



## ***Commentaries and Insights from Allawos & Company***

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### ***Security and Doing Business Abroad***

***Amb. Werner Brandstetter, Senior Consultant & International Diplomat***

“There is no security on this earth, only opportunity”, said Douglas McArthur, a great General, who grabbed military and geopolitical opportunities, but also miscalculated some of the risks involved in making important decisions.

Business decisions, of course, always involve balancing risks and opportunities. If you do business abroad, risks and opportunities may be much more complex than at home. Additional factors, such as different legal systems, foreign languages, etc. will enter the equation. Security issues, in particular, exact much higher attention.

Just listening to the news on any given day reminds us that the world – at least a good part of it – has become a dangerous place. The regions of political instability are rapidly expanding. Many countries that were safe for businesses only a few years ago now pose high operating risks and costs. Other regions have become virtually inaccessible for any regular form of business activities.

Yet, this does not mean that you will or should refrain from doing business abroad, even in zones of crisis. Sometimes business opportunities may be particularly profitable in places where doing business is difficult or fraught with insecurity. Enterprises frequently find it important to remain in markets that have turned more dangerous, in order to be present and well-connected when the situation becomes more propitious for business again.

However, it is important to go in well prepared for the inconveniences and many a risk that your company and its employees may face, such as high crime rates, political or military instability, unrest and violence, terror and civil war. Some countries, of course, are also highly exposed to potential

natural catastrophes, like hurricanes, typhoons, inundations, earthquakes, tsunamis, etc. Do not forget environmental catastrophes like Chernobyl and Fukushima or air pollution at dangerous levels. How can you prepare your company to deal with such adversities?

It goes without saying, for companies doing business overseas in tricky political environment, it is essential to follow the news and developments closely, including the internal political situation of the respective country, the regional as well as the geopolitical context.

Make sure that it becomes part of your company culture to understand the political, economic and social connotations affecting the country or the countries you are doing business in.

Learn to analyze and interpret events, developments, and other indicators and how they will apply to the future of your partners or your business interests in a foreign market. Listen to local official pronouncements for clues; observe the trends in exchange rates and the local shares market, employment rates, opinion polls of public satisfaction or dissatisfaction, strikes, manifestations and acts of violence. All of those can provide you with important insights of what is going on and what might be in store.

Such information is quick and easy to come by, even if you have no time for following the news reels, websites, blogs or newspaper articles. You will find a good and usually quite reliable source of information in the travel advisories of the State Department and other Foreign Ministries. The US and many European Foreign Ministries keep their information sites meticulously maintained and efficiently updated. They are full of useful information for travelers as well as foreign expatriates in the countries they describe.

Furthermore, there are companies who provide professional and reliable assessments of political and social risks. You might be well served, for example, by subscribing to "Control Risks" [www.controlrisks.com](http://www.controlrisks.com), "Stratfor" [www.stratfor.com](http://www.stratfor.com) or similar services.

Wherever you do business, your company should draw up a reliable crisis plan.

A good crisis plan is comprehensive, but not too detailed. It gives an assessment of the probabilities of the various potential political, military or natural crises.

A good crisis plan deals with the major aspects of each such crisis while allowing for a great deal of flexibility, because the actual crisis will always somewhat differ even from your best crisis plan. Still, you have to be prepared.

A good crisis plan allocates the responsibilities. Who does what in a crisis? You may think that it will flow naturally from the regular job description. It does not. Crises are different. Who heads the crisis team, who makes the decisions, who keeps in contact with and informs personnel, who organizes communication, who keeps in constant touch with headquarters, who deals with the media, who organizes transport, who is in charge of health issues, etc. All this and more has to be laid down in the crisis plan.

A good crisis plan stipulates what must happen for the company to evacuate the dependents and/or non-essential staff or when to evacuate completely.

What are the emergency procedures of closing down temporarily or for good (destroying sensitive files, hard disks, etc., who will remain in charge of security of your premises)?

Update the crisis plan regularly.

Train the employees in crisis related activities, how to evacuate, how to use emergency equipment, especially communication equipment.

A good crisis plan evaluates possible and plausible evacuation routes and ensures everybody knows the assembly points, which in turn have to be evaluated for their usefulness long before the crisis starts.

Even if the crisis does not fully erupt, the security situation in the country where you are doing business in may require special precautions for creating a safe environment which allows your employees to effectively pursue company work and interests.

This will incur costs. Depending on the situation, sometimes the costs for security measures will be high, such as fortifying buildings and entry ways, windows and doors, hiring guards and personal protection units or acquiring armored vehicles. Of course, these things will have to be considered in an early stage, because they will affect the way you do business and how much it will cost you.

Finally, there is one more issue that in times like these takes on ever more importance: cyber security.

Everybody understands that your competitors will always be interested in what you are up to. It is not only your immediate and well-known competitors, who might crave for your company secrets but future competitors as well. It did require an Ed Snowden to let us know that governments are interested in our personal affairs and our business secrets. But now the cat is out of the bag, and no one can claim they weren't alerted.

To avoid misunderstandings, I am not only talking about the activities of the American NSA. There are a great number of countries who may want to spy on your company. It could be the British, the French, the Russians, the Chinese, the Iranians, the North Koreans, you name it. Their technologies for spying are mind-boggling.

Everybody can be a hacker. Modern communication technologies give everybody who has the knowledge and the necessary means the possibility of launching an attack on your accounts and of siphoning off a wealth of data, no matter where you are.

Yet, when you do business and travel abroad it is important not to open the gates for potential spies. Leave all information you do not absolutely need at home. Stolen notebooks, tablets or other portable devices are a prime source for anyone to get his or her hands on internal information.

Your cell-phone, too, is vulnerable. Even turning it off will not necessarily help. Every cell-phone is a microphone. For sensitive meetings in sensitive environments, insist that the cell-phones are locked away.

The costs of e-mail and mobile encryption may at first seem prohibitive. However, these costs may well be negligible compared to the potential damages incurred through data theft.

Now, all this should not deter you from going into business relations even in complicated and unpredictable markets, even in crisis regions. But taking these and similar aspects into consideration in a timely manner will make your operations safer and in the end more profitable.

If you have evaluated the insecurities involved, prepared well for handling the risks, calculated the dangers and taken sensible precautions, now is the time to finally and completely focus on the possibilities.

This is the way to success.

## **About Allawos and Company, LLC**

Allawos & Company is a comprehensive global business-consulting firm, tuned to enable organizations identify and exploit opportunities through creative engagement built on a foundation of decades of senior management experience.

Whether in corporate development, strategic planning, alliances, market development, diplomatic engagement or manufacturing optimization, our team is focused on client-specific value creation.

*Michael Allawos*  
*President & CEO*  
*Principal Consultant*  
*California, USA*

*Larry Vertal*  
*Senior Consultant*  
*Corporate Development*  
*California, USA*

*Ambassador Werner*  
*Brandstetter*  
*International Diplomat &*  
*Strategist, Vienna*

*Albert van Rensburg*  
*Senior Consultant*  
*International Bus. Dev.*  
*Guateng, South Africa*

*James Kohlhaas*  
*Senior Consultant*  
*Systems Integration*  
*Washington DC, USA*

*Dennis Alfieri*  
*Senior Consultant*  
*Real Estate/Gov. Affairs*  
*California, USA*

*Stephanie Jones*  
*Senior Specialist*  
*Employee Relations*  
*California, USA*

*Jim Shivers*  
*Senior Specialist*  
*Water Treatment*  
*California, USA*

**More information is available at**  
**<http://www.allawosandcompany.com/home.html>**  
**or by calling (626) 335-5015 or (626) 824-4546**