

CASE STUDY

Executive Viewpoint on the Geopolitics of Business: Mark Breden, Senior Executive at Procter and Gamble

Mark Munoz J*

Tabor School of Business, Millikin University, Decatur, IL, USA.

*Corresponding Author: Email: jmunoz@millikin.edu

Abstract

The contemporary geopolitical environment has posed new challenges and opportunities for business organizations worldwide. With increasing international economic alignments and political conflict, organizations need to manage with innovative methodologies. These operational changes have an impact on the practice of public administration, finance, and law. With the intent of highlighting a real world case in geopolitical management, Professor Mark Munoz of Millikin University and undergraduate students Chris Garcia and Alex Robertson interviewed Mark Breden, a senior executive at Procter and Gamble. Procter and Gamble has a market cap that is greater than the GDP of several countries. Their brands serve 4.8 billion of the 7 billion people worldwide and have led to sales of over \$84 billion (2013). They have 25 billion dollar brands in the field of beauty, grooming, healthcare, fabric and home care, and baby and family care. Company products include internationally renowned brands such as Gillette, Tide, Crest, Vics and Duracell. They have over 8,000 employees comprised of over 150 nationalities. With a truly global footprint, the company values integrity, leadership, ownership, passion for winning and trust. The interview captures the geopolitical mindset of one of the company's senior executives.

Keywords: *Geopolitics, Geopolitical Management, International Management.*

Introduction

Today's contemporary global economy is highly integrated and often requires organizations to think in new ways and conduct business in an innovative manner. This environment requires heightened sensitivity to geopolitical occurrences worldwide.

Geopolitics is defined as the convergence of geography, economics and politics and its influences on events. It is shaped by geographic location, resources (natural and man-made), demographics and people factors, and relationships with other countries [1].

Early thinking on geopolitics was advanced by Mackinder [2] who suggested that social occurrences in one part of the world will impact other locations and shape political and economic activities.

More recent literature point out to a link between geopolitical events and the modalities of business [3].

Companies and executives need to be cognizant of geopolitical events. The global environment is threatened by: 1) financial challenges, 2)

ecological threats, 3) global instability due to power shifts and resource limitations [4]. A keen understanding of geopolitical dynamics and the management of risk is an essential skills set of the contemporary CEO [5].

This article highlights an interview with Mark Breden, a senior executive of Procter and Gamble, one of the largest consumer goods companies in the world. The interview was conducted by Professor Mark Munoz, through the assistance of students Chris Garcia and Alex Robertson.

The interview was conducted with the goal of gaining a real life perspective on how a global executive of a multinational company views the geopolitics of business.

(Start of Interview)

1. From your experience, to what extent do companies track and monitor geopolitical events around the world ?

At P&G, we are very focused on geopolitical events and trends. Events and conditions that impact

foreign currencies and governmental conditions impact business.

2. How do companies gather geopolitical information and conduct research in international locations?

Primarily through third parties. They are set up to do this work more efficient and effectively. Of course we staff and leverage our own local resources to help interpret and translation strategy and direction off of the data we get from third party.

3. In your view, what are the key challenges in the geopolitical environment and how does it impact the contemporary corporation?

Government interventions (tariffs, regulatory, etc) can dictate business conditions and direction. This can also have impact on currencies that impact corporate profits.

4. Are there business opportunities resulting from geopolitics? What might these be ?

Sure, during economic changes there are requirements/opportunities to reset go to market conditions.

5. Who is responsible for geopolitical planning in companies you've worked with? Is responsibility placed on a single person, department, or entire organization?

With a company our size, we have a corporate department/organization that handles it. There is also crossover within the Research, Finance and ER organizations that touch this area.

6. How does geopolitics impact the management function of planning?

It is critical to forecasting and asset allocation planning. It touches a number of other areas, but these are the biggest.

7. How does geopolitics impact the management function of leading?

Information is critical for leaders. Organizations need/want leadership that knows how to be in touch and aware in their direction. Leaders now must have financial acumen, political awareness and media training to be prepared to lead in these conditions.

8. How does geopolitics impact the management function of organizing?

Like above, it is critical to build into processes and timelines geopolitical events and information. Elections, earnings reports and governmental functions all will impact your corporate processes and direction.

9. How does geopolitics impact the management function of controlling ?

In today's world, more so than ever. With virtual information and significant differences between countries, having proper controls, oversight and discipline is now mandatory.

10. In your view, does geopolitics impact the company's financial bottom line ? Why or why not ?

Absolutely! Converting foreign currency to US dollars can impact a balance sheet significantly. Where you source raw materials, futures you might be holding are all impacting by currency fluctuation and governmental conditions/changes.

11. How can the practice of geopolitical management be improved ?

Open communication and global standards are always appreciated by corporations. It is important to have resources available and invested into learning and penetrating country, regional and other organizations to facilitate this.

12. What resources are needed by organizations in order for them to best manage the complexities of geopolitics ?

Similar to what was said in question #5, we rely on internal departments designed to manage this work as well as third party support. It is critical to have regional expertise and trained experts at country level. You cannot rely on expats to deliver this work.

We apply global models based on significant success models. This is especially true during crisis management. We have designed models that include a combination of in-house and outside resources to deliver, but around a universal design. Where needed we will make adhoc designs for the unique circumstances.

13. What is your vision of geopolitics in the future? Do you see it growing or declining in importance?

Certainly growing. The availability of social media and interaction has forced some developing countries into the 21st century earlier than they are prepared for. This will force governments to intervene to help manage this process. This will

require companies to adopt and manage their businesses accordingly.

14. What role will geopolitics play in a company's success ?

Paramount!

(End of Interview)

References

1. Bronshtein M (2011) Estonia: economics and geopolitics. Accessed Aug 5, 2011. Retrieved from : http://www.accordsdepeche.com/fichiers/docs/bibli_07/343.pdf
2. Mackinder HJ (1904) The geographical pivot of history. *Geographical Journal*, 23(4): 422.
3. Munoz JM (2013). *Handbook on the Geopolitics of Business*. London: Edward Elgar Publishing.
4. Foster JB (2009) A Failed System: The World Crisis of Capitalist Globalization and its Impact on China. *Monthly Review* (60): 10.
5. Financial Executive (2011) What essential skills are required for the "New Reality." March p. 11. Accessed on August 5, 2011. Retrieved from : www.financialexecutives.org.
6. Procter and Gamble (2014) Corporate website. Accessed June 10, 2013. Retrieved from : http://www.pg.com/en_US/company/index.shtml