

BARCELONA

Innovative & Creative Business

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Art and industry make for a gaudy mix

Victor Mallet examines how creative and design businesses are coping in the wake of the financial crisis

Barcelona has never been afraid of the new. This is, after all, the city that in the 13th century opted for a form of government closer to democracy than most other systems of the time – the Consell de Cent, or Council of One Hundred, whose imposing assembly hall adorned with Catalan flags can still be seen at the municipal offices in the old city centre.

The Council lasted more than four centuries, its durability attributed by Robert Hughes, author of a cultural history of Barcelona, to the fact that it was flexible and not completely dominated by wealthy merchants. “A leather worker, a tailor, a cooper, or a smith might sit in session with a trading banker or the biggest spice importer in Barcelona in terms of voting equality,” he wrote.

But the innovations of Barcelona, capital of Catalonia and Spain’s second city, did not stop at politics and administration.

This is a city of European commerce and industrial revolution, but also of art and culture. Barcelona is the city that nurtured artists Pablo Picasso and Joan Miró, and the home of architect Antoni Gaudí, whose long unfinished Sagrada Família (Holy Family) church was finally consecrated last year by Pope Benedict XVI. Not everyone likes the works of Gaudí that dominate parts of Barcelona, but no one ever accused him of lacking originality.

Barcelona has repeatedly rebuilt and modernised itself to maintain its hard-won prosperity, as it did in order to make an exemplary success of hosting the 1992 Olympic Games.

Now it must do so again, as Catalonia, Spain and indeed the whole of southern Europe struggle to emerge from a global financial crisis and the subsequent eurozone sovereign debt crisis – a challenge that has already driven Greece and Ireland into the arms of rescuers from the European Union and the International Monetary Fund, with Portugal perhaps not far behind.

Julia Prats, assistant professor of entrepreneurship at Iese, the Barcelona-based business school, says these crises seem to have galvanised Barcelona soci-

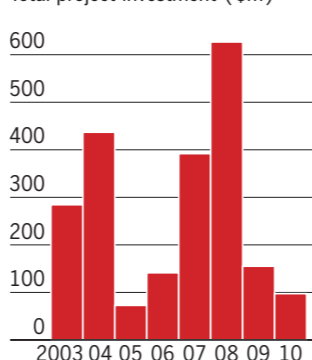


Vibrant city: Barcelona is regarded as a world centre for design and architecture

Dreamstime

Overseas investment into Barcelona

Total project investment (\$m)



Source: FDI Intelligence from Financial Times Ltd

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ety into action after a decade or so of shrugged shoulders and unproductive nostalgia over the successful initiatives of the past.

“The crisis is helping to pull together civil society and there are a lot of initiatives from people not involved in politics.”

Ms Prats is part of a group of organisations, entrepreneurs and professionals called Barcelona Global that is trying to promote competitiveness, innovation and technological research in the city, while improving social cohesion, education and Barcelona’s international image.

For years, both the private sector and government – national, regional and municipal – have targeted promising sectoral clusters for investment in the 27 municipalities of greater Barcelona that together account for 60 per cent of Catalonia’s

gross domestic product. Such growth businesses include fashion and design, an industry that builds on Barcelona’s traditional strengths in textiles and architecture and takes advantage of the creative flair of local and foreign inhabitants.

Barcelona and Catalonia have also invested their hopes – and their money – in biotechnology and biomedical, and in high-tech electronics and services companies that can move beyond their involvement in traditional industries such as vehicle manufacturing to apply their skills to the electric cars, aerospace applications and information technologies of the future.

Then there are the services connected to tourism: cruise ship visits, hotels, trade fairs, and food, with Catalan chefs

such as Ferran Adrià already renowned throughout the world.

“Barcelona is a very diversified city. We don’t have one sector, we have several, old and new: food, cars, housing, tourism,” says Jordi William Carnes, deputy mayor. “What we’ve done with all of them is help with their renewal.” Barcelona Activa, the municipality’s local development agency, says it supports more than 1,000 new projects a year, and hosts 115 companies at its business “incubator” and technology park.

Yet the length of the current economic crisis affecting the whole of Spain, and the economic austerity plans designed to cut the nation’s annual budget deficit and limit the growth of government debt, are

Inside this issue

Automotive

Globalisation has forced traditional manufacturers to explore new avenues
Page 2



Biotech Lack of a local champion and of funding raise questions about the prospects for the capital hungry sector
Page 2



Football Running the city’s hugely successful football team takes more than

just skill on the pitch
Page 3

Profit tonic Fever-Tree, which makes premium drink mixers, explains why the group is expanding in Spain
Page 4

Publishing Barcelona has a rich literary history
Page 5

Gourmet reinvention

The chef behind El Bulli is shutting the restaurant to open a culinary foundation
Page 6

More on FT.Com

Guest Column

Alfons Sauquet explains why he thinks Barcelona has become a hub for innovation and creative industries
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Continued on Page 2

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Automotive

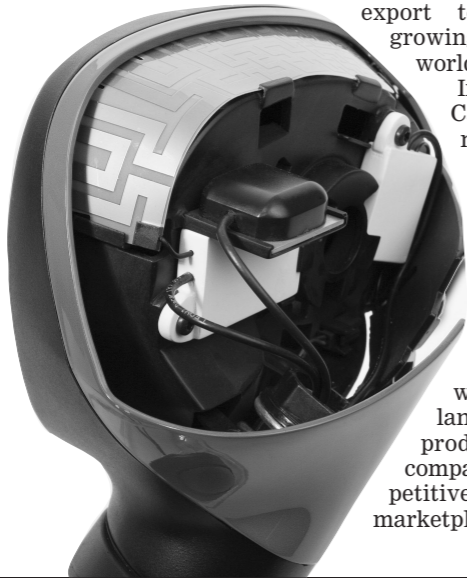
Globalisation has forced traditional manufacturers to explore new avenues, says Miles Johnson

Of all of Barcelona's surviving heavy industries, few have been forced to transform themselves in the face of globalisation as much as the city's vehicle manufacturers.

The Catalan automotive industry, which in 2009 made up 10 per cent of the region's output and 15 per cent of its exports, has suffered a slow long-term decline because of increasing competition from emerging markets, combined with the impact of the economic crisis on its domestic economy.

Spain's share of vehicle production within the European Union fell below that of eastern European countries for the first

Mirror image: companies such as Ficosa are shifting from simple car parts into electronics



time in 2007, while the number of vehicles produced in Catalonia was 120,657 lower in 2009 than in 2004, according to data from the Catalan government.

In an effort to combat this combination of vigorous foreign competition and a falling share of exports to the European market, the region's car industry has begun to refocus on green and electronic technologies to export to other, faster growing parts of the world.

In March 2009, the Catalan government approved a programme for green vehicles as part of a 10-year strategy for the region's car manufacturers to ensure the local industry maintains its weighting in Catalan gross domestic product, and that companies remain competitive in the global marketplace.

Now, both the regional government and local players in the automotive technology sector are hoping that a rebalancing towards high-tech and green car technology will allow one of Catalonia's most important industries over the past 100 years to remain relevant during the next century.

While the Catalan automotive sector is headed by two large foreign vehicle assemblers, Seat (owned by Volkswagen) and Renault, a number of local system and component companies operate on a global scale, attempting to diversify their businesses towards high-tech and environmentally-focused technology.

A report commissioned by the regional government last year argued that "electric vehicles present an opportunity for the Catalan automotive sector to turn this situation round. A capacity to produce green vehicles is not only an opportunity but a necessity as, at first sight, the automotive sector's future seems to rely on getting on this bandwagon".

One company emblematic of this shift is Ficosa, a family-owned car parts manufacturer founded in 1949 that has moved quickly to start producing an array of green and electronic auto gadgets. These include technology to detect when a driver falls asleep at the wheel, and paper-thin car aerials.

In 2005, Vicenç Aguilera, head of research and development at Ficosa, made the recommendation to the company's board to begin shifting its strategic focus away from making simple steel and plastic-based car parts, and into electronics.

Focusing on three core areas – electronic safety devices, wireless communication, and hybrid and battery technology – Ficosa now invests 4 per cent of its turnover in research and development.

"In the year 2000, the company was in the process of globalising, and realised the need to invest in its own research and development programme," he says from the company's 6,000 square metre "innovation centre" in Villadecavallis out-

side Barcelona. "We made the argument to move into what we could see as the growing overlap between the auto sector and electronics."

The Villadecavallis factory, previously used by Sony to manufacture television sets and other home electronics, has become the centre of Ficosa's drive to develop new technology, where it manages a portfolio of more than 600 active patents and serves clients including Continental, the tyre group, and Hewlett-Packard.

Another Barcelona-based company moving towards green car technology is Applus, Spain's largest certification and car inspection company that has allocated €7.8m to examine ways to service electric and hybrid cars.

Applus, which employs 11,000 globally and in 2007 received an investment of €1.48bn from Carlyle – the largest private equity investment in Spain at the time, has said that it is aiming to generate 15 per cent of turnover from high-tech services developed over the past four years.

As part of this strategy the company is investing in source and supply batteries, developing and testing safer types of chassis, and constructing a servicing system for electric motorcycles.

A study into the benefits of green car technology for the Catalan regional government argues that companies in the region are well placed in the electric motorcycle industry, helped in part by demand from the large metropolitan area of Barcelona, and closeness to other European export markets.

Ficosa's Mr Aguilera says that the process of shifting the focus of businesses such as his towards innovative technological products for cars will enable Ficosa to remain rooted in Catalonia while continuing to expand in developing markets.

"The roots of the company are here," he says. "If you want to be a leader, you need to be at the front. Ficosa came into this part of the car business as a follower. But you can't expand your business unless you put better solutions, and better technology in front of your clients."

Hub faces intense competition

Biotechnology

Lack of local leader and funding raise questions, writes Miles Johnson

Barcelona is a city that must play to its strengths. This was the philosophy adopted by the Catalan government when deciding which research-based industries would represent the future of the region's economy after the end of the Franco period.

Family-owned pharmaceutical companies had existed around Barcelona for more than half a century and an abundance of

hospitals and universities made the city an ideal petri-dish to cultivate existing research talent in life sciences and biotechnology.

"There was a strong, government-led strategy to build a research base here in the 1980s," says Montserrat Vendrell, chief executive of Biocat, a local government-fostered umbrella organisation set up to promote the biotechnology industry within Catalonia.

"We had the right ingredients here in terms of hospitals and a consolidated pharmaceutical sector, and this was topped with the right management of research and a scheme to recruit intentional talent."

After a regional government-led drive to create a network of independent

research centres in the 1980s, along with a scheme to recruit researchers from abroad to join them, the next decade saw a boom in science parks being built around universities, helping to foster research projects between academia and companies.

This focus has helped Barcelona become a centre of excellence for biotechnology in Spain, with almost a quarter of all Spanish biotech companies located in Barcelona.

The number of new companies being established in Catalonia is growing at a rate of 30 per cent a year, while more than 60 per cent of European research grants coming to Spain are now awarded to Catalonia.

The region also benefits

from the presence of MareNostrum, one of the most powerful supercomputers in Europe, which in 2006 saw its processing capacity increased because of the big demand from scientific projects.

However, in spite of these efforts, Spain and Catalonia lack a local champion that can compete in scale and scope against the world's leading companies.

Almirall, Spain's largest pharmaceutical company, Barcelona-based and valued at €1.2bn (\$1.67bn), is small in international terms, as is its peer Zeltia.

"There is no very large Spanish biotech company, and this is important," says Ms Vendrell.

"We have medium-sized pharmaceutical companies

located here in Catalonia, but nowadays the size you have to achieve to be competitive is crazy. Even if they merged all of them, it would still be difficult."

Catalonia faces stiff competition from other biotech hubs in Europe, such as Cambridge in the United Kingdom, and Flanders in Belgium, and researchers also say that there is a lack of international private funding available, in spite of local venture capital groups.

Ms Vendrell argues that the nature of the biotechnology sector, where projects need large-scale investment and many years being nurtured from infancy to market, means the state can play a role in providing early capital for important projects that could otherwise be ignored for being too risky.

"With biotechnology, you really have to go a little bit further than you would do in other areas, since we are talking about very risky long development processes that are far from the market," she says.

Joaquim Vilà, professor of strategic management at Barcelona's Iese business school and an expert in biotechnology companies, says government schemes to promote the sector in Catalonia must merely augment, rather than crowd out initiatives funded by private capital.

"Government is not an alternative, but a complement to private investment," he says.

Fledgling local companies have been helped by the emergence of private investors such as the €67m biotech investment fund launched by the Barcelona-



Scientific rigour: Catalonia's mid-sized companies struggle to compete at a global level

based venture capital group Ysios Capital Partners.

In 2009, Ysios and the Catalan savings bank, La Caixa, made a €5m investment in Sabirmedical, a company based in the Barcelona Science Park which is developing a non-invasive device that continually measures patients' blood pressure.

Ms Vendrell of Biocat says it is crucial to continue funding the sector, even as Spanish government austerity measures threaten to lop

millions off research budgets, if the sector's potential to benefit the economy is to be realised.

"Funding research is strategically important for a country that wants to create its own knowledge-based economy," she says.

"But the question is: How far should you go from basic research to where the market takes over to launch a sector? Our biotech sector has a short history and we need a success story, desperately."

And, in spite of the progress that Catalonia's biotech project has made in just two decades, the global economic downturn may have made the prospect of finding a local success story more remote.

"I am not saying there is not a chance, but this field has been very late in coming up in Spain," says Mr Vilà.

"If companies that are 20 years ahead are having difficulties, then it will be difficult for our companies."



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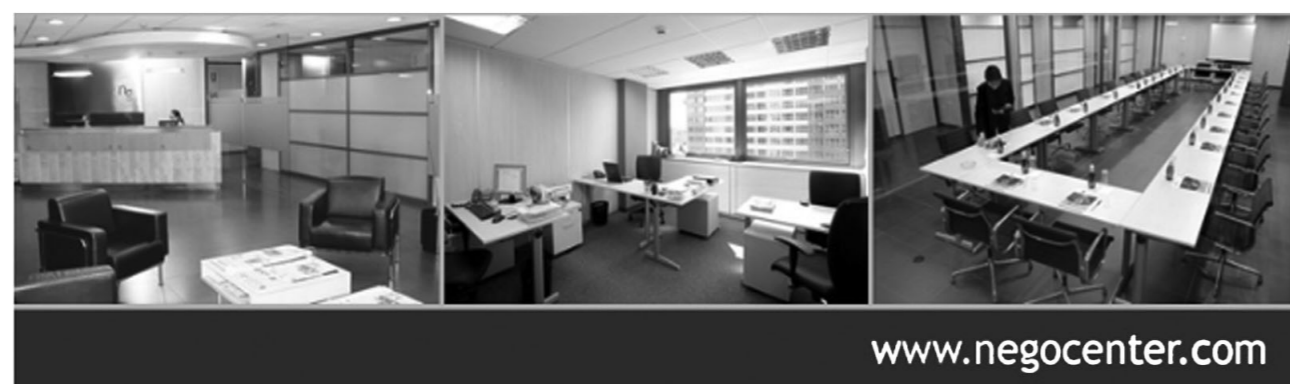
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Gaudy mix: art and industry

Continued from Page 1

already squeezing budgets at every level of Spain's public administration. That in turn has raised questions about whether new industries in particular depend too much on official support, and whether biotech or computer software will ever be able to provide as many jobs as construction and heavy manufacturing did in the past.

Joan Sureda, director-general of industry in the Catalan government and a former executive of PepsiCo, accepts that labour-intensive industries are vulnerable but says he is determined to prevent disinvestment by foreign companies. "One of the big issues we have will be not to lose a single company in this country, even if we know it's impossible," he says.

Mr Sureda nevertheless defends government support for Catalonia's export-oriented businesses as a model that was shown to work in Germany and says investment in innovation has been rising steadily as a share of GDP.

Big companies, of course, are always happy to benefit from government hand-outs or incentives, but they are also eager for good policies.

Hewlett-Packard – the technology company that has its global printing and

imaging research centre near Barcelona and employs nearly 3,000 in and around the city – led foreign multinationals three years ago in establishing a foundation to support innovation, promote Spain and lobby the government to heed the concerns of foreign businesses.

HP is a typical investor in the sense that it moved its manufacturing from Spain to Asia a decade ago, but retained some high-value research and development and management activities in Europe.



Let's not allow government to decide too much, says Julia Prats

"Sometimes you get the impression that if you don't belong to the Ibex-35 list of companies, you don't matter," says Irma Jiménez, HP's chief of governmental affairs for Iberia and director of Innovación España, as the foundation is called.

Ms Jiménez says that Spain lags behind its European peers in terms of public investment in research and development. Meanwhile, foreign multinationals are pushing for better tax and financial incentives, stronger links

between business and universities and improvements in education and skills.

Barcelona residents, from HP executives to young software entrepreneurs, agree that the city's dynamism, its transport infrastructure, pleasant lifestyle and proximity to the rest of the Europe make it a good place to do business – although it is hampered like the rest of Spain by the political rivalry between the centre and the autonomous regions and between the regions themselves.

Ms Prats of Iese says several businesses are leaving Barcelona for Navarra, where taxes are lower, and she is not alone in complaining of the "horrible" and costly mess of a multi-tiered administration of nation, regions, provinces and municipalities.

But the vital questions to which investors in Barcelona need answers are these: Is public financing for innovative and creative companies a substitute for vigorous private investment? Can bureaucrats choose winners? And is the funding sustainable in an age of austerity?

"I believe a bit in the cluster thing, but I'm a little afraid when the government decides," says Ms Prats. "A bit of government is okay, but let's not allow them to decide too much."

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The goal is success without the debt

Sport

Miles Johnson looks at the financial challenges of running the city's football team

If Barcelona is a city that thinks of itself as doing things differently, its football club is no exception.

For years, the current Spanish champions remained unique among Europe's top teams by obstinately refusing to carry a commercial sponsor on their shirts.

But while FC Barcelona's brand of free flowing football – known as tiki taka – has helped it enjoy sustained success on the pitch, with its team topping Spain's La Liga, the club's financial performance has been less glittering.

After reporting an annual loss last year of €79.6m and net debt of about €400m, in December Barça tore up its historical policy and signed a five and a half year, €165m contract with the Qatari government – the most lucrative shirt sponsorship deal in football history. Previously, it had filled the space with the Unicef logo free of charge.

Like other clubs during the credit boom Barcelona burnt through its cash by paying huge transfer fees. This resulted in the club last year seeking a €150m loan to help pay player and staff wages and ushered in a new period of austerity.

Heavily indebted teams across Europe must also get their houses in order ahead of Uefa, Europe's football governing body, introducing new rules on how much clubs can spend in relation to their income.

The Qatar deal is likely to see the 121-year old club's revenues stay above €400m this year, and give it the chance to dethrone arch-rivals Real Madrid as the highest grossing team in the world.

Instrumental in the move was the arrival of new club president Sandro Rosell in

June 2010. He has pledged to slash the club's debt and to build on its success to increase revenues through international marketing.

After widespread criticism of the financial management of his predecessor, Mr Rosell has outlined a plan to improve revenues, and pay down about €30m in debt by the end of the season without selling players.

As part of the financial restructuring Mr Rosell, a former Nike executive and holder of an MBA from the Esade business school, has rebuilt the club's board around figures with both managerial and international marketing skills.

Seven of the 15 seats are occupied by holders of MBAs and business degrees, while the appointment of Didac Lee, a Catalan internet entrepreneur of Chinese origin, was interpreted partly as a reflection of the club's desire to bolster its expertise in the key Asian market.

The club's earning capacity, which has seen it consistently ranked second behind Real Madrid in Deloitte's annual football money league, will be helped by the increasingly tight grip Spain's two richest teams hold over domes-

Supporters don't care about the financial state of their teams if they are winning

tic and international broadcasting revenues.

Last year, Barcelona generated €178.1m from broadcasting, or 44 per cent of the clubs' total revenues and an annual rise of 12 per cent. The club also signed a renegotiated four year individual broadcast contract with Mediapro, which holds the television rights for Spanish first and second division football, under improved financial terms.

"Throughout the world, people are interested in watching Barcelona games, so there is a low level of



Nimble footwork: Leo Messi evades a tackle from Arsenal's Abou Diaby

Reuters

price elasticity as, if you increase the price, TV stations will still pay. There is no alternative for broadcasters if they want to show Barça matches," says Kimio Kase, professor of strategic management at the business school here.

Barcelona's world famous players, such as the Argentine attacker Leo Messi, have also helped it to increase international shirt sales, with other clubs looking upon its team of mostly homegrown stars with envy.

All three finalists for the 2010 Fifa Ballon d'Or – Xavi Hernández, Andrés Iniesta and Messi – were not just all Barcelona players, but they had also been cultivated in the clubs' famed youth academy.

Mr Kase says that the Barcelona management faces different types of pressure from other sports businesses because of its ownership structure. Barça is one of only four Spanish clubs controlled by its members, or socios, alongside Real Madrid, Athletic Bilbao and Osasuna.

"When you are privately owned, or listed on the stock market, this motivates you to make money for your investors," he says. "While Real Madrid and Barcelona generate large amounts of money, this is not their main aim."

Under the socio structure Barcelona's members elect

the president, meaning that Mr Rosell's attempts to restructure the club's finances must be balanced with the feelings of the club's fans, estimated to number about 44m according to market research – greater than Real Madrid and more than six times the population of Catalonia.

For now, one of the most important things working

in his favour is that the team is winning.

"The sporting side of managing a club is quite independent from the financial side," says Mr Kase.

"Supporters don't care about the financial state of their teams if they are winning. But if you lose games, they will kick you out, even if you are financially responsible."

Lender weathers storm

La Caixa

Bank remains a dominant financial power in the city, says Victor Mallet

La Caixa – or Caixa d'Estalvis i Pensions de Barcelona (Barcelona savings and pensions bank), to give it its full name – has long been the dominant financial power in the city of Barcelona and the autonomous region of Catalonia, and a significant force in Spanish retail banking.

Formed in 1990 from a merger of two savings banks, one dating back to 1904 and the other to 1844, La Caixa has weathered the latest economic crisis in better shape than most of its Spanish peers and remains the embodiment of Catalan financial strength.

Yet even Isidre Fainé, the famously canny La Caixa chairman who began his working life in a bicycle repair shop, was unable to resist the increasingly strident demands of international financial markets and of the Spanish government that unlisted savings banks become more transparent, improve their corporate governance and reinforce their capital.

Sensing the changing investment climate in the face of a moribund Spanish property market, Mr Fainé and Juan María Nin, his chief executive, moved with characteristic decisiveness.

While absorbing the much smaller Caixa Girona

– one of a series of mergers that has already reduced the number of Spanish caja groups from 45 to 17 – La Caixa's executives in the black towers of group headquarters on Barcelona's Avinguda Diagonal began last year to make plans for a listing of their banking operations.

As a result, they were the first big savings bank to produce a detailed road map. In January this year, they unveiled their project for the listing of the bank, to be called Caixabank and with a book value calculated at €20.6bn (\$28.7bn) – double the value mooted for rival Bankia, the bank composed of Caja Madrid and six smaller savings banks.



Isidre Fainé began his working life in a local bicycle repair shop

Both the new structure and the process of building it are complex, some might say cunning. La Caixa already has a listed entity – the industrial holding company Criteria – and the Spanish and foreign banking operations will be gathered under that umbrella as Caixabank.

To strengthen Caixabank, furthermore, the bank will be endowed with stakes in Repsol, the energy group, and in Telefónica, and will therefore benefit from the latent capital gains of more than €2bn in these two holdings.

Meanwhile a "bad bank" of repossessed properties

will be placed not with Caixabank but with the old industrial holding group. Lastly, the bank will further reinforce its capital by selling €1.5bn in compulsorily convertible bonds to clients.

The result will be a bank with a core tier one capital ratio of 10.9 per cent under current Basel II rules, one of the most robust ratios among Spanish lenders.

Bankers in Madrid say that Caixabank will be one of the more attractive financial investments in what is set to become a crowded field, as Spanish cajas jostle for fresh capital.

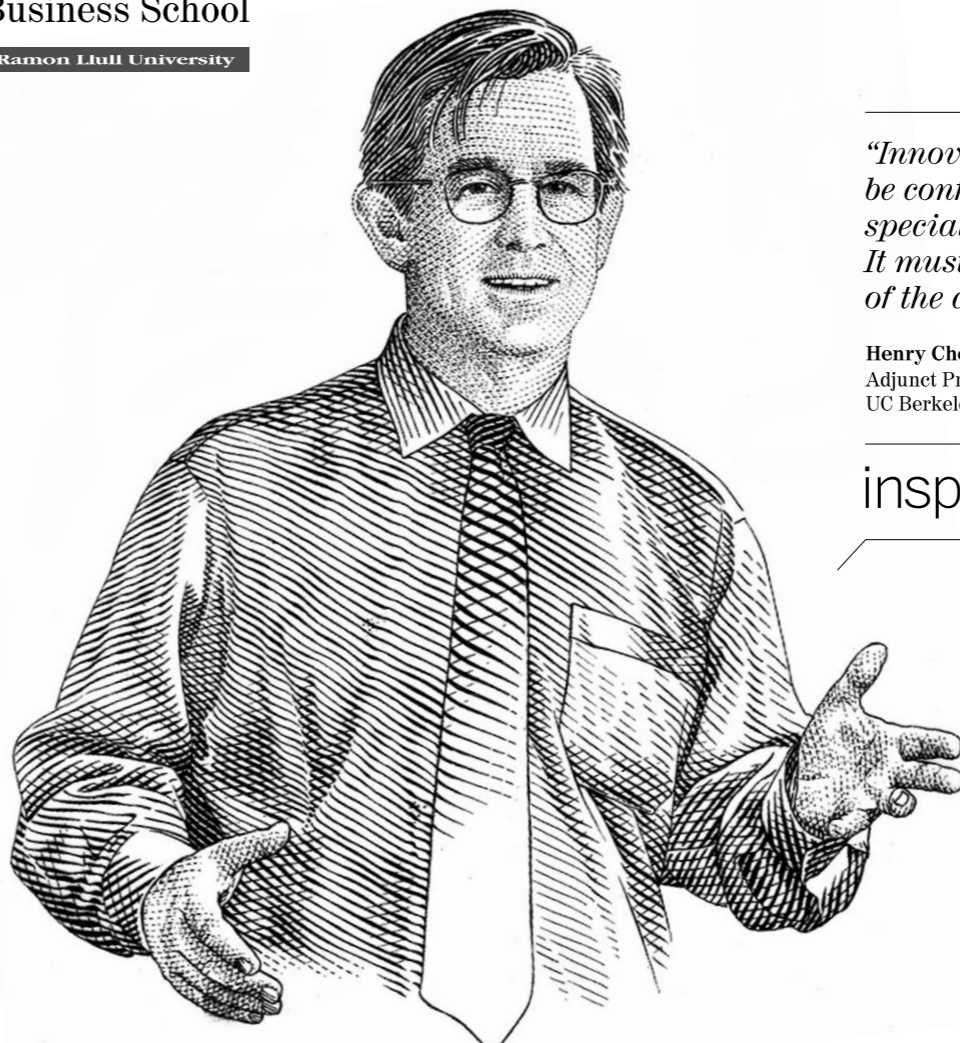
La Caixa is by no means the only financial institution in Barcelona. Carlyle, the private equity group, is also has its Iberian base in the city, where it controls Applus, an acquisitive technology company in the automotive, aerospace and pharmaceuticals sectors.

Yet La Caixa – whose colourful logo comes from a design by Catalan artist Joan Miró – remains the Big Daddy of finance in Barcelona and Catalonia, and the paymaster for many investments and innovations in Spanish finance.

Hewlett-Packard – also based in the Barcelona region – boasts of the three big projects it has carried out for La Caixa in recent years: a "business control centre" to manage operations in real time; a customer loyalty project for merchants receiving payments by card; and a business intelligence system to integrate La Caixa's own data with information from other sources.

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Graffiti Vandalism or oppressed street art?

Barcelona welcomes all kinds of art lovers.

While tourists will queue for hours for the Picasso Museum or endure the scorching summer sun to glance at the marvels of Gaudí's architecture, those on a limited budget can simply stroll through the back streets and stumble upon the delights of the city's disorderly street art.

As a temporary resident of the city, I have to push my way past the tourists taking photos of my own graffiti-stained door.

But the artists who leave behind these spray-painted lyrics are generally dismissed as "taggers" who vandalise property and give street art a bad name.

"I could do it myself," is the dismissive judgment of Begoña Ochoa, a clothing store boss who is confronted with such graffiti every day.

Yet there is a more serious side to Barcelona's public art.

The international success of the street artist, Banksy, has emboldened local artists to try to be even more aggressive than those of contemporary London in both the style and the quantity of work displayed across the city.

Among the Barcelona street artists is El Pez (The Fish), whose real name remains a mystery.

He is identifiable by his images of grinning fish, which have now evolved into more varied range of smiling animals. Fuji Sport hired El Pez to decorate their store shutters – a typical commission for such artists.

Another well-known Barcelona-based artist is Andrea Michaelsson, who goes by the name of BToy.

She sprays layer upon delicate layer of paint to create fragile and whimsical portraits, reminiscent of Andy Warhol's work, of celebrities such as Judy Garland.

It is a far cry from the boldness and aggression of much of the city's other street art.

Then there is the politics.

Artists such as Uri and Zosen use their illustrations to mock politicians from Catalonia or further afield, with Uri portraying European foreign ministers as villains from a Disney movie.

Sometimes the hostility is mutual.

The authorities have begun strictly applying anti-graffiti laws, prompting criticism that the police are being deployed to stifle Barcelona's bohemian spirit. An image that took hours to create will typically be erased within 48 hours.



El Pez's distinctive signature

It can be illegal for an artist to paint a company's shutters, even if commissioned by the company, and both face the risk of hefty fines.

For this reason "most of the public artists avoid having a bank account," says Robert Burt of the art gallery Base Elements.

As the once-riotous colours on Barcelona's streets are washed and scraped away, only a few small galleries are keeping alive the hope of preserving the city's bohemian-chic vibe, while many of the larger and better-known galleries shy away from exhibiting public art.

Base Elements, now nine years old, is one of the handful of galleries that will without embarrassment display the loud colours and dynamic shapes of public art across their bleached white walls.

Stubborn street artists – who once refused to stoop to exhibiting their work in galleries – now find they have little choice, given the hostile reception in the streets.

Mr Burt says the gallery has found success in part because public art, previously free, is now so commercial that Barcelona families will buy its subversive images to be displayed awkwardly in their living rooms.

But if public art is no longer public, and if street art is no longer in the street, can it be worthy of the name?

Pascale Davies

The writer is a student currently based in Barcelona

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Publishing

Ángel Gurria-Quintana examines the city's role as a publishing centre

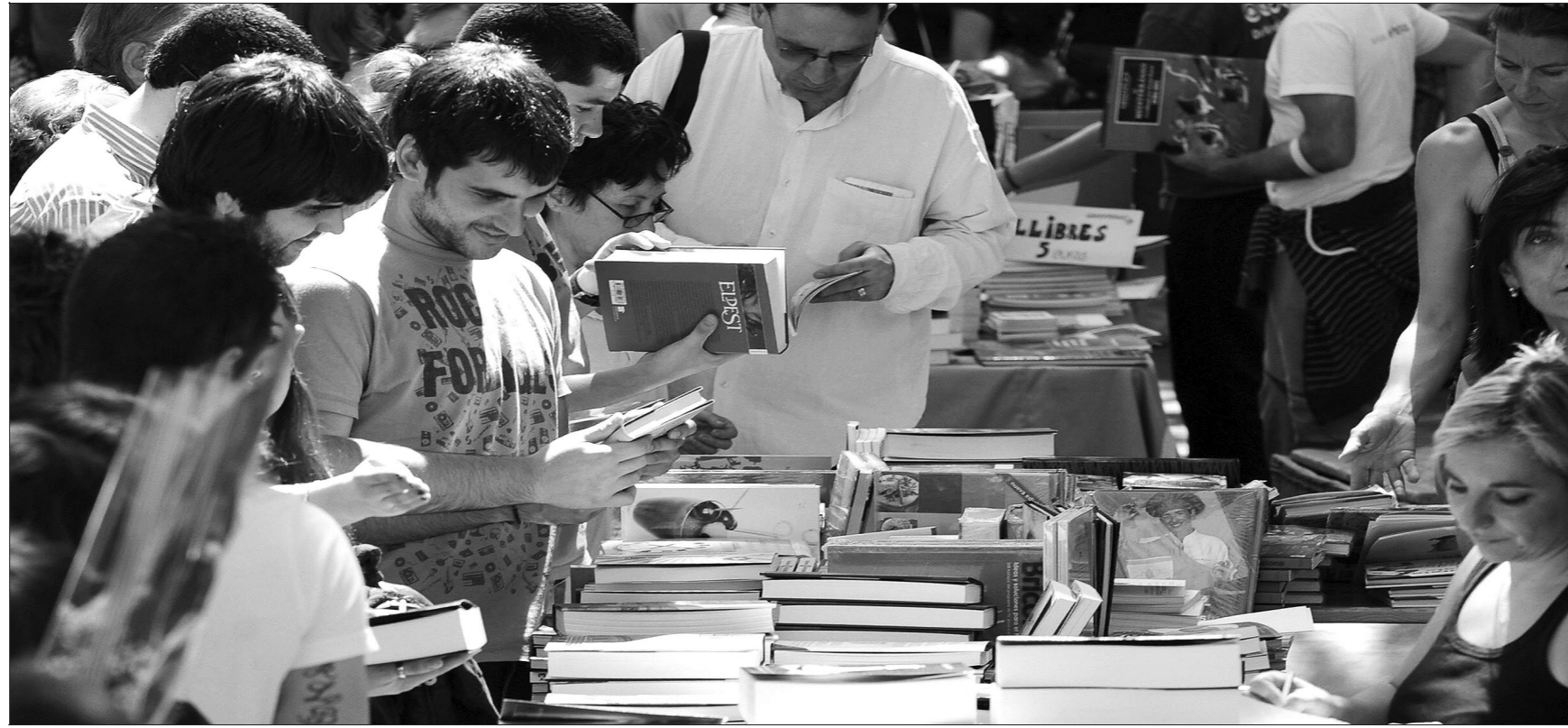
In 1860, a former labourer from the Catalan provinces founded a publishing company in Barcelona. José Espasa, who had worked demolishing the old city walls, would go on to print Spain's first encyclopedia. "From building to publishing: that has been the city's natural impulse," says the former mayor of Barcelona, Joan Clos.

Today, Barcelona is widely acknowledged as Spain's publishing hub. More than a hundred Spanish- and Catalan-language publishers huddle together in a city of 1.6m inhabitants, working closely with a rich pool of authors, translators, agents, designers, illustrators and booksellers.

Spain's publishing industry – the third largest in Europe after the United Kingdom and Germany – produces some 80,000 books a year. Barcelona accounts for 53 per cent of the output, while Madrid is responsible for 37 per cent. "Barcelona's cultural identity is inexplicable without its rich publishing sector," says Ferran Mascarell, Catalonia's Minister for Culture.

While Madrid remains the main producer of text and reference books, Barcelona is the leading centre for fiction, design-oriented publications and comic books. Spain's two largest publishing conglomerates – Planeta and Random House Mondadori – have their headquarters in Barcelona. They share the market with well established independents created in the 1960s and 70s, such as Spanish-language publisher Tusquets or bilingual Acanalilado/Quaderns Crema.

A new generation is adding to the mix: Duomo, Blackie Books and Libros del Asteroide are just a few of



Delicate book ecosystem: people browse on the Ramblas on Saint George's day when women traditionally give men a book as a gift
Getty

the publishers that Barcelona-based fiction editor Anne Vial describes as "smart, inventive, resourceful, and looking for new ways in publishing".

These newcomers are part of a tradition that can be traced as far back as the 17th century. Local publishers like quoting from Miguel de Cervantes' *Don Quixote*, in which the eponymous hero visits a publisher in Barcelona who is printing an apocryphal version of *Don Quixote*; they discuss the merits of publishing works in translation.

The city's editorial tradition has much to do with what Jorge Herralde, founder of publisher Anagrama, calls "porosity". Closer to the French border than to Madrid, Barcelona has always felt "more free, more European" than the rest of the country.

There also exists a tradition of people passing through Barcelona on their way to and from the Americas. In the 1960s, this link led to the emergence of the Latin American "boom" generation that included Colombia's Gabriel García Márquez and Peru's Mario Vargas Llosa, who spent many years in Barcelona.

It was, says Colombian novelist and Barcelona resident Juan Gabriel Vásquez, "a place where Latin American literature was well received and well read, and which at the time was much more open, more cosmopolitan than Madrid."

Two names commonly associated with the international emergence of Latin America's best-known authors are Carmen Balcells, the formidable literary agent known as "la Mama

Grande" to her clients, and publisher Carlos Barral, who in 1962 awarded the Biblioteca Breve literary prize to a then unknown Vargas Llosa.

The award, says Vásquez, Barral, "started a movement that took Latin American literature out of Latin America and put it at the centre of 20th century western culture". Other publishers, notably Anagrama and Tusquets, "allowed a breath of fresh air into Franco's stuffy Spain".

According to Enrique Vila-Matas, a local writer, the city, as a haunt for exiled writers, has become "a successor to Paris".

"Barcelona is an ideal city for writing," he says. "No one will distract you here if what you want to do is write. And it lacks the oppression of capital cities, where the presence

of power eats away at people's souls."

The unique cohabitation of Catalan- and Spanish-language publishing, an occasional source of friction, is now commonly regarded as a boon to all sides: "The more recalcitrant anti-Spanish language sentiments are receding," says Valerie Miles, co-founder of the Spanish edition of Granta magazine and publishing director of Duomo Ediciones. "It's obvious that if the Spanish language publishers leave Barcelona, the city would lose a vibrant element in its cultural tapestry."

The Spanish publishing industry has continued to report modest growth even amid the recent international downturn. But, as in all editorial centres around the world, Barcelona's publishing community now

looks to the future with trepidation. Paula Canal, Anagrama's fiction editor, says the balance of Spain's "delicate book ecosystem" has so far depended on diversity among booksellers and independent publishers, and on fixed prices.

The system is now under pressure. The entrance of Amazon, the online retailer, into the Spanish market later this year is likely to transform the landscape and put small publishers and booksellers out of business. The sale of e-books remains minimal, but concerns are growing about the effect of piracy, as digital platforms become more common.

Josep Lluís Monreal, founder and president of Planeta, Spain's largest publishing group, seems undaunted. The rise of new technologies, he says, "confirms to me the good health of books and the excellent health of the publishing sector." Publishers, he believes, are simply creators of content: "Should we worry, then, about being offered the chance to present those contents through new platforms and transmit them through new channels? We ought to worry, instead, about being short-sighted and missing our train to the future."

In a recent essay Enrique Vila-Matas wrote: "Guessing the future of books in the face of an alleged digital threat is like speculating about how well your favourite team will do on Sunday." But in his latest novel, *Dublinesca*, he is less flippant. Its protagonist is an independent Barcelona-based literary publisher on the brink of selling his business to a foreign conglomerate. "Sometimes," Vila-Matas writes, "he likes to think of himself as the last publisher."

Barcelona's book people are surely hoping that this is not a taste of things to come.

Local textile tradition has gone global

Fashion retailing

Desigual is the latest brand to emerge from the city's streets, writes Miles Johnson

Manel Adell and Thomas Meyer got to know each other sailing across the Atlantic Ocean in a mutual friend's boat 19 years ago, as they took turns at the wheel.

It was 1992, the year that Barcelona thrust itself into the centre of the world's attention by hosting the Olympic Games. It was also a crucial year for Mr Meyer, a Swiss fashion designer living in Barcelona, as his fortunes started to improve. Four years earlier, Desigual, his small fashion company, had been on the brink of bankruptcy.

But the chance meeting between the pair on that ocean voyage was the spark that later helped transform Mr Meyer's fledgling fashion house into one of Spain's largest independent retailers, boasting shops from Thailand to New York. "I want our brand to be like Madonna," says Mr Adell, who left a job at Bang & Olufsen 10 years after the Atlantic trip to become a consultant at Desigual, eventually becoming its chief executive.

"We want to be a big name that can reinvent and refresh itself without ever losing its soul," he adds.

Sitting in a glass room in the company's open-plan Barcelona headquarters, where the walls are adorned with haikus such as "what a larvae calls the end of the world, a master calls a butterfly", Mr Adell says that he believes his company can become as big as Nike.

Desigual's growth since Mr Adell and Mr Meyer joined forces in 2002 has indeed been rapid. The company's turnover, which clocked in at €8m in 2002, hit €435m in 2010.

Mr Adell expects this to rise to €600m this year – representing a faster rate of growth than was achieved at the same point in its history by Spain's Inditex, owner of the Zara brand and the world's biggest clothing retailer by sales.

The next step, he says, with barely a pause for breath, is to open stores in Brazil, and other developing markets, and to aim to have every wardrobe in the world containing at least

one item made by Desigual – which means "unequal", or "not the same" in Spanish.

The success of Desigual, which is fully owned by the two partners and now employs 3,000 across 30 countries, is the latest in a line of Barcelona-based fashion retailers that have conquered vast swathes of the globe after opening their first store in the Catalan capital.

These heirs to Catalonia's once vast industrial textiles industry, which for centuries provided material for western Europe before losing the business to the lower cost factories abroad,

Distance from financial centres makes it easier to concentrate on simple business models

have used Barcelona's vibrant streets and rich history of design to continue to attract young talent to the city, and to set global trends.

Mango, which opened its first shop on Barcelona's upmarket shopping street Passeig de Gràcia in 1984, now has more than 1,300 shops in 100 countries, with turnover in 2009 hitting €1.5bn. And, although founded in Galicia, Inditex naturally picked Barcelona as the location for one of its flagship stores.

For Pilar Rilaño, director of the Barcelona-based fashion news website Modaes, Barcelona's concentration of large and small fashion companies makes it an international hub for the industry, allowing connected businesses such as her own quickly to attract a following.

"Barcelona is a city with a lot of creativity and industry, and there are lots of impor-

tant companies here," she says. "We have Mango, Desigual and others all here."

Ms Rilaño, who began building Modaes after a career as a business journalist at *Expansión*, the Spanish newspaper, says that the smaller, more flexible operational structure of a website enables her to be more creative with business ideas than Spain's traditional media, the bulk of which is based in Madrid.

Modaes was launched in 2009 with a total investment of €40,000 by its five partners, including Ms Rilaño, and has received further investment from private investors as the site's readership has grown. She is now starting to use the site to allow companies to advertise jobs for designers, and to organise industry events and research.

"If you have a newspaper with 100 people working there, you don't have the time to try new things," she says. "If you are a young business, you can do that."

Desigual's Mr Adell says that because Barcelona is far away from the financial centres of Madrid, and London, entrepreneurs can find it easier to concentrate on simple business models, and organic growth.

The fashion group, which inevitably finds itself courted by investment bankers keen to list it on the stock market, and private equity groups eager to buy into its growth, has no net debt. For Mr Adell, Desigual's Barcelona mindset has been integral to the culture of the company.

"The balance between the emotions and the practical has always been good in Catalonia. The City [of London] is far away, so we have less of the financial mindset that can detach the numbers from the business," he says.

"The culture of our company has always been based on being original, on differentiation. "I wouldn't say we are anti-establishment, but we are definitely against being mainstream."



Desigual's culture is based on originality

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Barcelona: Innovative & Creative Business

Interview Ferran Adrià

Victor Mallet talks to the innovative chef whose world famous El Bulli restaurant shuts in July

Ferran Adrià knows how to keep gourmets guessing.

The chef and co-owner of El Bulli, the modest-looking restaurant in northern Catalonia that has been repeatedly judged the world's best place to dine, could have extended his franchise around the globe as other chefs have done and opened El Bullis in London, New York and Tokyo and elsewhere.

Instead – in an announcement that shocked the thousands who strive each year to secure a reservation at the 15-table, 50-seat restaurant – Mr Adrià declared in January last year that he was closing it for guests from the end of July this year and turning it into a kind of creative research laboratory.

This was typical of the restless Mr Adrià and his partner Juli Soler. They are innovative and creative not just in the kitchen but in the way they choose to run the business and the educational activities increasingly attached to it.

Rather like one of his famous foams – they included scrambled egg foam, and raspberry foam served with Szechuan pepper ice-cream – Mr Adrià and those around him are always bubbling with ideas. They have championed the application of scientific methods to cooking, both through ElBullitaller (the creative workshop) and by supporting Catalonia's Alicia (Alimentación y Ciencia) Foundation near the monastery at San Benet de Bages.

Among the latest initiatives are 41° and Tickets, a cocktail bar and a tapas bar opened by Ferran and his brother Albert in Barcelona, and Ferran's new role as a teacher at Harvard University, where he says he will talk not only about the science of cooking but



Ferran Adrià: 'before the system gets tired of you, it's better to invent a new system'
Victor Mallet

once-secretive profession and does not claim that chefs are more important than, say, people who cure cancer. What he is serious about is creativity, whether artistic or scientific, and if possible not doing the same thing twice – or innovation, as it is known in the business world.

"In my case, creativity isn't work; it forms part of my life," he says, as a photographer shows him the latest image of one of his culinary creations for a forthcoming book. "My language, my way of expressing myself, is cooking."

"In 1984, when I arrived here, the words creativity and innovation were almost prohibited in kitchens, not just in Spain but around the world. Nouvelle cuisine, for example, was creative but cooking wasn't categorised as something that could be a creative discipline. Absurd, but that's the way it was. People saw it as something that didn't deserve the word creative."

Mr Adrià says his cooking – which is sometimes criticised by more conventional chefs such as the late Santi Santamaria, also a Catalan, as pretentious and over-engineered – is influenced by his "feeling" for Catalonia, but also by the 100 days he has spent travelling in Japan.

It is 6pm, and in a few hours El Bulli will be packed with diners eager to taste its newest creations.

The cost is high but not extreme – about €250 per person if you include wine – and the owners have succumbed to the lure of some corporate bookings at €115,000 a time between May and July to help ensure financing for the foundation for the first eight to 10 years.

"My work now is to raise money for the foundation," says Mr Adrià. But he has not forgotten the importance of accessibility. He goes to the kitchen to taste the meal prepared for the staff – tomatoes with basil, paella with crabs and *flan* (crème caramel) – one of a series that will double up as a new book of family meals. The cost per head: €3.

Reinventing the gourmet

also give classes in creativity.

But he makes it clear in an interview at El Bulli, next to a quiet cove near Roses just south of the French border, that the most important project of the moment is the new foundation that will take over El Bulli after it shuts its doors as a restaurant in the summer.

"I never said I was going to retire. Every five or six years, we've transformed ourselves," he says. "We are rebuilding our whole corporate structure. Now the apex is the

foundation. I'm going to fulfil my dream. I have the chance to do it. Dreams are not supposed to come true, but in our case they do."

He makes a comparison with Barcelona, his favourite – and generally victorious – football team. "I won for many years, but the system doesn't let you win all the time. The system could be tired of Ferran Adrià and El Bulli, so before the system gets tired of you, it's better to invent a new system."

For Mr Adrià, a crucial aspect of

the research and development to be done at the foundation by the 30 or so people who will attend is that everything – successes, failures and near-misses – will be shared with the outside world.

"Each day on the internet – that's the revolution – we'll publish everything we've done, like a digital newspaper."

"It's as if Norman Foster said tomorrow he was going to close his studio, set up a foundation there, continue creating and share everything. I've had lots of luck in

life. I'm not a multimillionaire. I don't have Ferraris or yachts. I have a normal life.

"We'll have interns, but not only young people – let's say the head of a hotel kitchen in Thailand, in Bangkok, he could be 50 years old. If his dream is to create and he has never been able to do it, he can take a year's sabbatical, and if he's talented, he can come."

Mr Adrià is not exactly modest, but he says chefs are not rock stars, dislikes the egocentric traditions of a

A well constructed city by design

Architecture

Gaudí is not the only reason for the city's renown, writes Edwin Heathcote

More than any other city, Barcelona is a paradigm of designed urbanity – an admired exemplar of how a city can reinvent itself as a desirable destination.

The question of how it has been done has been studied ad infinitum. Its genesis is usually attributed to the fall of the Franco regime and the subsequent revival of Catalan cultural identity combined with the city's hosting of the 1992 Olympic Games.

Since then, the awarding of the Games has been seen as an opportunity for regeneration and redesign, with decidedly mixed results: Athens and Beijing completely failed to capitalise on their Olympics infrastructure and emergence from a repressive regime has hardly made Moscow or Sofia design capitals.

Neither of these factors is enough, therefore, to explain the transformation. It is necessary to go further back to understand why the city has proved such fertile ground for reinvention.

The city is best known for one architect – Antoni Gaudí – the devout Catalan whose surreal, undulating works include La Pedrera, the Casa Batlló, the Parc Güell and the truly extraordinary Cathedral of the Sagrada Família – which is still under construction.

Gaudí's works create surreal explosions of organic form and colour within an ordered whole – which makes them all the more surprising. But it is the architect of that ordered whole, Ildefons Cerdà, the town planner who conceived the extension of the city beyond its Medieval centre as a grand grid.

It was the scale of this grid that allowed the city to develop at a density that is the envy of cities around the world.

It has proved able to accommodate a mix of uses within a tightly-defined urban area. It is this combination of density and intensity which has kept the city alive. Critically, the city can accommodate a social mix at its centre. While the centres of London, Paris, New York and now even Berlin have succumbed to gentrification which has

forced the less wealthy and migrant communities out to the edges, central Barcelona continues to house a rich social mix.

Even the gothic quarter at its heart remains a traditional Mediterranean barrio – noisy, teeming and vibrant. Unlike many medieval city centres, it has not been allowed to become a heritage tourist ghetto.

If Barcelona has remained one of the world's most livable and best designed cities, it is not by accident.

Mayors, architects and urbanists have shown what can be done. The socialist municipality (notably under mayor Pasqual Maragall) led the way in revitalising a tired city through its neighbourhoods as well as through grand plans. In concentrating on infrastructure – social and cultural as well as utilitarian – the city's fabric was revived.

At its heart, the city remains a traditional Mediterranean barrio

A combination of new social housing, health and community centres, market buildings and, perhaps most importantly, public space has transformed the city.

Of course there is the Ramblas, arguably the most successful mixed-use boulevard in any city anywhere, but there are dozens of other innovative examples.

The Moll de la Fusta provides the broad, open, art-strewn waterfront to counterbalance the dense city-centre, as does the sophisticated restructuring and landscape of the Montjuïc hilltop, whilst the Jardí del Museu Can Framis has romantically enveloped a piece of the old industrial city.

Elsewhere, "starchitects" have been attracted to add to the city's skyline.

First came Frank Gehry's huge harbourside fish sculpture, a forerunner of the Bilbao Guggenheim.

French architect Jean Nouvel's Torre Agbar also became an instant icon – a

contemporary of London's Gherkin, its iridescent sheath makes it the more elegant of the two. Yet more organic is the big, red rubber welly of a tower by Toyo Ito in the Plaza Europa.

Architects of the Beijing Bird's Nest stadium and London's Tate Modern, Herzog & De Meuron, built the vast, dark Barcelona Forum by the waterfront and Britain's David Chipperfield built the huge City of Justice in L'Hospitalet de Llobregat – both structures are ambitious but intimidating.

Most recently there is British architect's Rogers Stirk Harbour and Partners' revivification of the city's bull ring, Las Arenas, a mixed use scheme that promises to revitalise a big chunk of the city when it opens later this year.

These blockbuster structures may suck up the attention, but it is the subtler public buildings that have made Barcelona such an exemplar of urbanism.

In recent years Josep Llinás's Jaume Fuster Library with its complex and generous canopy and the fragmented literal curtain wall enveloping the Sant Antoni district library by Aranda Pigem reinterpret public space and architecture in wonderful ways.

Then Enric Miralles and Benedetta Tagliabue's Santa Catarina Market with its wavy roof, a starburst of Gaudi-esque colour, resurrected the spirit of the city's greatest architect while revealing in its culture of food.

A stroll through any of the city's big design stores, BD Barcelona or Vincon, set in wonderful *modernismo* palaces reveals the depth of the city's design culture – as do the fashion labels it exports from De Signal to Camper.

Architecture, design and public space are still seen both as a form of political and democratic expression and are used to differentiate the fiercely independent Catalan city.

That political drive seems to have survived the reflection of the immediate post-Franco era to create one of the world's few real design cities.

Gaudí: explosions of organic form and colour

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