



HOW TO SUCCEED IN MODERN BUSINESS: LESSONS FROM THE ICELANDIC VOYAGE

**A speech
by
the President of Iceland
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at the Walbrook Club
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Distinguished business leaders
Representatives of the media
Ladies and Gentlemen

Recently, I have often found myself cornered at various functions, especially here in London, and pressured to explain how and why daring Icelandic entrepreneurs are succeeding where others hesitate or fail, to reveal the secret behind the success they have achieved.

It is of course tempting to let it remain a mystery, to allow the British business world to be perplexed. This mystery would give my Icelandic friends a clear advantage, a fascinating competitive edge – but when my friend Lord Polumbo asked me to speak on this subject at the distinguished Walbrook Club, I could not decline the challenge.

It is indeed an interesting question how our small nation has in recent years been able to win so many victories on the competitive British, European and global markets, especially because for centuries we were literally the poorest nation in Europe, a community of farmers and fishermen who saw Hull and Grimsby as the main focus of their attention, a nation that only a few decades ago desperately needed to extend its fishing limit in order to survive, first to 12 miles, then to 50 and finally to 200 miles. Each time Britain sent the Navy to stop us but each time we won - the only nation on earth to defeat the British Navy, not once but three times. With this unique track record, it is no wonder that young entrepreneurial Vikings have arrived in London full of confidence and ready to take on the world!

Yes, it is indeed a fascinating question, not just with respect to Iceland, but also because it throws light on some fundamental trends in modern business. It touches on the new nature of success, and why some fail where others triumph. Globalisation and information technology have given small states opportunities on a scale never witnessed before. Obstacles to their growth have largely been abolished and replaced by an open and wide field where talent, imagination and creativity determine what is harvested.

Innovations can now emerge from any direction; individual initiative can lay the foundation for companies which establish a global presence in a short time.

In recent years Iceland has shown how a small state can make an organised and successful response to globalisation and thus boost its own business success. Every company in our country now has a unique opportunity to profile itself. Indeed, new companies can now emerge into the global market regardless of where their home base is and soon have the whole world as their market region.

There is much to suggest that in the new economy, a small state can be a very profitable basis for business innovations because in a small state it is easy to see how different elements link up, how to establish cooperation between different fields, how to gain access to information and experience and grasp solutions to difficult tasks. A small state can serve as a kind of laboratory or research station in precisely those sectors that are increasingly coming to dominate the economy of our times.

Many examples can be cited to illustrate how our business leaders have managed to establish themselves on foreign markets. In previous decades we saw the success of our seafood marketing companies through their sales networks in Europe, the U.S.A. and Asia, and the remarkable achievements of our airline companies from the 1960s onwards when Loftleidir – now Icelandair – became the first low fare airline in the world, enabling the hippy generation to cross the Atlantic cheaply. These experiences provided an important training ground, but no one could have predicted the extraordinary success in recent years, a success which does indeed raise challenging questions about prevailing business strategies, theories and training in modern times. Let me mention a few success cases.

Baugur is indeed well known here in Britain, playing a major part in the retail sector, not only in London but also in Denmark and Sweden.

Avion Group, the specialised airline, is now the largest of its kind in the world. It recently opened its European headquarters in Crawley, close to London.

Actavis has become the fastest growing pharmaceutical company in the world, with production facilities in Bulgaria, Malta, Serbia, India and elsewhere.

Össur, the largest prosthetics company in the world, was created by an unknown Icelander who worked on his innovations in small rooms in the oldest part of Reykjavik.

Kaupthing Bank, which only six years ago opened the first branch of an Icelandic bank abroad, is now among the largest financial institutions in the Nordic countries, with operations in Europe and America.

Bakkavör, which a decade ago started in a garage in my home municipality, is now the largest producer of fast food in Britain. It recently acquired Geest, so expanding the scope of its operations.

I could go on to mention many other examples: companies in transport and food processing, machinery and software production, telecommunications and other fields.

How has it been possible to achieve such success in so many different fields and in such a short time, in areas where we definitely had no prior competitive advantage, areas such as pharmaceuticals and prosthetics, banking and finance, retail and fashion – to name only a few.

Of course, many factors have contributed to the success of this voyage, but I am convinced that our business culture, our approach, our way of thinking and our behaviour patterns, rooted in our traditions and national identity, have played a crucial role. All of these are elements that challenge the prevailing theories taught in respected business schools and observed in practice by many of the big American and British corporations.

We are succeeding because we are different, and our track record should inspire the business establishment in other countries to re-examine their previous beliefs and the norms that they think will guarantee results.

The range of Icelandic success cases provides a fertile ground for a productive dialogue on how the modern business world is indeed changing.

Let me offer you a list of a dozen or so elements that I believe have been crucial to Iceland's success story. I am not listing them in any particular order, but taken together, I am convinced that they amount to a

significant framework of business success – a guide to the ground in which achievements are rooted.

First comes a strong work ethic. This is a heritage from the old society of farmers and fishermen, where necessity dictated that the fish catch had to be brought ashore and processed immediately when the boats came in to harbour and that they had to be turned and collected when the weather was favourable. When Kaupthing Bank beat the other bidders for the Danish FIH Erhvervs Bank, the disappointed English representative returned to London and informed his boss that the Icelanders had won because, as he put it: “When we go home these guys are still working.”

Second, we tend to focus on the results rather than the process: to go straight to the task and do the job in the shortest time possible; to ask when it can be done rather than how.

Third, Icelanders are risk takers. They are daring and aggressive. Perhaps this is because they know that if they fail, they can always go back to Iceland where everyone can enjoy a good life in an open and secure society; the national fabric of our country provides a safety-net which enables our business leaders to take more risks than others tend to do.

Fourth, there is absence of bureaucracy in Iceland and a lack of tolerance for bureaucratic methods. Perhaps it is because there are so few of us that we have never really been able to afford extensive bureaucratic structures; when we encounter them, we prefer other means.

Fifth, there is a strong element of personal trust, almost in the classical sense of “my word is my bond.” This enables people to work together in an extraordinarily effective way because they are fostered in communities where everyone knows everyone else. This trust also contributes towards:

The sixth element. This is the formation of small groups of operators who work closely and strategically together, creating a fast-moving network of key decision makers who can close a deal quicker than those who are used to working within larger and more bureaucratic corporate structures.

Seventh, we have entrepreneurship – old-fashioned entrepreneurship where the boss himself or herself stands in the front line, taking responsibility, leading the team, giving the company a visible, personal face. This style of entrepreneurship breeds leaders who know they are responsible, aware that their initiative will make or break the deal. As an

Asian business executive once told me: "The reason why I like to do business with Icelanders is that the bosses themselves come to the table; they don't hide behind an army of lawyers and accountants like they do in the big European and American companies".

Eighth on my list is the heritage of discovery and exploration, fostered by the medieval Viking sagas that have been told and retold to every Icelandic child. This is a tradition that gives honour to those who venture into unknown lands, who dare to journey to foreign fields, interpreting modern business ventures as an extension of the Viking spirit, applauding the successful entrepreneurs as heirs of this proud tradition.

Ninth is the importance of personal reputation. This is partly rooted in the medieval Edda poems which emphasise that our wealth might wither away but our reputation will stay with us forever. Every Icelandic entrepreneur knows that success or failure will reflect not only on his or her own reputation but also on the reputation of the nation. They therefore see themselves as representatives of a proud people and know that their performance will determine their reputation for decades or centuries to come.

Tenth, there is the fact that the Icelandic market, although small, has turned out to be an effective training ground because it is so competitive, perhaps more so than many other European markets; therefore what succeeds in Iceland is likely to succeed everywhere else.

Eleventh, because of how small the Icelandic nation is, we do not travel the world with an extra baggage of ulterior motives or big power interests rooted in military, financial or political strength. No one is afraid to work with us; people even see us as fascinating eccentrics who can do no harm and therefore all doors are thrown wide open when we arrive.

Twelfth, the strong interaction which characterizes the Icelanders offers opportunities for people from different sectors to launch cooperative ventures without difficulties or major bureaucratic hindrances. The extensive knowledge that our business leaders have of the capabilities of others in different fields has made it easy for them to draw people into promising projects.

And finally, there is creativity, rooted in the old Icelandic culture which respected the talents of individuals who could compose poetry or tell stories, who were creative participants in companionship with others. These attitudes have been passed onto the business community, as is demonstrated by the Icelandic term used to describe a pioneer or an entrepreneur, – "athafnaskáld", which means literally "a poet of

enterprise”. Admiration for creative people has been transplanted from ancient times into the new global age, and originality has turned out to be a decisive resource in the global market.

Taken together, these thirteen elements have given the Icelandic business community a competitive edge, enabling us to win where others either failed or did not dare to enter. Our entrepreneurs have thus been able to move faster and more effectively, to be more original and more flexible, more reliable but also more daring than many others.

The track record that Icelandic business leaders have established is also an interesting standpoint from which to examine the validity of traditional business teaching, of the theories and practice fostered and followed by big corporations and business schools on both sides of the Atlantic. It enables us to discuss the emphasis on entrepreneurial versus structural training, on process versus results, on trust versus career competition, on creativity versus financial strength.

I have mentioned this morning only some of the lessons which the Icelandic voyage offers, but I hope that my analysis has helped to clarify what has been a big mystery to many. Let me leave you with a promise that I gave at the recent opening of the Avion Group headquarters in Crawley. I formulated it with a little help from Hollywood movies: "You ain't seen nothing yet".