

# A Comparative Business Case for Bridging Strategies

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## SUMMARY

DAILY TURMOIL ON A GLOBAL SCALE is giving business leaders and investors plenty of reasons to keep investments close-hold and their head down as they confront major challenges. New markets, new locations, cross-functional teams, plus uncertainty add risk, delay, and complexity to the business modeling. Strategy must be linked with design and implementation. Today's success demands integrated and expanded social networks linked through centers of commerce.

## ANALYSIS

THE CURRENT US FOREIGN POLICY seeks to maintain a balance of power among Nation States. The US expects to confront all manner of persistent conflict through a global engagement strategy.

Although there are different political, military, economic, and social elements that compose the National Security Strategy, the strategy generally relies on cooperation, strength, and power to develop desired security end-states. Trade partnerships, and as well as military security-force-assistance engagements and programs remain the primary means of achieving the desired ends. These activities seek to build partner capacity while stabilizing and improving existing governmental structures. The expected results

include an increased sharing of techniques and knowledge to improve skills and education in formal and informal settings, improving quality of life, and in some countries, to arrest the dichotomy between power and morality in governance. This opens the door for what ultimately could become a shared understanding of democratic concepts to improve meaning, purpose, and positive impact on people at a personal level.

Globalization connects every geopolitical region in real-time with mutual impact through the process of exchange. The US Financial crisis of 2008 and immediate bleed-over to the Eurozone provides a glaring example of our global interconnectedness and vulnerability.



The following three examples illustrate the various traditional methods in which globalization connects.

- Recent news reports attribute the 40% plunge in the Iranian Rial to International Sanctions. The follow-on of recent large demonstrations in Tehran, has subsequently caused Israel to re-consider its strategy on Iran.
- The Keystone XL Project, a proposal for a pipeline to carry oil extracted from tar sands in Canada to refineries on the Gulf Coast of the U.S. is likely to remain a focus of heated political debate on environmental issues vs. employment, national strategy, and energy dependence issues. A project originating in Canada has implications on the US economy as well as global energy markets.
- The weekly Drought Monitor, as of 2 Oct 2012, indicated the current epic drought in the US had spread to more than 65% of the US Continent. Crop production, according to the report, had dropped by \$12 Billion and had shaved 0.2% off the US GDP for the Quarter. The US Department of Agriculture reports that Corn and Soybeans will be down

15 to 20%. The USDA reports that it will take a full 12 months to realize the full impact of the drought and in the meantime, international commodity and crop prices have risen carrying a direct economic impact on local markets around the world.

The five examples below show how barriers have been eliminated and yet remain connected in both a virtual and traditional way. These examples also demonstrate integrated and expanded social networks linked through centers of commerce.

- Cloud Computing. Although viewed as a North American invention, cloud computing has clear and present business applications in the Energy sector (Google's seawater-cooled facility in Finland, and Facebook's hydropowered plant in Sweden.) Dublin is once again emerging as a tech data center with the European home-base for Amazon Web Services' and Microsoft's cloud businesses.
- Basic commodities. Under pressure not only from higher demand within traditional



sectors, basic commodities are also under the pressure of increasing alternate uses. For example, corn will be needed for food and ethanol. Water will be required for consumption, agricultural production and energy production. The epic drought conditions in the US have global impact on energy and commodities.

- DataSift. Headquartered in Reading, England, DataSift is one of three companies (along with Gnip and Topsy) certified to resell all the billions of data points streaming from Twitter every day. Social media, and Twitter especially, are a huge focus of corporate analytics efforts. This is big data that impacts several domains at once.
- The Occupy Movement. As of October 5th, 2012, 1483 Occupations for financial reform had been plotted globally by the Occupy Movement. There is a monthly calendar of planned events. The organization has consolidated its efforts and is extensively represented globally through a number of allies and supporting organizations. <http://occupywallst.org/infotent/> and <http://directory.occupy.net/>
- The Arab Spring, and The Occupy Movement. Both of these movements represent more than social upheaval. They have used digital influence across boundaries' to change policy and influence change in global politics, economics, and social conditions.

Cloud Computing, Energy, Occupy and the Arab Spring represent local-local and the global to local connection and bifurcation around the globe.

Other examples can be found with the EU and California which provide a snapshot into the inter-connectedness of local-local and global markets. These also represent a bifurcated economy on different scales simultaneously. For instance, the EU is in economic chaos, each of its States too differing degrees, with unemployment in Greece and Spain at 24% and 25% respectively and Germany and Netherlands at the lowest end with both countries just over 5%. Conversely, the US unemployment average is at just about 8%, with some financial sites reporting as much as 14%.

The California unemployment rate is an average 10.6%. Unemployment rates for various areas in California are also different with Castro Valley, CA, an agricultural community, at just over 1%, and the Los Angeles zip code of 90013, an urban environment, linked to entertainment, defense, import, export, and financial sectors, at just over 50%.

Global interconnected commerce is challenging traditional forms of exchange, the organization of business, and even forms governance. Geopolitics are not detached from the local environment and the need for enhanced understanding at the local level is increasingly connected to the success of corporate strategy. The EU and California examples above illustrate more than bifurcation and complexity. They also demonstrate why one size strategy does not fit all, and why it is important to understand and include the micro-urban and micro-rural landscape in functional implementation. The concerns of Greek and Spanish communities will not be the same as those of the German or the Dutch. In the California example, Castro Valley, CA, a highly rural and agrarian community, is in the proverbial *high cotton* when compared with a segment within Los Angeles, an urban community.

*How much change in the global business environment has really occurred in the last 20 years? Or has technology just dominated the flow and speed of information to a point in which we presuppose that this is all new?*

Companies that are considering doing business in a another country gather the economic and demographic data, income levels, GDP, and consumer expenditures in different segments. They then investigate infrastructure challenges, hiring practices, labor issues, and political and regulatory policy. This information helps determine the attractiveness of market, but since all companies look at the same data, it is really just an initial screening rather than a deep analysis.

Success is contingent on capability assessments. There is no undifferentiated and single concept of what success and capability will result as different organizations apply assessment results differently. Businesses such as HP, Dell, Apple, Amazon,



Google, Yahoo, Facebook, Virgin Air, American Airlines, and Linked-in, however, offer clear examples of varied application and success.

Strategy and plans for business and government follow similar paths, but have diverging ends. Arguably, they are interrelated and interdependent, but the expectation, results, and outcomes are focused into a single domain; either economic, or military-political. Business leaders expect an ROI on the capital invested and governments expect to strengthen political ties. It sometimes appears that little thought is given to how these domains converge, diverge, or how one might impact the other. Are these connected domains so new that leaders might be rooted in older structures and can not adapt quickly enough?

Strategy results from a concept or idea. The process of identifying and analyzing all the touch-points and data result in the usual decision making process, followed by the development of a course of action, and a functional plan once due diligence and planning is complete. There is consistently a disconnect between concepts, the strategy, and functional implementation. In essence, the bridge to integrate all three is this missing bridge. It is not enough to compensate with superior numbers, or superior technology.

For instance, consider water used in fracking. This might seem simplistic, but when drought conditions exist, and water resources scarce and rationed, the use of 1 million or 5 million gallons of water for drilling can suddenly become a political, social and environmental issue. Conversely, even if that water comes from non-potable sources, and drilling engineers replace and replenish that water to a potable condition, this can also become a friction point unless an engagement strategy is crafted and implemented early.

In another energy example, consider the following case of Apache and Cheniere.

*“Apache is a gas producer. It wants to export gas from North America—where a glut keeps prices low—to Asia, where prices are linked to oil and much higher. Apache and its partners also must invest a lot upfront just to pipe their gas to the*

*coast before it even gets liquefied, providing even more incentive to demand oil-linked pricing.*

*Cheniere, on the other hand, isn't a producer and largely insensitive to what price gas producers get for their product: It is essentially a middleman. For Cheniere, the cheaper the gas, the more volume is likely to pass through its proposed plant. And that plant is situated in a region crisscrossed with pipelines.”*

*“LNG is usually sold at a price linked to oil. But Cheniere, planning an LNG export plant in Louisiana, has made deals priced off U.S. gas, which is much cheaper. Asian customers are holding off on new contracts awaiting the political fall-out on how much export the US will allow. Additionally, Cheniere has yet to build its plant.”*

Increasingly, global business needs regional and local engagement and influence strategies. Competitive intelligence now comes from multiple interdependent sources, yet must be focused for specific relevance to multiple simultaneous uses across the human domain for the corporate, regional and local level. This is how effective bridging engagements provide the necessary “course corrections” at the local level before the required course correction becomes a risk, and an economic and political issue at the C-Level - too late to for effective action to be addressed,

Reducing an organizations vulnerabilities is a continuous process and a broad range of capabilities, elements, and components must be assessed. Strategy is only part of the equation for success. Implementation and execution on the ground must have a bridge to the strategic vision and intent.

**NOTE:**

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