

Lessons in leadership, from space

Patrick Rarivoson of **IDRH** looks at leadership lessons to be learned from the European space industry.

For European companies competing in a market where prices are in dollars, and which manufacture their products in their home country, the times are becoming harder and harder. Recently, one of the European players in the space industry suffered a major crisis when facing, at the same time, a downturn in sales opportunities and a sudden surge in costs, due to the euro-dollar conversion.

The solution at hand was to merge with another European partner and share the costs of operations, with a target reduction in staff costs amounting to 10%.

This strategy was crystal clear but the execution was a problem. A new executive committee was set up with a carefully designed balance between the two former companies, each being the national leader in their respective countries. The ultimate challenge in the execution of the strategy was a double leadership issue: how to overcome national differences and how to turn a leadership shaped by expertise into a leadership based on teamwork talents and behavioural skills.

Lesson one: trust is vital

The first lesson is that trust is all-important. However, it can only be built up by action and behaviour and not by words or promises. In this particular case, execution of the strategy was at first a hit-and-miss process. The committee's first attempt at defining a new leadership style turned out to be inappropriate because it was built on the belief that sharing a common business vision would solve the misalignment between corporate objectives and individual or national objectives.

Assumptions were made that cost reductions would be based strictly on

business rationale, each country would bring its best assets into the common basket, and loose ends would be cut with no prejudice or bias based on national preference. In fact, everyone had his or her own interpretation of the business model. They soon realised that it would be better to start with actions, even if initially imperfect, than with words, even if they were underpinned by a strong rationale.

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So, after further thought, the executive team took more action to support the rationale and the result was that both companies were given tangible signs of equal treatment.

Lesson two: don't indulge in complexity

In a world of experts, the temptation is great to govern through expertise, but you cannot enforce cost reductions by proving to an expert that his or her expertise is flawed. In a world of expertise, the first lever of cost reduction cannot be expertise itself. Cost reduction will come from behaviour, and you cannot command behaviour change.

The first question that was asked by the executive team of the merged space business units was: what kind of costs can be removed by a change in our behaviour? As it turned out, the major source of



cost reduction was the cost of complexity, driven by a redundancy in control and supervision costs.

The executive team itself made the first step in behaviour change. In the space industry, where quality constraints are extremely high, trust is value and money. A change in project management was triggered, based on the promotion of new behaviors fostering trust building, that helped achieve the most significant part of the gain in productivity. Leadership always means simplicity. In an industry filled with high-tech expertise, simplicity meant the ability to instill and build trust, in essence a behavioural skill.

Lesson three: let experts be experts

The space industry is one where experts often become leaders. Career paths are often driven by skills, which means that every expert aspires to become a manager. The new leadership style I have described allows a dualistic approach: new career paths are specifically designed for experts to allow them to thrive in the company as a valued expert and not necessarily as a manager. ■

Further information

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