

Our Mission

To help individuals, teams and organizations reach their potential through strategic planning, innovative coaching, development of team effectiveness and management consulting.

Cook & Company Areas of Concentration

Strategy

Coaching

Assessments

Team Building

Consulting

Training

Workshops &
Retreats

Mergers &
Acquisitions

Ethical
Performance

Global Thoughts

First, few US companies sold overseas (“domestic” companies). Then, some sold overseas (“foreign sales” companies). Then, some US companies developed operations overseas to exploit overseas markets (“multinational” companies). Now, an increasing number take advantage of comparative advantage disparities in their worldwide operations to maximize value (“global” companies). What’s next? Perhaps the “*globally-driven domestic company?*”

Some examples:

- An entirely US-oriented company in the cemetery ownership business realizes that it must manage its portfolio of entrusted funds (for future care) with the universe of investment options available to it, not just those options consisting of US securities.
- A company with highly US-centric operations in the health industry discovers that most of its best supplier offerings for equipment come from overseas.
- A private equity firm changes its quoted base financial return rates from prime to LIBOR (the London Interbank Rate).

What are the common threads in the above examples?

1. They all come from one single private equity firm’s recent realizations!
2. They are indicative of a profound revolution in process for American business, even the most insular of such businesses
3. For the first time, the choice of dealing with a global perspective in mind is no longer optional, it is becoming *mandatory*

Let’s look at some converging trends causing this apparently irreversible state of affairs:

1. In **finance**, the inexorable drive to maximize return and minimize risk is making the drawing

of any type of financial instrument more world-centric than US-centric. And standards for establishing the metric on which return will be measured (as in the LIBOR example above) are the least of these changes.

For example, you may or may not believe that the dollar will come under increasing pressure as the US trade deficit escalates, with the possible result that it may no longer be the world’s primary reserve currency. But there are others with whom you may have to deal, and their view will increasingly require you to negotiate on this point. Some may view the increasing trade deficit optimistically, for example those that see the increasing percentage of the US deficit held by countries such as China as the price the Chinese are willing to pay for their exploding exports to the US. Others may be more pessimistic, seeing the increasing dollar reserves in China as inevitably causing a devaluation of the dollar, a corresponding decrease in the value of those foreign-held reserves and concurrent unwillingness to hold them, which in turn would further devalue the dollar and cause serious economic disruption in the US. Whatever your view, the problem and outcome is of interest to anyone who has foreign customers, or even customers with other assets or potential assets held in foreign currencies. This in turn means that at minimum, you will have to understand the issues, because they may very well determine the survival of your business in the future.

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2. **In education**, Tom Friedman (the Pulitzer-winning *New York Times* columnist) asserts that our children increasingly have to compete, not just against the graduates of other US universities and colleges, but against perhaps tens of millions of graduates of ever-more impressive colleges and universities in China, India, and Russia, among others. Lest you think this is a long way off, a Chicago-based financial instruments trader recently described to me how one of his prospective vendors was creating impressive trading software largely in a regional city in Russia (the vendor's president was spending at least 60% of his time in Russia overseeing the work). Let's face it: The US is losing its technological and innovation edge.

3. **In supply chain** terms, there is a relentless drive to find every possible competitive advantage. Think there is a "safe harbor" somewhere where this is not happening? Think again! And by the way, it's not just happening with the export of jobs – try job "insourcing." For example, a recent *Denver Post* article reported the influx of over 700 Peruvian sheep herders, hired for around \$700/month each, to herd sheep in Colorado – who do you know that would herd sheep for \$8400 per year?

Take defense, where you would think "American-made" would be the touchstone of procurement. But the recent award for the purchase of new presidential helicopters was made to Lockheed Martin, with its French partner (I thought we were at odds with the French?). And foreign firms are among the contractors hired by DOD in Iraq to support combat operations there.

What's an executive to do? What will never go out of style? How can executives protect themselves?

Here are four thoughts to consider:

Embrace change. In a recent *New York Times* column, Tom Friedman observed that the French were trying to retain a mandatory 35 hour week, while some Indians were trying to figure out how to create a 35 hour workday! He was more or less facetious, but the fact is that if you do not embrace the changes that are occurring, they may very well overwhelm you.

Think like an underdog. Two friends of mine, David Morey and Scott Miller, have recently published an intriguing book called *The Underdog Advantage*. The thesis is that underdogs win because they use subversive, guerilla, even insurgent tactics to take on entrenched competitors. We've got to start thinking like underdogs, not an easy thing for Americans, since we have been on top for so long. But history shows that monopolists and top dogs deteriorate more often and more quickly than they ever believe (see auto industry, American, for a good industry example). If you are a top dog, or employed by a top dog, you'd better start thinking like an underdog. Or as Andy Grove, the then-Chairman of Intel put it several years ago, "Only the paranoid survive."

Respect key demographic trends. Over ten years ago, Peter Drucker wrote a seminal article to the effect that one ignores demography at one's peril, partly because it can be so certain (e.g., not too many people are going to be added today to the cohorts of individuals born 30 years ago, or 10 years ago, or one year ago), and because demographic trends (e.g., the decline in population cohorts born over the past 20 years) have so much influence on certain outcomes (e.g., a reduction in the funding of social security system predicated on rising birth rates). If you want to survive in this new world, you must use every advantage, and demographic outcomes are one sorely overlooked advantage.

Do everything you can to improve the quality of American education, your own and others. Sheer population is not enough. If it were, then India and China would have overtaken America centuries before now. And an entrepreneurial climate is critical, be it democratically driven (India) or state driven (China). But education is the key. It is superior education that is driving Indian success in outsourcing IT and customer relations services, and education that is allowing the factories of south-eastern China to now produce a staggering percentage of all US imports. If you want to help ensure US competitiveness, make sure your offspring get the best education possible and work to improve US education in general.

Will the above save your job or the jobs of your employees, or your company? Maybe, maybe not. But following them will surely better prepare us all for this uncertain future.

This newsletter is the result of one reader's request. If you have topics you think would be of interest to all of us, please let us know.