The focus on the individual in senior management teams means they are often less effective than middle-management ones.

Professor of Business Policy at ESADE and a visiting professor at INSEAD, José Luis Álvarez's teaching, research and consultancy work has focused on how senior management take strategic decisions at board and executive committee level. Álvarez spoke to us about the key areas covered in his new book, *Strategic Decisions*.

José Luis Álvarez
Professor of Business Policy at ESADE
How does the book help us in the current economic situation?

I started to write the book when the economic going was still good, when we were enjoying prosperity hitherto unseen. However, it contains a lot of aspects that can also be applied in a crisis context. We were toying with an alternative title, Critical Decisions. In fact, strategic decisions and critical decisions (in the sense of those that are difficult and those that are fundamental for the company) have a lot of things in common, such as the lack of information on future perspectives, frequent differences between senior managers on how to solve problems, solutions being political and not technical, etc. In other words, much of what is in the book is perfectly applicable to the current situation.

How can we improve the design and structure of middle and lower management?

Traditionally, middle and lower management teams operate better than senior ones. That’s because at this level, the focus on teamwork began almost half a century ago and they’ve built up an awful lot of experience since then, now they are specialists in how to design and lead operational work teams. By contrast, we know less about how senior management teams work because top executives tend to reach the pinnacle of their organisations because they have for become successful individuals. As a result, any interdependence on other senior managers will tend to be lower. Moreover, assessment and remuneration systems are still geared towards individual achievements.

Do you think companies are aware of the problems hindering the operation of their senior management teams?

Companies often say they are less than happy with how their senior management teams operate. The problem is that doing something about it requires systemic changes (in ways of working and even in organisational culture for instance, in control and remuneration), which are very complicated and often difficult to put in place.

How did you pick the examples you describe in Strategic Decisions?

I chose examples that I thought would grab the reader’s attention. All of them involve well-known companies and most are examples that have received media attention. The rest are ones I am personally acquainted with and for obvious confidentiality reasons, haven’t been able to give in full. What I’ve tried to do in this book is to ensure that any executive who reads it realises that this is an every-day problem, not a distant issue.

What was the hardest thing about writing it?

The problem with researching on senior corporate management is that you are not usually allowed to directly observe these teams in action, and even if you are you can’t use the information you’ve found, even less publish it. While they’re quite happy to let you look at teams working lower down in the company, it’s a lot harder, for example, to sit in on a management committee to see how it works, even as a “fly on the wall”. So the biggest methodological challenge for all of us who work in this area is getting access to interesting data from senior management and then being able to use them in our books and articles.
Based on the conclusions of *Strategic Decisions*, are you planning on bringing out a new book on the same subject?
What I would like to do, perhaps with one or more of my colleagues at ESADE, would be to expand the book using data from the rest of Europe and also perhaps for Latin America.