

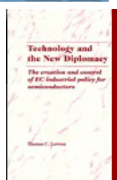
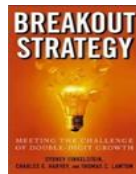
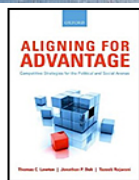


Mastering Change and Transformation

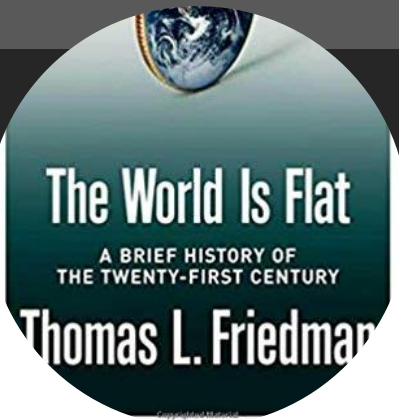


Becoming Future-Focused

Professor Thomas C. Lawton

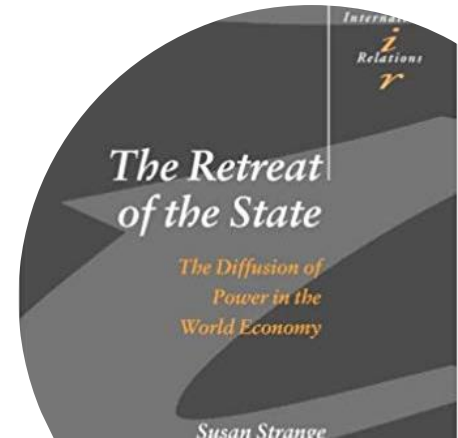
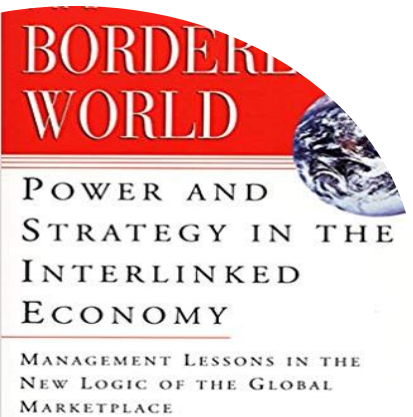


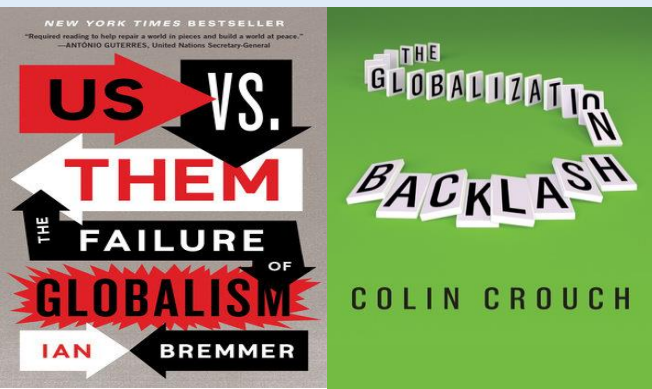
NO LOGO
NAOMI KLEIN



RUNAWAY
WORLD
"An Intellectual Powerhouse"
—The New Yorker

20 years ago, the world seemed very different

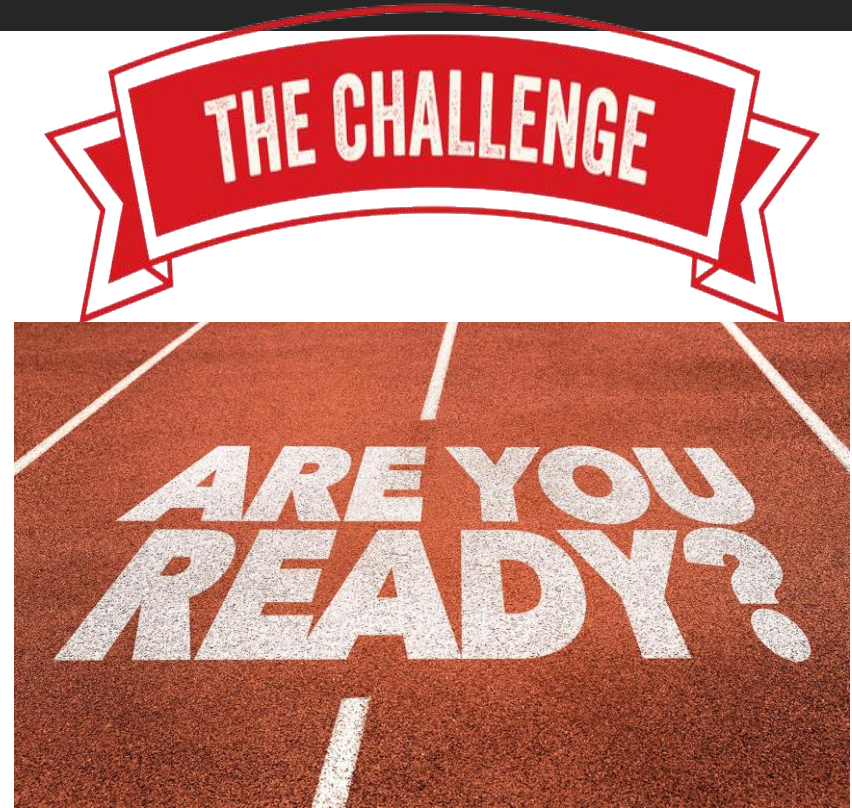




Today, the global competitive context of international business has changed inexorably



**8 tests of global
competitiveness:**
How will you
pass?

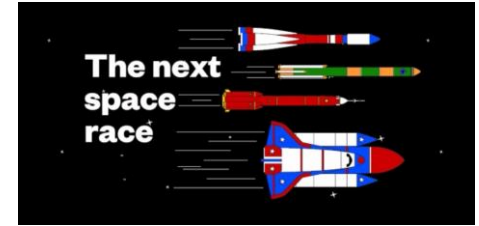




A return to multipolarity, which, history shows us, is inherently unstable

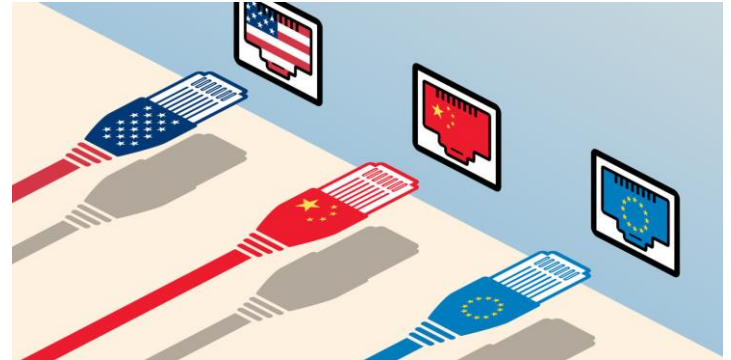


NATIONAL BESTSELLER
"Thucydides' Trap identifies a cardinal challenge to world order."
—HENRY KISSINGER, *former US secretary of state*
DESTINED FOR WAR
CAN AMERICA AND CHINA
ESCAPE THUCYDIDES'S TRAP?
GRAHAM ALLISON





The rise of
populism and
protectionism





The emergence and engagement of new frontier economies





Climate change and ecological imbalance





Population growth and water and food insecurity





New
technological
boundaries
and cyber
security risk



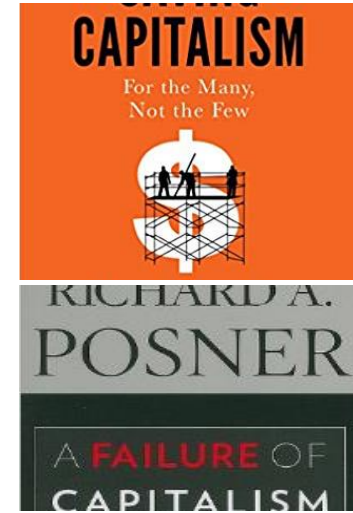
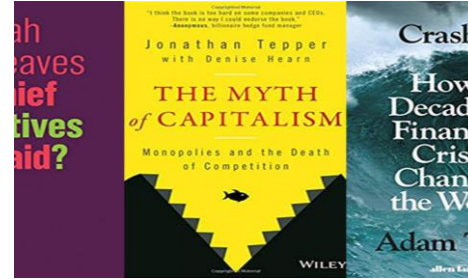


The menace of cross-border pandemics and terrorism





The crisis of
capitalism and
lack of trust in
(big) business





→ An optimal strategic response

Where to go?

- Commercial factors (*market strategy*)
- Non-commercial factors (*nonmarket strategy*)

How to get there?

- Entry mode
- Organizational structure

What to manage?

- Value proposition alignment
- Business model coordination
- Headquarters-subsidiary relations

How to deal with VUCA?

- Formal/informal institutions (rules/laws, culture/values)
- Political risk
- Stakeholder management



Breaking out across borders

Building operations and/or market presence in foreign countries is no longer the exclusive province of large, mature enterprises

International expansion is integral to fast-track growth for most companies

If unit costs are to be managed effectively and revenues grown at a pace, being international is obligatory rather than optional

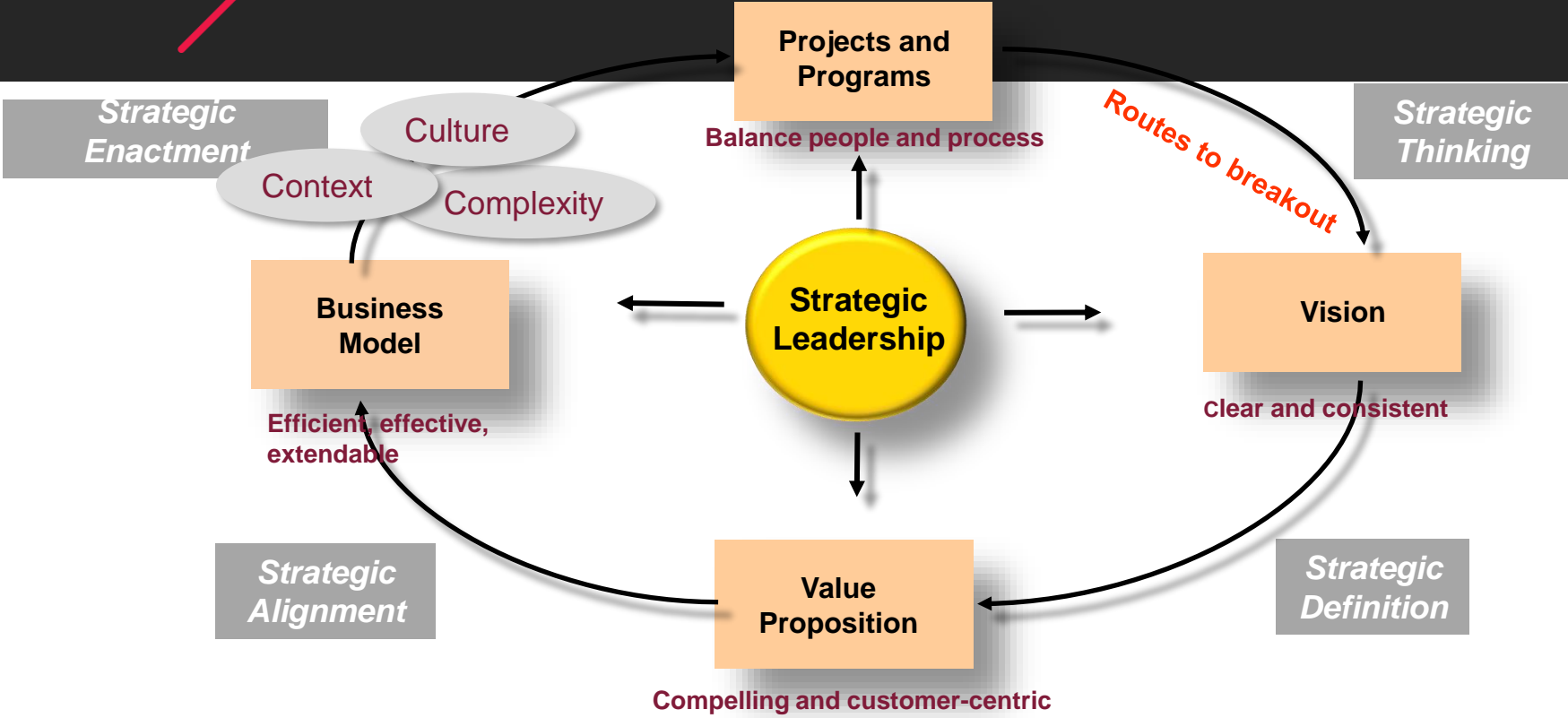
Value chains are mostly constructed across borders, but global volatility means that firms increasingly seek to balance offshoring, nearshoring and local supply



Ensuring strategic balance abroad

Balance *change* and *consistency* in international strategy

- Vision, values and value proposition (**3 V's**) must be consistent (although VPs may vary somewhat)
- Adapt your business model and your implementation initiatives to deal with differences in context, culture and complexity (**3 C's**)





But with opportunity, comes risk



“You should take very seriously political risks to your business that seem far-fetched”.

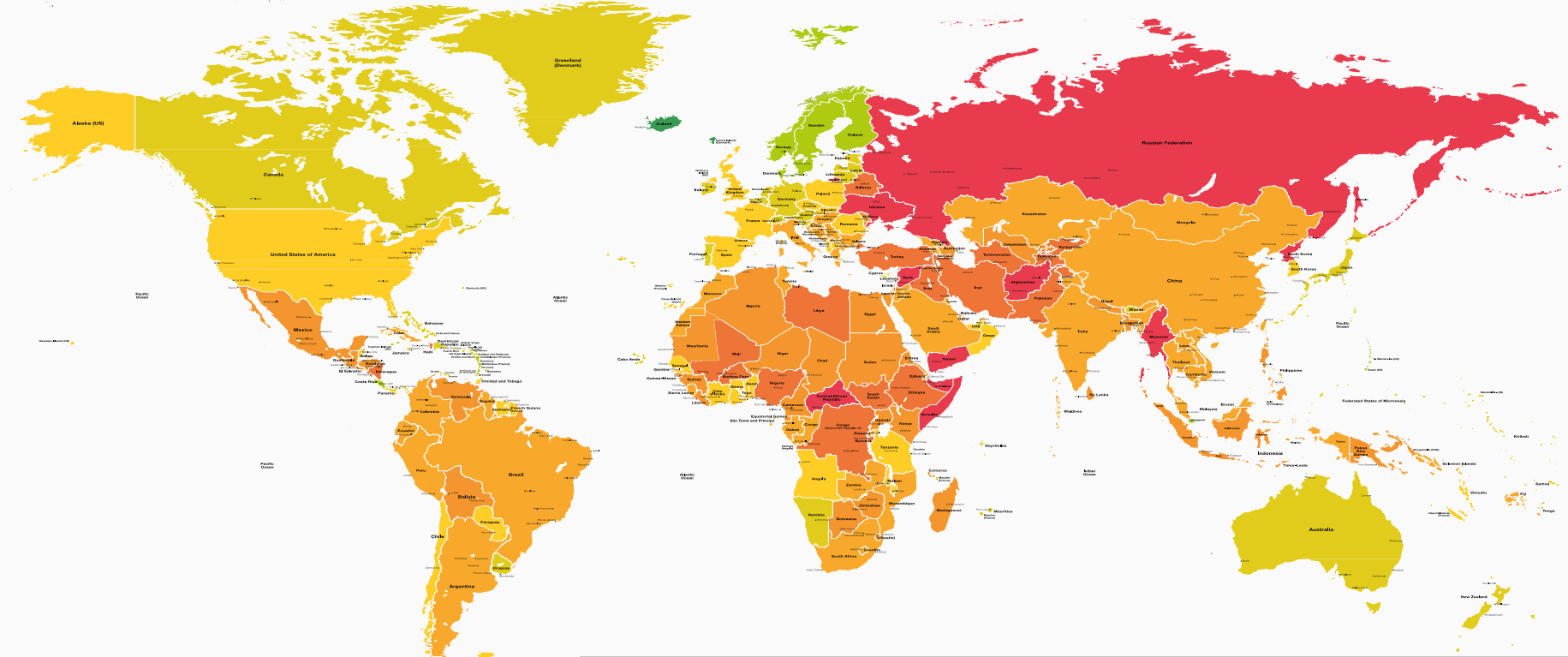
**Fred Smith, Founder,
Chairman and CEO of
FedEx**



“As divisions continue to deepen, companies must demonstrate their commitment to the countries, regions, and communities where they operate, particularly on issues central to the world’s future prosperity”.



**Larry Fink, Chairman and CEO of
BlackRock**



Download the global forecast for 2023:
controlrisks.com/riskmap

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Business Risk Forecast
This is an outlook for the business risk environment in each country on a temporal scale. The score is a composite risk score that factors in Control Risks' political, security, operational, regulatory, cyber and integrity risks. Each rating reflects our outlook regarding overall risks to business at the end of 2023 taking into account known or anticipated trends and developments that could impact the business environment during the year.

1	2	3	4	5	6	7	8	9	10
Very low-stable	Very low/increasing/low-decreasing	Low-stable	Low-increasing	Medium, decreasing	Medium, static	Medium, increasing/high-decreasing	High, static	High, increasing/very high-decreasing	Very high-stable
Risks to business very low and stable. A business environment that will be predictable, stable and supportive.	Between very low and low risk the business environment will be generally benign but subject to change.	Risks to business low and stable. A business environment that will be generally predictable, stable and benign.	Risks to business low but increasing. Generally benign but posing some challenges that require management.	Risks to business moderate and decreasing. Challenging in some areas, the business environment will improve.	Risks to business moderate and static. Some areas will pose challenges to business that will be manageable.	Between medium and high risk, and subject to change, posing elevated threats to business. Intensive risk management required.	Risks to business high and static, posing significant challenges to business operations. Intensive management needed to maintain operations.	Between high and very high risk, posing significant challenges to business and subject to change.	Risks to business very high and remaining so, posing normal business operations. Special precautions required to operate.