



## Stay in control in a world full of 'events, dear boy, events'

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Some mornings, a business leader needs a pretty good nerve just to pick up the newspaper. The choice of front page stories last week was daunting: a steep fall in share prices (and rise in bond yields) on fears of higher interest rates, and this after heightened stock market turbulence in China; an intermittently fraught gathering of world leaders at the G8 summit in Heiligendamm, Germany; and the exposure of an alleged £1bn of secret payments from the UK's BAE Systems to Prince Bandar of Saudi Arabia.

Here, in the space of a few days, several aspects of the challenges of globalisation were played out. Trying to keep track of all these different events, and understanding what they might mean for a business, can be exhausting for senior executives. It must be like being on the receiving end of a continuously updated 360 degree appraisal, only with the feedback coming in from governments, regulators and competitors instead of from colleagues.

Today the world is not so much flat as upside down and oscillating violently. This is a world in which expatriate US and UK managers in India are finding themselves priced back into the local labour market as home-grown talent starts to command ever higher salaries. And, meanwhile, outsourced Indian service providers, such as Tata, Wipro and Infosys, have been forced to out-outsource, finding cheaper labour in China and Mexico, to maintain their cost advantage.

"This is a new industrial revolution that's going on," one guru of the outsourcing and offshoring industries told me recently. So, no pressure then.

In the context of all this turmoil and change, what should a business leader do? Cut corners and take the shortest available route to profitability? That approach could very easily get you on to the front pages too, and not for nice reasons.

Perhaps there is a more sustainable path to success. Next week the London-based think-tank Tomorrow's Company will be publishing a report that has been two years in the making. Called "Tomorrow's global company: challenges and choices", the paper draws upon the insights of several major international businesses, including Infosys, Standard Chartered bank, Anglo American, ABB and KPMG.

## IN THE NEWS

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The report is unequivocally business-friendly and refreshingly free of liberal guilt and self-flagellation. "We believe in a strong market economy," the authors declare at the outset. But the more important question is: how do you reconcile that ambition with the many other pressures on business today? In answering that question the report's authors reject the either/or approach that has characterised much of the debate in this area in the past.

Tomorrow's global company will aim, they say, "to provide ever better goods and services in a way that is profitable, ethical and respects the environment, individuals and communities in which it operates".

To those who object that this mission statement sounds a little gentle for the hedge fund and private equity-dominated era, the authors have an answer: "We believe that the market will reward those who set and explain long-term goals in building sustainable businesses of lasting benefit to society."

Here, at last, are civilised, intelligent capitalists making a coherent case for capitalism. Their arguments should be as acceptable at a bien-pensant dinner-party as they would be at an analysts presentation.

They are based on the practical experiences of successful business leaders. They ring true. (Unlike, perhaps, pronouncements that emerge from other, grander gatherings such as Davos, "where the people who spend 51 weeks a year creating the problems spend the 52nd pretending to solve them", in the sacrilegious words of Henry Mintzberg.)

Tomorrow's Company finds support from Harvard's Michael Porter and Mark Kramer, who wrote in last December's Harvard Business Review: "Corporations are not responsible for all the world's problems, nor do they have the resources to solve them all . . . [But] a well-run company . . . can have a greater impact on social good than any other institution or philanthropic organisation."

But it is a mad world, my masters. What the former British prime minister Harold Macmillan referred to as "events, dear boy, events" can dog any corporate leadership team. Luck and uncertainty are more important factors in business success than a chief executive might like (or dare) to admit.

By engaging constructively with the complexities of this fast-changing world and seeking out opportunities in the way the report describes, it might be possible to steer a more sustainable and profitable course.

You could just stick your head in the sand. But then, one day, you will find yourself echoing the words of John Lennon, on the final track of The Beatles' *Sgt. Pepper's Lonely Hearts Club Band* - released 40 years ago this month - "I read the news today, oh boy."

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