

FOR CORPORATE DIRECTORS:

Emerging Markets

A risk management guide

Multinational companies have moved aggressively into emerging markets. For corporate directors, it's often difficult to keep pace with and provide oversight of developments around the globe.

Ask these probing and informed questions:

- 1. What are our sources of information about emerging markets?** Data from emerging markets often is incomplete or unreliable. The war for talent in emerging markets is fierce. Do we have the right sources of information and people on the ground?
- 2. What are the interests of our business partners?** In many emerging markets, it's preferable to partner with a local entity. What are their legal, political, economic, and social assets and encumbrances?
- 3. What is management's view of the future?** The growth outlook for emerging markets has dimmed and its has become much more volatile. Is management clinging to out-dated expectations?
- 4. How does the situation in Market A differ from that in Market B?** Emerging markets are very diverse and should not be approached as a uniform group.
- 5. What are our brand and public affairs strategies?** Global companies increasingly are viewed as standard-bearers. And, as emerging market growth has slowed, global companies are coming under greater government and stakeholder scrutiny.
- 6. Do we have the right people and processes in place to manage risks?** Emerging markets are higher-risk environments. Having local talent in-country is important, but so is managing to global standards, especially when it comes to anti-corruption efforts.
- 7. Are we able to adjust course should conditions or objectives change?** Emerging market conditions change quickly. Is the firm sufficiently agile? What is our exit strategy?

Offer these solutions:

- 1. Bring in consultants** to provide objective, third-party insights and to “ground truth” information coming up inside the enterprise.
- 2. Make regular visits to key emerging markets** to meet with staff, clients, business partners, and stakeholders. Be sure to look beyond the plant and office walls.
- 3. Diversify board membership** to include emerging market expertise.

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