MAUCHER and MALIK on MANAGEMENT

Helmut Maucher | Fredmund Malik
Farsam Farschtschian

Best of Helmut Maucher’s Speeches, Essays and Interviews
“The global company Nestlé and the name of Helmut Maucher are inextricably linked together. Within only two decades Helmut Maucher, with breath-taking dynamism, made Nestlé into the largest and greatest food company in the world and at the same time into one of the few truly global corporations. All this was made possible by the exemplary management Helmut Maucher established at Nestlé. Good Food, Good Life is the company’s motto and Maucher’s Good Management made Nestlé what it is today.

Management is the social function that enables everything else to function. It is also the function that transforms economic and social resources into results and values for society. In order to achieve this, management has to be carried out in the right way and it has to be done well. Much of what is termed management up and down the country fails, to a large degree, to meet both these requirements or complies very badly with them. Consequently, with Nestlé and Helmut Maucher’s unique management performance as examples, this book is intended to show what right and good, and even excellent management is in practice and what this can achieve.”

Fredmund Malik

A good manager never thinks of himself but always thinks of the company. That is the guiding principle of Dr. h.c. Helmut Maucher who during his 19 years as head of Nestlé (1981-2000) built the company into the largest food enterprise in the world. Today he is Honorary President of the Nestlé Group and is acknowledged as one of the best managers in the world. His dedication went beyond his entrepreneurial activities. He was active as President of the International Chamber of Commerce (ICC, Paris) and as Head of the European Round Table of Industrialists. He is renowned for his many lectures and talks and is author of

- “Management Breviary: A Guideline to Corporate Success” (Management-Brevier – Ein Leitfaden für unternehmerischen Erfolg), featured as one of the “100 Best Business Books Ever” (Murmann Verlag, 2011)

Prof. Dr. Fredmund Malik is a habilitated professor of corporate governance, an internationally honored management expert and founder and Chairman of Malik St. Gallen, the leading Knowledge-Organization for holistic-cybernetic management systems. Malik has featured often as a best-selling author, is a regular columnist in opinion-forming media. He is acknowledged as one of the most prominent management pioneers. His publications include:

- “Management: The Essence of the Craft.”
“Managing, Performing, Living” was elected as one of the 100 best business books ever.

“The Right Corporate Governance.”

“Strategy: Navigating the Complexity of the New World.”

“Strategy of the Management of Complex Systems.”

Dr. Farsam Farschtschian is a Director at Deutsche Bank, where at its headquarters in Frankfurt he is responsible for strategic advice to international entrepreneurs and key clients from Europe, the Middle East and Africa. Due to his research activities in the field of corporate governance he has made a significant contribution to this work as co-publisher and co-author. Farschtschian is furthermore author of

“The Secret of Successful Acquisitions: Abandoning the Myth of Board Influence” and

“The Reality of M&A Governance: Transforming Board Practice for Success.”

In a groundbreaking cooperation on right corporate governance and management, one of the World’s most distinguished corporate leaders and a highly renowned academic authority join their practical and scientific insights in a truly exceptional manner.

In this unique book you learn everything that the authors consider to be successful management. An integral part of the book comprises extracts from speeches, essays, and interviews by Helmut Maucher.

The expert authors have devised management functions that are socially responsible and universally valid. Today, much that is propagated is questionable and often misleading as far as management and its social function are concerned. Consequently, the thoughts of the authors are a focal point and a guide for exemplary and right management with which current and future challenges facing corporate governance can be mastered successfully.

In a focused discussion between Maucher and Malik, specifically arranged for this publication, the reader learns to what extent wrong management has influenced the current crisis – a topic of significant interest and particular relevance for both executives and politicians.

Simultaneously, you learn universally applicable principles, strategies, methods and tools which enable top managers to run a company ‘right’, and above all successfully and sustainably in even the most complex situations.
Maucher and Malik on Management

Maxims of Corporate Management –
Best of Maucher’s Speeches, Essays and Interviews

Translated from German by Myrna Lesniak

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This book is about one of the greatest success stories in the history of corporate management and about one of the most accomplished business leaders ever.

Dr. Helmut Maucher is one of those very rare top managers who have an exceptional and equal command of three things: acting, reflecting and writing.

The quality of Maucher’s entrepreneurial action is apparent in his successful and exemplary management of Nestlé over two decades. Moreover, his reflections on management are highly sophisticated and he applies his considerable intellect to an analysis of his actions. Finally, as the book shows, Helmut Maucher is also a master at expressing his thoughts and actions both orally and in writing. These three dimensions unite to form a harmonious entity.

Based on Dr Helmut Maucher’s speeches, publications and interviews the work is a unique testimony to the outstanding entrepreneurial results which can be achieved by good and right management. The contributions for this book were written with a number of aims and contexts in mind, at different points in time from 1988 to 2010 and for a public that included leading international business executives, politicians, employees, students and also grammar school teachers – a cross section of society.
In Maucher’s publications a certain number of repetitions with respect to the various topics have been retained in order to lend greater emphasis to the major points he makes. However, because of the change in contexts similar formulations, too, acquire a new meaning and highlight the extensive range of his statements. Only then is it possible to appreciate how comprehensive Maucher’s knowledge of and practice of management are – through time, space and purpose. Each situation may be entirely different but the message he wishes to impart could not be more to the point.

This book is a first-class work presenting guidelines for new generations of managers. Helmut Maucher’s style and methods of management are annotated in a comprehensive introduction by Prof. Dr. Fredmund Malik, who Peter Drucker, the doyen of management, considers to be one of the leading management thinkers in Europe. Malik regards Maucher’s life-time achievement in the light of his own system-cybernetic work on good and right management. At the same time he particularly emphasizes those dimensions that are universally valid in Maucher’s management performance and that will consequently last well into the future.

The book is complemented and rounded off by both experts exchanging opinions on the core issues of management, business and society in a comprehensive dialogue lasting several hours. Maucher’s own aphorisms form the conclusion to this work, which gets to the heart of the most complex topics in a succinct and elegant way that makes them easily comprehensible.

I have held numerous conversations with Maucher and Malik in the course of the last few years and these enabled me to become familiar with the views of both these management masterminds and to follow their development closely. Although their views are expressed and reached in different ways, they arrive at the same or very similar points of view in many key areas. However, in areas where they place emphasis on different aspects, they reach new common solutions. These find brilliant expression in the section containing the extensive dialogue which took place especially for this book.

Where Maucher is too modest to praise himself, it takes Malik with his management expertise to provide the correct context for Maucher’s unique management accomplishments. Malik attaches the appropriate importance to the achievements of a person of Helmut Maucher’s standing and demonstrates the significance that Maucher’s management has for meeting the enormous challenges of the economy and society both today and in the future.

Malik himself predicted the current economic crises and the fact that these were caused substantially by mismanagement. He recognized very early on
that the major driving forces behind these crises were the Anglo-Saxon approach of corporate governance and shareholder values. He felt that on account of their short-term orientation these would lead inevitably to one of the greatest misallocations of economic and social resources in history. Showing keen foresight and on the basis of his knowledge, Malik has developed the solutions essential for responding to the current challenges in his holistic management models and his innovative change management tools. It is in this context that Malik shows the immense significance of Maucher’s management for current and future generations of business leaders.

This book is one of the most outstanding works on management and portrays the quintessence of unparalleled entrepreneurial success due to right and excellent management. With its unique picture of the lifetime accomplishments of Helmut Maucher, who celebrated his 85th birthday last year, it is for entrepreneurs, managers and politicians and is intended to act as a »lighthouse for sailors in times of storm« by providing reliable navigation for mastering the fundamental worldwide transformation. Moreover, in times when managers and management are greatly misunderstood, this book – using Helmut Maucher’s achievements at Nestlé as an example – is intended to provide a wide range of readers with a new understanding of the social importance of large-scale enterprises, right management and socially responsible leadership.

Farsam Farschtschian
Part 1

Introduction by Fredmund Malik
Global company Nestlé and the name of Helmut Maucher are inextricably linked together. Within only two decades Helmut Maucher, with breath-taking dynamism, made Nestlé into the largest and greatest food company in the world and at the same time into one of the few truly global corporations.

Under Maucher’s management Nestlé’s sales tripled and in fact it would have risen even more but for negative currency effects. The stock market price, ex dividend, increased more than 15 times compared to when Maucher took over. He developed promising new product lines which proved to be successful, acquired and successfully integrated a total of 250 companies, effected some of the largest acquisitions ever and opened up a great number of new markets all around the globe. Even more significant is the fact that not only was Maucher highly successful in managing this huge expansion but that in doing so – as is generally acknowledged – he did not make any mistakes.

All this was made possible by the exemplary management which Helmut Maucher established at Nestlé. *Good Food, Good Life* is the company’s motto and Maucher’s *Good Management* made Nestlé what it is today.

Today, management continues to be misunderstood what frequently has dangerous results. For example, it is often primarily seen as a means of becoming rich, famous and powerful. Then there is the misunderstanding that companies are first and foremost machines for maximizing profits. Indeed, companies can always be abused if one is so inclined, but in that case management and the economy cannot be seen as responsible and sustainable.

I regard management in the following way: management is the profession for ensuring proper functioning. So, it is management that enables social organizations to function or fails to do so and therefore, management is one of the key functions of modern society. Managers are the very people who
practice management as seen in this way – as a profession at the various levels of the organization.

Consequently, almost entirely everything that is most precious to us as members of modern societies and that makes life in them also worth living – from economic prosperity to a high level of education and from health, science and research, and the strength of innovation and creativity and finally to the quality of life – depends on the competence and quality of management.

Thus management is the social function that enables everything else to function. It is also the function that transforms economic and social resources into results and value for society.

In order to achieve this, management has to be carried out in the right way and it has to be done well. It has to be right and good management. Much of what is termed management up and down the country fails, to a large degree, to meet both these requirements or complies very badly with them. The prevalent understanding of management is a minefield of errors and false doctrines. That was why the crises which threaten our affluence today were able to arise, crises which were and are largely due to wrong and bad management.

Consequently, with Nestlé and Helmut Maucher’s unique management performance as examples, this book is intended to show what right and good, and even excellent management is in practice and what this can achieve. It was for that very reason that I recommended that Helmut Maucher should publish his speeches and writings as a collection, should place them in the context of the significant challenges facing us today and in the future, and thus provide present and future generations of managers with a universally valid navigation aid.

The book presents Helmut Maucher’s management philosophy and management practice in his original texts, placed, within the framework of this introduction, in the context of my own management theory. It illustrates why Maucher’s management is right and why this enabled him in his position as Nestlé’s CEO to be so successful for so many years.

Helmut Maucher’s management performance, which is exceptional in many respects, is to become apparent to readers far beyond those with only an immediate interest in this subject matter. Moreover, the book is to demonstrate what it was about his person in the many decades of his career right to the highest position in Nestlé that distinguished him from other top managers.

Maucher’s approach not only stands for an extraordinary management performance in the past but – which for today is more important – as a template for a new future of socially responsible, right and good manage-
ment. This is of the utmost importance because the economy and society are in the midst of one of the greatest transformations there has ever been. For some time I have been calling this the »Great Transformation 21«, which means the global change of the 21st century. In a sense it is comparable with the change from an agricultural to an industrial society about 200 years ago but it is much larger and more profound due to its staggering proportions.

It is no exaggeration if this transformation is seen as the transition to a new world parts of which can already be seen quite clearly whereas others are still unknown and where much will be radically new and revolutionary. The current crises can be understood far better, above and beyond mere economy, as the birth pangs of this new world. The »Great Transformation 21« is already confronting the structures of every society, and first and foremost their organizations and their management with enormous challenges.

At this time, over and above revolutionary technologies, right management, as can be seen so clearly in Maucher’s success at Nestlé, will be the key to a peaceful, organic and human change. The power of right management today is founded and manifoldly reinforced by innovative change management tools and completely new methods for mastering enormously complex and dynamic challenges.

This book affords a unique insight into the thoughts and work of one of the most successful business leaders ever. It shows how with his management, governance and leadership Maucher transformed Nestlé, which at that time lagged considerably behind its competitors, into the largest and most successful food company in the world within a period of only two decades. Moreover, he also saw to it that the company remained successful and dynamic after he stepped down from office upon reaching retirement age and that it was able to build considerably on his success.

Helmut Maucher became the Delegate (CEO) of the Board of Directors in 1981 when he assumed overall management of Nestlé. This was the first time that a non-Swiss national became head of the largest company in Switzerland; in many respects this was a novelty, the full significance of which can only be assessed by those with a profound knowledge of Switzerland. In 1981, Nestlé generated a turnover of around CHF 28 billion, made a net profit of just under CHF 1 billion and had 146,000 employees. As of 1990, Maucher was both Delegate and Chairman of the Board of Directors until 1997. Peter Brabeck-Lethmate with an excellent team of top managers succeeded him as Delegate in 1997. Helmut Maucher continued in his position as Chairman of
the Board of Directors until 2000, when he was succeeded by Rainer E. Gut, a long-standing member and Vice-Chairman of the Nestlé Board. Helmut Maucher has been Honorary Chairman since then.

When Helmut Maucher stepped down from his position of Chairman at the annual general meeting in 2000, turnover for the business year 1999 amounted to almost CHF 75 billion; net profit was almost CHF 5 billion and the company had a good 230,000 employees.

Maucher’s successors took over the helm with great vigor and continued the success of the company without any further ado. In the business year 2011, Nestlé generated a turnover of around CHF 84 billion, a net profit of almost CHF 10 billion and had 328,000 employees. The company has around 500 factories in more than 80 countries and with almost 100 international brands is present in almost every country in the world.

We may also ascribe some of this continuing success to Helmut Maucher himself on two counts: firstly, some of the conditions necessary for the lasting business success were created early in the period when he was running the company; in particular these included the strategic expansion of the product portfolio and of the company’s presence geographically. Unlike those managers who aim primarily at maximizing the annual results, Maucher possessed the rare courage of rejecting the reporting of short-term results in order to make the company all the stronger in the long term. Maucher’s guiding principle for this was notion of the »healthy company«, which goes beyond short-term or even mere financial results.

Secondly he had successors, especially the new CEO, Peter Brabeck-Lethmate, and his former long-standing members of staff and pupils, who, for many years, had been effectively prepared under his direction to succeed him. As a result they even acquired the ability to surpass their predecessor when changed circumstances and opportunities made this necessary. One of the noblest achievements of successful leadership is having pupils who become even better than their master.

Secrets in Helmut Maucher’s management

It can be ascertained that there are no secrets in Maucher’s management in the strict sense of the word, for he has been open and generous when talking about his views, principles and actions, as is obvious in the speeches and publications contained in this book. However, there are also many issues
with which most managers are unfamiliar because they never cropped up in this way in their own education. The main reason is that in conventional business schools since the beginning of the 1990s different and often entirely wrong contents were taught as the ultimate truth, which frequently the exact opposite of Helmut Maucher’s management principles.

In this respect we are faced to a large degree with the huge challenge of re-learning and reorientation. Consequently by looking more closely at Maucher’s achievements this book provides an invaluable guide and shows a way out of the labyrinth of misapprehensions about right management. I have chosen some of the key aspects of Helmut Maucher’s concept of management for what is to follow because I consider these to be particularly crucial to coping with the future.

Amongst other things it is easily recognizable how early – and also impressively – Helmut Maucher’s mindset corresponded to what I call integrated cybernetics and systems thinking. It is a holistic way of thinking in terms of multidimensional relationships which goes beyond the individual corporate divisions and their respective specialty and combines them to a functioning whole.

It will become evident that it is quite normal and natural for Maucher to see things in their entirety and in their interaction, in their cross-linking inwardly and outwardly, and thus to recognize their inherent complexity and dynamism. This ability is one of his outstanding strengths, an ability which many top-executives do not possess.

**Multiplying top management intelligence**

Early in my management research I discovered the meaning of both cybernetic control intelligence in terms of self-regulation and its practical realization through principles which I term *Master Controls*.

The function of these *Master Controls* is comparable to laws of nature such as the genetic code in biology, laws relating to harmony in music, or the principles of bionics. From these, among other things, I derived the controls with the objectives of right management in mind and this resulted in natural laws of functioning, about which I have written frequently so that top management can exploit their power.

Helmut Maucher, like few others, has at his command the consummate skill of using this kind of cybernetic control intelligence. What does that mean?

Maucher is a man of principles and of thinking long-term and on a large
scale. Long before the rather vague concept of »sustainability« appeared in reaction to the prevailing short-term orientation, Maucher took the lead with clear, well thought-out principles – which applied both to himself and the entire corporation. Helmut Maucher is one of the few master craftsmen in this respect.

It was for Nestlé that he devised those timeless principles that go far beyond mere long-term orientation which has long ceased to suffice in view of today’s complex conditions. Thus he provided the corporation and its employees with orientation and direction which reached right to the very foundations of the organization and enabled them to act independently, according to Maucher’s own governance intelligence.

If, for example, companies do not grow sufficiently, even though their markets provide them with ample growth potential, then the reason is usually that the executives have not learned to manage on the basis of precepts, principles and policies with the result that they limit the growth of their companies prematurely and unnecessarily.

*Master Controls* understood in this way allow the managerial intelligence of those at the highest corporate level to be multiplied by the number of all the executives who apply the Master Controls within the organization. By this method, they spread the intelligence at the top to the outermost boundaries within the scope of the organization and make them effective in their operations. As a precautionary measure the most intelligent *Master Controls* also include rules for deviating from the rules if necessary. For example, for accepting sound compromises; moreover they even include rules for altering rules.

Only such precepts or general rules of this kind permit decentralization to function reliably within a company and thus achieve far-reaching cybernetic self-regulation and self-organization that in turn are indispensable competencies in complex and dynamic conditions.

More than merely long-term

The concept »long-term«, however, is far from sufficient to achieve this enormous effectiveness. It is in this respect that Helmut Maucher has achieved something much more important. He brought the corporate analogue of the Categorical Imperative propounded by Immanuel Kant, the great philosopher of ethics, to bear globally because he assessed his decisions against the key question: *How must I decide at present so that in principle my action may be correct for an unlimited period?* That means in practical terms that a decision
remains correct until there are signs of basically changing circumstances which necessitate a rethinking of policies and strategies and under certain circumstances also demand new decisions.

In Kant’s version the Imperative states: Act as if the maxim of your action should – by your will – become a universal law of nature.

In the context of corporate management that means »the law of the corporation« instead of the »law of nature«. That is precisely the effect of right policies.

30 years before ethics have become a general management fad due, among other things, to the excessive manager bonuses and there are attempts everywhere to artificially superimpose ethics in retrospect, Maucher succeeded in smoothly integrating the right ethics into the activities of the corporation and in blending both of them to form an organically harmonious whole.

Thus another of Maucher’s »secrets« is uncovered. Due to the fact that he also made use of the powerful impact of such principle, Maucher had a great advantage over other top executives in that he was immune to the ever-changing fads and fashions in management and to the financial temptations from the zeitgeist – which during the economic boom was more of a demon of the times. It was this very Zeitgeist, however, which during his entire regime demanded, in almost every aspect, the opposite of what he in his position as CEO considered right. He defied these temptations, especially with regards to the most crucial issues, with great success, discipline and responsibility, as I will show later.

It is natural for Maucher to think in terms of great future dimensions. For this, however, he rarely uses the word »vision« because he wasn’t deceived by the euphoric stock market- born hypes of his time.

His broad view again becomes apparent in his comprehensive understanding of holistic, economic, social and political interdependent contexts – and particularly of the responsibility which a corporation has towards the whole of society. As a result, his corporate policy and strategy decisions are far-reaching because he sees them holistically and consequently he is able to take the total dimensions of a challenge into account.

On the other hand, this was entirely contrary to the neo-liberal doctrine of shareholder value, which occasionally Maucher ironically referred to as share-fetishism. To see corporations primarily as machines for generating
profits did not correspond to Maucher’s understanding of a functioning company, for he regarded the functioning of a company strictly in terms of the market and the customer.

Thus he was able to keep firmly in view two of the cast-iron benchmarks that enable right corporate governance in the first place. Reasons for these can be found in my books where I dub them the »polar stars« of management navigation. They are the twins »customer value« and »competitiveness«, the only benchmarks in the economy which cannot be manipulated. In contrast, »shareholder value« and »enhancement of value« correspond to the ever-changing »position of the planets« metaphorically speaking. They are subject to the vagaries of the stock market and, to a large extent, to the lack of understanding of management logic in real economic terms. For that reason they are easy to manipulate, as has been proved in the scandals surrounding Enron, WorldCom and many others.

Right management based on the »polar stars« of customer value and competitiveness aims first of all at creating economic performance and only after this has been achieved does it aim at its distribution – which then naturally includes the shareholders. It was precisely because Maucher understood managing in this way that Nestlé generated even larger profits under his regime and created more shareholder value than those CEOs who all too frequently submit obsequiously and immediately to the dictates of shareholder value and its apostles.

On the basis of these precepts, Maucher, as can be seen later, practiced an exemplary and effectively functioning corporate governance, which was far ahead of and superior to the Corporate Governance Codes that were pompously emerging at that time.

Profound expert knowledge of his business

As the last of the »secrets« of Maucher’s success I have singled out something which can hardly ever be found in books on management and which – because it is largely not understood – and is therefore frequently mistaken for gut feeling and intuition.

This secret is his exquisite, downright perfect expertise in Nestlé’s business. Maucher knew Nestlé inside out. His vast knowledge was almost unparalleled. He had grown up in this business and had been actively involved in organizing many things down to the very last detail. Consequently, he knew everything there was to know about the numerous things that con-
stitute a business – products, markets, consumers, brands, marketing, advertising and packaging; raw materials, quality, prices and manufacturing processes; about trade, suppliers and banks; finance, risks, the stock market and shareholders; the media, local and international politics – and first and foremost he knew about people.

Intimate knowledge of the business is what it takes to make excellent management possible in the first place. However competent executives are, they cannot manage just any company without further ado, as is often assumed – let alone other types of organization. To put it another way: if you want to ride a horse properly, you have to know a lot about horses.

It goes without saying that the most successful executive in the steel industry should not be entrusted with the management of a bank and on the other hand even excellent bank executives are more likely to have difficulty understanding manufacturing companies.

It was the early insight into such facts that enabled me to incorporate precisely those elements of right and good management into my own management theory that are universally essential irrespective of the particular type of organization and also culture. It was then only a natural step to make management into a profession with its own craftsmanship and with its typically universal precepts, tasks and tools: into a profession that can be learned to a greater degree than most people believe nowadays or are able to imagine. After these results had been successfully expressed in easy to learn models for right management, it was possible to develop new forms of advanced management, leadership and governance education, forms that were often revolutionary in their effectiveness.

The better CEOs understand the business, the better they can utilize their management for the benefit of the customer and for competitive advantages. They understand things faster and better than others; they do not require detailed analyses, often grasp connections at a glance where others first need to study long reports, and for that reason are able – as it were shooting from the hip – to take right and good decisions at lightning speed and then act upon them. What laymen often and rashly think of as gut feeling and intuition has its origins more frequently in a thorough knowledge of the business.

If you have no professional management at your command, you quickly reach your limits, especially in complex businesses; and if you have no knowledge of the business, then your management will very quickly come to an end. Both are needed in a flexible balance, capable of changing quickly and unpredictably, according to the circumstances.

His immense expertise combined synergistically with his management
professionality was the decisive reasons for Helmut Maucher being such a powerful and in essentials such a brilliant CEO and, what is more, an entrepreneur in the best sense of the word.

Against the mainstream, and therefore more successful

It is crucial to this book that Helmut Maucher achieved his highly unusual business success in a way that is almost diametrically opposed to the concept of management that has prevailed from the early 1990s to the present day. The financial, debt and economic crises are making it more and more evident just how gigantic the misdirections of mainstream management were.

It was half way through Maucher’s active service as CEO that a period began with an onslaught of the greatest ever errors and false doctrines in management theory and practice. From about 1992 on, the real economy and the financial economy began to drift apart, imperceptibly at first and then more intensively until they literally became two different worlds.

The indispensable parameters of entrepreneurial navigation were displaced by purely financial parameters based on short-term performance. Decisions were geared more and more towards movements of the stock market and evaluations by financial analysts instead of towards customer value and competitiveness. The opinions expressed by the finance media counted for more than the customers’ decision to buy. Shareholder value became more important than technological innovation and real investments. Maximizing the return on equity capital had priority over healthy financing and liquidity reserves. Observing a socially acceptable approach to large reconstruction programs and heeding social responsibility were frequently and arrogantly dismissed as »romantic or crazy leftist ideas«.

Thus began the systematic misallocation of financial and social resources from the real economy to the financial system. Capital leveraged as much as 100-fold flowed into the financial markets, and there was a brain drain from corporations with factories to the Wall Street industries.

Therefore, Helmut Maucher’s great success was created with precisely the style of management which was fundamentally contrary to that taught to generations of students at many universities and numerous business schools in particular. It is much of this business administration that is the direct cause of today’s financial crisis, the rise in unemployment particularly among young people and increasing social tensions. The booster mechanisms of
the respective consulting industries including corporate governance consulting, strategy consultants, executive search and executive compensation and also the accounting firms, have exacerbated these errors a thousand times over and caused them to impact on the economy. So far the question of their responsibility has not even been addressed.

If, on the other hand, Maucher’s management expertise had been widely applied, a financial, debt and social crisis like today’s could never have arisen. On the contrary, we would have corporations that were healthy to their very core and therefore there would also be a healthy, strong, real economy and a financial economy, too. In this social situation – perhaps the most threatening since the 1920s – with its danger of a deflation that has still not been properly perceived, the example set by Helmut Maucher gives rise to great hope, for it goes beyond excellent management. It is in this dimension that Maucher stands for genuine leadership in the best sense of the word, a leadership which sets an example also for other areas of society.

For that reason, this book also has significance beyond business. It will help to clear up and eliminate many misconceptions about business activity and management which are entertained especially by those at the highest decision-making level in numerous public organizations, in politics and in the general public, too. Excessive bonuses, major bankruptcies, scandals involving banks and the stock markets and all the crises in the financial system would never have arisen if management had been carried out in the right way.

This book is also a convincing illustration that not all the business world corresponds to the many clichés in the media, but that there are companies which function superbly. These include such organizations as Nestlé, who not only know how to be successful in business but also fulfill their social and ecological responsibilities, where they even take the initiative in an exemplary way. Thus the wide divide between business and the people can be bridged and some of the gaps closed.

Encounters

At our very first meeting it struck me that Maucher essentially thought and acted differently to the majority of people and that his principles and guidelines were fundamentally more different than they had been generally represented. You obviously need to know what to look for if you want to see this
clearly; if you want to distinguish between right and wrong and between
good and bad management.

Helmut Maucher and I have met very rarely and until the idea of this book
was conceived we had only met three times. Our first meeting took place in
the fall of 1998 when Helmut Maucher and myself had to deliver speeches
at an event for invited guests, where one of the topics was shareholder value,
a topic which was in vogue and very prevalent at the time. The first edition
of my book *Die Richtige Corporate Governance* (The Right Corporate Govern-
ance) had appeared in the previous year. There I had stated that the share-
holder value approach which originated in the USA was a misconception
and was based on misunderstandings of right management and also mis-
understandings of the American economy and its merely apparent strengths
and successes; these were by no means the result of particularly exemplary
management, which had been the general uncritical assumption at the time.

I showed that this approach meant that fundamental mistakes in manage-
ment were going to be inevitable and, as already mentioned, would result in
the huge misallocation both of economic and human resources. I had been
addressing this topic in my publications for years and I had given numerous
lectures and seminars on the subject and my experiences at the time are
outlined in the above-mentioned book.

It was the time when the new-economy boom was heading towards its
zenith; when most of the economic world was dancing round the »golden
calf of the Internet«; and when the new perverse factor of success was the
so-called »money burn rate «. Shareholder value, key financial figures and
Anglo-Saxon management generally were considered to be the new truths
for corporate management and had been accepted as such almost worldwide
except mainly for the segment of family owned businesses in Europe.

In his presentation Helmut Maucher expressed himself among other
things in words which were directed at myself »I agree with you there. At pres-
ent we are performing a huge balancing act at Nestlé on account of shareholder
values. Tomorrow morning I will have to tell the financial world what they would
like to hear and in the afternoon I have to see to it that we do the exact opposite in
the company without the financial world being aware of the fact.«

No one had ever expressed this so clearly and unequivocally. At that time,
admittedly, few of the guests got the message, for at that point in time the
majority of them were so fixated on shareholder value that it was hardly pos-
sible for them to think of alternatives. However, Maucher was one of the few
CEOs who did not shy away from an argument with the financial world and
often informed them in no uncertain terms of his diametrically opposite
points of view, as for example when it came to the price of acquisitions, about which he simply knew considerably more than young financial analysts.

Our second meeting took place in 2006, on the occasion of a dinner given by a major Southern German entrepreneur. Maucher and I were sitting opposite each other at the table and we got into conversation about the power of brands as well as brand strategies and marketing. I was surprised to note that Helmut Maucher, the architect of the world’s largest food company, had addressed these issues in person and in very great detail during his active service with the company. In most cases CEOs leave such issues to their specialists and relevant agencies but that was not Helmut Maucher’s way.

With a mischievous look he told me that his people had wanted to abolish the original corporate logo and replace it with something more up to date. Nestlé’s logo is a small bird’s nest in which a caring mother bird is feeding her three young. It is derived from the name of the company’s founder, Henri Nestle, who came originally from the Swabian area of Southern Germany where Nestle means »little nest«. Maucher energetically vetoed this intention, however, for this logo was a constitutional element in the identity of the corporation. Just because of the design, he was prepared to do without one of the three little birds so that the proportions of the logo would show to better advantage in small font sizes, too. What emerged in the course of this extremely interesting conversation was the considerable attention to detail and great expertise that Nestlé’s CEO brought to bear on the key issues in the business, which is, as I have mentioned, one of the characteristics of his way of management.

The idea for this book was conceived at the third meeting when we were invited to dinner by Dr. Farsam Farschtschian, one of my doctoral candidates, to celebrate his PhD. It was I who had proposed the theme of his dissertation and had supervised it in conjunction with a colleague, Prof. Martin Hilb. The central figure of the dissertation is Helmut Maucher because the research project dealt with his impressively successful acquisitions and above all his exceedingly professional handling of the Board of Directors in that connection.

Dynamic and growth with successful acquisitions

The title of Farsam Farschtschian’s doctoral thesis was: The Secret of Successful Acquisitions – Abandoning the Myth of Board Influence and it is one of the best dissertations I have ever received during my academic career.
It addressed the subject of why Nestlé was so enormously and sustainably successful with its long-standing acquisition strategy, whereas the then Swiss Airline »Swissair« failed so miserably in spite of applying the exact same strategy and finally went under. In particular Dr. Farschtschian considered which role the Board of Directors in each company had played in the events.

My reason for proposing this subject for the dissertation was the particular feature that this was a golden opportunity which made a comparison of the two companies unique because we had almost controlled laboratory conditions such as exist in science and technology. To a large extent both companies operated under the same conditions, were subject to the same legal system, were globally active, were exposed to the same zeitgeist and the same trends; their headquarters were in the same country and both of them had Boards which were studded with top-class high-ranking personalities.

The crucial difference was the quality of their management – it was Maucher’s professionalism as Nestlé’s CEO and his sovereign cooperation and interaction with the Board of Directors that made all the difference. We only need to remember once again that it is right management which gets things functioning.

In effecting acquisitions Maucher set an example by acting according to his strategic principle of »Be first, be daring, be different«. An acquisition is of all strategies the one that fails most frequently and in most cases most dramatically and for that reason experts consider it to be the most difficult of all strategies. However, Helmut Maucher met the challenges presented by acquisition strategy so brilliantly that there was never a single failure.

One of the reasons for this is the fact that Maucher himself not only had a command of acquisition management – something which others can also do if they have plenty of funds or huge credits – but he also had a brilliant command of the management required to integrate new companies into the complex brand and organization structure of Nestlé and above all to combine the corporate cultures, which in the case of most of his acquisitions could scarcely have been more different.

A fast-moving company

Nestlé is in the business of »fast-moving consumer goods«. Under Maucher’s regime, Nestlé also became a »fast-moving company«.

One of the company’s key success factors was in fact Maucher’s daring acquisition strategy, which he pursued in the period between 1980 and 2000.
All in all, while he was in office, existing businesses were sold for CHF 9 billion and new ones were acquired worth CHF 40 billion – an amazing total of 250 companies, as has been already mentioned. That was about 13 companies a year – a tremendous challenge for Nestlé’s management.

These included some of the largest and most spectacular acquisitions of the time whereby, in the light of the standards which prevailed then, gigantic sums of money were involved. In 1985, for example, Nestlé acquired Carnation, an American corporation, for $3 billion – until then one of the largest takeovers ever. Shortly afterwards, in 1988, Rowntree, the English company, was acquired for $4 billion, which was the largest takeover of a UK company by foreigners. In the same year Buitoni, the Italian company and later Perrier, the French company, were added – to mention but a few of the more well-known brands.

Thus Helmut Maucher perceptibly reduced the one-sided dependence on Nescafé and rapidly gained a foothold on the market for the company’s new products such as ice cream, chocolate bars, pasta, pet foods and water. Moreover, this strategy was a significant lever for expanding the company’s geographical presence in the USA and in the former communist states in the east.

Despite the diversity of the products and the speed of the acquisitions Nestlé never lost its identity. On the contrary, this was steadily strengthened because Maucher was an expert at creating a functional basic logic. He provided Nestlé with rules which hold the company together to its very core – biology calls it the genetic code. In this instance we could call it the Maucher Code, one of the most universal and significant Master Controls.

At the dinner given by the newly qualified Doctor of Economic Sciences to celebrate his PhD, Helmut Maucher and I had the opportunity, for the very first time, to discuss in detail – against the background of the dissertation with its very abundant results – his management philosophy and his management methodology, the results of which, in the context of his strategy and his co-operation with the Board, were portrayed so impressively in the research project.

Plans for this book

When, on the spur of the moment, I suggested to Maucher that evening that we undertake the project of writing this book, he declined at first. He said that he had written everything already and that it was only a short time ear-
lier that his *Management-Brevier* had appeared in which he had outlined all the key points once more.

Maucher is decidedly modest in such matters. For example, he had never for one moment thought of aping the trend of writing his biography or having one written for him. This is an admirable exception in a time when many at the age of only 50 think that their biography could be of interest.

I had already benefited from my reading of Maucher’s *Management-Brevier* and for that reason it was clear to me that there was still much more for him to say. It was easy for me to recognize this fact, for not only did I have a sharper perception of Maucher’s uniqueness on account of my own management theories but also because of my co-operation with many hundreds of top executives for almost 40 years and because of my active engagement as a member and Chairman of Corporate Governance Boards. Last but not least, there was also my management experience in my own organization, which has been a leading pioneer of exemplary management innovations since 1984.

### CEO, Board of Directors and right Governance

Helmut Maucher was an uncommonly strong CEO. He placed great emphasis on the freedom and authority vested in him. He was both CEO and Chairman of the Board of Directors for a long time, which is permissible under Swiss corporate law but would not be possible under German law.

Maucher appeared almost uncompromising in the figure he presented as CEO, the strong man at the head of the company, as the only functioning management principle for the top management. Occasionally the effect could appear somewhat dogmatic.

### CEO and autocratic rule

This is one of the few topics where our opinions seemed at first to diverge. It is true that I too stand for the principle of a strong CEO and in practical terms this means that the unrestricted decision-making ability of a company and its capacity to act must be ensured unfailingly at all times. However the solution to this is not only to be found in unrestricted autocratic rule by one person, which is often the way it is construed.
The solution of the one-man autocracy reaches its limits, when a CEO who more or less rules alone, for whatever reason, simply proves to be the wrong man for the job.

Starting in the early 1990s it became common practice for executive searchers to introduce lateral hires into companies as CEOs. Due inevitably to frequently limited knowledge of the business and the company, such CEOs can make wrong decisions within a very short time, which can have irreparable consequences for the company.

On the other hand, Maucher and I share the opinion that where the man at the head of the company is in fact strong, reliable and particularly competent, the results can be second to none. Many commercial empires have arisen or could actually only do so because of this constellation.

If we look more closely, it also becomes very apparent that Maucher carried out his exceedingly strong CEO position with much greater sovereignty than complied with prevailing opinion, text books and the image of the CEO created in the media. Above all, in his position of CEO he acted quite differently from many of his contemporaries in the most senior executive positions at that time, contemporaries who frequently yielded to the temptation to give free reign to their own egomania. We have dealt with Maucher’s extremely instructive and special methods as CEO in our conversation, which has been included in this book as a transcript.

Maucher used his power which was in principle almost unlimited and his unique position much more wisely and therefore far more effectively than is usual in top-level management. As he was well aware of the fact that power corrupts and that, as is generally known, absolute power corrupts absolutely, he had the greatness to restrict his unlimited power of his own volition.

It is therefore consistent that because he possessed the expert knowledge of Nestlé’s business himself, he made most of the decisions by himself without consulting the Board of Directors. However, he brought personalities onto the Board of Directors who had other attributes; who were strong, capable and independent enough to protect him from the dangers of his enormous power should that have proved to be necessary. Thus, he also established, amongst other things, a Board Committee which had the right of veto where more significant investments were to be decided.

Maucher’s corporate governance principles went far beyond the governance codes emerging at that time. Maucher’s methods were actually in direct contrast to some of their key points and were superior to the recommendations of the customary codes. For example, he decidedly opposed the excessive manager incomes which were becoming customary at that time,
especially if these were also associated with or could be linked to cutbacks in the workforce. He pursued a different avenue than is usual when it came to the remuneration of the Board of Directors preferring a set payment instead of variable profit-related bonus payments, which are always fraught with the risk that decisions are made in favor of short-term improvements in earnings in the interest of one’s own income.

Maucher did not need to make use of his formal position of power, for he had a considerable natural authority due to his continuing successes with his right management and due to his profound business knowledge. Added to this was the fact that he treated the members of the Board of Directors with high regard. He enjoyed great respect and he was trusted in his position as head of the company and also as a human being.

A leader with a team instead of a team of leaders

One of Maucher’s bold principles is a leader with a team – and not, as many would prefer to see, a team of leaders at the top. This is a universally valid principle for the organization of a top management, for scarcely anything paralyses a company more than the potential indecisiveness of teams, their frequent self-paralysis and mediocrity.

As stated, Maucher rejected many of the foundations of Anglo-Saxon corporate governance which have dominated for years or accepted them solely as a matter of form; he rejected such concepts as shareholder value, a short-term increase in market value and management with purely financial parameters or with quarterly financial statements. He regarded these elements as objectively obstructive to right and good management. This finds beautiful expression in his quotation on shareholder value.

However that is precisely why his Board of Directors functioned so well and why he also had their unrestrained trust, which is depicted impressively by Farsam Farschtschian in his dissertation.

Thus it was that the members of the Board of Directors could rely on Maucher to always keep them informed about everything – openly, unreservedly and accurately, whether it was positive or negative. When large investments were to be considered – such as the acquisitions mentioned above – Maucher provided the Board of Directors, in good time, with a short but comprehensive exposé that he, the CEO, had produced in person. Usually it was not more than ten or twelve pages long and contained all the information that was relevant to any decision that was to be taken at the highest level.
There were no long-winded discussions and no presentations en masse, but crystal clear management information, which was why decisions by Nestlé’s Board of Directors could be reached professionally and quickly.

During our talks, Maucher frequently stressed that the Board of Directors knew that he would have resigned if the Board had good grounds for rejecting his requests two or three times. There can scarcely be any higher degree of personal integrity than to link your own fate to management decisions at the highest level.

Especially when co-operating with Nestlé’s Board of Directors, Maucher considered truth and openness, as values of corporate culture and unambiguous morals, to be important. He also emphasized to the shareholders the importance of values for right corporate governance and used to tell them: »I hope we share more value than just share value ...«

A distinctive feature of Nestlé’s corporate governance is also the fact that Maucher had no employment contract. Just imagine the CEO of the world’s largest food company working without a contract.... Knowing the elaborate and highly complex contracts which are usually considered to be indispensable in top management, it is hard to believe and we wonder what the point of it was.

Maucher was reappointed every year and therefore it would have been possible to part with him each year without observing any formal requirements and without any difficulty should there have been any grounds for such action. In order to make this possible in practice, too and in case anything unforeseen happened to him, he informed the Board of Directors every year which persons he recommended to be his successor. His great power was also expressed in his dual function of CEO and Chairman of the Board of Directors, positions which he held simultaneously for ten years. As long as it is possible to part from a CEO every year and at the same time to settle the choice of a successor any time, power can lose many of the negative aspects that are feared. But a strong CEO, who knows the company and the business to the very last detail, who has the authority to decide and whom the Board of Directors trusts, has the advantage.

People and corporate culture

Maucher’s principles of personnel policy, promoting young and potential managers, management development as well as management education and training are completely different to what most text books want.
Even his own career path was almost the opposite of what is regarded by HR and executive-search experts as obligatory today, for Helmut Maucher worked »only« for Nestlé all his life. As of 1964, he had held different positions in management in Frankfurt until he became General Director of the Nestlé Group in Germany in 1975. As mentioned, he became the Head of Nestlé AG Switzerland on October 1, 1980 and in 1981 he became CEO of the Nestlé Group. From 1990 until 1997 he held both the position of Chairman and CEO. After he stepped down from his post of CEO, he continued as Chairman of the Board until 2000 when he was appointed Honorary Chairman.

According to this principle he filled the key positions in the corporation preferably with people who had a similar career path. He positioned people who had always »only« been with Nestlé to succeed him. Thus it was that when Peter Brabeck-Lethmate was appointed his direct successor, he had more than 30 years experience at Nestlé, where he had begun work as a product specialist. It was precisely for that reason that these executives were consistently and exceedingly successful. After 30 years with Nestlé, tried and tested by ever increasing and challenging tasks, the man knows the company and the company knows the man. When Maucher handed over leadership to Peter Brabeck-Lethmate, he left the headquarters in Vevey and returned to Frankfurt. Maucher said his successor had to be able to go his own way.

Selecting the right executives

In other matters pertaining to staff policy, Maucher had basically different principles to conventional HR practice and theory. Maucher said a guideline for his staff selection was: »Look more in the eyes than in the files ...« which is only one of the many very apt formulations for which he is well-known.

He placed particular emphasis on the education of executives. This found expression among other things in his personal involvement in Rive Reine, Nestlé’s own international training and education center, with its pioneering and innovative training programs in management development. It was also evident in his efforts to ensure a leading position for the International Institute for Management Development (IMD) in Lausanne.

However, it was to the selection of the right people that Maucher attached most importance. Moreover, he did not think much of assessments, which in the mainstream continue to be regarded as indispensable methods for
selecting the right managers. As a result, he went to even greater trouble to obtain a reliable assessment. But you can only look in the eyes of people if they have been with a company long enough, because otherwise you have to rely on the files.

Maucher considers personality and character to be the most decisive factors. But how are these to be assessed in newcomers? Basically, that is not possible! The former successes of lateral hires in other companies can provide some indications, but nothing can replace the reliability of an assessment based on the long service of executives in the company and on the results achieved by an employee who time and again has been entrusted with increasingly important tasks and responsibility over the years and decades.

A corporate culture of credibility and trust

Perhaps more than anything else this personnel policy promoted the strong corporate culture of both credibility and trust, and truth and openness, which thrived at Nestlé under Maucher because people who are promoted as a result of having proved their worth and not as a result of coming from outside don’t need to pull the wool over anyone’s eyes. They are authentic. Cultural values such as trust, credibility, truth and openness are the basis for their authority.

Maucher was particularly careful and cautious when it came to matters of trust. He adopted the maxim by Peter Drucker, the doyen of 20th century management theory: »It only takes a minute for trust to be lost but it takes ten years for it to be regained.«

In addition to corporate culture in the strict sense of the word, Maucher also attaches great importance to the socio-cultural values which, as Master Controls also, provide a company with long-term fundamental orientation. It is his opinion that these major values include such attributes as freedom, equality, efficiency and solidarity.

Executives’ attributes

In his lectures Maucher repeats, time and again, those traits which he considers to be necessary for good management and which he enumerates in detail. Depending on the purpose of the lecture, the number of important attributes varies: sometimes it is only eleven, and sometimes it can be as
many as fifteen. The number of the attributes depends on the subject of the lecture and on rhetorical aspects.

Some of these attributes are courage, strong nerves and equanimity, learning ability, imagination, coherent thought, credibility, an ability to take decisions, a sense of responsibility, modesty, but also good manners and an exemplary presence.

Those who know my own publications will think that they can see a certain contradiction here between Maucher’s views and my own in that I am less in favor of how executives are and attach more importance to what executives do.

However, this contradiction tends to be superficial and to result from using terms differently; it is not a matter of basic differences. In so far as anyone actually has attributes – and talents, too – he will doubtlessly have it easier than someone who does not have them.

For those people under someone’s direction, attributes are mainly reflected in the way their boss acts. For that reason, my attention is directed more towards managers’ actions and the principles they observe in the process than on the traits themselves, which you either have or have not. However one can learn certain kinds of action to a certain degree whereby – within limits – it is even possible to compensate for even weak or missing traits.

Charisma

Did Helmut Maucher have that charisma which is called for so frequently? It depends on what you mean by charisma and how you define it. Whether he had »the divine gift« which is the way the concept of »charisma« is defined from a religious point of view or whether he had »extraordinary revolutionary power« in the way the great sociologist Max Weber sees charismatic rule among other things, and whether Helmut Maucher was even born with it remains open to question.

For decades, however, Helmut Maucher acted in a way that was experienced as charismatic by many others and on whom it had this effect. Peter Drucker once said: »A leader is someone who has followers«. In this sense Maucher was, as already mentioned, a leader. But that is still not enough, for there can be many reasons why people follow others, at least for a time – curiosity, show, money, power and more besides.

People followed Helmut Maucher because he possessed a likeable and natural kind of leadership, because primarily they trusted and respected him
and because under his leadership they achieved the right results. In this sense he was someone who genuinely led, unlike many who have misled.

An unusual person with unusual working methods, too

As has been seen, Nestlé’s business success under Helmut Maucher’s regime was consistently excellent in practically every respect. But what did Maucher himself do specifically to generate this success? What did his working methods look like? Or to put it differently: What does a man like him do when he arrives at his office in the mornings?

In our talks, Maucher said he needed few staff and hardly any consultants either, except when they were required for special tasks. Nor did he have personal assistants; one secretary had been enough for him, but he did emphasize that she had been with him for many years and had been very good. He was good at using a dictating machine. He had led the company through direct contact with the business lines at home and abroad because that was where the know-how and infrastructure were.

On account of his direct way of management he had travelled a lot, especially to the markets. How much of his time had he spent there? About 60 percent. There he would discuss business with the local managers and these discussions had frequently included their key employees. In particular they would talk about the features peculiar to the local markets and products, for although Nestlé was a global corporation with global markets, business tended to be mainly local.

Unlike many other companies, Nestlé did not keep a company aircraft even though the corporation is present in practically every country in the world and runs almost 500 factories in over 80 countries. Although he had spent 60 percent of his time in the markets, he had not really needed a company aircraft; he had always flown with an airline and if that had not been possible, he had been able to charter a plane at any time. Maucher says that they were modest at Nestlé but had style...

Maucher’s preparation for launching Nestlé on the market in China is exemplary and unusual as far as working methods were concerned. He visited China in person no less than six times before Nestlé built its first factory there. As a consequence the plant was profitable from the very beginning and has remained so. En passant and with a smile, he compared this to other chairpersons who were not personally on the spot in the early stages, but sent
their underlings. Consequently, these only met in China with the next best from there, which meant that they seldom get out of it what they required and certainly didn’t get the necessary sturdy trust at the highest level or even lasting friendships such as Maucher had in top government circles and with Chinese Prime Ministers.

On my own numerous visits to China since the 1990s, I have frequently heard the name Nestlé mentioned at the highest levels, but I have heard the name Maucher even more often. Each time it was also mentioned with great respect that the CEO of Nestlé, Helmut Maucher, was a true friend of China. It also became of increasing significance for the Chinese that Maucher’s presence and management were entirely different to that of most CEOs. As I myself had also advised the Chinese in business and in politics and repeatedly in the central party school over the years not to engage too one-sidedly in the Anglo-Saxon management approach, I was often asked how I, as an expert, rated Helmut Maucher’s management.

No great words, but fine distinctions

Helmut Maucher is an astute thinker, who intellectually gets to the bottom of things. However, what strikes me even more is the fact that he has the art of communication at his finger tips.

His language is clear, unequivocal and powerful, enriched with expressive figures of speech, apt witticisms and delicious and even ironic wit. A selection of his aphorisms can be found at the end of this book. On the other hand, what makes a pleasant change is the fact that Maucher’s language contains none of the euphoric expressions and buzz words that are so typical of management.

In interviews with the media, which are also printed in this book, it is striking how sovereign and skilful Helmut Maucher is in dealing with the ever so typical instances of linguistic polarity into which most executives blunder quite regularly. Maucher does not reply to the either-or questions which journalists like to ask with the usual, mostly meaningless »happy medium«; nor does he answer by taking divisive sides in favor of one of the mutually exclusive alternatives, He replies with skilful synthesis at a higher level of integration. For example, we hear him state categorically that companies require bank know-how but not a bank mentality; a good working climate but not a peaceful idyll; lateral thinkers but no oddballs....
This becomes particularly clear and meaningful when, for instance, journalists confronted him with questions on the aims of cuts in the workforce, as for example in the interview with The Spiegel, Germany’s most important political magazine, which has also been included in the book. Job cuts for the sake of more return? – Definitely not; but on the other hand, job cuts are permissible in order to strengthen competitiveness; not in order to earn more money, but by improving the market position to make business even more sustainable, which as far as Maucher is concerned is not the same thing, even though so many others can only perceive it this way because they do not know, recognize or understand the fine nuances of management at Maucher’s high standard.

Commonsense, pragmatism and wisdom

Maucher’s mode of management, his long-term orientation, and his decision-making and actions geared toward the principles of corporate policy are grounded in his origins and family, his comprehensive world, his clear value structure, his remarkable knowledge of history and also in his love of music. Unlike many top executives, Maucher is well-read. A small selection of authors, who Maucher is accustomed to quoting, include such great thinkers a sociologist Max Weber, the most significant management thinker in the 20th century Peter F. Drucker, Chancellor of the social market economy Ludwig Erhard; thinkers from the Freiburg School of Ordoliberalism as well as thinkers from antiquity such as Epictetus and Aristotle; and perhaps the greatest philosopher of science in the 20th century Karl R. Popper, as well as Schopenhauer, Descartes, Cicero, Thomas Hobbes, Goethe, Eduard Mörike to name but a few.

He is unusual among top executives in that he has a good grasp of macroeconomic and societal issues as a whole. He has an unusually profound knowledge of the economic order propounded by German ordoliberalism; he knows the advantages and disadvantages and the functioning of the market economy better than many an economics professor and he has a sound grasp of the most complex issues relating to economic policy. This is also a fundamental part of his credibility and his persuasiveness as a corporate leader. It only takes him to say a few sentences for you to know that here is someone who knows what he is talking about, who is broad minded and holistic in his thinking and therefore acts from a higher plane of wisdom and insight.
Thus, there were convincing and compelling reasons for inviting Helmut Maucher to play a decisive and leading role in top-level committees, as is described in detail in the appendix. Helmut Maucher has set a fine example by doing a lot for society and politics particularly through his commitment to associations and to politics at the highest level, which is also the subject of the final chapter on improvements in our democratic constitutions, which Maucher wrote expressly for this book. He has acted as Chairman of the International Chamber of Commerce (ICC, Paris) and as head of the European Round Table, a committee of some 50 top executives who bring expertise from the echelons of business to the integration process of the European Union.

However, he is not only committed to the really big issues, but also sets an example in his commitment to apparently smaller tasks, which are just as important, as for example opportunities for the area of Upper Swabia and the education of young people which was the subject of a lecture given before teachers at the commercial high school in Wangen in the Allgäu in Southern Germany – Helmut Maucher was born and grew up in the tiny village of Eisenharz in West Allgäu. It was there that he was shaped, formed and educated by his home and large family, by village life, school and by his early job in the local dairy, which was later taken over by Nestlé.

Numerous awards testify to Helmut Maucher’s impact and the high esteem in which he is held. For example, he received three honorary doctorates from the universities of Munich, Guadalajara and Oestrich-Winkel, the Scopus Award from the Hebrew University of Jerusalem and the Appeal of Conscience Foundation Award, New York, and the highest awards from the International Institute for Management Development (IMD). He was also awarded the highest political orders of Germany, Austria and Mexico and of the Federal German State of Baden-Württemberg; he received the Fortune Magazine Gold Medal and the INTERNORGA Award and was elected to the Hall of Fame of the German manager magazine. He was awarded the Preis Soziale Marktwirtschaft (Prize for Social Market Economy) by the Konrad Adenauer Foundation for his entrepreneurial flair and social commitment in 2004. More recently, in April 2013, Maucher received the Hanns Martin Schleyer-Preis, the prestigious award for significant contributions to strengthening and promoting the principles of free and democratic policy.

One of his concerns has been having direct contact with people so that he could understand them and their social reality; he wished to experience for himself what and how men and women think. Market studies alone were not sufficient for his purpose. Another thing that was important to him was
making the business world understandable to people and above all giving them insight into the realities of large-scale corporations, which were often regarded with skepticism, rejection and frequently with vague feelings of fear. The second part of Goethe’s *Nature and Art*, one of Helmut Maucher’s favorite poems, aptly expresses his being and strivings:

»[...] Such is the case with all forms of refinement:
In vain will spirits lacking due constraint
Seek the perfection of pure elevation.
He who’d do great things must display great restraint;
The master shows himself first in confinement,
And law alone can grant us liberation«