



SUMMARY

- EDITORIAL p1

- ECONOMIC CRISIS p2

- The financial crisis of today: a rerun of the past?

- EVENT p3

- Matri Conference

- MANAGER p4

- Men in the middle

- OUR MEMBERS p4-5

- ULA (Germany)
- Federmanager (Italy)

- CEC p6

- CEC Managers' Network
- Team changing

URGENT!

SURVEY ON THE ECONOMIC CRISIS

The CEC asks for your opinion in a questionnaire online: <http://cec-managers.manager-monitor.de/0902/>

EDITORIAL



In Chinese, "wēijī" is the character for crucial instant with a new beginning or with the upcoming of changes. The point is not so much in the global meaning of this character, which in reality is the Chinese translation of our "crisis". Breaking it down is much more enlightening: "wēijī" is in fact the combination of two syllables which are written with two distinctive characters: "wēi" referring to danger, and "jī" meaning quick-witted or resourceful. So in the Chinese word for "crisis" there is a notion of dynamic, of possibility and of opening.

Therefore, in this difficult 2009 context, CEC has chosen to launch a new dynamic and to give food for thought to managers' questionings.

So as to better understand the managers' point of view, CEC has open a survey and is asking for your opinion on the current economic crisis, through a questionnaire available online: <http://cec-managers.manager-monitor.de/0902/>

In this issue, we look further at the characteristics of this crisis through the analysis of a researcher at the DG Economy and Financial Affairs. The current crisis is put in parallel with various financial crises which have hit several regions of the world in the 1990s. The purpose is to see whether similarities between the cycles of these crises exist, so as to better foresee possible evolutions of our worldwide situation.

We then give you the results of our co-

operation with the MATRI project and our first reflections in terms of creativity in the field of research and development. Over two years and with the support of the European Commission, the MATRI group has tried to present an overview of the new competencies in R&D which will boost tomorrow's European competitiveness.

The "Manager" section gives practical advice to managers for a better running of their daily work. In this issue, we highlight the role of managers as change agents. In this period of crisis, this position becomes even more central and it seemed adapted to help carrying this responsibility at best.

Last but not least, we remind you of the possibility to exchange with other managers on the platform CEC Managers' Network. Remain connected to those which are confronted to the same difficulties as yours: see you soon on www.cec-managers.org!

So let's give credit to this year 2009, let's have creativity and innovation lead our choices – CEC will actually come back to this theme during its next congress in June on "The role of Social Partners To Stimulate Creativity and Innovation in Europe – An Answer to the Economic Crisis"! Besides, isn't it precisely the role of a manager to always innovate in order that his vision, his leadership, his commitment and his choices within the implementation of strategies, be profitable to the firm?

Georges Liarokapis, Président



THE FINANCIAL CRISIS OF TODAY: A RERUN OF THE PAST?

To answer this question, it is instructive to compare major recent crises with that of today. As demonstrated in the table, several financial crises have hit the world economy since the early 1990s. Of course, there are large differences across the countries shown in terms of size, political system, standards of living, etc. Still all of them display roughly identical patterns of boom and bust.

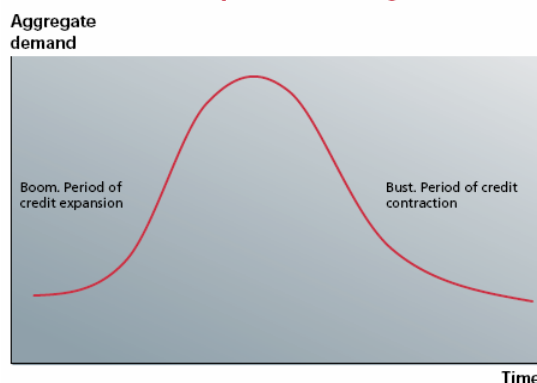
In short, the story is the following: the boom usually starts with financial deregulation and financial innovations combined with expansionary monetary and fiscal policies. The boom is driven by a rapid rise in credit and by low rates of interest. The rise in bank lending is channelled into asset markets, notably real estate and stocks. As real estate increases in price, the higher market value is used as collateral for new loans. The lending boom becomes a self-fulfilling process.

The general mood is one of optimism and risk-taking. Policy makers, bankers and the public are not able to perceive the rising risks created in a financially vulnerable economy during the boom. Developments in the financial sector interact with the real economy. Consumption and investment, in particular in housing, rise rapidly. The whole economy is booming, that is, growing faster than the trend rate.

Eventually, the boom turns into a bust. Negative news changes the outlook from optimism to pessimism. Credits starts to contract. Interest

rates rise sharply. The value of real estate and stocks falls. Wealth losses lead to lower consumption and investment and increase in private savings. Investments plummet, most rapidly within the construction sector. Unemployment soars. Tax revenues fall and public spending increases. The govern-

The boom-bust pattern. A stylised view



ment budget deficit increases dramatically. The economy slides into a deep recession. At this stage, governments are usually forced to support the financial system with capital injections into banks and other measures to 'save' the financial system.

The above account describes the stylised boom-bust pattern of the 1990s. Yet the similarities with the recent crisis as it has developed in the US are striking. In the US, financial liberalisation and financial innovations fuelled the credit boom in the past ten years as they did in the crisis countries in the past 1990s. Similarly, the expansion of lending originated in the housing sector, closely connected to the rise of sub-prime loans.

The high degree of financial innovations in the US made the country the centre of the recent financial storm by creating an extremely leveraged financial system. Structured products, sophisticated derivatives and a high degree of complex and opaque securitisation raised the extent of total US leverage. The outcome was excessive credit

growth, excessive leverage and excessive funding that eventually turned into insolvency and panic when house prices stopped rising and the underlying model of refinancing broke down in 2006-2007. The boom turned into a bust in the summer of 2007, with a contradiction of credit. Then it spread rapidly to the rest of the world. As in the crises of the 1990s, the financial system was severely hit. Financial institutions in the US have been faltering on the brink of bankruptcy. The US government has been forced to step in with subsidies, financial support, outright ownership, etc. at enormous cost to the taxpayers. As in the 1990s, the budget deficit and public debt have soared in the US to unprecedented levels. Monetary policy in the US is now in an extremely expansionary phase as the authorities try to brake the economy's slide into deep recession.

Of course, there are significant differences between the present crisis and those of the 1990s. The current one, originating in the US, has turned into a global recession because the US economy is the biggest in the world. The crises of the 1990s remained local or regional as they took place in smaller countries. In the 1990s, crisis-hit countries could rely upon the rest of the world to provide demand for exports. This is not the case today, which makes the present crisis more threatening. In addition, the deep globalisation of finance and trade has caused the crisis to spread faster and further than the past.

Although financial crises are not exactly the same, the boom-bust pattern of the 1990s is repeating itself to a surprising extent in the United States at present, and the figure captures the basic crisis dynamics of today as well as yesterday ●

Author: Lars Jonung, Research Adviser at DG Economic and Financial Affairs

Source: *European Economy news*, No 12, January 2009, European Commission publications, DG Economic and Financial Affairs

Major financial crises, 1992-2008

Country	Year
Finland, Sweden, UK	Autumn 1992
The ERM crisis	July 1993
Mexico	December 1995
Asia (Thailand, Indonesia, South Korea)	Summer 1997
Russia	August 1998
Brazil	January 1999
Turkey	May 2001
Argentina	December 2001
USA	August 2007
The world economy	2008



CONFERENCE MATRI : Methodology for the Anticipation of Industrial Transformations



Mr G. Liarakapis



Mr J-P. Chaffin



Mr B. Chapelet



Mr B. Sinnott



Mr L. Serio



Mr K. Koschatzky

On the 26th of January, the conclusions of the research project MATRI funded by the European Commission and managed by the Grenoble Ecole de Management, have been presented during a conference organised by the CEC European Managers, partner of the project.

In this period of economic and social uncertainty, it is highly relevant to identify the competences—and thus the jobs—that our societies should develop and those they should abandon in the field of R&D. MATRI project aims at strengthening the competitiveness of European poles in the creation of innovative products and services. It relies on the design and experimentation of a methodology to anticipate changes at human, organisational and social level.

To carry on the mission, several partners have been associated to this project financed by the European Social fund up to 1.2 million Euro:

- Companies: Cap Gemini, STMicroelectronics;
- Social partners: CEC European Managers, CFE-CGC and CIDA, and representatives of local authorities AEPI;
- A research institute: Fraunhofer Gesellschaft;
- Academic partners: INPG, Henley Management College, Politecnico di Torino, and Fondazione ISTUD.

The dissemination conference organised by CEC European Managers on 26 January 2009 at the economic and Social Committee in Brussels presented the main conclusions of the project ●

Good practices to keep in mind:

- To set up « job observatories » to understand the impact of technological and economical changes on competences
- To set up tools to anticipate the new repartition of tasks and occupations between sites and company's partners;
- To identify new competences linked to the new imperatives of cooperation and coordination;
- To take into account the collective dimension of key competences to face the complexity of R&D projects;
- To set up working groups open to local and social partners to offer to acquire new competences (jobs in evolution, new jobs, new roles);
- To define « type paths » within the company to ease mobility;
- To set up local mobility pools to accompany the persons in their path within the company or in the local economic environment ●



Mr D. Assimikopoulos



Ms. Cohenny



Mr H. Tiger



Mr O. Dagallier



Mr M. Glatigny



MEN IN THE MIDDLE—Synopsis of an article by Anabel Houben

It is usually taken for granted that the top management is responsible for the main changes within a company. However, the study "Success in Change – A Representative Survey on Success and Failure in Managing Change" by the Düsseldorf based top management consultancy C4 Consulting and the Technical University of Munich underlines the decisive role which middle management plays in the implementation of change processes.

According to the study, line management contributes largely to the failures of change processes due to the lack of commitment and involvement. The middle management has to meet the expectations of two different interest groups: the top management as change sponsors and employees as the key interest group mainly affected by changes. Furthermore, middle managers themselves have to cope with effects resulting from change processes and their consequences. Middle managers become literally the men in the middle of the change process.

How to manage Anxiety

Changes provoke fear, apprehension and uncertainty with employees. Unfortunately these emotional and psychological factors are often not taken into account when changes are planned and implemented. In order to be able to manage these factors and to control possible opposition, middle managers have to be sensitised and prepared to deal with such issues. For this purpose, change leadership workshops. They combine

training sessions on techniques of successful leading change with the exchange of best practices of experienced change managers have proven useful.

The Role of a Change Agent

The implementation of change is part of the line managers' responsibilities. They have to explain to employees and convince them that changes are necessary and beneficial. The middle management can only fulfil its role as a change agent, if the top management acts as a change sponsor. The latter one needs to show true commitment for changes.

A Sponsor's core responsibilities

As a sponsor, the top management has two key responsibilities: first to motivate the middle management for and during changes and second to encourage and enable managers to act as a change agent.

Effects on Managers

Middle managers themselves are often affected by changes and their consequences. For example, changes can lead to a loss in status and accountability. Concurrently, it is required by the change sponsors that middle managers communicate the change positively towards their employees. Top management and human resource management have to support middle managers actively, whilst dealing with their own concerns. For example providing coaching and keeping in dialogue about their concerns, barriers and chal-

lenges of change with the respective change sponsors offer a suitable framework to cope with these issues for the middle management.

Outlook

The middle management can only fulfil its duties successfully as 'men in the middle', if the top management is deeply involved during the implementation of changes. They have to motivate the middle management and actively start the dialogue. Psychological and emotional factors have to be taken into account when planning and conceptualizing the assistance program for the employees and middle management ●

Author: Anabel Houben works at C4 Consulting in Düsseldorf
Source: *Personal Magazine*

**WORK-LIFE BALANCE OF MANAGERS**

In collaboration with the Darmstadt University of Technology, the German organisation ULA gives the possibility to all CEC members to assess their work-life balance. Professor Ruth Stock-Homburg, chair of marketing and human resource management at the Darmstadt University of Technology, analyses in her study consequences of a lack of work-life balance, differences between female and male managers, similarities or differences between self-

reported and partner-reported work-life balance, cultural differences and possible improvements of the managers' work-life balance. CEC members can participate for free and get an individualised as well as general evaluation of the managers' work-life balance. If you want to participate for free, please contact directly the CEC-European Managers: delabroise@cec-managers.org.





NEW FEDERMANAGER PRESIDENCY



Mr. Giorgio Ambrogioni, Director General of the Association becomes the new President of Federmanager, succeeding to M. Eduardo Lazzati.

In his program, the new President commits himself to reinforce the social role of Federmanager and to renew the national collective agreement of the industrial managers in agreement with the expectations of this category. In addition, the new President pays a very detailed at-

tention to the values of mutuality and solidarity and to the widening of the representativeness within company's management.

Mr. Giovanni Bigazzi, President of the Federmanager Trade union of Tuscany, as for him was named Vice President ●

INSTITUTIONAL RELATIONS

To combat the economic crisis and unemployment, the Italian Government presented two documents to the unions and management: "Guidelines for the supervision of unemployment" and a "framework agreement on the reform of contractual arrangements". Most of the social partners CIDA included approved these texts. Only the CGIL (main trade union of the workers) rejected them.

Federmanager met the Secretary of the Council Presidency and the Minister for Welfare in January in order to make sure of the availability of the Government to recognize the role of the managers in the measures which will be adopted on the national plan against the current crisis.

The main themes of discussion were: reinforcement of the small and medium-size companies through the development of management; i.e., the recognition of

the role of the manager in SME, in particular, in the companies of the industrial sector, the only ones which, in spite of the crisis, continue to produce and, therefore, to increase the competitiveness and the level of export; the valorization of the political and social role of the category for the definition of modernization projects in the strategic and developing sectors of the country.

To increase productivity Federmanager, asked also to extend the variable part of remuneration to the higher levels of incomes than those already envisaged.

Among the first results reached by the many actions carried out by Federmanager, one can underline, in particular, the recommendation approved by the Parliament and sent to the Government to introduce, for one limited period and bound only to the current crisis, the possibility of making agreements

between companies and workers of the private sector which belong to the category of managers and the executives with a fiscal relief on the part of variable remuneration (i.e., on remuneration related to the results of the company and to the individual performances) which exceeds the ceiling envisaged by the standards in force (approximately 3% of fixed remuneration) and only if the worker gave its assent.

The attention of the Institutions towards our category is due not only to the raising awareness campaign carried out by Federmanager through many meetings with the various political forces of the majority and the opposition, but, also, to an intense media campaign aiming at valorising the importance of management, considered as a critical factor to face the crisis and to create as soon as possible the conditions allowing the economic revival of the country ●

FEDERAL ACTIVITIES: Training project Federmanager – Fondirigenti

For the first time the possibility was offered to the managers unemployed for less than 12 months to access training activities carried out by Fondirigenti (equal entity, created with Confindustria, at the service of innovation, training, managerial and company culture in Italy).

Among these activities, one can quote the training project entitled

"the dynamics of the new role of the manager in the context of the Governance and system of responsibility". The goal is to develop the managerial culture of the company.

Fondirigenti, moreover, carried out a joint initiative between young managers and young entrepreneurs on the topic of the internationalization of the low-size companies. This project aims at carrying out re-

search and training projects to develop the professional and managerial capacities focusing on foreign markets.

For this purpose a working group, composed with representatives of Federmanager "Young Managers" group and of two entrepreneurs was made up. The first meeting was held in February ●



CEC MANAGERS' NETWORK

In 2007 CEC has started a new service to individual managers who are interested in networking across borders: the CEC Managers' Network. This free service gives you the possibility to enlarge your personal contact-network worldwide. In the meantime there are more than 850 managers listed from Europe and beyond.

5 REASONS TO JOIN THE CEC MANAGERS NETWORK!

1. Develop your individual contacts with managers from other countries: Networking is the only mutual exchange platform for managers at an international level. *The CEC Managers Network offers a free access to a contact database all over Europe and beyond.*

2. Find other Managers belonging to your organization: Companies are expanding across borders, making it impossible for managers abroad to keep in contact. *The CEC Managers Network responds to this issue by creating links between managers from the same company.*

3. Raise your voice to representative bodies: Alone the effort seems tremendous, with others possibilities become countless. *The CEC Managers Network enables individual managers to follow the actual debate at the European level and offers ways of being represented.*

4. Exchange on managers' issues: For each raised question, the answer can be manifold. *The CEC Managers Network gives a space for exchange of views, experience and knowledge management.*

5. Get informed before going abroad: Whether emigrating, externalising or planning an event abroad, a native's advice is always helpful. *The CEC Managers Network is the way of getting the information you need.*

So see you soon on:

www.cec-managers.org!

TEAM CHANGE

After three years as CEC office manager Aude Guillemain will leave CEC for another position at the end of February.

As of March 1st, Marie-Anne de la Broïse will be the new CEC office manager. Coming from France, Marie-Anne has a communications background. A warm welcome in our team!



81 A, rue de la Loi
1040 Brussels
TEL: +32 2 420 10 51
FAX: +32 2 420 12 92
www.cec-managers.org
Email : info@cec-managers.org

ABOUT CEC

The CEC represents 1,5 million executives and managerial staff in Europe organised into national federations and European branch federations. Since the end of the 1980s, the CEC contributes, as a social partner, to the European social dialogue. The CEC has made the task of defending the managers' specific interests its own, while maintaining dialogue with other parties.

CEC is consulted by the European Commission on all initiatives in the field of employment and social affairs (articles 138 and 139 EC Treaty). It is also part of the employees delegation in the negotiation with the employers' organisations at European level.

The CEC promotes a European integration clearly in favour of the principle of performance and competition, but also the social market economy and a value-oriented way of conducting business, since the respect of social obligations is an added value for economy in the long run.

