million tourists every year. Likewise, it forms part of a much bigger market, that of the EU, with trading platform capacities with at least two other major markets: Latin America and North Africa. Spain also has excellent management. The quality of life is very high and attracts talent from all over the world. Moreover, it has a highly developed financial system and excellent transportation infrastructure.

If the reader of this pamphlet has decision-making capacity, they will read the interview and encourage their company to follow the path created by these 16 U.S. firms, global leaders in their sectors, who have successfully invested in Spain for decades and reaped excellent returns.
“You could say that Freeport came to Spain out of pure necessity. In 1992 Freeport was facing a major investment to double the size of the mine in Grasberg, Papua (Indonesia), home to the world’s largest reserves of copper and gold. The banks financing this investment wanted Freeport to have a secure destination for the copper ore that was going to be produced in Indonesia. Back then, in Spain, Atlantic Copper was looking for a new shareholder to replace Grupo Ercros, right in the midst of a financial and business crisis.”

“It was a matter of opportunity, and they made a perfect match. Against the other options – Australia, Canada or Mexico, for example – Freeport paid heed to its prior knowledge of Spain: its executives already knew that it was a politically stable country, where a significant amount of industry had already been established, with highly regarded professionals, with good universities, good business schools... And the deal maker was when they discovered how reasonable the costs were to set up and operate in Spain. They also discovered that Atlantic Copper was a well-organized company with a highly qualified management team that worked reasonably well.”

“They visited Andalusia and Freeport was received very well by the regional government, who paved the way for them to get set up there without placing any obstacles in their way, and that definitely helped the group make a smooth, pleasant landing in Spain. From the beginning, those of us who were at the helm of the company had the feeling that the new shareholder was committed to the company’s ongoing development.”

One of the first decisions that Freeport took when reinforcing Atlantic Copper’s strategic position was to expand the installed capacity in Huelva and, at the same time, to undertake important environmental investments. For example, over the past ten years Atlantic Copper has invested 100 million euros in perfecting its environmental care systems.

“It was a perfect match, we understood each other perfectly well. For our part, we were totally sincere about what was good and what was not so good for the company, which meant that there were never any nasty surprises for Freeport. Moreover, shortly after they got there, Freeport decided to double the capacity in Huelva: this pushed us right up to the global Champions League of copper metallurgy, which is where we are today.”

The Atlantic Copper’s metallurgical complex is one of the driving forces of the industrial sector in Huelva, and by extension of the province’s economy as a whole. The company has provided the economy of Huelva with an average of 150 million euros per year, 45% of this in the form of wages and salaries.
and the rest in payments for energy, materials, and so on. The smelter provides direct employment for 1,000 people – 90% of whom have permanent contracts –, generates 2,500 indirect jobs, and gives 24,000 hours of training per year. Atlantic Copper is the company with the second-highest turnover in Andalusia (1.8 billion euros), and the Community’s number-one exporter (50% of sales).

“Atlantic Copper has an impact on the surrounding community in a variety of ways. First of all, the company’s social body was founded as a solid group with high levels of growth and a worldwide presence. And the company was ensured a steady supply of copper ore, the raw material that we use in our operations. These two things, therefore became direct, immediate and readily apparent benefits for the surrounding community.

“The entire population benefits from the investment. Because apart from expanding our capacity, we put all our interest in pushing the envelope on our obsession with caring for the environment. Thanks to this policy, which is always taken to the extreme, we have been worldwide leaders in environmental protection for years. Every step of the way, Atlantic Copper’s production has the maximum guarantees, and the best environmental controls. We have invested more than 100 million euros over the last ten years to continually improve our environmental protection. We apply state-of-the-art technologies on par with those used by the major European smelters in Finland, Sweden or Germany, in order to maintain environmental parameters at a much stricter level than the legal limits established under current regulations.

“Another type of company that is flourishing is contractors, which we work with on a permanent basis, both for day-to-day smelting operations, and in the scheduled maintenance shutdown we carry out every two years. All of our activities generate wealth and jobs. In turn, these companies that we hire also have their suppliers, subcontractors, etc.

“I also wouldn’t want to leave out the ocean and ground freight companies that are permanently benefiting from the high volume of raw materials and finished products that we ship. Our activities account for ten percent of the traffic in the Port of Huelva, making us the port’s second most important client in terms of volume. We move 300 ships, 100,000 trucks and 900 containers through the port each year.

“It’s important to highlight the fact that the average income in Huelva’s industrial sector is twice that of the other sectors in the province. This means that our employees’ buying power, in turn, improves the well-being or all the people who work in other sectors, especially commerce.”

Likewise, through the Atlantic Copper Foundation, the company commits itself to future generations. The foundation, which marked its fifth anniversary in 2014, has backed some fifty initiatives based on two key criteria: responsibility, and a commitment to Huelva, out of a desire to contribute to the province’s social development. The main pillars of its activities are education and training, having offered more than 300 scholarships, grants and internships in the company, as well as actively participating in spreading knowledge about and conserving the company’s surroundings.

“The foundation’s commitment is that we will never stop seeking out talent in Huelva and Andalusia. Our mission and activities require only the best, and Andalusia and Spain’s professionals in the industry have been recognized all over the world, with a high level of training. Our main talent pool is the people who have been trained locally, whether through vocational education, or through university diploma and degree programs.

“We have always worked by the principle of promoting everything that is done at the local level, in order to foster culture and, above all, to promote people’s training. For example, over the past five years the foundation has awarded more than 300 paid internships for university and vocational students at the company, as well as scholarships for them to continue their studies, and grants to help them gain experience abroad.

“Likewise, in collaboration with the Andalusian government, we schedule sporting events to raise environmental awareness, which are well known throughout over Huelva. The events are aimed at educating people about the Odiel marshlands, a nature preserve with countless species of migratory and sedentary birds that nest there in an absolutely
ideal habitat. By the way, this nature preserve is located just 120 meters away from our smelter, which goes to show how industry and nature can coexist and grow together.

“All of this has amounted to more than a million euros over the past five years, not counting the staffing expenses involved in these activities, which would come to about half a million euros.”

Spain continues to be an attractive country for foreign investment, although Javier Targhetta believes there are significant uncertainties that could act as a damper. Atlantic Copper’s President sees a lack of several key factors for attracting foreign investment.

“The first is competitive energy. Energy is a fundamental part of costs; it is a key component of our cost structure that we have to reclaim. We need energy costs that are more competitive and more predictable. Long-term investors need more than just today’s price. They need a forecast of how prices are going to evolve over the coming years with respect to the price of the raw materials for energy production.

“I would also recommend avoiding regulatory chaos. We’ve now entered a period of greater regulatory certainty: we applaud it, we want it, we’re all for it.

“Another key aspect is legal stability. There is room for improvement in terms of fiscal certainty, so that it promotes certain aspects of legal stability such as extra-long-term industrial land allocation. I also support a clear and unfettered commitment to offering incentives for companies to extend their industrial land use licenses.”

“Regulatory divisions, in both Spain and the European Union, are another factor that gets in the way of foreign investments. It doesn’t affect Atlantic Copper because its industrial activities are centered in just one Autonomous Community: Andalusia. Multinational companies that invest in more than one industrial or production center in more than one Community are sometimes shocked to find that there are very different laws between one Autonomous Community and another.

“These are circumstances that heighten the risk of potential industrial offshoring. Offshoring is a danger in both Spain and Europe. The European industrial sector is starting to speak out to the EU authorities over the danger of so-called “carbon leakage,” i.e. the potential offshoring of theoretically CO2-emitting companies to countries with weaker environmental regulations than the European Union. Some countries in Europe take close care of these issues, either by providing industrial companies with the broadest possible CO2 quotas, or by compensating the indirect emission or cost of CO2 (the surcharge that electricity companies pass on to their bill). In Germany, for example, this cost is compensated in certain sectors which are at risk of offshoring due to carbon leakage. Not in Spain though. This is another competitive disadvantage.

Over the last two decades Atlantic Copper’s Huelva plant has received an average of 25 million euros in investments each year. Thanks to this constant trickle of investment, it is one of the world’s most efficient smelting plants, with one of the lowest rates of energy consumption per ton produced. Today it consumes 40 percent less energy than it did ten years ago to produce one ton of copper.

“Another of Atlantic Copper’s values is safety, an issue in which we have invested many training hours and operating process improvements that have given us near perfect safety figures. We will keep on investing until we’ve achieved total excellence, with a goal of zero accidents.

“As a giant of the mining industry, Freeport directs a large amount of human, financial and technological resources to research, development and innovation. Atlantic Copper, as a part of Freeport, does the same: we are at the global forefront of metallurgical technologies related to copper. Innovation policies are the right thing to do, but only once you’ve done your homework. There are totally basic issues in any company that need to be figured out if you don’t want innovation to be just another buzzword. Innovation needs to focus on specific improvements within a broad perspective, making it a part of the company culture. At Atlantic Copper we are innovating and making a number of achievements. To name just a few: in terms of productivity of assets and people, by breaking production records with the same assets and the same people; in terms of energy efficiency, by reducing energy consumption per ton of copper produced; in terms of caring for the environment, by reducing our emissions far below current legislation. And we have done all of this while supporting our people’s training in safety and environmental excellence.

“Continuous improvement is one of Atlantic Copper’s permanent operating principles, helping us stay one step ahead, at the forefront of technological progress. This takes the shape of an average yearly investment of 10 million in innovation.

“Striving to innovate has, for example, enabled us to have the same level of net unit costs today in current euros as twenty years ago. There is no innovation without industry. Innovation is, by definition, the application of talent to improve something that already exists. If that something doesn’t exist, then there is nothing to improve.
Therefore, this is where innovation needs to go hand in hand with the industrial calling of Spain as a country, and Europe as a region of the world. Under Horizon 2020, Europe has committed to an industrialization process that will allow the weight of industry within Europe’s GDP to go from 16 to 20% by 2020, and we need to rely on innovation as an ineluctable tool to achieve this goal. In response to this goal, the European Innovation Partnership (EIP) has been created – an EU initiative in which Atlantic Copper is physically and actively present – to contribute through innovation and other efforts to promote and achieve the re-industrialization of Europe. One important fact: the wealthiest countries in Europe are the most industrialized ones. In Germany, the Netherlands, Sweden, Denmark, Austria or Switzerland – Switzerland isn’t in the EU but it is part of Europe – the weight of industry on GDP is around 20%, and all of them have less than 7% unemployment, as opposed to 25% in Spain, where the weight of industry is around 13% of GDP. In other words, the inverse relationship between unemployment and industry is obvious and irrefutable.

Spain has one of the highest levels of professional qualification in the world, among the top 10-12 worldwide. Spanish professionals are in a position to compete among the world’s best. At Freeport, Spaniards also hold important global-level posts. Javier Targhetta himself is the group’s global-level vice president of marketing and sales.

“It’s not just about professional qualifications but also work ethic, discipline, professional rigor on the job... In these areas we have more than just the lack of a disadvantage; we have a real advantage over the majority of the 200 countries on Earth. In the case of my own group, the issue goes beyond whether or not there are people with corporate-level responsibilities in Freeport. For example, in Madrid the group has its global marketing and sales office for copper ore. This is proof of how much the group trusts the Atlantic Copper team.

“Freeport has Spanish professionals working at high levels of decision making. There are another two people in important corporate positions, and their work affects the rest of the group at the global level. And we know for a fact that this is true of a number of other multinationals, American and otherwise. Without a doubt this is a very encouraging phenomenon for Spanish professionals, for Spain as a whole, and for Spain as a destination for investment.
In 1959, the American company Avon, founded in 1886 by David H. MacConnell, began its international expansion in Europe... Six years later, in 1966, Avon started operations in Spain. Today, Avon, with nearly $9 billion in annual revenue has products that are sold through 6 million active independent Avon Sales Representatives worldwide. (Figures as of 2014), Alessandro Mirandola, president of Avon Cosmetics in Spain, believes that “choosing Spain was, therefore, a natural consequence of Avon’s expansion plans in Europe.”

“Next year, 2016, Avon celebrates its 50th Anniversary in Spain. We feel very excited about this extraordinary milestone, very honored to have been part of Spain’s history for the past half century and very proud of our business consolidation in the Spanish market”.

Mirandola stresses the fact that Avon has always been part of the business fabric of the markets it operates in, both from a business and Corporate Social Responsibility perspectives.

“AVON is a company committed to women. Our vision is “to be the company that best understands and satisfies the product, service and self-fulfillment needs of women – globally.” As such, loyal to our vision and values, one of the best things about our long career in Spain continues to be offering quality products and self-reliance earning opportunities.”

“Also, contributing to women’s causes here in Spain through our philanthropic activity focused on two areas: the fight against breast cancer and domestic violence, has also been, and continues to be, our most rewarding experience. As company for women, our goal is to support women and their causes. By 2014, Avon had donated over 840 million dollars to such initiatives in over 50 countries. Since 1995, we have donated over four million euros in Spain, financing many breast cancer research, education and prevention projects.”

AVON played a key role introducing the direct selling model in Spain. It began to operate in the country in 1966 with the famous slogan, “Ding dong, Avon calling!”

After introducing direct selling in Spain, many other companies have followed. “The direct selling market in Spain is currently holding strong despite the current trend of reduced consumption in a shrinking market. In 2013, companies in the sector in Spain earned a total of 588 million euros. “Key to our sector has been, and still is, the great potential the Spanish market has for representatives”. “In the 1960s, for example, the key drivers were women entering the labor market as well as the demand for beauty and personal care products.”

“The profile of our sales representatives has also evolved, in line with the potential for growth. Year after year, an increasing number of men have joined the direct selling model and the number of young people, both male and female, who make the decision to embark on entrepreneurial pursuits or even combine their studies with work, also continues to increase. In that sense, the direct selling model offers an alternative earning opportunity and great flexibility to accommodate your needs. Indeed, the number of young people has increased by between five and ten percent over the past two years. “The direct selling sector continues to be a perfect entrepreneurship opportunity, offering advantages such as flexible hours and independence, low initial investment, and the chance to combine it with another job.

“With over 30,000 professionals globally, Avon also offers great career development opportunities for...
their employees, in which Spanish professionals are highly valued.”

**Avon powers professional development and recognizes the excellence of all its employees.**

“Work-life balance is one of our fundamental pillars in talent management and development. Our policies aimed at promoting the well-being and development of our employees both in Spain and worldwide have earned us numerous awards. We ranked amongst the top twenty companies to work in Spain, a ranking organized by the Great Place to Work Institute, Spain (12th place in 2007, 8th place in 2005 and 10th place in 2004). We are also recognized globally in this area. In 2014, we were amongst the Working Mother 100 Best Companies (Working Mother magazine). In fact, in 2012 and 2013, we scored maximum points (100%) in the Corporate Equality Index, which assesses American companies on their equality policies.”

Indeed, Avon boasts a very long list of awards. Between 2001 and 2013, the Company featured among the Best Global Brands (Interbrand), ranking 87th in 2013, and between 2011 and 2013, it was ranked among the Best Global Green Brands, coming in 41st in 2013 (Interbrand/Deloitte). Furthermore, in 2012, it was ranked among the top 25 companies in the Global Corporate Reputation Index, presented during the Davos Economic Forum of the same year.
We feel pretty happy about our activities in Spain. Our arrival here transformed the network market, and transformed the Internet and technology market for both companies and the public sector. This is a good moment for Cisco Spain. We are a strong company with a healthy balance sheet and solid relationships with our clients, and rank number one or number two in our target technology sectors, such as networking, cloud computing, collaboration/video and cyber security.

For José Manuel Petisco, Cisco’s best experience in Spain has been making it easier for companies and public institutions to incorporate new technologies. “The best thing has been the growth of company each year, and also helping Spanish companies and public institutions adopt the most significant technological transitions – like VoiceIP, the concept of ‘Network of Networks,’ video-based collaboration, or the Internet of Everything – and making the shift to an economy based on innovation. Likewise, one of the greatest sources of satisfaction on a personal level has been receiving the ‘Best Place to Work in Spain’ award for seven years straight in the category of companies with 250 to 500 employees, awarded by the prestigious consulting firm Great Place to Work. Cisco topped the list during the first four years – from 2008 to 2011 – and took second place in 2012, 2013 and 2014, and it’s our own employees who rate the company.”

Cisco has of course had its share of difficulties during its time in Spain. With 25 years of business experience, Petisco offers his take on the effects of the crisis. “The worst part has definitely been the crisis that began in 2008 and has caused a long period of disinvestment in information technology (IT), which has translated into significant tech obsolescence in the equipment installed in Spain, most noticeably in the public sector and in smaller-sized companies. In spite of it all, we have been able to guide our business project in the direction we initially intended to, although it hasn’t been easy.”

In 2014 Cisco invested 6.3 billion dollars all over the world in research and development activities. Part of these efforts took place in Spain. Their Internet of Everything Innovation Center, for example, is set to open in Barcelona in 2016.

“Foreign investment in Spain has played a tremendously important role in the country’s economic and social development. It has been crucial both quantitatively and qualitatively, showing up in all areas, but especially in the fields of internationalization; the transfer of knowledge; R&D and innovation; increasing exports, business volume and assets located in Spain; growing more competitive; training, development and HR management policies; and creating and maintaining jobs. We have helped improve the Spanish industrial makeup, and the quality of management in public institutions and in small and medium enterprises.

“In the specific case of human resources, Cisco, as with other American companies, has also introduced innovative practices regarding performance appraisal systems, training plans, collaboration mechanisms or participation tools.”
As a technology company, Cisco has had a clear commitment to innovation right from the start—it invests roughly 12% of its earnings in R&D each year—and has helped develop Spain’s technological makeup, creating wealth and employment through a number of initiatives and commitments, as listed by José Manuel Petisco:

“The first, our commitment to the distribution channel. Since we rely on an indirect marketing model, we have built up an industry of 1,500 partners us in Spain, and some 70,000 worldwide, with the resulting business and job creation.

“The second, our commitment to ICT training. Since 1997 Cisco has run NetAcad, a full training program that helps to strengthen the market of qualified professionals with ICT training, which we carry out in collaboration with education institutions (10,000 academies in 165 countries). It got started in Spain in the year 2000, and since then it has trained 108,000 students at 340 centers. Cisco has contributed 40 million euros to training educators, preparing specific curricula, and providing infrastructures (348 million euros in the EU).

“The third, our commitment to financing SMEs. Through our Cisco Capital division, we offer excellent financing for SMEs and our distribution channel on all types of tech solutions, for projects of up to 250,000 euros (currently at 0% interest for a three-year rental period).

“The fourth, our commitment to building innovation centers. We recently announced we will be opening an Innovation Center in Barcelona focusing on the Internet of Everything applied to smart cities. It is set to open its doors in mid-2016, and we have allotted 30 million dollars (23 million euros) for the project for 2015 to 2020.

“The fifth, our push for innovative video-based collaboration tools, such as videoconferencing and telepresence.

“Also, we have other corporate social responsibility initiatives such as our Cisco Spain Challenge program, which rewards the best student projects on the evolution of the Internet.”

When Cisco arrived in Spain, the country was in the midst of impressive social and economic development as a product of its industrialization process and the technological growth caused by joining the European Union a few years earlier. The head of Cisco Spain believes that the country still has several strong points for attracting foreign investment, especially from America.

“Spain has a solid economy competing at the global level, with a significant volume of exports in goods and commercial services, and with powerful economic sectors with a high added value, such as automobiles, biotech and food and agriculture.

“Moreover, Spain is an important hub for operations involving other markets and regions, particularly the EU, North Africa, the Mediterranean and Latin America (both in terms of proximity and for historical, cultural and linguistic reasons).

“The country’s communications infrastructures are also an important factor. There are 250 airlines operating out of 47 airports, and more than one third of the air traffic between Europe and Latin America passes through Madrid. It is the European leader in high-speed railway networks and highway

Cisco is committed to innovation in founding the Ca l’Alier Technology Center in Barcelona
and freeway networks, in addition to having more than 40 ports on both the Mediterranean and the Atlantic.

“On top of these advantages, there are still more, which have become all the more apparent in the wake of the economic crisis. The costs of labor today are more competitive here than in the major European economies. There are tax incentives for foreign direct investment, and the country offers citizens and visitors alike a very nice climate, an excellent quality of life, a modern, professional and highly efficient healthcare system, broad offerings in education, and high levels of personal safety. Many of these points have improved or been consolidated over the last two decades, which is why we think that Spain is even more attractive for foreign investment now than it was 20 years ago.”

With the perspective that comes with time and experience, as both a professional and a businessman, José Manuel Petisco believes that more could be done to further encourage American companies to come to Spain, and help expand or intensify the activity of those which are already established here.

“The most important change to attract new investments is probably to revise the Spanish regulatory framework. Compared to the US economy, entrepreneurial activities in Spain still have to put up with a number of legal requirements that slow their growth. We also need to reinforce our commitment to education, both general (especially in languages) and specialized (pushing for new professions such as data analysis, cyber security specialists or network connections for the Internet).

“The costs of labor, while important, are not in and of themselves a determining factor for foreign investment. Other decisive elements are the ones mentioned before: a solid economy, security, benefits for investment... Over time, Spain has become more competitive economically, stimulated by the reforms in labor and in goods and services. The standard of infrastructures has increased, along with the qualification level in the job market. However, it must move away from an economy based on construction and tourism, and towards one that is based on innovation, technological knowledge and growth. We find it troubling that Spain has not shown greater commitment to innovation, both in the public and private sectors.

“Costs are indeed a reason behind offshoring, but today the decrease in workers’ pay versus added value, and the tax cuts on business profits, have helped make it more attractive to invest in Spain in terms of profitability of capital. Although this cost is still penalized if we compare it to other Eurozone countries, the ratio between profitability and cost is good enough to encourage business investment. Moreover, Spain has a solid tech, academic and research community, a sector that is open to entrepreneurship, and acts as a hub for innovation (especially in Madrid, Barcelona and Bilbao). In general, foreign investment in Spain aims to be permanent, with a significant presence of foreign companies.”

Cisco is a global company that since its inception has proven itself to be highly dynamic in pushing for technological transformation, new business models, and a perpetual orientation towards its clients and the market. Spanish professionals are an important part of Cisco’s worldwide success.

“Without a doubt, the internationalization and modernization of the Spanish economy has helped increase the qualification level of Spain’s professionals. Cisco has always been firmly committed to training. At Cisco Spain there are professionals from 15 different countries, and all of them have brought their experience and way of working to the table, even though our basic management model comes from the parent company back in the US, which is replicated by all of Cisco’s worldwide subsidiaries. Cisco also has a promotion system that gives employees access to internal positions in any country in the world, promoting its professionals’ level of internationalization. This is why, for example, the current head of Cisco’s Latin American operations is from Spain.”
Mr. MARCOS DE QUINTO
President of Coca-Cola

The Coca-Cola company was founded in Atlanta in 1886. After growing through different states in the US, it expanded into Canada and Cuba in 1906 and into Europe in 1919 (Paris). To speed up its international marketing, in 1930 the company set up the Coca-Cola Export Corporation.

Here in Spain, sales had already begun in the late 1920s; however, the history of Coca-Cola’s business in Spain as we know it today began in 1953.

Coca-Cola’s major expansion took place after World War II. It began to set up mobile production plants to accompany the US Army outside the United States, both in the Philippines and in Europe. By the time the conflict had ended in 1945, Coca-Cola’s factories in these countries were there to stay. In the case of Spain, Atlanta sent Coke’s James Farley over in the early 1950s to search out local partners to help launch the brand. In 1952 Coca-Cola signed its first contract with COBEGA, and in 1953 the first factory was up and running, on Calle Almogávares in Barcelona. In the years that followed, the company would reach agreements with the remaining bottling companies.

“Actually, Coca-Cola had already been operating in the Canary Islands since 1927, with Olsen, a man from Norway, who was the first licensee. However, Coca-Cola embarked on a whole new era starting in 1952 with its new bottlers,” recalls Marcos de Quinto, president of Coca-Cola Iberia, vice president of the Coca-Cola Company’s European division, and, as of just a few months ago, the Atlanta-based company’s new worldwide marketing chief."

Today Coca-Cola is present all over the world, except in Cuba and North Korea. Its worldwide expansion has been based on striving for universality, pushing it to always be on the lookout for new markets, economies of scale, and diversification of risk.

Despite the recent years of crisis, Spain has been and continues to be one of Coca-Cola’s most profitable operations, in part due to the country’s extensive market of hotels, restaurants, bars and coffee shops.

“For the Coca-Cola Company, Spain is among the top fifteen countries in terms of sales volume, and as for our partner, Coca-Cola Iberian Partner (CCIP), while it’s not one of the largest bottlers, it is one of the most profitable. Coca-Cola’s history in Spain is clearly a success story, one which has been heavily influenced by the commitment of the people behind the business, by our continual innovation in all directions (from the first factory tours, to the development of Aquarius, or the recent launch of What(red)), and by a constant investment not only at an industrial level, but also on the level of marketing, teams, and of course people. The explanation for this success also resides in the Spanish people’s characteristic nonconformism, and our own clear calling to lead our sector and industry.

“Our story has been a linear ascent toward success, so it’s hard to choose one specific moment that has been better than the next; in Spain, Coca-Cola has always been headed upwards. For example, one important moment was when we launched Fanta, and in general every time we’ve launched a new product or expanded our facilities... But at the level of our bottlers, the good thing is that we’ve always maintained the same structure of bottlers. Some of them have actually merged together, but basically the way they are organized has stayed the same.

“The culmination of this came in 2013 when we consolidated this model in order to compete internationally. I think that this was the moment when there really was a huge transition, because there was a major shift in the business and, as a result of this success, Atlanta signed a long-term contract with these bottlers for the first time ever. This really was a major shift because up until that point, let’s just
say that it had been a business whose success was not matched by its savings accounts. 2013 saw the creation of CCIP, a single, global bottler which aims to be one of the world’s premier bottling companies. This large-scale organization is already beginning to compete at the highest levels against other large, global bottlers. CCIP has now become the country’s number one food company.

“Of course there have also been difficult moments, such as the impact of the Belgian crisis on our business in the summer of 1999. More recently, there was the process of consolidating our traditional bottlers to form one single bottler. Because of the current economic circumstances, this process has received major media coverage (something that is not always easy to understand given the conditions that our partner CCIP was offering to early retirees, those who moved and can even to the small group of workers who unfortunately had no place after the consolidation).

“But even in these moments the company and its system as a whole gives the best it has to offer, and the business ends up being reinforced in order to better face future challenges.”

The impact of Coca-Cola’s activities on its immediate surroundings is far-reaching. The great branching of the brand’s distribution network enables it to penetrate every corner of Spain: 300,000 points of sale between 200,000 bars and 100,000 grocery stores and shops.

“Our ability to reach an extremely broad social fabric is not just physical. We do it on the level of communication as well. We are a marketing company and everything we do has an impact on society. I often say that there are some companies that have only been doing big things for society since relatively recently. Up until a few decades ago, these companies were monopolies that were incapable of taking part in a sack race, in helping out with a local fair, or in collaborating in anything. They didn’t start doing these things until they had to start competing. We have been at it since the 50s. When someone needed something in a town somewhere, whatever it was, the only companies they could ask for help were Corte Inglés and Coca-Cola. Other companies started using this strategy in the 80s. Coca-Cola has been doing it for a long time, since the trophies for the card game ‘mus’ in 1961, up to whatever you can possibly imagine in terms of events and permeability... And all of this has been made possible by our locally based system.

“Everything that Coca-Cola does has a positive social impact. For example, we are about to screen a documentary about the achievements of the GIRA program, where we work with marginalized children. Here they get coaching, and are sponsored by people who work here. And then they work on specific things... But it is much more than that. When we put out regular ads against sedentary lifestyle, we’re also helping society. Another example: in the world of soccer, instead of spending a million euros on getting a player to switch over from Ferrari, we sponsor the Coca-Cola Cup at elementary schools. We get the kids to do some exercise, where they play around with a ball in a sort of youth Spanish soccer championship...

“There are no divisions in our strategy with society. There is not one part for corporate social responsibility (CSR) and then another one for marketing. Everything is mixed together because if we can do good in everything we do, why set limits on it? That’s what we aim for; the outcome is another story.

“You can also see the impact in the approach to our operations. In Spain, Coca-Cola carries out its industrial, distribution and marketing activities through its partner CCIP, which works with providers of ingredients, containers, materials, all with activity at the local level. At the company we establish and ensure compliance with the quality control requirements and models dictated by headquarters, which have to be implemented locally. This pushes the local industries providing us to always maintain high levels of innovation and efficiency. Within the food industry, our bottlers have always been pioneers in implementing ISO quality, environmental...
and food-safety standards, sometimes even a step ahead of the certification available at the national level, and are accredited for these systems.

“Coca-Cola’s quality requirements, both internally and as demanded of our providers, are very strict. They are clearly above and beyond the industry’s average regulations, and even the demands of Spanish and European regulations. The result of this is an improvement in the quality of food safety and related processes, with a domino effect that promotes improvement up and down the supply chain.

“At the same time, Spain’s industrial makeup receives very positive reinforcement from the significant impact on indirect labor. Just in terms of providers of ingredients, containers, transportation companies and distributors, we could be talking about hundreds of suppliers operating from plants within Spain.”

Sixty years after Coca-Cola’s arrival in Spain, it would be hard to say that the country offers the same incentives for foreign investment as it did back then. Whereas back then the entire country still needed to be built – with a never-ending list of areas for improvement, from infrastructure to safety, the legal and regulatory framework, institutions – by the sixties it managed to open up to the rest of the world and attract investment. Today, it is a country with modern infrastructures, innovation, political stability, safety (both legally and personally), a highly qualified workforce... And its doors are open to any company that is willing to invest and create wealth and jobs.

“Spain today is full of incentives, although there are a few disincentives too. At the top is talent; Spain is full of talent. There is also its location, which makes it a bridge between different markets. And the people! This is a welcoming, safe country, with top-quality health services and a good climate. All of that counts too.

“That leaves the tax issue. What separates us from, say, London, is that their income tax is much lower than in Madrid or Paris. And the taxes on their companies are probably lower too. If Madrid or Barcelona could compete tax-wise with London, wouldn’t we like to have those 100,000 people living in England’s capital city with incomes over 1 million euros, or at least some of them, to live here? Because that would mean that these people would buy cars here, and washing machines, and furniture. They would go out on the town and eat at our restaurants, creating an enormous amount of wealth.

“I’m also troubled by the lack of seriousness, the lack of legislative security and the excessive regulatory shifts. Seen from the outside, this takes you aback because you say to yourself: today I invest here and tomorrow they’ll slap a tax on it or take it away from me; they give these tax breaks to the energy sector then take them away... These fickle regulations are a turn-off, causing insecurity and fear. At the end of the day, though, each company weighs its risks and decides. But if we could manage to smooth out this little rough spot, this would be a truly great country.”

“It’s true that from a regulatory perspective, especially for companies in the food industry, entering the European Union (EU) has put the Spanish regulatory framework in line with the other member states. Food safety, product quality and information for consumers, for example, are aspects that are regulated the same way in all EU countries, and this facilitates processes and understanding in a single, stable framework. When Coca-Cola started operating in Spain, the situation in this regard was very different, and even took a turn towards greater difficulties with the possibility of not just national regulations, but different regulations in each Autonomous Community as well.

“Unfortunately, the harmonization of the regulatory framework is not as complete as it should be. The unity of the market is an urgent issue because there is a huge quantity of legislation that we are fighting against from different platforms. One example is AECOP. In Spain, for example, you can’t have transportation regulations that differ from one Community to the next, because a truck going from Murcia to Galicia will run up against five different sets of legislation depending on the Communities it passes through. This needs to be reviewed because, moreover, Spain is a country with too many laws and too little compliance. A lot of laws are passed, but then compliance with them is relatively low. What I’ve always asked for is market unity, greater standardization between Communities in terms of regulations and their interpretation, greater employment and administrative flexibility, greater legal and fiscal security and homogeneity...

“Despite the steps that have been taken with the intention of unifying the Spanish market, there is still a certain amount of disagreement between the various regional governments when it comes to encouraging companies to settle, and the margin of interpretation is too wide between these different governments.

“It would be nice, then, for these discrepancies in interpretation to be reduced as much as possible. In terms of taxation, and based on the budget needs of the various regional governments, it is important to keep from establishing taxes that discriminate between sectors, as has happened in other countries (taxes on drinks containing sugar, for example, but not on yogurt or chocolate containing sugar).”

Coca-Cola Iberian Partners (CCIP), Coca-Cola’s bottler, was founded in 2013 as the result of the
The “Bless the Bars” Campaign has been a pioneering initiative in Spain in that Coca Cola has supported the hospitality industry.

merger between eight bottling companies in Spain, Portugal and Andorra. It manufactures and markets 24 brands and 69 products, with more than 3.3 million liters sold. Sales from its first fiscal year (seven months) totaled 2.6 billion euros. CCIP was created in response to criteria regarding efficiency and competitiveness.

“Of course for companies in labor-intensive sectors, the commonplace that countries attract investment through low wage costs continues to be relevant. But today we are competing in a globalized world where technology has erased a lot of traditional barriers; the key word here is competitiveness. Any element – and the cost of labor is just another element – that makes us more competitive than our neighbor is a success factor. And if we look to the European Union, where there is free circulation of goods, better training and higher skill levels, simpler processes, lower costs, less red tape in general... This all helps improve competitiveness! For the consumer, ultimately a can of Coke or a bottle of Heinz Ketchup is always the same, no matter what country it comes from.

“If I stop and think about what values Spain could have that other countries don’t, and which theoretically put us in a more competitive position, I would insist on our professionals’ great level of training, on our enormous passion for the work we do, on the originality of our approaches, which comes from that combination of history and Mediterranean character, the happiness of our people, which helps us through the most trying times...in a word, everyone who comes to Spain either wants to stay or wants to come on back!”

The quality of management at Coca-Cola in Spain has been one of the reasons behind the company’s success. The Spain office has exported talent and creativity to other countries, along with models for managing information, relationships and partnerships with bottlers, positioning, and more. De Quinto himself has left Spain for Atlanta, where he will take charge of the company’s global marketing operations.

“The group of Spaniards at Coca-Cola all over the world is big, and it’s constantly growing. For us it’s a matter of great pride. There are Spaniards in company management posts in Thailand, Mexico, London, and the list goes on. Spain is one of the most highly regarded countries within Coca-Cola at the global level. Here, the positive work atmosphere and the steady team spirit sort of put a damper on any desire to leave Spain. For example, here in Spain we have Jesús Gallardo in Market Research, who is the world’s best. They’ve been trying for the past decade to take him over to Atlanta, but he just says, ‘I’ll do whatever you want me to, but here, this is where I am.’

“We’re regarded very highly, but it’s hard to leave. And so when they do leave it’s for very high-ranking positions. The technical director, Javier Sabás, has just left for China to manage one of the largest plants there. We’re a relatively small company here in Spain, but one that is very highly regarded internationally.

“For many years now we have been doing our own marketing: we don’t import any advertising, we export it and create methodology. We are innovators when it comes to implementing measurement systems, and we come up with strategic ideas. Here, for example, marketing has created and launched what we call the ‘3 Cs’: Consumer marketing, Category marketing and Corporate marketing. This has led to a whole system of metrics that has been implemented worldwide. Now the whole company is starting to see the business the way we started seeing it here some time ago. The strategy of defending the category, which we call Category marketing, was invented in Spain in 2006, and now, years later, the company is exporting it to the rest of the countries. I often say that Spain is like Coca-Cola’s Formula 1 department: it isn’t the biggest unit, but it is the most respected, because this is where the future is happening, and the things that we started doing here have gone on, in two or three years’ time, to be implemented in England, Atlanta and elsewhere.”
Dow Chemical Ibérica, one of the Dow Chemical Company’s European subsidiaries, began to operate in Spain in 1960, when it bought stock in Unión Química del Norte de España (Urquinesa), located in Bilbao. Dow was just beginning to go international; it had already entered Latin America, and had set up one factory in the Netherlands. At that time, Spain was an isolated country in terms of industry, but it did have a significant amount of industry in the Basque Country, which is where Dow settled in order to supply to the Spanish market. Later on, in 1966, it settled in Tarragona. Finally, in 1974, Dow Chemical Ibérica was founded. It runs four production centers — in Tarragona (Catalonia), in Ribarforada and Tudela (Navarre) and in Estarreja (Portugal) — and recorded sales of 1.212 billion euros in 2013.

Anton Valero has been the president of Dow for Spain and Portugal since 2004, and is president of the Business Federation of the Spanish Chemical Industry (FEIQUE). He joined Dow in 1981 as a process engineer at the company’s Rheinmünster plant (Germany).

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collaboration with the local communities where it operates. These are its three main lines of action to help improve the Spanish industrial makeup, and the quality of management at the small and medium enterprises located in its areas of influence.

“The company has always been very open to developing new ideas and forms of management. In line with this idea, it is one of the companies that has contributed the most to developing new forms of management in our industrial sector. We have broadly and proactively put into practice the principles of the Responsible Care® philosophy. This entails helping other companies with issues such as developing programs for safety, the environment and crossover with society. We believe we have played a crucial role in improving the extent to which these issues are applied in the Spanish chemical industry, which makes us truly proud.

“Safety and environmental protection have been and continue to be one of Dow’s guiding principles in the areas where we operate. We have set the standards of quality for these issues and, in doing so, have done a lot to aid the companies around us in adopting these same standards, helping them to face the international markets with guarantees of success.”

“In terms of its relationship with society, Dow is involved with universities and centers of excellence, teaching centers and neighborhood associations, as well as with the culture and the social activities of the areas where it carries out its industrial activities.”

“Our sustainability goals, set in 2015, include improvements averaging 75 percent in the excellence indicators for our operations, in the fields of health, safety and the environment. We want all of our production centers to be accepted to the greatest degree possible by the communities where they are located, publish a safety assessment for all of their products, increase sales of products that promote sustainable chemistry by 10 percent, and reduce their energy use by 25 percent.”

“Luckily, right now Spain is one of the planet’s most developed countries, meaning that the contribution of multinationals today is not as noticeable as it was in the past. A lot has changed in Spain since Dow set up in our country in 1960. One bit of data that illustrates this change is that whereas back then our production was just for the domestic market, today we export 74% of what we produce. The market today is global, just as with talent and knowledge. In this sense, and given our country’s remarkable development, Spain has also become a source of talent that Dow gets to benefit from.”

Dow has 667 employees in Spain. In 2013 it invested 26 million euros in its centers in Spain, particularly Tarragona. It has four innovation centers in the Iberian peninsula, home to part of the company’s 6,400 researchers distributed all over the world. In 2013, the company invested 1.7 billion dollars in R&D worldwide, a decision which helped reinforce a portfolio of innovation projects valued at 32 billion dollars. That same year, the company registered 560 patents, a testament to its sustained investments in cutting-edge technologies.

“When Dow began its operations in Spain, it was attracted by the local market and by the country’s stability. Spain was a very attractive emerging market for the economic dimensions at that time. Clearly, the Spanish market has undergone remarkable growth, but competition and competitiveness have grown as well. The incentives to invest in Spain now are totally different than they were in the 60s. Innovation, research and excellence are three factors that can attract American investment toward Spain right now. To achieve this, we need programs establishing benefits that encourage leading industries to settle here. There are also two key factors that would make it easier for new investments to reach Spain: speeding up the paperwork for setting up business activities, and creating networks of knowledge in potential fields of interest for our companies.”
The combination of costs and quality in human resources continues to weigh heavily on Dow’s investment decisions. The president of Dow Chemical Iberia has new arguments to add in favor of making Spain more attractive.

“Anything that can help make the country more competitive will serve to attract investment from companies. Labor costs should be kept in mind: they are not a determining factor, but they do hold sway in sectors like our own. However, nowadays the quality of labor is a more important factor. Our Spanish professionals work with Dow on all the continents where it has offices. In Spain we have highly competitive training, which puts our professionals in a position to compete on a level playing field with professionals from any other country.”

“The current difficulties in the Spanish economy are the same as those of all the other countries in the European Union. On top of this, there is the high cost of the energy and raw materials used in our sector. Therefore, significant changes must be made to Spain’s energy policy if we want to attract investment toward our sector. I am convinced that we have room to grow in the fields of diversification and innovation.”

Dow scrupulously respects the laws of the different countries it operates in. Its concern for the environment and for sustainable growth is at the core of the company’s set of values. Anton Valero believes that regulations aimed at promoting these activities are a good thing.

“However, Europe and Spain have taken the path of high and intense regulatory activity, which hinders the industrial activity in these areas, and does not always work in favor of the objectives being pursued. On the contrary, sometimes they work to the detriment of these economies. Society needs to ask itself what really needs to be done in order to achieve both objectives: sustainable growth and a society with enough wealth to ensure that all of its citizens can lead a decent life.”

“Likewise, another threat to industrial activity in Spain is the cost of energy. And I’m not just talking about making it difficult to attract potential new investments, but actually making it harder to hold onto the ones that are already here. Spain has to be able to assure international investors that the costs of energy are at least as competitive as the other countries around us.”
General Electric established itself in Spain nearly seventy years ago. Company CEO Daniel Carreño (León, 1967) believes that the American group chose to settle in Spain due to “reasons that are common to other European countries: a stable regulatory framework, a developed economy, etc. And, if we focus on the most recent investments made, the motivations behind our presence here have been the availability of the specialized talent sought in the case of the investment in the electric vehicle R&D center in Móstoles, the rich tradition and prior experience in the case of the smart-meter factory in Zamudio, and the international leadership of Spanish EPCs in the case of the center for excellence in Madrid.

These are the elements that set Spain apart from the rest as the most attractive option for investment, and which in general have contributed to having our expectations met over all these years.”

General Electric hopes to stay in Spain for at least another 60 years.

“Even in the most difficult moments of the crisis, we have continued to put our weight behind the country, with investments like the ones just mentioned. Since it is so fresh I am inclined to say that the recent crisis has been the most difficult moment for General Electric in Spain, given the impact it has had on the energy market; on the financial sector, with the collapse of the housing market and defaults at an all-time high; and through the enormous cuts in public investment (health, defense, etc.).

All of this has entailed challenges that we continue to face.”

General Electric reflects optimistically on the nature and scope of the crisis we have been experiencing over the last few years: Is it something temporary, or does it really signal a shift in trends?

“It is likely that the severity of our situation was conducive to a set of changes that otherwise would not have been brought about. In other words, if you have a very severe illness, maybe it is the right time to quit smoking and adopt a healthy lifestyle, whereas with something milder it is always more difficult to give up certain things, right? In this sense, I think that Spain has made important changes in the financial and labor sphere, and in terms of controlling the deficit. These reforms guarantee greater economic stability and the viability of growth policies. All of this has made Spain more attractive to countries looking to invest.”

GE has contributed state-of-the-art technology to 80 water-treatment plants in Spain and Portugal, with a processing capacity of 1,200,000 m³/day. Of these different facilities, the most impressive are the largest reversed electrodialysis (RED) plant in the world, in Abrera (Barcelona), as well as the expansion of the waste-water treatment plant in Gavá (Barcelona), with MBR membrane technology, meeting the needs of 160,000 inhabitants.

Moreover, Spain is home to the first private-sector waste-water treatment system in Europe to use GE’s high-performance LEAP technology. The plant is located in the industrial complex of Procavi – a nationwide leader in processing turkey products – in Marchena (Sevilla).

General Electric’s presence in a variety of Spanish industrial sectors has also had significant repercussions and influence on the different geographical areas where the company operates. The company has contributed to expanding the
industrial makeup, to increasing the number of small and medium enterprises, and to improving the management quality of its providers in the immediate surroundings. In addition, of course, to improving the living conditions of the country’s citizens...

Daniel Carreño finds that “since we work with the most stringent international standards, we demand specific requirements from our providers and partners regarding integrity, occupational safety, quality, operations, systems, etc. These always lead to the introduction of working tools and methodologies that boost these companies’ own competitiveness and place them on par with any other benchmark country. In this sense, I believe that we become a sort of ambassador for innovation in these fields and in others, such as HR management, the promotion of R&D, or new dynamics (Industrial Internet and Advanced Manufacturing).”

In aviation, there are 1,200 civilian and military airplane motors in the Iberian Peninsula that contain GE technology. As for healthcare technology in Spain, more than 8,000 GE machines are used by the public health services in all of the Autonomous Communities and by the private sector. One of the many examples worthy of mention is, within the framework of Industrial Internet, that GE is setting up the innovative DoseWatch technology in a number of hospitals, in order to automatically control and manage the doses of radiation, which connects to digital diagnosis devices.

General Electric is comfortable with its activities in Spain, although it does feel that there is a ways to go before the industry recovers the weight it used to have in the Spanish economy. Competitive energy prices, research and innovation policies, and improvements in financing are the ingredients needed for this new industrial push.

“If we want to increase the industrial sector’s contribution to GDP and place it on par with the majority of the other countries around us, we must, among other things, secure energy at competitive prices. Along these lines, we need a strategy that will guarantee a stable supply, reduce our dependency on foreign energy, and efficiently satisfy environmental requirements, taking advantage of the foundations that have already been laid.

“In terms of innovation, we need to improve the education system by putting our citizens’ training in line with the needs of the market. It would also be a good idea to develop and intensify universities and research centers’ ties with companies, so that
our powerful basic research has a greater practical application.

"Another challenge is to improve access to financing by promoting alternative sources and a legislative and fiscal framework that truly makes investment dynamic. It is crucial to reduce administrative red tape, as our international ranking on this issue does not match up with our country as a whole." Daniel Carreño, who is in charge of 30 centers and 2,300 employees in Spain and Portugal, believes that “what is really important is to be competitive internationally, because in today’s global world the competition to attract investment is also global.

“Certain aspects such as availability of talent, access to cutting-edge manufacturing methodologies and techniques, a regulatory framework that is stable, simple and encourages innovation, are much more important than they were in the past.”

At the corporate level, GE invests six billion euros in R&D.

25% of the electricity generated in Spain is produced with GE equipment, and there are 750 1.5 MW GE wind turbines installed nationwide.

“We mustn’t forget that dynamics like Industrial Internet or Advanced Manufacturing have done away with the old model of a handful of countries with cheap labor producing for the rest of the world. "General Electric does not have one single headquarters, but from the multinational’s upper echelons Spain is regarded from a number of different angles. The 25% unemployment rate is hard to understand, but the general assessment is that of a country which has multiplied its income per capita by 100 in the last 60 years, and has successfully overcome important challenges such as the transition from a command economy to an open market, joining the currency union, and competing at an international level.”

Along these lines, Carreño is a firm believer in "the potential benefits for Spain and Europe of the free trade agreement with the United States. With broader economic frameworks that are integrated and free of barriers and unproductive costs, Spain will be able to leverage its strengths and manifest many of its opportunities for growth."

Not being competitive at the international level always raises the specter of investment being off-shored. In the face of this fear, the CEO of General Electric believes that “in a world in which major changes take place in the blink of an eye, the real risk is losing your competitive edge. But in recent years Spain, thanks to the process of internal devaluation it has undertaken, has moved up several notches on this scale, and we have to work in order not to lose them, and to keep other countries from dulling the edge we have right now.”

General Electric has contributed, with its commitment to investment and with its activities, to making the Spanish economy today a more international one. It has also helped make Spanish professionals capable of demonstrating their degree of qualification, reaching management positions within the company’s global structure.

“We have shining examples of Spanish multinationals that are international leaders in sectors as diverse as energy, finance, communications, textiles – and it is their own professionals who have placed them there! This same talent is likewise present in multinationals operating in Spain, as in our case, and we value it very highly. Spanish professionals’ flexibility, creativity, ability to negotiate, and technical training are the reason why at General Electric you will find Spanish people in international management positions, in all of our business areas, from energy, to finance, to the healthcare industry and commercial aviation. On the other hand, you will also find professionals who are not Spanish but who have chosen Spain as the platform from which to carry out their international duties.”

GE Healthcare’s Silent Scan is a reduced noise MRI technique. In Spain, several hospitals have already opted for this product from GE. Including: Quirón Hospital in Madrid, the CEMTRO Clinic in Madrid, and the Rosario Clinic in Ibiza.
General Motors (GM) has been the owner of the Opel brand since 1929. In the 80s it decided to give a fresh push to its European brand by unveiling a new small-size model to meet the new demands in the market. This meant building a new manufacturing plant in Europe, and the location they chose was a small town in Aragon called Figueruelas (Zaragoza), which in 1982 became the global manufacturer of the Opel Corsa.

Antonio Cobo (Granada, 1957) has been the managing director and plant director of GM Spain since September 2010, after a long career path through a number of the company’s departments in the United States, Germany and Spain.

“Many factors were taken into account when General Motors decided to invest and establish itself in Spain. In broad terms, the decisive factors for GM were economic, sociopolitical, geographic and human-related.

“Looking at the political changes that our country began to experience in the second half of the 70s, with the arrival of democracy, a greater openness towards Europe, and low production costs. It is also no coincidence that the model chosen to be manufactured here was the Corsa, a small car that was perfect for the growing demand for automobiles in a country that needed to modernize after the oil crisis of the 70s.”

General Motors, founded in 1908, is the worldwide giant of the automotive industry. The company, which faced a harsh reorganization in 2009 after filing for bankruptcy, received 50 billion dollars in subsidies that led to a more than successful recovery, with 155 billion dollars in earnings and 3.75 billion dollars in profit in 2013. When choosing a location to set up the new Spanish factory, GM’s directors paid close attention to the advantages that Aragon had to offer, in terms of its special geographical position, at the crossroads between other economically powerful regions. The area was, and continues to be, a strategic point that is close to the main Spanish capital cities and to important seaports and airports, making it accessible for both people and freight.

“These points were valued very highly, and outweighed Spain’s disadvantage with respect to other European countries in terms of its geographic location on the periphery. The company had the opportunity to acquire land that was flat and affordable, and easy to adapt to its activities, which was conducive to building the factory and the transport connections. There was also the crucial element of the area’s significant ability to supply water with the Ebro and Jalón rivers so nearby, electricity with high-voltage lines passing through, and natural gas and hydrocarbons due to the easy access to transportation networks.

“The human factor also weighed heavily on the decision and, without a doubt, Aragon’s most important asset is its people. Aragon is known for turning out top-rate professionals, engineers, academics, workers with solid vocational training, and a highly qualified workforce, with very few labor conflicts, together with the kind and noble character of the Aragonese. Aragon offered a large enough population to cover a significant number of jobs, and a strong tradition of workshops, helping to create a surrounding industrial environment and a solid base of suppliers, which has historically been a key element in our ability to compete in costs and in technology.”

The influence of GM’s activities in Spain on its surroundings have been significant. In Aragon it currently generates roughly 5,600 direct jobs, of which over 5,000 are in manufacturing alone. The factory has had a huge impact on job creation in Figueruelas: for each direct job, three to four indirect jobs are created.

“The GM Spain plant and its surroundings serve as a point of reference for the company at the
global level. The big investments that have been made, the shared know-how, the work, talent and employee training hours have placed us in a privileged position in terms of both quality and productivity in the automotive industry worldwide, which fills us with pride and motivates us to strive to keep improving.

“Therein lies the importance and the great responsibility of the company that I have the honor of directing. In the parts and services industry in Aragon, our impact translates into 4,018 workers in 49 top-level supply companies, and a turnover of more than 700 million euros. Manufacturing the Opel Mokka in Figueruelas has made it possible to create more than 1,000 direct jobs and some 4,000 indirect jobs within our supplier and service base. Thanks to the fact of allocating these new models and to the efforts made by the company, GM Spain has managed to get 1,000 people who were totally or partially out of work in 2013 to start working again.

“The repercussions are significant given what it means for the gross industrial product of Aragon, tax revenue, and our contribution to the development of the region through business culture. Likewise, exports, which account for more than 95% of annual production, help even out the trade balance.”

Since 1982 the Figueruelas plant (Zaragoza) has manufactured Opel/Vauxhall vehicles with the finest quality. In 1988 it set up a third shift, making it the first automotive factory in the world to put into place 24 hours of non-stop work. Throughout its history, GM Spain has produced seven different models: the Corsa, Kadett, Astra, Tigra, Combo, Meriva and Mokka. A total of over 11.5 million units and more than 3.5 million parts have been produced at the Zaragoza plant. In its 32 years operating in Spain, it has of course lived through good times and bad, but Antonio Cobo feels that the balance is on the whole a positive one.

“Now we have successfully had several new models assigned to our plant. It has been hard work and a big effort from each and every one of our employees over the last few years to put the plant at the top of the international quality and productivity rankings, while manufacturing at a competitive cost. This has been achieved through the commitment of everyone involved: employees and union leaders who understand our globalized world, and who work constructively for a better GM Spain with a brighter future.

“We have always had a great deal of social and institutional support, which has allowed us to maintain a smooth and transparent dialog with different actors in society, and to successfully adapt to the changing surroundings that we have been faced with.

“The toughest situation we have gone through came not long ago, caused by the crisis in the automotive sector starting in 2008, when GM was on the verge of selling off the Opel brand. It was a very difficult period that was full of uncertainty, but one that together we were able to handle, thanks to the spirit of dialog that we have with our legal representatives and our workers, to the commitment of our entire human team, and to the constant search for joint solutions to help us reach our goals. These goals are none other than being a good workplace, and having a plant that is increasingly competitive, productive and efficient, while manufacturing our cars with a passion for quality.”

Cobo believes that General Motors did the right thing by deciding to invest in Aragon years back. Proof of GM and Opel's trust is that they have invested 4.5 billion euros in the Zaragoza plant, more than half of it in the past decade. The plan is over the next several years to outdo even the heaviest investments of the past. In 2016 GM will manufacture five different models in Spain.

“Our company has made a positive impact on our surroundings and helped improve Spain’s industrial makeup in a number of ways. First of all, through the product itself. We manufacture automobiles with state-of-the-art technologies. We offer the best and most advanced products on the market, we innovate, we create, and we develop technological solutions that enable us to stay one step ahead of our clients’ needs.

“There is also our collaboration with public institutions. We have always wanted society to progress alongside us, which is why we have joined business organizations, leveraging other companies through automotive clusters and programs to promote foreign trade, for example. We have signed on with environmental protection initiatives, along
with many other initiatives to promote sustainable development, and a number of other actions.

“Another pillar of our mark on Spain is our eagerness to share knowledge. In addition to collaborating actively with our broad supplier base, we take part in a number of forums and conferences where we share our know-how. Our directors give talks in Masters programs, courses and universities, and we have students at different levels who come to our centers to do their college internships. We host paid interns, encourage our employees to keep receiving training (approximately 80,000 staff training hours per year), donate materials (engines, chassis, etc.) to vocational education centers, and more.

“All of this clearly serves to improve the processes, productivity and quality of our products. Our decision-making process must always be based on total client satisfaction, which is the starting and end point of all of our decisions.”

General Motors’ long history is, to a certain extent, the story of its fight to remain competitive in order to stay at the head of the worldwide automotive industry. “Making the best cars in the world can only be possible with the best employees in the world,” says the company. GM’s Spain plant is a worldwide model of competitiveness.

“In the automotive industry, being competitive means being able to keep attracting investments and new product allocations to our Spain plants (there are seventeen production factories set up in various Autonomous Communities), in order to continue sustaining the most important industrial sector in the country, which generates wealth, is a fundamental motor of the economy, and provides work for two million families in nationwide.

“But we automobile manufactures need to be more than just competitive. One of the pillars of what makes our assembly plants competitive is their supplier base. Without a solid base of suppliers close to our plants, which are competitive in terms of both costs and technology, the plants themselves would have no future. And if there is no future for the vehicle assembly plants, the prospects would look darker still for many other sectors.

“To continue moving forward and facing the future with optimism, achieving real re-industrialization, we need to keep working on a number of areas such as flexibility, training, and cost reduction, which are the key for a more efficient and more productive automotive industry.

“While it is true that Spanish automobile factories are the current destination for investment from the multinationals in the sector, it is still important to continue demonstrating that we are competitive. The need to adapt our facilities to the most advanced technology in order to keep up with changes in the production processes, high standards of quality, new work methods and of course new models, makes continuous investment indispensable.

“The automotive industry in general is working on this, but it is going to need the unwavering support of the authorities, who should continue creating a regulatory framework and economic landscape that allows us to stay up there with the best, and to be competitive on an open and global market.

“In other words, the issue is to bolster our strengths, and acquire other new ones, so that we are able to design, produce and sell competitive goods out in the world. Also, it is to reinforce our weaknesses (low productivity, financing problems, energy prices, low flexibility on the job market, high unemployment, continued low investment in R&D, young people receiving training that is not suited to new needs, etc.). This way we can transform threats into opportunities, and put Spain back on the path of competitiveness, in order to guarantee our own future, and, in the years to come, to become a reference point for our parent companies in a globalized world.

“We must continue to work hard not to lose the competitive position that we have today, bearing in mind that in the other countries they are also busy trying to secure competitive agreements to attract greater investment and new models to their plants. We have to look to our neighbors, and also to those who are still further afield. The industry is going to continue to progress in all countries. Which is why we have to fight every day to be the best, to create an environment in our industry and country that is competitive, in order to face the challenges of the future. It’s just like in sports: you have to give it your all if you want to come in first.”

Antonio Cobo believes that being competitive is not an exclusive matter, or one that should be limited to the business sphere. Today countries, too, have to do everything they can to be competitive in attracting new investment. For Spain this is an unavoidable challenge for the future, forcing the country to overcome a number of obstacles if it hopes to keep being an attractive country for international investment.

“The key word is competitiveness. For a country to establish itself in a region, there have to be competitive advantages of a structural nature. Among them, as I have already mentioned, are geographical location, good connections and transportation, a tradition of industry and innovation, an international outlook, political and social stability, highly competitive labor, very few labor conflicts, low
levels of debt, responsible public authorities that are committed to companies, and a stable financial system.

“From the time GM established itself in Spain up to the present, the situation has definitely changed a great deal, and for the better. The European Constitution and the creation of the single currency were truly decisive milestones from these past 32 years. They have been years of prosperity, economic growth, the creation of infrastructure and the modernization of the country, all of which I am sure our parent company has been more than happy to see.

“The automotive sector is one of the most heavily regulated sectors. The regulatory framework for automobiles absolutely has to be reconsidered from a perspective that is in line with technological development, providing an intelligent vision and setting up regulatory policies that put simplification first.

“To list just a few of our country’s needs, I would highlight first of all the establishment of a competitive energy policy. The energy consumption at vehicle factories is a very important aspect of production-related costs, with a direct impact on competitiveness. The key objectives of energy policies should strike the right balance among three aspects: ensuring supply, competitive prices, and respect for the environment.

“I think it is important to encourage the domestic automobile market, which has seen a noticeable decline since the crisis began in 2007, as Spain has been one of the hardest-hit countries. This is especially serious for a vehicle-producing country – one of the world’s top ten – which needs to get its levels back up and maintain a strong, solid market.

“As a country on the periphery of Europe, it is absolutely necessary to encourage infrastructure and transportation, which will yield a decrease in logistical costs, in order to achieve full cohesion across Europe.

“It is necessary to develop and delve deeper into the structural reforms that have been introduced in the labor market, as an element that can help the economy to recover and create jobs. We also need to focus education in the right way in the stages prior to joining the professional world, so that it can respond to the future needs of the markets, in addition to providing workers with training over the entire length of their careers. These are essential elements in order to respond to the challenges posed by the future, by competition, and by employment.

“Improving these weak points would eliminate uncertainties about investors’ permanence in Spain. There are a great number of factors that come into play when deciding where to set up a company, from its geographic location, to the availability of industrial land, the need for a qualified workforce with moderate salary costs, political stability, the economic environment, a legal environment that inspires trust, reasonable taxation, access to raw materials and other supplies, the presence of auxiliary industries, etc.

“Companies’ objectives are clear: produce efficiently, profitably, and with the best quality in relation to their prospective markets. At present, all automobile manufacturers producing in Spain have been allocated new products that ensure they will continue operating over the coming years, meaning that in the short term I don’t see any risk of off-shoring.

“However, this message of trust that our parent companies have sent, both to us affiliates in Spain and to the country itself, deserves a positive response in terms of productivity and quality. This means we have to keep investing in R&D and in training so that we become an indispensable destination for their investments, and offer them a suitable socioeconomic environment that makes them confident in making such investments.

“It is imperative for the authorities to provide their support for R&D, for innovation, and for investment in human capital through education and training that focus on real companies. We need to strengthen training in new technologies in order to make the economy more productive and competitive, develop digital technology, sustainable environmental policy, and investment in energy efficiency, centering on the most efficient technologies, developing transportation infrastructure, etc.”

General Motors has 212,000 employees working at 396 workplaces worldwide, who speak 50 different languages and operate in 23 different time zones. GM Spain has invested 4.5 billion euros since setting up in Spain. These investments have enabled the company to keep the plant fully modernized with state-of-the-art technology, which Antonio Cobo does not hesitate to attribute to the influence of the high level of qualification of the professionals working in Figueruelas.

“Our company encourages and provides incentives for the exchange of knowledge at the global level. This is why it is very common for the company’s professionals to pass successfully through different countries, responsibilities, areas or even group brands.

“Over these past 32 years a great many professionals from GM Spain have moved to other countries both to continue their training and to share their knowledge. The results could not be better. In the company, our professionals are regarded as being exceedingly well-trained, and many of them hold top management positions in a variety of areas, or on the management committee of GM Spain, following a successful experience abroad.”
The history of this important center began in May 1985, when HP set up its main large-format printer factory in Spain, manufacturing architectural plotters. While HP had its historic garage back in Palo Alto, California, it now had a new “garage” in Terrassa, Catalonia. By the end of 1985, it already had 35 employees, and by 1993, the center had taken charge of the large-format printing business at the global level, now with 800 employees and twice the number of R&D staff. It has continued to consolidate its position as an innovation center, attracting several of the corporation’s business areas. Thirty years later it is home to 11 businesses and provides work for 2,000 people, almost 500 of whom work exclusively on R&D, in facilities measuring upwards of 42,000 m².

“The key to this center's success has been just the right combination of innovation, talent and adaptability. Truly understanding the needs of our clients and the market so that we can develop meaningful innovations, and hiring the best professionals around – this is what has enabled us to transform a plotter factory into a worldwide reference point that is working today on the technologies of the future,” says Helena Herrero, who has been president and CEO of HP Spain and Portugal since July 2012. “HP’s deep roots in Spain are the result of our constant efforts to bring in investments that have a high added value for the corporation and a global reach.”

Helena Herrero is proud of HP’s teams in Spain. She believes that HP has the finest and best-trained team of professionals in the technology sector in Europe. Her company has seen the Spanish technological industry grow and mature, and has been a major factor in its transformation. Today, HP has a network of 9,000 partners that have turned it into the technological company with the greatest coverage in the sector. “At
HP we exert a driving force on our surrounding environment, increasing indirect employment and encouraging a high-quality ecosystem throughout the industry. By doing so, we take a very active role in the country’s re-industrialization process, fostering entrepreneurship and start-ups. Collaboration is a major component of our impact – it’s a value that, like innovation, we carry in our business DNA."

True enough, HP engages in collaboration at a number of levels. According to Helena, “the first level is our major clients and the government. The second, of course, is our partners, our distribution channel and local SMEs. These two levels provide us with a clear idea of our clients’ needs, whether they are SMEs, big companies or the public sector, and accompany them on their technological transformation. The third is universities and technology centers. Collaboration between universities and companies is crucial for any country’s development, and is one of our own pillars as a company. Close ties with universities as a source of talent is part of our own origins.”

“Spain offers great opportunities for a multinational to expand into new markets and, especially, to use the huge potential of a highly-educated new generation of young people that are our greatest asset as a country. It goes without saying that HP’s strong commitment to Spain is based on all the talent that this country has to offer. I have always been of the opinion that attracting investment to Spain not only depends on excellent infrastructures and competitive prices, but also on talent. The talent, training and creativity of these new generations that have entered – or are about to enter – the Spanish job market really stand out against other countries in the region.”

Likewise, states Helena, “our country has other positive aspects as well: the progressive increase in productivity that we have witnessed in recent years, the growth in exports, and Spanish multinationals’ strong international connections.”
When analyzing the key role of foreign investment and technology in overcoming the challenges facing the Spanish economy, Helena Herrero believes that further reforms should be made to promote, expand and intensify the activities of the companies that are already here.

“Legal certainty and the country’s reliability are essential conditions for retaining and attracting foreign investment. For example, there is no way you can successfully develop cloud services in Spain without the right legal certainty in terms of labor, energy use, and data and communications protection. There are some areas for improvement that affect our economic activity, and which should not be overlooked. These include doing away with slowness in paying, increasing market unity, reinforcing incentives for R&D, creating additional formulas to encourage value-added foreign investment, getting rid of red tape, and developing better education and training plans. It is a fact that the number of people pursuing technical degrees in Spain continues to drop further and further. There is a shortage of people with technical diplomas, particularly in terms of vocational training. Technical diplomas are key for developing new technologies, but vocational training is crucial in order to apply and spread them throughout the economy.”

HP likes to boast that they have turned innovation into a work method. They are able to generate new products and, at the same time, find new forms of service, new processes to do business, and new and unique ways of working. An ambitious goal to be sure: the idea is to continuously create technologies that enable people to transform the world.

“We have plenty of reasons to believe in Spain and throw our weight behind it. There are three key factors that are necessary in order to get back on the road to growth: belief, collaboration and responsible engagement. Belief in our country, in our talent, in our companies, in our strengths. Collaboration in the broadest sense of the term: between multinationals and SMEs, between universities and companies 100%, and between foreign multinationals and Spanish companies, within Spain and beyond. Responsible engagement, in order to place Spain at the forefront of knowledge and innovation, is a great challenge, pooling together the shared skills of the public system, the education and research sector, and of course the business world.”
IBM is the Information Technology company with the longest history both in Spain and worldwide. Because of this, its technologies have contributed significantly to the modernization of society since the beginning of the 20th century, with inventions that today have become absolutely necessary, such as the PC, the bar code, large-scale business computers, or the magnetic strips on credit cards.

IBM, which today is present in 175 countries and has more than 400,000 employees all over the world, reached Spain in the early 1900s, when King Alfonso XIII ordered Fernando de Asúa to travel to IBM’s Paris office and learn about the company’s tabulating machines. Later on, in 1926, Fernando de Asúa joined the representation agency Gastonorge to develop IBM’s tabulating machine business in Spain. 89 years have passed since that time, during which IBM has grown and evolved in Spain, so much so that it recently established its European headquarters in Madrid, and has opened a number of international innovation and service centers around Spain over the past decade.

“We are proud to say that we have collaborated and participated in the technological development of Spanish society,” says Marta Martínez, president of IBM Spain, Portugal, Greece and Israel. “It is a task that has not been easy, and is the product of the talent and efforts of our team of professionals,” she adds.

IBM’s transfer of knowledge and technology to Spanish society has been significant over the company’s past nine decades working in the country. Here is a summary of some of the most important milestones: IBM installed the first electronic computer in Spain (for the rail company Renfe), and the first PC used at a banking office (for La Caixa). IBM digitized the Archive of the Indies. The first computer system that enabled journalists to see the results of the Olympic Games (Barcelona ’92) in real time was also made by IBM. In 2004, it built what was then the largest supercomputer in Europe, the MareNostrum. Recently, IBM signed the biggest IT contract in the history of Spain, with La Caixa, and the largest smart city project in Europe, with the City of Madrid.

IBM’s growth in Spain has gone hand in hand with the intense development that the country has experienced. The company believes that Spain was and continues to be an attractive country to invest in, which has led it to locate its European headquarters in Madrid, and to build a number of innovation centers – in Cáceres, Salamanca, Orense, Reus and Almería – and an international cloud-computing innovation center in Barcelona, which together have generated thousands of jobs.

“IBM is a ‘globally integrated company,’ which sets up its operations in any part of the world, wherever there is intellectual capital and a stable trade, technology and business environment. In Spain, as our most recent investments go to show, these conditions are met,” says Marta Martínez, who highlights the fact that the talent of Spain’s professionals and the business potential of Spanish organizations are the country’s most attractive
features as a destination for foreign investment. IBM is present all across Spain, and works with organizations of all sizes and in all sectors, whether through its own business network, or through the partner businesses which have helped the company penetrate all up and down the Spanish industrial fabric. It also boasts specific programs to support entrepreneurs and developers, two groups that are especially important for the company.

According to the president of IBM Spain, organizations are finding more and more that technology is the factor with the greatest impact on the progress of their businesses, and, based on this idea, they are relying on IBM to transform, grow, and open up to new markets and sectors. Along these lines, Marta Martínez explains that she is optimistic about the future evolution of the Spanish market, and thinks that it would be positive if the reforms that have been made – and which are now paying off – continued to focus on maintaining a flexible labor market, lowering taxes and encouraging innovation.

As examples of companies that have transformed through technology, IBM’s president highlights a number of projects undertaken in 2014 with banking institutions, such as Cajamar and Liberbank, to help them manage their technology infrastructures more efficiently. She also points out cases such as: Adolfo Domínguez, which in order to cut costs has chosen to house its store management technology at IBM’s cloud center in Barcelona; Spain’s Social Security institution, which, with the help of IBM, is increasing the amount of processes and paperwork that citizens can carry out online; and the Corte Inglés, which has created a common social partnership workspace for all employees – and the list goes on. She also underscores the innovative projects they have developed with Abanca and Bankia, in the field of cybersecurity, and with Repsol and CaixaBank, using IBM’s cognitive computing. This technology, which the company has named Watson, made its debut in 2011 after four years of work, and was developed by a team of 25 scientists from IBM. Their challenge was to build a computing system that could understand natural language (not a language codified by computers) and the context in which it is produced, with the ability to understand subtleties like irony, puns and other rhetorical devices. Watson is able to answer complex questions in a matter of seconds, analyzing an unbelievable amount of information stored in its memory in order to do so, and learning continuously. According to IBM Spain’s president, Watson processes this information in a way that is more similar to a human than to a machine. “IBM’s goal is to help organizations take more accurate decisions, based on the analysis of big data. If people complement their ability to reason and think with technologies like Watson, through continual work they will be able to improve their own ability to make decisions,” Martínez explains.

IBM’s capacity for innovation over its more than 100 years of history is due to the paramount importance it places on R&D, which it spends some six billion dollars on each year. Its constant emphasis on innovation has made it the number one company in patent registration for the last 22 years, receiving upwards of 7,500 patents in 2014 alone.
Since early on, Janssen has understood that Spain is a key market for its pharmaceutical business in Europe. As such, it naturally brought its investments to the country with the intention of staying long-term. The company has also made significant investments in other European countries, such as France, Italy and Belgium, among others. In 1961, Johnson & Johnson incorporated Janssen Pharmaceuticals into its global structure. Janssen’s research headquarters was located in Beerse (Belgium), where it discovered a series of extremely innovative compounds – mainly aimed at treating fungal diseases, cardiovascular conditions, mental health problems, allergies and gastrointestinal issues – in addition to pain-relief treatments. According to company president Martín Sellés,

“We are happy with what we have achieved and are on course to achieve in our country. Our pharmaceutical company has experienced one of the highest levels of growth in the industry in Spain for the past few years.

“We have made truly innovative drugs available to clinics, in order to treat serious conditions like Hepatitis C, prostate cancer and schizophrenia, among many others. This has enabled us to gain prominence within the market. Today, we are the fourth highest ranking company in the Spanish pharmaceutical market in terms of turnover, and this is because we have provided truly innovative drugs with an undeniable added value.”

For Martín Sellés, the best thing about the company’s long history in Spain has been creating employment and generating wealth for the country.

“The best part is being able to confirm that we create jobs for people working on the production floor, for employees carrying out basic and clinical research, for those working in the medical department and those working in the sales area, among others. Creating employment and generating wealth is always satisfying, but above all, what makes us proud is seeing many patients live a better life or get cured of their serious illnesses thanks to our products.

“We must not lose sight of the fact that the ultimate aim of our work is to develop new medicinal products to relieve the symptoms of or cure illnesses that today are incurable. When we succeed in doing so, we feel incredibly proud.

“The worst part, perhaps, is seeing that not all patients have access to these innovative drugs here. The economic crisis has drastically reduced public spending on health in Spain, in addition to reducing the purchase of medicines. This prevents patients from accessing our drugs.

“There are easier times and much more difficult times throughout the course of any large company project, and these difficulties require a vast amount of courage, team work, creativity and persistence if we are to overcome them. This is exactly what has happened to us throughout our experience in Spain.”

Janssen employs over five hundred people in Spain, and has its headquarters in Madrid, in addition to an R&D center in Toledo.

“While it is easy to calculate the amount of direct employment we create, it is much more difficult to calculate the amount of indirect employment we generate in Spain and to find out how much we positively influence the industrial fabric of our country. One thing we can be sure of, however, is that twenty percent of all private R&D carried out in Spain is performed in the pharmaceutical industry and that American companies are responsible for a very significant portion of this twenty percent.

“Our most important policy has been focused on people, talent and recruiting well-trained young people with potential, then encouraging them to develop their careers internally, by investing a lot of time and money in their training and recruitment. Indeed, internal development has constituted one of the main focuses on our efforts. In fact, ninety-five percent of our managerial staff worked their way right up our company from zero.”

Martín Sellés understands that there is no one key when it comes to explaining what a country can do
to attract foreign business investors, especially in the case of Americans.

“People often talk about the tax benefits available for companies that invest in Spain, as well as the help available for hiring and training new employees. However, for companies like ours, this is not the most important aspect. What’s really important is for the price Spain pays for our medicinal products to be in line with the prices countries around it pay, and for new medicines to be approved quickly like in other European countries, in addition to the fact that Spanish patients must be able to access these therapeutic innovations quickly, regardless of the region they live in. There is a lot to improve in all of these aspects, since the economic crisis that has characterized the past few years has meant that the extent to which all of these requirements are met has fallen considerably.”

Martín Sellés believes that Spain must continue to improve in several areas in order to remain competitive and continue to attract investment.

“Multinational companies compete internally for resources across their several countries. Everybody wants to have a research center in their country, for example. Investments are usually made where there is talent and greater working flexibility, in places where innovation is recognized and valued and where intellectual property is protected.”

For Martín Sellés, low salary costs are not the decisive factor; however, he does consider it to be very important when it comes to choosing a destination for a multinational company to invest.

“It might be a good idea to focus on a specific example – clinical research. Although many pharmaceutical companies invest in basic research in Spain, they invest much more in clinical research. This decision is influenced by cost, quality and time. The cost of clinical research in Spain is still fairly reasonable, although in some countries it is much cheaper. The quality is good, although it must continue to improve.

“Nevertheless, the amount of time required in order to approve a clinical trial is our Achilles’ heel. In many cases, each Autonomous Community offers very different time scales and approval processes, and this means we waste a lot of time in comparison to other European countries.

“Looking at things from this point of view, it seems clear that there is too big a gap between Spanish and European regulation. In Spain, the same drug is assessed differently in region A and region B, and, on top of that, region C carries out another assessment, which produces a completely different result. The drug is the same, the scientific proof is the same, but the assessment result is different. It is difficult to understand and impossible to explain at our central offices.

“The same thing happens with regard to the access patients have to new drugs. The ease with which they can be accessed differs greatly across the Autonomous Communities, often depending on the amount of money each community spends on public health. All of this must change if we are to encourage investment here.”

Sallés shares worries that some investments could be offshored, especially given the fact that the assignment of resources in multinational companies is always very dynamic.

“Nobody comes to stay but nobody leaves forever either. I think the balance has been negative over the past few years. I believe we have lost more investors than we have gained. In a sector like ours, the lack of recognition for innovation is the main driving factor behind offshoring. It is the failure to reward, value and appreciate new things. Our main aim as technical innovators is to provide new drugs. When this innovation is not recognized, it can lead to misgivings, mistrust and offshoring.”

Janssen has also found Spanish talent, i.e. professionals trained at their Spanish operations, to be a talent pool for executives who today are distributed all over the world.

“We have always focused on finding and developing talent and this has proven fruitful. The worldwide leader of Johnson & Johnson’s pharmaceutical business is Spanish and began his career in Janssen Spain around 25 years ago. The leaders of Janssen Brazil and Janssen China are also Spanish and began working right from the bottom at Janssen Spain. In fact, their first job in the industry began with our company.

“I believe these examples are extremely significant and demonstrate how well we have done in such an important area for any company right now.”
Johnson & Johnson is the world’s most firmly established healthcare product company. Its global sales reached 74.3 billion dollars in 2014. It began operations in Spain in the 1960s, in a country that was just emerging from economic isolationism, with a population that could not meet its own needs in terms of hygiene and health. Though Johnson & Johnson first began using a local distributor, it moved very quickly on to establish its own company in the country.

Johnson & Johnson has three main divisions in Spain: Pharmaceuticals, Consumer Products, and Medical Devices and Diagnostics (MDD). Enrique Álvarez (Barcelona, 1963) was named president of Johnson & Johnson Spain in May 2013. At the global level, after a recent growth spurt, the division with the highest earnings is now Pharma (32.3 billion dollars), followed by MDD (27.5 billion) and Consumer Products (14.5 billion).

“The first products were for personal care. Next, professional products were launched. By 1969, the company already had its own organizational structure, and had covered a series of sales channels for consumer products, and for clinical hospital products, i.e. for the professional sector. From there, the company began to develop its various lines of business, and from then on the structure has grown quickly and become firmly established in the present, with our current high levels of market coverage.

“In pharmaceuticals, we work under the brand name JANSSEN, which works in the area of innovative and specialized pharmaceuticals aimed at hospitals, in areas such as oncology, AIDS, mental illness and a number of other areas that are constantly being developed. It is one of the most cutting-edge companies in this area, and with the largest growth.

“In Consumer Products, we have a broad range of items sold over normal distribution channels – pharmacies, supermarkets, self-service shops, etc. – that are iconic for consumers in both Spain and other countries: baby shampoo, talcum powder, etc. This division also has product lines that were incorporated later on, with brands such as RoC, Neutrogena, and products acquired just recently such as Listerine and others.

“The last division, Medical Devices and Diagnostics (MDD) is aimed mainly at hospitals, broadly covering a whole series of treatments:

highly advanced products in the areas of cardiology or surgery, orthopedics – prosthetic hips and knees... – etc.

“J&J’s main mission in Spain is to ensure that the greatest possible number of consumers and patients has access to the products that the company offers through its different divisions. Because of this, today we have a commercial and specialists’ network that is extremely important for Spain as a whole, assisting and supporting professionals in the health sector, hospitals and primary care, the pharmacy channel, and of course the channel for other services as well. Right now in Spain we have around 800 direct employees between the Consumer Products and Medical Devices divisions.

“In addition to the JANSSEN research center, at J&J we have a number of professionals working with us who carry out clinical trials at different hospitals and with different research institutions, whether universities or organizations, and who are also part of the research process, helping us improve the final therapies that we offer our processors and patients.”

Enrique Álvarez – whose experience in the 2004 tsunami in Thailand served as the inspiration for the film “The Impossible,” directed by Juan Antonio Bayona – is convinced that Spain continues to be an attractive country for American business investment.
“Conditions have changed a great deal and the starting situation now is very different from the 1960s or 70s. Spain today is one of Western Europe’s most powerful economies, and has enormous potential. Moreover, it is pulling out of a tricky situation, but the short-term growth prospects are good. We need to continue to institute a series of reforms to make the country more competitive, and this competitiveness should be based neither solely nor largely on low wages. Just the opposite: it needs to be the other way around, and I think that this is the major reform that lies ahead.

“The challenge is to achieve a business model based on innovation, on products with a high added value, on highly qualified labor, a model that makes us sustainably competitive. Much more resistant to any new crises, too, since when you don’t have that added value, it leaves you much more exposed.”

Johnson & Johnson comprises 275 companies operating in 60 countries. The company holds that its greatest assets are its people and its values. People with values that make a difference in the world. Values that are a part of the company’s Credo, and which help to attract the most talented people around. Among them, Spanish professionals. Enrique Álvarez joined the company six years ago, after a career working in other businesses in the consumer goods sector. He started out working in marketing at Bimbo, and went on to spend sixteen years with the Gillette group, which was later acquired by Procter & Gamble. He held positions in a number of countries, working first in Spain, then for seven years in Latin America, three years in Asia, and back to Spain again. Before joining Johnson & Johnson, he worked for a company in France as well. He loves movies – his favorites are Anthony Minghella’s The English Patient and Bertolucci’s The Sheltering Sky – as well as traveling.

“At Johnson & Johnson, Spanish people are held in high esteem. There are Spanish people in leadership positions in several of our businesses around the world. As soon as a professional joins the company, it’s always for the long term. We never recruit for the short term. We encourage experience and diversity, and as far as the latter is concerned, we like it when people have experience in different countries, different geographical regions. This is why people end up having important responsibilities all throughout their careers. Today we have some Spanish global presidents, some Spanish Europe-level directors, and Spanish professionals in various countries...
Throughout Europe and Latin America with country-level responsibilities.

“When taking on new professionals, there are several factors that we consider. One basic one is whether or not the person fits in with our culture and values. At Johnson & Johnson integrity at work is a priority. This cultural aspect is crucial. Apart from this, there are other competencies we look for as well, such as strategic thinking, risk taking and team leadership. At the same time, the person should have the ability to contribute to innovation and show empathy. Empathy is particularly important, as it is the ability to connect on an inner level, connect on an external level, and also to connect with the reason why we do what we do. I think that at the end of the day what we try to do is create an impact on society, and so we look for people who have that ability to connect with this impact we are trying to create.”

The company takes historic pride in its Credo, the list of values that guide its decision-making. Born as a family company in 1888, Johnson & Johnson was founded by the two Johnson brothers, and its first products were aimed at reducing surgery-related infections. Following advice from an English surgeon, one of the Johnson brothers began to conduct research into surgery-related infections, and to think up products that could attempt to solve a serious problem that at the time was responsible for a very high rate of postoperative mortality. This research gave rise to a whole range of products and lines of development to care for these infections, later moving into the field of personal care. Robert Wood Johnson, grandson of the company’s founder and chairman from 1932 to 1963, wrote the Credo in 1943, shortly before the company went public. His aim was to develop a set of principles that would inspire people, and lead Johnson & Johnson into the future.

He was a pioneer of corporate social responsibility long before the term had even been coined.

“Analyzing the Credo, you get a very clear idea of the kind of vision that Robert Wood Johnson had in mind. When you read it today, you realize that it is just as applicable now as it was back then, which means that it wasn’t just made for that moment, but rather has a true sense of permanence.

“The Credo structures the commitments of the employees and the company around four pillars. The first commitment is to consumers, to the mothers and fathers who choose our products, a commitment to always offer patients and healthcare professionals top-quality products that help them care for their own health or the health of their patients. It is a commitment to quality, to innovation, and to these groups’ satisfaction.

“The second pillar is a commitment to company employees, promising to work with them so that they have the environment they need in order to develop professionally and personally, giving them the tools they need so they can do their jobs right.

“The third pillar, which is of the utmost importance as it is one of Johnson & Johnson’s hallmarks, is the company’s commitment to the communities where we work. We are not just here to sell our products; part of our aim, our purpose, is to make a much broader difference. In this sense business or corporate social responsibility is one of the pillars of the company. We work with a number of programs to get our employees involved in these initiatives and make a difference in the communities where we operate, and, obviously, in the ones that need it most. Proof of this is, for example, that the company has now allotted a 200 million investment to move forward in developing a vaccine against Ebola. This is just one more example of what the company does.

“In Spain we have about twelve social programs set up, and have invested 1.5 million euros in them over the past five years. On top of this, our employees themselves have gotten more than 70 other projects started through our Push for Solidarity initiative.

“The fourth pillar has to do with sustainability and our commitment to our stockholders. Stockholders need to make a reasonable profit on their investment that is sustainable over time. This sustainability is a commitment to our stockholders, but also to the environment and the society in which we work. What is surprising about the Credo is its level of detail and precision when addressing certain aspects.

“Perhaps the most interesting thing is that it’s not just some document that was published back in 1943 and that’s it. On the contrary, we are constantly discussing, working, reviewing and assessing how close or far we are from those aspirations.”

The most tangible part of the Credo is how it translates into the difference that Johnson & Johnson’s activities make in its most immediate context here in Spain.

“We make a difference in a number of ways. First of all, because we give patients access
to a range of high-quality products that help them improve their quality of life, and in some cases actually save lives. In this sense, we have been pioneers in a range of therapies that have ultimately helped improve people’s quality of life and prospects of survival. One example is in the field of coronary stents, where both the first stent and the first drug-eluting stent were innovations created at J&J.

“We have also been pioneers in introducing minimally invasive surgery, which greatly reduces the impact of surgical operations on patients, and just recently the first cutting-edge hepatitis C drug has been launched in Spain by our sister company Janssen. In this sense, we are true pioneers, and part of the difference that we make comes from putting our products within reach of as many patients as possible.

“Another part of the difference we make in the world around us is direct employment, and of course indirect employment. We don’t have figures on this indirect employment right now, but we obviously have a whole network of providers and partners who we work with so that our products and the knowledge we generate reach the places they are supposed to reach.

“At the institutional level, we work in a number of forums with universities and the government to spread the word about the benefits of new therapies. We also have tons of programs, in some cases with patients’ associations, to provide patients with all the information they need in order to access these treatments, etc.”

Johnson & Johnson came in number five on Fortune’s list of the world’s most admired companies. For two consecutive years the weekly magazine Barron’s ranked it as the world’s most respected company. Experts say that these high rankings are the result of the company’s capacity to develop talent and to focus on finding people and developing their potential on a global scale. Johnson & Johnson ranks number eight among the list of the ten biggest R&D spenders worldwide.

“Above all else, innovations an essential component: reforming and reviewing the education system to incorporate innovation and entrepreneurship as the basic pillars of job creation and, to a certain extent, of generating a broad and robust industrial makeup. Lately there has been a lot of talk about this re-industrialization. It’s a fundamental element, but it isn’t something that money alone can buy. We need to start a process that takes advantage of the inertia generated by the latest crisis. I think that there has been a growing sentiment in society that we need entrepreneurs. Because of the lack of job opportunities, a lot of people have taken up this initiative, and I think that we should really make the most of the advantages that this momentum has to offer. However, of course, with the right structures so that people can specialize in the sectors that will really enable us to compete: health, high-tech, etc. These clusters of innovation in specialized areas tend to prove crucial.

“We’re a country with significant potential, but we’re also a country that needs to pay more attention to innovation. In pharmaceuticals, Spain has done a good job of developing a significant network of local companies that balance out the multinationals, but I think that especially in areas such as health technology there is still room for us to strengthen our presence and, again, provide more support for small and medium enterprises so that they can have a greater ability to export, and can grow and develop. In this sense, all the progress we can possibly make in areas such as biotech and medical engineering is crucial.”
Lilly, one of the world’s ten largest companies in the pharmaceutical sector, recently celebrated 50 years working in Spain, in May 2013. During this time, Lilly Spain has consolidated its position as one of the company’s most important subsidiaries worldwide, with 2.223 billion euros in sales per year and 1,200 employees. From Spain, this pharmaceutical giant exports products valued at 1.87 billion euros to 113 countries.

In 1953 the company Indiana S.A. was set up in Spain, with Spanish shareholders and a capital of 20 million pesetas, for the purpose of working to market Lilly’s products. In 1963 its American parent company bought 50 percent of the shares, and in January 1996 purchased the remaining half, transforming Lilly Spain into a new subsidiary within the group’s global presence.

Economist and accounting expert Javier Ellena Aramburu (Rosario, Santa Fe, Argentina, 1953) is president and general director of Lilly for Spain, Portugal and Greece. Ellena Aramburu is a professional with a long track record. In 1971 he began working in the financial sector and in mass-market distribution, before joining Lilly Spain in 1977 as a sales representative in the north of the country. Since that time he worked his way up through eleven different jobs until reaching his current post.

“Lilly’s arrival in Spain 50 years ago must be understood within the context of our company’s expansion across Europe after World War II. In other words, it is part of a global plan for growth that started in the 1940s. We at Lilly Spain are part of that investment, and of the company’s increased presence in the countries of Europe. In 1963 Spain was an exception in Europe given the political regime in place. This entailed a different set of references from the standpoint of the economic conditions or the business and legal framework, etc., as well as Spain’s trade relations with other countries. However, the future seemed quite clear in the short and medium term as to where the country was headed in the context of Europe. Therefore, Lilly’s commitment to Spain is closely tied to building a complete presence in Europe, one independent of the circumstances at that time, which sooner or later were bound to change in order to converge, as has indeed been the case, in the progressive integration towards the Europe we know today.”

Lilly’s strong commitment to Spain became especially clear as of 1966. The facilities in place up to that point had proven to be too small, and the company began to build its current industrial complex in Alcobendas (Madrid).

“Our history in Spain has for the most part been full of good times. The company has constantly and steadily grown over the past 50 years. However, out of half a century, of course one can pick out two or three moments of uncertainty or worry. The first and most obvious one is the entire period of the transition from the old regime to democracy. They were times that people looked forward to with great expectations and hope, but which were not without their risks and uncertainty. Fortunately the outlook cleared up in a relatively short period of time, some two or three years, although the period of economic adjustment, and of shaping the country’s legal framework, naturally took much longer, until Spain entered Europe in 1986. But I would say that the period of transition, up until the Socialist Party came to power in October 1982, was key. Another difficult moment is the one we are living through right now. Over the last 50 years there have been other periods of economic crisis, but never with the length and magnitude of the present one.

“During the years of the transition we lived with very high unemployment rates, with industrial restructuring, with double-digit inflation, sometimes over 20%. That isn’t happening now, but the length, magnitude, complexity and social impact – I mean
the persistent 24-25% unemployment we are suffering from – of the crisis, make this period the second hardest in our recent history. We have been disproportionately affected by this crisis. The cuts to the medicine market have been four times greater than its weight in Spanish healthcare spending. 42% of the savings in Spanish healthcare spending in the first three years of the crisis came out of savings on medicines, when medicines only account for 15%. This figure sums up the severity of these times we have been living though.”

Lilly’s new plant in Spain opened in 1968. Today, it has a maximum production capacity of 1.3 billion doses, preparing 150 million packages. Another milestone for the Spanish subsidiary came in 1980, with the creation of the Distal Research Center in Valdeolmos, where research got underway in 1984. 2002 saw the opening of the Medical Chemistry Research Center, Lilly’s second most important outside the United States, and in 2009 the company opened the European Biochemistry and Molecular Biology Laboratory.

“In spite of the crisis, Spain continues to be an attractive country for investment. There are plenty of people here in Spain, and plenty of foreign observers and analysts, who think that before too long Spain is going to pull out of this crisis. But the issue is not so much whether or not we will pull out of it, but rather to build the hope that we can learn from the mistakes that put us in this situation. Doing so will give rise to an incredibly competitive country capable of attracting new investment. In particular I am referring to investment in my field of work, the pharmaceutical sector, because it is a country with modern, complete and balanced infrastructures.

“Second, in our sector there is a scientific community with a high level of international recognition. Third, there is a mostly public healthcare system, without overlooking the private system, which in spite of these hard times and the difficult cuts and budgetary constraints, continues to serve as a role model for many other countries in the world, in terms of the quality medicine and services it offers in relation to the costs or resources invested. Universal access to medical care and pharmaceutical services has been kept in place. What we are seeing from the government is an attitude and determination in favor of creating better conditions for R&D issues, in fields like taxation and recognition for companies whose presence in this country is related to research or industry.

“It is important for people in this country to start understanding, step by step, the weight that the pharmaceutical sector has in R&D. We are the area of the private sector with the greatest volume of investment in R&D, with nearly 20% of all private investment being made by the pharmaceutical sector. This means that we are destined to be a leading sector in the new economic model that we must necessarily adopt in order to keep growing. In the society of knowledge and technology, we need to take advantage of the biological revolution and always be on the lookout to stay competitive ahead of other countries. Because ultimately this is about competition; companies need to grow, need to diversify and always go where the knowledge and talent are. We need to create appreciative and competitive conditions in order to attract them to our country and keep from losing them to other destinations.

“Today competition is not just about costs. It is also about talent. This is why when I was listing our country’s assets I was quick to mention the high regard for our scientific community at the international level.”

In 2013 Lilly Spain invested more that 37 million euros in R&D, 14.7% of the sales figures in this country for that year. The average cost of discovering and developing a new medicine is somewhere between 1.2 and 1.5 billion euros. From the time a new molecule is discovered up until it reaches patients, ten to fifteen years pass, and only one out of every ten drugs that is researched actually makes it to the market.

“In another phase of research and development with medicines, in the last fifteen years Spain and Germany have been the countries with the highest number of active clinical studies on new molecules. Bearing in mind that Germany’s population is twice that of Spain, one can only conclude that our country is highly relevant in the field of research. Therefore, in activities where talent is a major factor, where talent is an element that helps sway investment decisions one way or the other, which in our own case means both basic research and clinical research, Spain clearly holds a privileged position at Lilly.

“Another example: Lilly does not have a production plant like the one in Spain in any of the four big European countries, and needless to say in none of the small or mid-sized European countries; nowhere does it have a plant that exports some 2 billion euros to more than 120 countries, engaging in basic research activities like the ones at our R&D center here. We have a lot of production in France, a lot of production in Italy, we have a good research center in England, but Spain is the only country where we have production and research in one place. This is closely connected to the centers’ productivity and reliability, the centers’ quality of work...in short, to the talent of the people there. Sadly, the situation we are
living through today has made a sizable number of young researchers choose to continue their research work in other countries... We, however, have actually been able to attract talent, Spanish and otherwise, by doubling the size of our research center from 50 to 110 people.” In other words, researchers are indeed committed to working here in Spain when there are strategic and attractive projects available.”

Improving results with patients is the goal behind all of the research at Lilly’s laboratories. Its commitment to innovation in Spain translated into 41 clinical studies in 2014, 33 active research groups at healthcare centers, and more than 2,600 patients involved. Through the Lilly Foundation, the company seeks to contribute to the development of knowledge and of the Spanish healthcare system, in favor of a public healthcare system and the quality of life of the country’s citizens. At the same time, the company has made corporate responsibility its working philosophy. This includes ethics in good governance, human resources and volunteering policies for employees, along with a commitment to society through social action and the promotion of research, information and dissemination, and environmental policies supporting minimal impact on the environment.

“We have an extensive history of connections that are solid, valuable and very much appreciated by all of the human groups that we interact with. From the broad list of activities carried out through our Foundation, to the initiatives carried out under the umbrella of Corporate Social Responsibility, we place particular emphasis on support and investment in social issues. We measure, nurture and set yearly goals for improvement in all aspects of safety and the environment, to create the best conditions for our more than 1,200 employees to have avenues and opportunities for direct participation. For example there is a volunteering club with a long list of activities that are the initiative of our own employees through the NGOs they work with. In this way they support and foster the growth of these activities, recruit talent – which for us is a part of CSR – nurture it, and create more competitive and attractive working conditions.

“Here is how we put it: if there is talent out there that one day decides to embark on a career in the pharmaceutical industry, we want Lilly to be seen as the best place to do to it. This takes the shape of a wide range of activities and programs which for twelve consecutive years have enabled us to be the only company in Spain, inside and outside the

His Majesty the King Juan Carlos I, accompanied by the Minister of Science and Technology, Ana María Birulés, at the opening of the Lilly Medical Chemistry Research Center in May 2002
pharmaceutical industry, to be ranked in Great Place to Work’s top ten list. No other company has taken part in the survey for the past twelve years.

“The survey asks employees about their conditions at work, whether the tools they use at work are up to date and competitive, about the progress of their careers. In other words, there are a variety of different aspects and measurements that are taken into account. Closer to home, we have been working with the City of Alcobendas for decades to provide support for a number of activities. This includes social integration with families or youth at risk of becoming marginalized, as well as support for the elderly through a program where on Fridays our employees spend time with senior citizens in need of company, and take them out for a walk or to the movies. These are efforts which are highly valued and appreciated. We also support and sponsor municipal programs and sports-related activities.

“In other words, we try to be more than just a place that hands out jobs, produces things, and says ‘so long folks!’ We aspire to have a wide range of activities that tie us to society and to institutions, wherever we may be. The Lilly Foundation, founded in 2001 for the purpose of encouraging the creation and dissemination of biomedical science, awards two of Spain’s most prestigious prizes for preclinical and clinical biomedical research. Also, for several years now, it has collaborated with the IIESE business school on a high-quality program for training health institution executives. In short, our goal is to try to give back to society as much as we receive. Yes, we endeavor to encourage scientific growth and dissemination because this ends up helping to improve not just society’s understanding of what health means and the efforts that go into curing disease, but also what can be done to help improve the healthcare system. Because ultimately, it is important that knowledge is passed on and put to use.

“If I had to choose, I would always go with one thing: the human quality that we have at this company. When I got here, I learned this lesson from those who came before me: there is something special in the human interactions, in the environment at work... We don’t just offer jobs, we offer careers. And this is something that really has to be understood, it’s not just some catch phrase. All but one of the people on the board of directors today started out on the lowest rungs of the company ladder: the medical director, the finance director, the HR director, the business directors, all of them. There’s just one person who didn’t work their way up this way because their skill set couldn’t be created within a company. Therefore, creating jobs, creating wealth, providing the possibility of developing careers, are all things that we feel particularly proud of. With an environment like this, it has always been a pleasure to work here.”

Some data on Lilly’s human resource policies in Spain: 3.6 million euros in social benefits, 67,048 hours of professional development training, work–family balance measures, 27,000 euros in donations each year for Corporate Volunteering Day, a Volunteering Club (200 members), and support with training and teaching to improve patients’ health and quality of life.

Javier Ellena started working with Lilly as a pharmaceutical salesman in Bilbao and has had the opportunity to hold a wide variety of positions within the organization. He has never lived outside Spain, but his responsibilities have extended to 28 countries. Today he is in charge of Spain, Greece and Portugal. He is especially proud of Lilly’s Alcobendas factory, which exports 2 billion euros worth of medicines. On the other hand, Ellena also believes that Europe is too divided for the average American investor, and has too many levels of administration. A major turn-off, to be sure.

“This is an issue to really keep in mind. We’ve been talking about positive aspects, but I would say that, seen from the US, this is the problem with the greatest effect on whether or not Europe is seen as a good destination for investment. I would point to both the divisions in Europe and the divisions in Spain. It’s not hard to understand what makes the system inefficient: we see so many levels of poorly coordinated and unpredictable decision making, that it’s not always easy to reach this company’s ultimate objective, which is to put innovative medicines within reach of patients as quickly as possible, once they have been approved by the authorities. Of course we cannot overlook budgetary constraints, and we understand that innovation must become a useful tool and not a threat to the system's sustainability.

“This is why it is sad and discouraging to find that, when we get lucky enough to be successful with the research process – because so much of it comes down to luck – and we actually achieve an innovative medicine, the difficulties, the lack of uniform criteria, the unpredictability, keep this medicine from reaching the patient in a timely manner. This issue is often hard to explain or get across to our parent companies. Because Spain, as a country, is the eighth or ninth-largest pharmaceutical market in the world, but if we divide it by seventeen, and make seventeen different regional policies, we’re nobody! Because there is not a clear policy, since the criteria to set a price in line with the countries around us for innovative medicines are subject to change.
Because we already have some of the lowest prices in Europe, and we are expected to lower them even more. Moreover, there are different conditions in the various Autonomous Communities for providing access to innovative medicines: in Catalonia there is one set, in Andalusia another, in Valencia another still...

“In short, the discrepancies don’t have to do with problems, but rather with the actual criteria for access to these medicines. And when a medicine has been evaluated by the FDA, evaluated by the EU, evaluated by the Spanish Agency for Medicinal Products...it’s hard to understand why the final say should then go to another 12, 13 or 14 more agencies who have had no more connection with the process than reading a few articles about the medicine, and on top of it, the person who knows the most about medicine is not even consulted or asked to appear, when they are the ones who have spent the last twelve years actually researching the medicine. One often wonders whether sometimes the only point of the evaluation is to look for a reason to negotiate lowering the price. I’m talking about price, not value! And that’s another debate. It’s so hard to elevate the debate and ask: ‘Can we stop just talking about the pharmaceutical budget and start talking about value? Along these lines, there have been some very important examples recently. I understand that it’s natural to be wary of a treatment that costs thousands of euros per year in times of economic crisis and budget constraints. However, I wonder if this is the only thing we need to be looking at, or if what we should be looking at is whether we can cure that person, and thus avoid having to give them a liver transplant and have them on medication for the rest of their lives. Sure, it’s a big up-front expense, but what about the savings for the rest of their life? And let’s not get into other crucial aspects. What’s crucial is that the patient has been cured. They cease to be a patient who consumes from the system, and become a person who gives back to the system with their economic activity, which is only possible with good health.

“Moreover, there is the whole host of societal, emotional and economic angles to the issue. Sometimes you feel like you’re preaching in the wilderness when you try to elevate the debate to the level of something much more holistic, integral, complete, global, which amounts to saying: let’s analyze the costs of treating the disease from A to Z, plus the end result, and not just the cost of the medicine. In terms of prices, we often have to compare new medicines with the prices of medicines that have been on the market for 15, 20, 30 years, medicines which have already paid for themselves, and cost much less to develop than the development we have today. This is discouraging. This is just one example, but it could be applied to other areas. I believe that there is an opportunity for improvement; more than an opportunity, a need. Especially on the European side. Seen from the American side, Europe has to improve in order to keep the obvious cultural, political and geographic differences, which of course have to be respected, from spilling over or turning into a barrier when it comes to attracting investment.”

Lilly has a significant number of Spanish people working in all of its global activities. There are Spanish country directors, Spanish people at the highest levels in research, production and marketing, or in the makeup of its manufacturing plants all over the world, including the United States.

–We have had and continue to have Spanish people in posts with high levels of responsibility. For example, just recently they named a Spanish general director for Turkey, Daniel Lucas. Turkey is set to be the sixth-largest market in Europe. Lucas was the marketing director in Shanghai. But yes, there have been Spanish medical directors for Europe, systems directors for Europe, global IT directors. Spain has always been a great source of talent occupying important positions in the company, both in Europe and the United States, and in some cases even beyond these regions, as with Dani, or with Joaquín Antoránz in Japan, or David Climent in China.–
McKinsey is a top-management consulting firm with a truly global calling. Founded in Chicago in 1926, today it is present in more than 50 countries worldwide, through a network of 100 offices. Its experience in Spain began in the early sixties, with Spanish consultants working from the organization’s Paris office. It opened its first Spanish office in Madrid in 1977. Later on, in 1989, it opened its Barcelona office.

“McKinsey came to Spain as a natural consequence of the firm’s process of expansion all around the world. Because of its ability to adapt to the needs of Spanish institutions and companies, McKinsey can proudly boast having founded the consulting sector in Spain, and continuing to be the most prestigious strategic consulting firm in the country today,” says Alejandro Beltrán, head of McKinsey & Company for the entire Iberian Peninsula.

Alejandro Beltrán, who holds a BA in Economics from the University of Navarra and an MBA from the IESE Business School, has pushed for the consulting firm he directs to offer support to businesses, financial institutions and public agencies. From this vantage, he believes that McKinsey’s activities and the results of its activity in Spain have been more than satisfactory.

“McKinsey has known how to accompany our country’s institutions and companies both in periods of growth and development, and in times of crisis. Our standing is the result of a vision for the long term, forming lasting relationships with our client companies, and seeking more than just short-term returns.

“We are proud to have been able to advise and witness the development and expansion of a number of Spanish companies that today are international benchmark companies. Throughout McKinsey’s long presence in Spain, I think that the best part has, without a doubt, been the privilege of working with companies that have become international leaders in their respective sectors. The structure and focus of our projects have changed over the years, depending on the economic situation at the time and on the key issues in business and public management. We have lived through very hard times together with our clients; this is not the first crisis we have waded through by their side. But on the plus side, it has been extremely gratifying to see how some of our clients in Spain have not just made it through the crisis, but have come out of it even stronger, and have reinforced their position on the global stage.”

McKinsey believes that its work has helped to improve the Spanish industrial makeup, and the quality of companies’ management. Each year, the consulting service firm invests more than 600 million dollars globally in research, development and the generation of content.

For Alejandro Beltrán, “at McKinsey we are constantly evolving in order to meet our clients’ needs and help them to improve their management. To do so, we periodically conduct our own research into key areas of theory and practice regarding business management, providing our consultants with the most up-to-date training and learning, and in turn applying and sharing this knowledge with our clients. This undoubtedly brings about significant improvements in these companies, and as a result in the industrial makeup of which they form part.

“Moreover, we ‘import’ the best practices acquired in relation to our clients at the international level, adapting them to the reality here in Spain.

“As for quality objectives, at McKinsey our work responds to the highest possible professional standards. ‘Client first’ is the cornerstone of our work as consultants. We place such a high priority on our clients’ interests that we will only accept a project if we are convinced that we can bring value to it, that we can have an impact and respond to whatever ‘problem’ the client raises.”

McKinsey’s top manager believes that Spain continues to be an attractive company for foreign investment: “McKinsey’s first years in Spain were years of profound changes, both politically and economically, culminating with entering the EEC.
in 1986, which made our country work with all its might to align itself with Europe. Spain is now faced with other challenges, particularly how to get out of the crisis, but both that period and this one have offered enormous incentives for foreign investment in our country. These have to do with Spain’s geostrategic position, as a business platform with access to more than one billion potential consumers in Europe, North Africa and the Middle East, and of course Latin America.

“Likewise, the improvements Spain has made in recent years to its transportation, energy and telecommunications infrastructures, and the continuous improvement of its industrial makeup and service sector, in addition to the great potential of our human capital, makes our country an extremely attractive destination for any investor.”

However, in the opinion of Alejandro Beltrán, there is still room for changes that could further encourage American companies to come to Spain, and help to expand or intensify the activity of those which are already established here.

“No it is vital to continue working on making the country more competitive and adapting the legal framework so that it is more attractive for foreign investment and, in general, all kinds of measures that would improve credibility and eliminate any risk of regulatory uncertainty.

“Also, we must not forget that on and beyond costs, there are other equally determining factors for multinationals when it comes to choosing a destination to invest in.

“In our case, as a consulting firm, what is truly important is human capital. Being able to attract and train exceptional people is the very essence of our firm, and of our mission as a firm.

“Spain boasts highly qualified young human capital, and this is yet another attractive element for foreign investment. Our great challenge as a country is to be able to generate professional opportunities for these young people.”

At McKinsey nobody rests on their laurels. The head of the company believes that there are still obstacles that can hinder, slow or complicate investment by American companies in Spain.

“In a world that is becoming more and more global, Spain has initiated a series of reforms that I think are on the right track, but it is no time for complacency. There is still a lot to be done if we want to continue to attract foreign investment to our country, which is extremely important given our economy’s current level of debt. We have to make deeper labor reforms, making the job market even more flexible, continue with efforts aimed at improving the competitiveness of our business network, and avoid any type of political or social instability that sets us apart from the pressing matters at hand. Moreover, in order to improve the productivity of the business makeup, Spain has to move forward in increasing the average size of businesses.

“Progress with these reforms would make it possible to circumvent the ‘off-shoring’ of foreign investment...

“Markets are increasingly global, and so the possibility for off-shoring is becoming more and more present. Companies’ reasons for off-shoring all or a part of their activities have to do, to a large extent, with their costs, and with the flexibility of the legislative framework in which they carry out these activities, as well as the sector that the company belongs to. For example, the ability of sectors such as the automotive industry to off-shore is very different from that of, say, luxury products or pharmaceuticals.

Spain is carrying out reforms in a wide variety of areas that will help to make us more competitive, making it so that for many companies cost-based off-shoring will not be a priority.”

Spanish professionals have made their mark on McKinsey inside and outside of Spain. And the worldwide consulting leader is proud of them. Indeed, the company’s Spain office has become a source of talent for other parts of the world (especially the Americas and Asia), not to mention the decisive role that Spanish consultants have played in McKinsey’s expansion in South America.

“The role of Spanish executives within McKinsey’s governing bodies, over our firm’s more than 35 years in Spain, has been very significant. We have had three Spanish partners sitting on McKinsey’s Board of Directors at one time (out of 30 partners at the global level). Currently there is a significant number of Spanish partners who hold leadership roles in McKinsey’s sector and operations practices at the global level.”
Global health innovator and leader MSD, known in the US and Canada as Merck & Co. Inc., began operating in Spain in the year 1968. In 2013, MSD’s global revenue totaled $44 billion, and its investments in R&D reached $7.1 billion. In Spain, the company had a turnover of €885 million, providing jobs to nearly 1,300 employees. The company’s president, Ángel Fernández, holds that the high standard of Spain’s scientific researchers is a decisive factor in ensuring his firm’s commitment to Spain.

“This is an important market for MSD. We are here because for many years the quality of Spanish science and science professionals has been excellent, with a huge potential to reach the market. Proof of this is that in 1954, a research group was established in Spain through a joint endeavor of the parent company, MSD, in the United States, and the Spanish Company for Penicillin and Antibiotics (CEPA). By the late 60s, this international collaboration had given rise to MSD and its Spanish Center for Basic Research (CIBE), later consolidated in the 80s, in order to sustain this important and strategic research work. During this period, new and important medicines were discovered in Spain, such as caspofungin, an antifungal used by hospitals (Glarea lozoyensis, the origin of caspofungin, was discovered along the banks of the Lozoya river in El Paular), or Lovastatin, the first hypolipidemic agent suitable for cholesterol. We are also especially proud of being the company’s country branch with the second-highest level of clinical research in the world.”

Today, MSD continues to support basic research through the Fundación MEDINA (Innovative medicines in Andalusia), a public-private consortium created in 2008 together with the Andalusian government and the University of Granada. Its mission is to discover new compounds and innovative treatments in the field of infectious diseases, neglected parasitic diseases such as malaria, and rare diseases such as Amyotrophic Lateral Sclerosis (ALS/Lou Gerhig’s disease). By doing so, we are continuing the research work undertaken at our former research center, the CIBE, and reinforcing both our commitment to transfer knowledge and our solid support for R&D.

The company invests heavily (50 million euros) in Spain, a country that, from the main headquarters back in the United States, is seen as an important market. For Ángel Fernández, who has headed the company since 2012, this initiative represents MSD’s commitments very well.

“MSD is committed to improving the health and well-being of people all over the world, and to providing innovative medicines and vaccines that add value to society through cutting-edge scientific research, while applying the highest standards of ethics and integrity in everything we do, and in the way we do it. Our commitment to the broader community has led us to actively participate in organizations such as ASEBIO (The Spanish Bioindustry Association) or Farmaindustria. We have collaborated with the Ministry of Health, the Autonomous Communities, and with universities on different projects such as the Course in Public Policy and Good Governance, with the University of Alcalá de Henares, the Special Professorship in Health, Growth and Sustainability, with the UIMP (Menéndez Pelayo International University),” and many more.

MSD’s pillars of responsibility as a biopharmaceutical company rest on four priority areas: access to health, environmental sustainability, the company’s employees, and ethics and transparency.

“This idea of ‘working for what matters’ permeates our entire philosophy, and our way of acting and interacting with society. It brings us added satisfaction because we know that day after day we are contributing to our mission: saving and improving people’s lives. In this sense we are very proud of our path in Spain over the years, especially our legacy in health innovation. As a company, we have always been able to maintain high levels of excellence, and have brought significant added value to the Spanish business makeup. We have been proactive in pushing for partnerships and alliances aimed at promoting research and innovation. The different prizes and awards we have received motivate and encourage...
us in our work, because it is society itself that recognizes this added value we bring through our innovative efforts in the life and health sciences. It is true that living through the crisis has been a challenge, in the face of the public administration's cost-cutting policies, in some cases limiting access to innovative products. Nonetheless, we continue to consider Spain to be an attractive destination for investment in innovation.

MSD spent $1.86 billion in 2013 on contributions and donations worldwide. The company is committed to far-reaching programs that include global corporate volunteering policies, help for mothers, support for NGOs, work–family balance, health education, and decision-making training for members of the public administration in areas such as biomedicine, social policy, public health and the environment. The positive repercussion of MSD's activities on the community around it is a reality. Its contributions around the world have earned it the recognition of the UN for its corporate social responsibility programs. Among these, there is the Mectizan® Donation Program, which has eradicated river blindness in Ecuador and Colombia, or the Merck for Mothers program, with projects aimed at improving maternal health, at work in over 30 countries around the world. Here in Spain, it has received the Distinction for Equality in Business, awarded by the Ministry of Health, Equality and Social Affairs. Likewise, it is the first pharmaceutical company to receive the Fundación Más Familia's EFR certification.

“MSD offers its global potential, financial strength and scientific excellence in all the countries where it operates. We apply our resources, talents and scientific and operating experience to improve some of the most significant social challenges in the fields of health, the environment and the economy. This leitmotif helps us to bring more value to our shareholders, but, most importantly, to society. Our philosophy reflects the kind of policies that make companies truly excellent. It continues to place us at the fore, leading the way for other companies who look to MSD as a benchmark company.

“We have a worldwide policy on climate change. We work to find formulas that reduce energy consumption while increasing our use of renewable energies, and seek to achieve sustainable water management. We involve all of our employees in this vision, so that they will be responsible not just within the company, but in their own communities as well. One figure: in 2012 we reused 12,492 billion liters of water. The team that makes up MSD in Spain, with its training, skills, talent and commitment, constitute a critical asset. Our conduct sets a motivating example for all of the companies we collaborate with.”

The conviction that the company's engagement with Spain has been a gratifying one does not keep Ángel Fernández, after more than thirty years of experience in the pharmaceutical sector, from reflecting on areas where Spain still has room for improvement, in order to further encourage American companies to come to Spain, and to help those that are already here to expand or intensify their activities.

“One change that would make foreign investment in R&D more attractive is to work on a legal framework that provides more protection for intellectual and industrial property. Spain should get on par with the most advanced countries in this field, and should create an environment with the stability needed in order to embark on large-scale investments that develop over the long term, as is the case with innovative medicines.

“It is also important to ensure a truly single market, and to have common administrative policies. Effective protection of industrial property and support for R&D are the mark of a country's level of competitiveness and economic growth. This is why it is so important for the protection of industrial and intellectual property to be constantly reflected in the government's policies toward industry and toward this sector, shining through in all the measures it adopts regarding medicines.

“Likewise, we need to work towards an environment of legal stability that maintains a stable basic legal framework on the economic conditions that apply to innovative medicines, and maintaining tax benefits throughout the entire time it takes to recover investments. With the recent symptoms of recession, our market has been through a number of legal changes, generating legal uncertainly, which is the worst enemy of foreign direct investment. At MSD we believe there should be a solid regulatory framework that is transparent and stable, especially regarding health and access to innovation. At this time, significant steps are
being taken in the right direction, although we continue to be concerned about the lack of a specific set of regulations addressing the special features of biological medicines."

Ángel Fernández does not hide his concern over the possible effects of the current legal vacuum in the field of biological medicines, as well as over the significant amount of time it takes from when a medicine is given the green light to when it finally reaches the market. However, in his opinion, right now there is no real threat of American investments in Spain being moved offshore:

“Our company is one hundred percent committed to this country. But Spain needs a stable regulatory framework, with fewer regulatory obstacles and greater legal security and certainty, in order to keep pharmaceutical companies from potentially moving offshore in a market that is known for its high level of international competition. We must keep in mind that one of the most significant obstacles facing pharmaceutical companies is the amount of time it takes from when an innovative medicine is authorized for sale, to when it is finally placed on the market. Up to 349 days can pass, making Spain the country with the longest delay in access to innovative therapies out of the entire European Union."

As MSD sees it, Spain offers the perfect conditions for developing the main values that define the company, namely: preserving and improving people’s quality of life, staying committed to the highest standards of ethics and integrity, striving for innovation with the highest levels of scientific excellence, ensuring access to health and well-being through innovative medicines and vaccines, and encouraging diversity and integration.

“We will never stop looking for talent here. Our mission and activities require only the best, and Spain’s professionals in the pharmaceutical sector have been recognized all over the world, particularly excelling in the field of research. We are not a low-cost company; we are a company with a high added value for society. “We have to commit to promoting innovation more than ever. However, the economic uncertainty and the lack of a stable regulatory framework make it more difficult to stay in Spain for companies in a sector that is critical for innovation and employment, and which moreover is an essential link in the healthcare chain.”

According to data from Farmaindustria, the only industrial sector whose production has increased right through the years of the crisis has been the pharmaceutical sector. More medicines were produced in 2014 than prior to 2008, although large companies with Spanish capital have looked to the international market in order to increase their production.

“This industrial offshoring process can be the consequence of the readjustments to companies’ production structures, which are increasingly oriented towards concentration and specialization. It can also have to do with new business strategies based on the rationalization of production, or on the reorganization of production and capital. In fact, MSD’s presence in this country, which has been a fact of life for the past 50 years, has since 1974 included an animal health vaccine plant in Salamanca that manufactures more than 90 drugs for birds, ruminants and fish, exporting to 50 different countries. Today it has 254 employees, and is one of the companies with the greatest capacity for job creation in the province of Salamanca. Over the last 10 years MSD has invested €43 million in this factory, which is one of the pharmaceutical sector’s most important animal health product factories in the world.”

MSD is also committed to attracting future talent and to its employees’ high level of qualification. The company’s Spanish employees are recognized at the international level: more than 60 Spanish professionals hold top leadership posts at the firm’s global level. As part of its commitment to excellence, MSD offers young Spaniards the possibility of participating in the Human Health Internship Talent Program, which is producing excellent results for MSD.

“This program enables us to offer training, professional development and employment opportunities to graduate students who are short on experience but full of potential. We are well aware that this group of young people is critical at this time, as many of them are currently unemployed. The professionals working with MSD Spain are highly valued by the company’s main headquarters, and projects such as the Human Health Internship Talent Program definitely help us to reinforce and spotlight the talent that Spain has to offer. From this perspective, one could also say that this is one more way we contribute to projecting Spanish talent internationally.”
Microsoft established itself in Spanish 25 years ago for two reasons: to open up new markets and to contribute to the development of the Spanish technology market by creating an ecosystem of partners to generate wealth in Spain. Today the company has a global turnover of 86 billion dollars, and employs 128,000 people. It opened its Spanish subsidiary and operations fourteen years after Bill Gates founded the company in 1975. The process went very quickly. In fact, Spain was one of the first countries where it set up operations after the company decided to expand internationally. In July 2014 the company celebrated 25 years in Spain.

“Spain was a country where there was already a demand for our products, and it was clear that there was a lot of potential. This is why Microsoft wanted to enter directly, and not indirectly through other companies that could have sold our products. The idea was to make a big mark on Spain and set up a fairly large operation, like the one we have today. It was a combination of these two things.

“This is a very attractive country for foreign investment for a number of reasons: it has economic stability and legal certainty, there is available talent, opportunities to work with universities, possibilities for financing, high-quality infrastructures (technology included), etc.

“These features have been recognized for years. There are very significant levels of foreign investment, which have held throughout the crisis years. Specifically, American multinationals have maintained their investments in Spain through the hardest times, and have introduced management models that are innovative in a number of respects. One of the most salient is talent management, a field where American companies stand out by implementing flexible work policies and objective-based management, which many Spanish companies have imitated and adopted.

“The best part of Microsoft’s experience in Spain has been the opportunity to continually contribute to the Spanish tech industry, by developing our partners and supporting tech-based entrepreneurs. The worst part is software piracy, which in Spain reaches ratios of more than 40%, a true scourge for the software industry here.”

Maria Garaña has worked at Microsoft for the past eleven years. She started out in Mexico before being handed the reins of the Southern Cone region (Argentina, Chile, Uruguay, Paraguay and Bolivia). In 2009 she came back to Spain to take charge of the local subsidiary.

“I had been outside of Spain for years; I left almost as soon as I graduated from college, and the time had come when it was either head for the US or come back to Spain. I thought it was time to return to Spain and also to put into practice the things I had seen and learned in Latin America and in the United States. Taking on the leadership of Microsoft Spain was a fascinating challenge.”

Maria Garaña is a prime example of the respect and high esteem that Microsoft has for the talent of Spanish professionals. They are valued for their training, their technological prowess, their ability to research tech-related topics, and their sales skills.

“That’s absolutely right. Spanish professionals are highly valued at Microsoft. Today they hold leadership positions in a number of businesses and regions where the company operates. A global corporation like Microsoft needs to have management teams with professionals representing other nationalities, cultures, and ways of thinking and doing things. It’s the only way to manage a global business with local presence.

“It’s not as if they were actively seeking out Spaniards, but there are indeed Spaniards in very important posts. For example, César Cernuda is the director of Microsoft for the region of Asia
and the Pacific, and Alex Acero is one of the top directors at Microsoft Research. Microsoft is a company with around 130,000 workers, nearly half of whom work in the area of research and development, an area with Spanish employees who are considered to be some of the best computer scientists in the world. We have Spanish people working in all areas of the company.

“A couple of weeks ago I was talking to a top global executive at Microsoft who told me, ‘You did the right thing moving back to Spain because, as far as management goes, Spanish professionals are pure gold, whether you’re talking about developed markets or developing markets.’ This is why Spanish talent has always done well at Microsoft, and continues to do so.”

Microsoft has 700 employees in Spain today, and has created a network of partner companies comprising more than 6,500 tech companies that employ more than 180,000 people, which amounts to 65% of the country’s software industry.

“We are very proud of these more than 25 years here in Spain. These figures really explain the positive influence we have on our surroundings: in Spain each one of those 6,500 companies brings in 11 euros for each euro that Microsoft brings in.

“Our strategy involves using our sales strength to directly reach a small number of entities – only major companies and large-scale public sector entities. All other organizations are served by our ecosystem of 6,500 partner companies, giving us far-reaching coverage.

“Over the past several years we have developed an ambitious initiative to help new tech-based companies grow. We believe that our most important contribution is to help them go from being entrepreneurs to becoming companies. We have a broad portfolio of solutions developed by Spanish companies, and we help them with their Latin American sales, finding clients and opportunities in international markets... We support Spanish entrepreneurs who, for example, have taken part in developing the technology used to film the movie Avatar; who have developed control panels used by the US government; or have built smartphone applications used by millions of people all over the world... These are just a few examples of what Microsoft means for what we call the Spanish technological ecosystem.

“Another relevant aspect: we collaborate with the Ministry of Labor to teach courses in fields that have a high probability of generating employment... We work in an industry with a
very low unemployment rate. And the problem with the tech industry is that it doesn’t find professionals with the right training, and has to go look for them outside of Spain. And I’m not talking about people with advanced higher education certificates, who find jobs right away in specific sectors; I’m talking about unemployed people who can receive training in technologies that companies are really in need of. For the first time we have managed to get a technology curriculum incorporated into the official courses that the public employment offices are offering. This means that unemployed people can complete their training with an official certificate from Microsoft, which improves their profile and increases their employment prospects.”

María Garaña will be leaving Spain in 2015 to take on a new post with Microsoft Corporation in the United States. She will continue her career at company headquarters in Seattle. Garaña successfully sealed Microsoft’s acquisition of Nokia in Spain.

“What does Spain need to do still? Clearly Spain still needs to recover internally... We need to talk about Spain not just as a country but as a space for opportunities. Spain is a force to be reckoned with in tourism, and Microsoft wants to take advantage of this fact by giving its full support to the company’s only tourism technology center in the world, which is here, in Palma de Mallorca. To attract more foreign investment we need to find this type of opportunities. I think that sometimes all we need is to believe in ourselves more.

“In a global environment like the one we live in, the threat of offshoring is always present. Spain can’t lose competitiveness against other countries. This is why it is crucial, apart from the basic conditions that ensure a favorable context for foreign investment, for us to create an environment that generates knowledge-based innovation, and for this to become a magnet for foreign investment.

“The myth of low costs of labor no longer holds water in Spain. Corporate main offices in the US are looking for other elements such as innovative capacity, creativity, the ability to get things done, etc. In our own case, we particularly value Spain’s leadership in specific sectors such as finance, telecommunications, renewable energy or tourism.

“If I had to point out one change that could further encourage American companies to come to Spain, and help to expand or intensify the activity of those which are already established here, I would say that Spain should take bolder steps to protect intellectual property. The regulations are good enough, but they aren’t implemented, which generates a lot of insecurity in companies that, like Microsoft, live solely off of their ability to generate innovative intellectual property. Compliance with regulations on the defense of intellectual property is a critical factor for Microsoft when weighing new investments in Spain.

“Excessive divisions among regional governments, overlapping regulations; these also act as a damper on foreign investment. But it must be said that we Spanish professionals at the helm of American companies here have always tried to leave out these weaknesses in our conversations with corporate headquarters, since for investors the worst thing is not to understand what’s going on and to create anxiety. And it’s clear that there are certain aspects of our reality as a country, of our complexity, that they don’t really understand in the United States.

“We need to learn how to handle this complexity. I’m not just talking about administrative divisions. There is also a technological divide: there are seventeen different health systems, and there are seventeen different technology systems too. It isn’t just that each Autonomous Community has a different technology system; the problem is that there is technology for healthcare, technology for education, technology for justice... And so, administrative divisions create technological divisions. All of the international companies active in Spain are making a huge effort to manage this double division that always adds another layer of complexity to managing operations. It is really important to raise awareness, and for the national government and institutions to understand this issue. I think that over time this double division will not prove to be stable.

“And the list of improvements doesn’t end there. We have done part of our required homework out of an urgent need for change. More needs to be done. We absolutely have to harmonize our technologies. In political terms this doesn’t necessary imply making administrative changes. There is already some movement in this direction: in terms of technology the Autonomous Communities are open, and are watching one another in a process of emulation to take advantage of best practices and implement solutions that are really working in other regional governments. But we need to pick up the pace with this progress, which would undoubtedly add a great deal of dynamism to the economy as a whole.”
ELVIRA SANZ
President and General Director of Pfizer

The pharmaceutical company Pfizer came to Spain more than 50 years ago and has made Spain one of its main centers of activity worldwide. Elvira Sanz Urgoiti has been the company’s executive president since 2009, immediately after Pfizer acquired Wyeth Farma, where she had been the general director for Spain and Portugal. Sanz, who holds a doctorate in pharmacology from the Complutense University of Madrid, where she graduated with a National Award for Excellence, also holds an MBA from Esden, and has carried out graduate work at Harvard Business School and Wharton University.

Pfizer’s desire to invest in Spain has translated into more than 215 million euros spent on research programs between 2009 and 2013. One of its most ambitious projects has been the Oncology and Genome Research Center, a joint endeavor with the Junta de Andalucía, the University of Granada, and the Fundación Progreso y Salud, with an up-front investment of €9,000,000, and an annual budget of €300,000.

Pfizer has a longstanding commitment to Spain because, according to Elvira Sanz, “a multinational pharmaceutical industry cannot overlook selling its drugs in Spain, which is one of the five largest markets in the European Union. Moreover, Pfizer chose to locate one of the group’s main biotech plants worldwide in Spain, along with an important network of all phases of clinical testing. Both decisions are the result of a market that continues to be important, despite being heavily affected by the crisis over the past four years, and of the momentum and good work of the team members who make up Pfizer in Spain.”

With 25 years of professional experience, Elvira Sanz, who also heads Farmaindustria, the employers’ association for the sector, is convinced that “the Spanish affiliate has an excellent image within the group, as the result of years of work, of meeting objectives, and of the ability to adapt to the circumstances.

“The past several years have seen a combination of the losses of patents for important products in our portfolio, together with the severe contraction of the sector, and this has obviously had an effect on our results in the country. Nevertheless, we have proven able to improve our channels for smooth dialog with the authorities and with those in charge of the health system, to capitalize on the opportunities that have arisen, and to maintain our close and traditional collaboration with scientific organizations and patients’ associations, in addition to building our reputation in society. Sometimes it is trying circumstances that bring out the best in a company.”

In the pharmaceutical sector, the greatest efforts are spent on ensuring the success of research aimed at curing diseases. Pfizer’s president believes that over the course of the company’s activities in Spain, “the best part has been seeing the positive impact we have had on Spanish society. This has taken multiple forms, from creating quality jobs and generating knowledge, to, on the most fundamental level, the ability to solve important health problems among the Spanish population. Thanks to our products, heart disease has been reduced, tumors can now be cured that were once untreatable, states of depression are ameliorated, autoimmune diseases are relieved, and so on. In short, we make a difference in the life expectancy and in the quality of life here.”

On the other hand, “the worst times have been when some of our most widely-consumed products lost their market exclusivity, and we had to be responsible and make significant cutbacks to our operating costs. This has translated into job losses, and into leaving some projects by the wayside.”

Over the last five years, Pfizer has maintained around 1,500 people as direct employees in its
activities in Spain. Also, its tax payments into the State treasury during this same period have risen to more than €533,000,000.

“These figures are important but there are other intangible factors in our business philosophy that are equally essential: I think that Pfizer has done an extraordinary job training and attracting our doctors and scientists. The high ethical and quality standards put into practice at our Spanish affiliate have served as a point of reference for the sector. We have also demonstrated an exemplary commitment to diversity. Lastly, it is worth mentioning that through the Pfizer Foundation we have contributed with our social and scientific work towards the development of projects that are highly important for Spain.”

Pfizer’s president believes that Spain continues to be an attractive company for foreign investors, and especially those from America. Each year her company generates between 15 and 20 percent in added value over its sales on the Spanish market. The circumstances that brought Pfizer to Spain have changed, but today the country can offer positive responses to even the most demanding of investors.

“Of course the situation has evolved. 50 or 60 years ago our investments were motivated by cheap and not necessarily very qualified labor, and emerging markets with a relatively undemanding regulatory framework. Today, in the context of the European Union, Spain is governed by the highest standards of quality and offers a first-rate space for research. Our hospitals can compete with those of any country in the world when it comes to clinical testing. We have great scientists and technicians, and our workforce is highly competitive.”

From her position as president of Pfizer, Sanz also sees areas that could be improved in order to further encourage American companies to come to Spain, and help to expand or intensify the activity of those which are already established here.

“In a sector that is so highly regulated as pharmaceuticals, where there are controls on each phase of research, on prices, on sale and reimbursement conditions, etc., etc., a predictable regulatory framework is always a condition that will drive investment. Any element causing uncertainty on the market acts as a deterrent.

“As in any other sector, a stable political and economic situation, along with other factors such as legal security, strict respect for industrial property and a flexible labor environment, are important factors when competing with other
countries to attract investment. Another element that does not always help our activity is the model of the Spanish state, with its seventeen Autonomous Communities. This has a number of positive aspects to it, but it also introduces an incredible amount of regulatory complexity. This is especially true of the pharmaceutical sphere, since authority over healthcare issues is highly decentralized.

“Obviously, with the healthcare budget administered by the Autonomous Communities, we are concerned with the latter’s need to meet its public deficit objectives, which at times leads them to take measures that hinder patients’ access to more innovative treatments, and creates inequalities within the country itself. And, in relation to the model of the state, the situation in Catalonia – which is home to almost 50% of the domestic and multinational pharmaceutical industry operating in the country – is of course an increasing cause for concern.”

Today, low salary costs are not the decisive factor for a multinational like Pfizer when choosing a destination for investment.

“Perhaps in sectors that are job-intensive, such as the automotive or food industry, salary costs could be decisive. In a highly sophisticated sector such as the pharmaceutical industry, technical and scientific training is much more relevant. However, as if this were not enough, it just so happens that salary costs in Spain are indeed competitive within the European Union.”

Elvira Sanz finds that the prospect of foreign, and especially American, investment being “off-shored” could only become a real threat if “the political and economic uncertainties persist, or become worse. In sectors such as pharmaceuticals, the decision to move production processes is a major one, since a technology transfer can involve a number of years and several million euros. This is why we are not seeing any big off-shoring happening, although we are
seeing a trickle of new opportunities that are not being attracted.”

In Spain, Pfizer has earned itself a great reputation with its Pfizer Biopharmaceutical plant in Algete, where biotech investigation is carried out within the group.

“Spain is one of the countries at the global forefront in biomedical research. It is a country that offers guarantees since it is at the top level in clinical testing, and because the quality of its professionals is very high. For this reason, we have been able to attract production and investment to Spain during these difficult years. This is also because our company has longstanding familiarity with the high level of Spain’s professionals in the pharmaceutical sector: they are perfectly qualified to compete not just at the European level, but worldwide as well. Pfizer is a company whose staff is very international, and we work in teams that are spread out, and include professionals who operate remotely from any country in the world. You always have to give talent a chance, no matter where it is. In our company there are also numerous exchanges with Spanish professionals who successfully relocate to other countries. This mobility is an essential factor in the development of our employees’ careers.”