

European Forum on Paradox and Pluralism

Nova SBE Twinning Project

MANAGING PARADOX MINI-CASE SERIES

Nelo Kayaks: Best over bigger

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THE CASE

In the 2016 Olympics, the name Nelo was not exactly buzzing among paddling enthusiasts. Nelo did not win Gold, silver nor bronze, he is not a kayaking coach, he is not even an unlucky contender. And yet, in a sense, he carried home 27 of the available 35 Olympic medals. “Nelo” is the brand name of a Portuguese manufacturer of professional racing boats that supplied to 27 medalists in the 2016 Rio Olympics. Its market dominance in the performance kayaking and canoeing industry then was equally impressive, equipping 75% of all kayaks and canoes present at the competition. The achievement was

the result of a trend that started at the 2000 Sydney Olympics when the first boats fully developed by Nelo won five medals. The number grew to 14 in 2004, Athens; 20 in 2008, Beijing; 25 in 2012, London to reach an



Figure 1. Nelo Kayaks

impressive 27 in 2016, Rio. By then, almost forty years had passed since Manuel Ramos, also known as Nelo, Nelo Kayaks’s founder and owner, at only eighteen started producing kayaks by hand, from molding to finishing, so that he himself could race them in the newly created Portuguese rowing competitions. Manuel was one of the first competitive rowing enthusiasts in Portugal and ended up a five times national champion in the early eighties. Back then, he had almost no one to compete against.



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André Santos, an economist, and former rower himself, joined the management team in the early 2000s. He currently leads 120 employees in their daily endeavors. Nelo kayaks continues to produce state-of-the-art boats in a semi-artisanal manner, albeit, using unrivalled proprietary technology, partly developed by Manuel Ramos's son, himself a computer scientist. The technology allows for the design and development of on-demand, tailored made boats matching any rower's body and techniques. The customer can then test-drive and finalize fitting in one of the company's test and training centers. The rower can further refine fit in loco at any one of the top world competitions. André Santos brings to each a whole-portable workshop with a full fledge team of technicians, providing support to any kayaker, even those racing competitor's boats. "After Sidney, we knew our kayaks were among the best but not many athletes knew them, so we started going to the competitions with a fleet of boats for anyone to try, while providing free technical assistance and rowing tips to anyone willing to listen. Little by little, they did listen."

In spite of their international success, the company is still located in Vila do Conde, a small piscatorial village in the north of Portugal. In fact, their current location is only a couple of miles away from the 20 square meters rented garage where Manuel built his first kayak. Nelo continues to focus exclusively on kayaks and canoes, and essentially foregoes the not-so-distant rowing boats industry. Most days, visitors will spot Manuel Ramos's presence through his sports car parked just outside the factory. Inside, Nelo will be roaming the workshop in his old bike, obsessing about maximizing quality across at each and every step of the process. When on rare occasions he is seen in the office area, he is sitting in a small stool by the sole naval engineer working for him. The engineer's job is to create computerized screen models, continuously tweaking shell curvatures according to Manuel Ramos' imagined designs, and then tested against formal boat building theory.

The case raises some important questions:



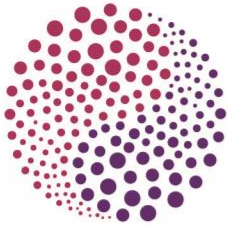
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- What constitutes success for Nelo? How can a paradoxical mindset help with that definition?
- What are his purposes and the purposes of the organization?
- Can Nelo Kayaks continue to grow while at the same time following the ideals of its owner and visionary, Manuel Ramos? How or why not?
- It appears Nelo isn't maximizing profit in the way rational theories of management would predict. Why isn't he?
- For example, the company specialized in kayaks. For decades they have resisted not to branching out to the closely linked and much profitable business rowing boats. When asked to explain this choice Manuel Ramos simply replies, "we wanted to build the best kayaks and canoes in the world".
- How can you defend and criticize Nelo's approach?
- Nelo continues to carry out each production process step and does not outsource much. If anything, they adapt cheap raw materials and even develop some of the tools internally. It appears his company is not trying to maximize profit. Could a management consultant defend such an option?
- Should the company try to branch out of its niche? If so, where to? Enter mass-market kayaking and canoes related businesses? Or should it branch out towards performance rowing boats?
- How have they managed to create and keep close customer relations despite geographical distance? How has distance helped them?

Useful sources:

5 min video (subtitled) - *One day in Manuel Ramos's life* [[Click here for video](#)]



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TEACHING NOTE

The case shows how difficult facing a crisis can be even for a professional with a significant expertise in managing complex organizations. COVID-19 has presented



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leaders with completely new challenges, requiring them to be in the system while, at the same time, be out of the system. This is likely to help them learn from the crisis while avoiding being submerged by the adversity.

The case can therefore be used to explore the way leaders exercise resilience via also improvised actions. To do so, instructors may want to explore topics such as:

- To what extent is leaders' resilience improvised? To what extent does it ground on leaders' prior knowledge and expertise?
- What are the critical factors that shape leaders' resilience? Are there any team- and/or organization-related elements that matter the most?
- How can resilient leadership translate into organizational resilience?
- How can social relationships, both internal and external to the organization, affect leaders' ability to exercise resilience?

Areas:

Covid-19; improvisation; resilience

Keywords:

Resilience, Leadership, Improvisation, Hospitality, COVID-19 pandemic, Paradox