



# IMPACT ANALYSIS

Issues Impacting Global Business

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Dear Friends:

*Due to a poor understanding of globalization and anxiety caused by the Great Recession, it's easy to understand why corporate scapegoating will continue. Consequently, communicating the right messages is more difficult than ever (p1-2).*

*Although very important, a winning trade policy includes more than export promotion. America needs a plan that addresses all aspects of trade (p3-4).*

*Your workforce is the differentiator between you and your competition. That's why it's essential to invest in human resources development even during difficult times (p5).*

*Local governments and organizations can play a vital role in helping small and medium-size companies export. Here's how (p6).*

*I hope you find this issue informative and, as always, we welcome your comments.*

Sincerely,

Tim J. Nowak  
Executive Director  
World Trade Center Saint Louis

## Companies Need To Manage Issues Through A Strategic Communications Approach

*Anxiety caused by globalization and the recession demand it*

By John Manzella

In order to gain a greater understanding of corporate actions, most American companies agree they need to more effectively communicate today's economic realities and, in that context, their response. To an increasing degree, foreign companies need to do the same in their home markets, as well as in the non-domestic markets where they do business. Unfortunately, due to a poor understanding of globalization and the fear and anxiety caused by the Great Recession, communicating the right corporate messages is more difficult than ever.

### Why Communication Is Key

Over the past decade, the pace of technological, financial, economic and political change has continued to accelerate. This has caused much tension. In addition, the financial,

economic and emotional pain incurred by the Great Recession has added considerably more angst to an already very stressed public. Combine this with the fact that few policymakers, reporters and members of the general public in the U.S. and abroad are familiar with today's economic realities, and it's easy to understand why the hunt for corporate scapegoats will continue.

As a result, corporations must better explain the economic forces at work and their corporate actions in this context. Importantly, to retain credibility, they also must proactively craft messages that honestly explain the short-term downside of their actions, if any, in the context of the greater upside. If not, more companies could become the target of those looking for an enemy. And as we all know, free market capitalism—which



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has raised the living standards of the world's poor and generated tremendous social wealth—has repeatedly come under attack. If this is any indication of what's ahead, we can expect more anger to be directed at American companies.

### How To Frame Issues

To truly achieve understanding, it is important to frame or position an issue in a context the target audience can easily grasp. For example, when discussing a particular effect of the recession, it is important to explain it in terms we all value (i.e., our homes and family, career opportunities, wage potential and quality of life). Attempting to discuss issues solely in economic, theoretical or non-emotional terms is likely to result in a lack of understanding or limited engagement on the part of the target audience.

Just as important, it is essential to keep the message simple. To do so narrowly focuses on the goal. Yet, when complex issues are discussed, or responses to questions are provided to the media, policymakers, employees or investors, the communicator often attempts to convey too much information—creating confusion and new objections. In the end, the audience may not have the background, possess the necessary level of detail, or connect all the dots. And even if the audience is fully up to speed, they may only retain 20 percent of what is expressed. Consequently, it's important to stay "on message" and prioritize your answers with the most concise and compelling data available.

And remember, credibility is key! Manage expectations and do not oversell what is realistically anticipated to occur based on a corporate decision or response to the recession.

### How To Get the Best Coverage

When dealing with the media, it is imperative to understand two key things: there are fewer reporters working at major news outlets, and those who remain are bombarded with an overwhelming amount of

information daily. So what makes the media select some stories over others? Simply put, reporters like unique, interesting and especially controversial stories that relate to their readers' lives. Unfortunately, all too often the media is quick to decide that any announcement or action regarding a company's global business decision in response to the recession is bad news for the public. As a result, when communicating your company's sensitive decisions, be sure to let reporters know exactly how they will impact your employees and local community.

To ensure the best possible coverage of your company and its position, it is imperative to establish a relationship with the media before any potentially negative information is released. Make sure you are familiar with reporters covering your industry so you can gain their confidence by knowing their news beat. Then try providing them with stories and positive information about your company and business. This will pay dividends in the event of a crisis because the reporter

will understand your business and have familiarity with your operations.

### Put Your Answers in Context

Since the beginning of the recession, the media, policymakers, employees and investors have asked and will continue to ask about the recession's impact on your company, how you have adapted and how you will continue to adapt. Answers provided by business executives, as well as those in corporate communications departments, likely will continue to result in more, and even sometimes hostile questions. Why? Those communicating the answers often do not put them in the appropriate context



or do not have a sound understanding of today's economic issues. As such, the answers usually create new objections, are muddled, complex or confusing, or sometimes appear to be purposefully evasive. This quickly creates an atmosphere of distrust. The result: negative publicity that in some cases has destroyed businesses.

### Understand the Economic and Global Forces at Work

In order to effectively respond to sensitive issues that could affect the

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interests of a company or organization, it is essential to have an adequate understanding of the subject, its leverage points, emotional hot buttons, likely objections and talking points to successfully overcome those objections. But to do this, it's essential to understand today's economic realities, the impact on your company, and what you plan to do about it. In the end, manage the issue before it manages you. ■

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# What Makes A Winning Trade Policy?

*Export initiatives alone fall short*

*By Daniella Markheim*

On February 4, Commerce Secretary Gary Locke fleshed out the details of President Obama's National Export Initiative (NEI), a plan unveiled in the 2010 State of the Union address that promises to double U.S. exports over the next five years and support two million American jobs. The NEI aims to bolster U.S. international competitiveness by creating (1) an export promotion cabinet that will oversee the expansion of both government programs and special financing for firms and farmers seeking overseas market opportunities, and (2) tougher enforcement of international trade laws.

Recognizing the important role exports play in America's economic recovery is an important first step in forming an effective U.S. trade policy—and a welcome one from an Administration that has remained silent on the shape of U.S. trade policy for too long. However, export promotion and trade enforcement are only parts of a winning, comprehensive American trade policy, and these parts must be implemented in a way that truly yields success in global markets.

Therefore, instead of just an export and enforcement strategy, America needs a plan that addresses all aspects of trade. For America to excel in the world marketplace, U.S. trade objectives need to be clear and consistent with the open-market principles America has long promoted and, indeed, demands from other nations. These objectives, which would reestablish America as a credible global partner for economic growth and throw open doors to U.S. exporters, include:

- The formation of a comprehensive trade agenda,
- The dismantling of U.S. trade

barriers enacted since the onset of the economic downturn,

- Reform of U.S. trade remedies to make them compliant with international trade rules, and
- A firm commitment to conclude—not just “shape”—the Doha Round.

## **It's Not Just about Exports**

Promoting exports alone undermines the primary benefits to be gained from freeing all trade: more efficient resource use and lower prices for households and firms that occur when a nation lowers its own barriers to trade. While imports may drive down production in less competitive industries, exporters and domestic producers who use lower-cost import-



domestic demand. This represents a shift of resources from one activity to another, not growth in all productive activities. Additionally, as countries continue to struggle with their own economic weakness, their demand

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ed inputs gain a competitive boost that promotes investment, productivity and growth in these industries.

Lower prices for imported goods also help households stretch their incomes, enabling families to buy more of everything, including goods and services produced domestically. With freer trade overall, investment increases and resources flow from less competitive uses to more competitive and efficient uses, creating opportunity and bolstering long-term economic growth and job creation.

Without the new investment that flows from trade liberalization, U.S. exports would increase largely as a result of lower production for

for all products—including those from the U.S.—will be less. Were America to actively advance broad trade reform both overseas and at home, other nations would be able to join the U.S. in trading their way to prosperity—for the benefit of all.

## **The Best Trade Policy for Job Creation**

U.S. trade policy should seek to eliminate costly barriers to trade and investment, subsidies, and government-run activities that are better provided by the private sector. While it is tempting to embrace subsidies as a means to promote U.S. exports and jobs, the cost of those subsidies on the economy as a whole would be

less than the benefit that might accrue to the firms receiving government handouts.

Instead, the following recommendations embody some of the more important elements of a successful U.S. export-promotion strategy that bolsters both long-term growth and economic opportunity.

### **Advance Freer Trade Policies**

Advancing freer trade through a comprehensive and substantive conclusion to the Doha Round of trade negotiations, ratification of the three pending free trade agreements with Colombia, Panama and South Korea, and substantive participation in trade negotiations under the auspices of the Trans-Pacific Partnership to expand U.S. economic ties to Asia would promote investment and economic growth in the U.S. and economic development abroad. Export promotion via comprehensive trade liberalization provides the most efficient, market-based export promotion strategy for U.S. interests.

### **Limit Government Activities**

Taxpayer dollars already pay for numerous endeavors aimed at financing and boosting U.S. exports, including education, data collection and dissemination, international trade missions, business services, and market research. While many of these activities certainly add value, much of what is being accomplished can be—and is being—done better by trade associations, business coalitions and private business.

For example, one role the U.S. government can take in America's trade strategy is providing technical assistance to developing countries to enhance trade capacity and improve the practices and policies supporting open markets and international trade. U.S. organizations, such as the Millennium Challenge Corporation, which ties investment to proven progress in economic and other important reforms, play an important role in advancing this objective.



### **Work with Multilateral Organizations**

Instead of adopting the same “unfair” practices as a response to real or perceived inequities across countries trading in the world's markets, the better approach is to work to dismantle inefficient and anti-competitive programs in the first

behind dismantling trade and investment barriers moving forward.

Economic recovery and job growth also depend on restoring confidence: transparent, consistent, and beneficial liberal market policies are the correct approach in establishing a sustainable economic recovery. Thus,

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place. The U.S. should commit to eliminating trade barriers established in the aftermath of last year's financial crisis. Subsidies, tariffs, quotas, green protectionism, labor restrictions, domestic preferences in government procurement, and other discriminatory measures distort trade, undercut the effectiveness of the international rules-based approach to trade, and undermine the potential for concluding a new round of multilateral trade negotiations.

### **Job Growth Depends on All Trade**

Ultimately, job growth depends not just on exports but on all trade. Lower trade barriers spur investment, the lifeblood of growth—and the impetus for job creation—for any sector of the economy, including manufacturing, services and agriculture. America needs a comprehensive trade policy founded on that understanding that keeps the momentum

the best way to ensure that America continues to reap the benefits of international commerce, grow jobs, and expand its participation in the global marketplace is to lower trade barriers at home as well as in nations around the world.

Implementing a comprehensive U.S. free trade policy provides a clear signal to the international community that the U.S. is willing to reassume the responsibility of providing the leadership and vision needed to bolster a global economic recovery and generate economic prosperity for all nations. ■

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# Your Workforce Is the Differentiator Between You and the Competition

*Invest in human resources development even during a recession*

*By James Kestenbaum, Ph.D.*

**M**any American business people are experiencing the most challenging economic conditions they have ever incurred. In turn, every effort is focused on getting the business moving again, returning to profitability, being creative and working longer hours. So why bother with human resource development at this crucial time? Because your workforce is the differentiator between you and your competition, and it's an essential key to renewed business success.

## **Your Workforce, Not a "Resource"**

When I hear business owners talk about their "human resources" or head count, I quickly get a picture of how they view their workforce. Unfortunately, in many companies people are seen as hard assets, like machinery or vehicles. And this perspective is often subtly displayed. Sometimes forgotten during the daily grind is the fact that your people are the brains, brawn and motivation of your company. And they drive success.

## **Investing in People, Step By Step**

We often hear about organizational culture, but few are really sure what it means. Simply put, culture is the sum total of how people work together. By investing in your culture—or by improving the way people interact—your company can generate tremendous benefits.

However, an important first step involves getting your most senior executives on the same page—and this includes you. Keep in mind: the "culture change" process is an often long and difficult journey. Why? Stated in *The Dance of Change*, corporate forces that wish to create positive change are typically countered by forces that wish to maintain the status quo.

The second step involves getting your managers on board. Through retreats and leadership development seminars, the managers will need to understand and become committed to the idea that their own teams may need to work in a different way. The third step involves helping the workforce to understand all this.

## **Improving How We Work Together**

To achieve the above goals, companies often need to introduce activities that teach people how to more effectively work together.

But the first step should involve

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lessons on how to work more effectively as individuals. This includes providing instruction on how to better collaborate, share ideas, have greater self-control with good emotional intelligence, constructively confront each other, and communicate more effectively throughout the organization.

To obtain optimal results, monthly coaching meetings between each employee and his or her supervisor are highly recommended. It's also important to establish leadership development groups enabling people to learn various skills and discuss how they are applied in real situations.

Secondly, it's important to allow people to practice working in a different way. A sound method is to institute daily work group huddles (those not on location can participate via teleconferencing). This 10-15 min-



ute meeting brings together people to discuss what needs to be completed during the day and to determine what, if any, assistance or resources are required. The huddle also is a wonderful opportunity to give people recognition.

Thirdly, find creative ways to

draw the entire workforce together. Monthly "State of the Company" meetings keep people in the loop on company performance—including financial. Plus, fun family activities like winter carnivals and summer picnics demonstrate respect for the workforce.

And finally, develop a language that defines how everyone is expected to work together. Some of the language should reflect your company's values (honesty, integrity, etc.), and some should express the work processes. If these words and phrases are used every day, they will come to be viewed as the tools of the culture and will create standards for how people can complete their work with higher quality, efficiency and intelligence.

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# Local Organizations Can Help Boost American Exports

*A vital key to economic expansion, job growth and debt reduction*

*By Shawn Mahoney*

American exports have traditionally played a vital role in U.S. economic expansion. Now, they have become even more important since job growth is key to a sustained economic recovery. Local and state governments, as well as local trade organizations such as World Trade Centers and chambers of commerce, can play a more integral role in helping small and medium enterprises (SMEs) increase exports.

## The Benefit of Boosting Exports

U.S. gross domestic product (GDP) growth reached 5.9 percent in the fourth quarter of 2009. However, double-digit unemployment continues to negatively impact confidence in the economy. The Obama administration, in an effort to expand U.S. output and job growth, has recently announced the National Export Initiative and the ambitious goal of doubling exports in five years.

Boosting exports has additional benefits, including the reduction of American debt. In his December 2009 testimony before Congress, Howard Rosen, Visiting Fellow at the Peterson Institute for International Economics, said, "There are several ways the United States can reduce its debt burden, but most of them will require enormous sacrifice on behalf of American workers and their families and will bring considerable damage to the U.S. economy. The only way out of the economic mess we currently find ourselves in, without causing more damage at home and abroad, is to significantly increase U.S. exports."

## An Increased Local Role

Currently, the U.S. Department



of Commerce and the Department of Agriculture, among many other federal agencies, provide outstanding export-related services. In fact, SMEs utilize these services with much success. Nevertheless, many SMEs say they prefer to access all pertinent export information and services in one local, easily accessible source, and require a blend of support, ranging from federal programs to local

SMEs. Plus, these local organizations are well positioned to identify and encourage new exporters due to their community involvement, local knowledge and personal relationships.

## On the Right Track

U.S. exports grew at an annual rate of 28 percent in the fourth quarter of 2009, the fastest increase and the largest contribution to growth

**To generate sustainable GDP growth, create new jobs, and reduce our debt, it's essential that exports continue to climb. Increasing assistance from local governments and organizations would be a big plus.**

public/private partnerships, to:

- Gain basic export knowledge,
- Identify potential markets,
- Produce country-specific market data,
- Understand accounting, cultural, and legal issues in each market, and
- Learn about local country-specific customs, labeling, and product requirements, etc.

Municipal, state and federal agencies, in cooperation with local business organizations, would be wise to establish local export infrastructures to fulfill the wishes of

in 30 years, according to a National Association of Manufacturers' report. In order to create new jobs and GDP growth on a sustainable long-term basis, and to reduce our national debt, it's essential that exports continue to rise. Plus, it's important that more American firms get into the exporting business. Increasing the role of local governments and organizations to help achieve this would be a big plus. ■

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