

WINNERS GIVE A SNAPSHOT OF SPAIN'S STRENGTHS AND WEAKNESSES

Winners and shortlisted companies of the Best of European Business Awards in Spain provided a snapshot of the things the country is good at – along with a few of its weaknesses, writes **Leslie Crawford**.

“There were lots of candidates from construction, financial services, energy and fashion retail, and most had strengths across many categories, particularly growth, innovation and value creation,” said Josep Ros, a Roland Berger partner in Madrid. “At the same time it became clear that most Spanish companies do not have a strategy for eastern Europe and are not exploiting opportunities there,” he added.

With some laudable exceptions, Spanish companies also lag behind their peers in Europe in investing in research and development and embracing new technologies.

The large company winner for value creation was Grupo Santander. Santander is the eighth largest financial group in the world by market value following the acquisition of Britain's Abbey National last year. Assets have grown at an annual compound rate of 13.3 per cent, while the jury also singled out the bank's generous dividend policies, which have ensured steady total shareholder returns in spite of the volatility of Santander's share price. Also shortlisted were Ferrovial and Iberdrola.

Grupo SOS was the mid-sized value creation winner. This food group has increased sales fivefold over the past four years and is one of the world's largest producers of olive oil, as well as rice and biscuits. SOS recently acquired an Italian olive oil company to spearhead an export drive, as the Italian product sells at a premium to Spanish olive oil in foreign

markets. Also shortlisted were Cortefiel and Inmobiliaria Colonial.

The large company winner for growth was Inditex. The parent company of Zara, a pioneer in the fast-fashion business, it opens a new store every day somewhere in the world, without sacrificing profitability, and takes on more than 5,000 new employees every year. Sales have grown by a compound annual average of 21.3 per cent since 2000 – four times faster than average growth in the industry. Also shortlisted were Mercadona and Banco Sabadell.

Gamesa Eólica, an engineering company based in Spain's northern Basque country, was the mid-sized growth winner. It took advantage of government incentives for renewable energy to develop technology for wind parks, is now the world's second largest manufacturer of wind turbines and has doubled sales in the past two years. Also shortlisted was Telecinco.

The big company winner for innovation was Indra. Spain's former state-owned defence technology company has carved a niche in designing computerised ballot systems and it operates the election count systems for Spain and much of Latin America. It is also a leader in IT systems for air traffic control and for subway systems as far away as Shanghai, Santiago in Chile and St Louis in the US. Telefónica and Bankinter were also shortlisted.

Almirall Prodesfarma was the medium-sized innovation winner. A family-owned pharmaceutical company in Barcelona with €900m (\$1.07bn) in annual sales, it reinvests more than 10 per cent of its revenues every year in research and development. (The jury adds, however, that it is not known how much of this investment goes to pay royalties

for the drugs it manufactures.) Also shortlisted: ITP, Abengoa Bioenergía.

Large company winner in the New Europe category, covering eastern Europe and Turkey, was OHL, part of the Villar Mir construction and services group. As European Union subsidies to Spain dry up, construction groups such as OHL have moved to eastern Europe, where they are coaching new member states on how to obtain grants for big infrastructure projects. OHL has acquired companies in Slovenia and the Czech Republic and won railway concessions there. Also shortlisted: Grupo Antolin, Altadis.

The mid-sized winner for New Europe strategy was Mango. This is Spain's “other Zara”. The fashion retailer is smaller than Inditex and remains unlisted, although it competes head-on with Zara in the fast-fashion business. Mango has expanded strongly in eastern Europe, where it has stores in 18 countries and sales of €80m. Also shortlisted: Fagor, Fadesa.

The judges were: Pedro Ballvé, chairman of Campofrío; Jordi Canals, dean of the IESE business school; Jaime Castellanos, executive chairman of Recoletos; Ángel Corcóstegui, former chief executive, Grupo Santander; Guillermo de la Dehesa, board director, Grupo Santander, and vice-president Goldman Sachs Europe; Javier Gómez Navarro, president of the chambers of commerce and chairman of Aldeasa; Juan Ramón Quintás, president of Ceca, the savings banks confederation.

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