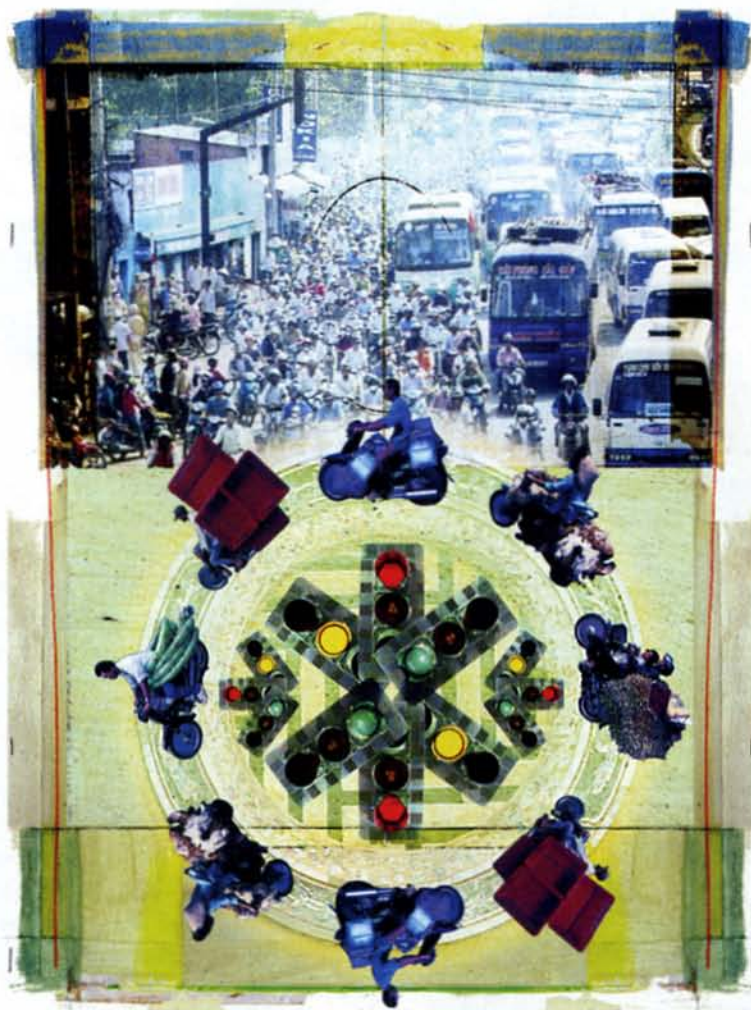


CRASHING

Into the Global Economy!

Our way isn't the only way.

By Robert Wallace



I sat glued to the backseat of the taxi that was taking me from Noi Bai International Airport to my hotel in downtown Hanoi. Surrounded on all sides by loud trucks, polluting automobiles, rusting mopeds, and indifferent pedestrians, I felt under siege and worried that my life was in danger. My three older brothers, who had valiantly fought in the Vietnam War, had successfully painted an intriguing picture of this foreign, exotic, but yet Communist country. Unfortunately, their stories did not prepare me for the experience of navigating through the confusing, seemingly dysfunctional, and erratic traffic of Hanoi.

The density of traffic was beyond belief. Every bit of road real estate was occupied by a bicycle, moped, motorcycle, truck, automobile, or pedestrian. At intersections, you were lucky to have a working traffic light, if you had a light at all. Seemingly, all of the drivers were taught to drive with one hand on the steering wheel and the other on the horn, as the atmosphere was polluted by a steady

chorus of horns. My westernized mind concluded that the traffic situation was utterly chaotic, that my life was in danger, and that it was a mistake for me to be visiting such a backward country.

However, every time I thought there would be a major crash, the participants found a way to avoid it. I soon began to refer to my travel experience in Vietnam as "crashing" or organized chaos. The traffic was very much like the chaotic economies of nations with emerging mar-

kets that, despite their challenges, offer some of the most promising new business opportunities. I soon realized that their systems for getting things done, while chaotic and disorganized to my American, Ivy League-trained mind, were functional. Everyone understood them, knew how to navigate them, and they actually worked!

Like me, many western entrepreneurs are still operating on business rules and paradigms that do not apply and certainly do not work in these emerging nations. Western-oriented small businesses hoping to enter the global market

must adapt to this chaotic business environment or they will be run over. By familiarizing themselves with the rules and guidelines of the new environment, and integrating them into the company's global business strategy, they will be able to navigate.

A New Economic Order

Many of us view the concept of chaos as negative. This is unfortunate. There is an emerging set of business rules and guidelines that provide a framework for the new world business order, which is why I wrote my latest book, "CRASH: Business Lessons From the Emerging World." For clarity's sake, these rules have been separated into five categories that capture the essence of the "crash" environment.

✓**Global Churn**—Nothing epitomizes the reality of the global churn more than the election of Barack Obama as the first African American President of the United States of America. Many of us did not believe that there would be an African American president in our lifetime. The Obama phenomenon, or the "Obama Effect," is simply the beginning of a series of rapidly occurring global events that will restructure how we view ourselves, how we view the world, and how we do business with one another.

This rate of change, or churn, is rapidly accelerating. Consider the fact that China will soon become the largest English speaking country in the world. *Churn.* Academically, we continue to educate students for jobs that don't even exist today, jobs that will support technologies not yet developed, in order to solve problems that have not yet been discovered. *Churn.* Believe it or not, the number one ranked country in the world in Broadband Internet penetration is Bermuda. The United States is number 19 and Japan, number 22. Today, there are 200 million registered users on MySpace. If MySpace users were a nation, it would be the fifth largest in the world! More *churn.*

✓**Enterprise Self Awareness**—During my travels, I have observed that each vehicle in the transportation systems of nations with emerging markets was consistently mindful of its strengths and vulnerabilities. Someone riding a rusted-out moped clearly understands that it cannot concurrently operate in the same space as a delivery truck. Entrepreneurs who are operating their companies in the new crash environment need to continually evaluate that which they do well and that which they don't. This evaluation needs to be conducted within the global context, as well as at the local or national level.

✓**Environmental Awareness**—On another trip, this time to Kenya, as my driver meandered his way through the streets of Nairobi, I observed that he operated in the present, remaining keenly aware of the surrounding vehicles. Concurrently, he also understood that if I did not reach my destination on time, he would lose his much desired tip. Consequently, while he navigated the vehicle to avoid a collision, he also maintained an impressive insight into how changes in traffic patterns, the time of day, and the likelihood of traffic lights not working, might change his navigation strategy. These same traits are essential for entrepreneurs looking to do business in the chaotic world. While companies get paid for what they produce, it is sometimes the subtle changes in the macro and micro business environment, and how we respond to these changes, that will determine our success.

✓**Situational Awareness**—The Chancellor of the University in Bulawayo, Zimbabwe, reminded me that when you drive in Zimbabwe, you must be constantly aware of your situation because it is constantly changing as all drivers compete to occupy scarce road real estate. There, the guidelines for travel are loosely defined; therefore drivers are at liberty to interpret them in whatever way benefits them the most. The high density of traffic on poorly designed streets means that the driver is required to continuously conduct a 360-degree situational analysis.

Too many small businesses, while operating in the

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present, fail to monitor the economic, political, technological, and sociological situation in which they exist. In the "crash" world, the rules are often loosely defined, which often creates an extremely dynamic business environment. Failure to respond to the changing situational terrain is unwise and potentially treacherous.

A case in point was a recent investment opportunity that I had in Zimbabwe that could have been ruinous. After meeting with Zimbabwean business people in Bulawayo, we persuaded other investors in Great Britain and South Africa to join us in purchasing a major clothing manufacturing company, which at its peak employed more than 1,500 Zimbabwean workers. Our team had vetted the opportunity, spent time with the owners, and exercised thorough due diligence. It looked like a good deal on paper, but my Zimbabwean partner insisted that we thoroughly monitor the political situation in Zimbabwe. It turned out that the President was about to implement an executive order that would undermine the legitimate ownership of foreign investors in Zimbabwean-based businesses. This situational awareness helped us avoid what could have been significant capital losses.

✓ **Innovation and Technological Awareness**—In the "crash" world, technology and innovation are the great equalizers of global markets. They make it possible and increasingly more common for small businesses to compete with large companies. But caution is advised. Because technologies often have short life spans, rapid adaptation is the key to gaining competitive advantage. What works well today will most likely not address the problems of tomorrow. Consequently, entrepreneurs and small business owners must consistently be at the "bleeding edge" of technological and innovation creativeness (meaning there is a risk

in adopting the technology, and it may even cause disruptions initially, because it's so new), not just the "cutting edge." In this new economic order, business leaders must literally be fanatical about the adoption of new technologies.

While my research has taken me throughout the world and connected me with successful businesspeople from many cultures, a common economic theme has emerged. It suggests that our collective economies and economic opportunities are "crashing" or merging. It no doubt will happen with all the uncertainty, unpredictability, and excitement that could only find its way onto the pages of a suspenseful best-selling novel. Welcome to the crashing world. ♦

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