

**Securing the benefits of globalisation**



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(50 x 50 cm)

Note  
from  
the Editors

## **Catherine Distler and Bernard Nivollet**

# Securing the business benefits of globalisation: a European perspective

Over the last several decades, successive waves of globalisation have deeply impacted economic relationships between countries and regions, and modified the way economic actors develop and interact. Corporations have likewise increasingly endorsed a global view of markets and competition. They have adjusted their business strategies so as to capitalise on developing global infrastructures, on falling costs of transport and communication, on technological advances, and on the progressive elimination of tariff barriers to trade. Today, corporations see the development of international operations as imperative. It is driven by a will to increase their efficiency, to expand their client base and to better serve their customers who are, themselves, becoming more global.

Owing to the implementation of an internal market and (within the Eurozone) the advent of a common currency, the diminished importance of national borders has been greatest within Europe. However, whether European corporations have been able to harvest the benefits of European integration remains an open question. By contrast, many observers consider that the size of the

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US domestic market confers a key strategic advantage to American corporations, an argument that equally applies to new Chinese competitors, as well as future Indian ones.

The goal of Unisys and PROMETHEE in conducting this project was to identify the key challenges European corporations face and the solutions they implement when conducting their respective globalisation strategies. Has the diversity of social and business cultures, languages, regulations and market sizes within Europe proven to be an asset or an impediment to the globalisation of European corporations? Is there a typical pattern of globalisation for European corporations, beyond their industry anchorage? Can one identify a successful globalisation model for European businesses?

In confronting such questions, it appeared to us, the editors, that the best way to provide insights, or answers, to them was to talk with the leading executives of the concerned firms. In so doing, a number of shared challenges surfaced. However, beyond certain commonalities, there does not appear to be one single 'European Way' of globalising a company.

The majority of interviewees indicated that the most difficult task faced by global corporate leaders is developing a common vision of the global firm – and one that accounts for the construction of shared values for guiding relationships with clients and partners, employees and stakeholders. This has proved especially confounding as most companies have conducted external, rather than organic, growth strategies, often executing several acquisitions over a short time-period.

The resulting business and organisational complexity of corporations globalising through acquisition is astounding and has led to a number of difficulties in the attempt to optimise business operations and to mitigate risk – a recurrent theme in our conversations. For example, although securing the benefits of globalisation requires reducing complexity from a risk management and effectiveness standpoint, we have found that many of the most successful companies are those with the ability to manage complexity and differences across markets and client segments.

The search for an optimal balance between simplification and complexity has led to a variety of governance and organisation models. Generally, there appears to be a smaller appetite for centralisation in Europe than in the US, with European companies leaning instead toward a 'glocalisation' model. Interestingly, for companies whose governance model is based on an 'everything is local but...' mentality, it seems that the list of the 'buts' increases progressively as the company's globalisation processes mature.

Technology is widely considered to be a facilitator of globalisation. However, corporations have encountered many quandaries when aiming to integrate platforms and systems after acquisitions, or when securing the ubiquitous networks on which their competitiveness increasingly relies. Understanding the implications of strategic moves (acquisitions, and so on) on business processes is just as important as delivering a coherent organisational vision of the global firm.

Another leitmotiv in our conversation regards brand and reputation. Indeed, a brand that carries customer experience consistency is a decisive corporate globalisation asset. In branding, as with technological and operational excellence, reputation is key and exceptionally hard to recover if flawed.

As editors, let us add that it has been a privilege to share views, experiences and occasional doubts with our eminent guests. We are most grateful to the decision-makers who have accepted our invitation to participate in these open dialogues, and to communicate their guiding visions with us – as well as the practical lessons they have drawn from their experience at the helm of their respective organisations.

We hope that these 'conversations' and insights will help prospective readers grasp some of globalisation's leading complexities. But even more significantly, we hope these pages will inspire readers to implement new strategies so that they, too, may deliver on globalisation...

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