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As Managing Partner and Faculty Member for PA Management Development Practice, Sundridge Park Business School (United Kingdom), he utilized his skills in strategy, management and marketing techniques to develop programs, lecture and consult with clients in a multitude of industries. At Cranfield University School of Management, he was Client Partner and Academic Director for customers from the insurance, banking, trading, manufacturing, retail, telecom and other industries. Keith holds a post-graduate Masters degree in Management Studies and two Masters qualifications in Marketing Behavior and Marketing Strategy, and a Masters in Music.

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Global Strategy: Friedman says “The World is Flat,” but most organizations think it won’t impact their business!

Summary: Tom Friedman’s book has become a global best seller, but many US businesses refuse to admit that the world he describes will have any more than a minimal impact on them. This article takes some of the themes from the book and describes the impact it could have on a medium-sized construction business working just in Arizona in the booming Valley of the Sun.

I. “While we were sleeping”

This section of the book suggests that: advances in Telecoms and IT are making change happen quickly and producing sophisticated, knowing, and more demanding customers who are prepared to shop and buy worldwide; and, that consolidation in every multi-national environment is being driven by efficiency and low prices and as a result, organizations of all sizes need to be strategically streetwise and stay ahead of the global curve.

This chapter quotes many global statistics. This think piece is organized in PESTE order, taking a few examples in relation to the *Arizona Constructor*

Global Political/Legal and Economic (PE)

- Process and manufacturing costs per hour: Germany \$35, USA \$23, Brazil \$3, Mexico \$2, India and China \$0.5 – \$1.5.
- *If you were a manufacturer, building the next factory, where would you build it? How do you get a piece of that action?*
- The world’s population is now 6.6 billion, over 235 countries. China 1.3 billion, India 1 billion, US 300m, Mexico 107m
- *If you were planning to build anything to serve a huge developing population, where would you build it? So should you go there? How?*
- Explosive Economic Growth in the Developing world: Per annum; India 8%, China 11%, Mexico 6% -14% (depending on quarter)
- *What impact will the increased competition for building materials have? Will the massive demand for concrete and steel throughout the Pacific Rim continue to cause shortages and escalating prices?*

Global Social changes (S)

- Static White population growth in US, aging population in Old Europe and even the China demographic time bomb means dependency on immigrant workers is inevitable
- *What impact will US immigration reforms and labor laws have on the construction industry? Will there be a competitive workforce and at what cost? Will the existing workforce be back in Mexico?*
- Workflow software and ‘steroids’--networks of super platforms--enable each individual to build their own personal global e-supply chain.
- *Where might your next customer inquiry come from? Where should you be sourcing all your suppliers from? (Want granite? Then go to China, Want an Accountant? How about India?)*

Global Technology (T)

Environment (E)



- Pollution of the planet has created many effective pressure groups influencing politicians to change how business operates
- *Lots of questions for the Arizona Constructor: What will be the impact; with different permitted building materials? with new insulation regulations? With increased energy costs? With new requirements for waste disposal?*

II. “The Triple Convergence”—what Friedman considers to be the most important influences on the shape of future businesses

The Global Web-enabled Playing Field

- How many ways can you learn? Can you add to your organization’s knowledge base; win new customers in new markets; source new suppliers; in-source, out-source, and attract new talent?

Develop New Ways to Collaborate Horizontally

- How much do you empower your workers to develop new collaborations? What alliances can you form? What core competences do you have that others may value?

Leverage the growth in the developing world

- Can you outsource, form alliances, supply chain partnerships, collaborations, source workforces with China, India, the Pacific Rim, Russia, East Europe, Turkey, Latin America?

III. “Can your business become ‘untouchable’”? – if so, then it can’t be outsourced. Friedman 2006 had three categories:

Special and Specialized

- Can you insure that your core competence in the eyes of your key customers can’t be replaced? If you have to move your core competence to another country, can your core competence be replicated, and how can it be replicated without damaging your home based competence?

Anchored

- How can you empower your workers? How do you enable them to understand your organizations core values, and be loyal to them and the organization? How do you enable the workers to ‘walk the talk’ and be entrepreneurial?

Really Adaptable

- How do you get all of your people to welcome change, make change happen and become ‘apostles of change? How will your leaders lead this?

IV. “The Quiet Crisis in the US” – The book discusses five key areas

- Education neglects Science and Engineering
- It’s easier to import than train and develop people
- The lead is lost in creative Research and Development
- American youth shows signs of “‘easy life,” lack of ambition and work ethic
- “Foreigners” are better educated and/or are more motivated to succeed
- *How can you train and develop future talent? How do you encourage passion, curiosity, creativity and ‘out of the box’ thinking? How do you motivate young talent to stay ‘anchored’ by understand what achievement may mean to them?*

V. 5 Ways Organizations (and the Arizona Constructor) can cope with a Flat World

- Keep Imagineering your organization’s future
- ‘Global’ is a reality. Don’t build walls or ignore it; reach out
- Small companies must learn to act big. Collaborate and build alliances to reach further, faster, wider, deeper and more efficiently.
- Big companies must act small, understand local markets, collaborate with local suppliers, and make each customer feel big (GLOCAL)



- Value creation comes from collaboration outside your normal market space (With what other contractors, architects, planners, engineers, realtors, do you have existing alliances?)
- Constantly identify and strengthen core competences and expertise niches; outsource and in-source the rest.
- Best organizations outsource to win, not shrink. Use outsourcing to gain competitive advantage, grow market share profitably, and add value and to extend innovation.
- Great organizations develop their own talent pool, and anchor them by making sure they know what achievement is in the eyes of their people.

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