

Educating leaders on geopolitical risks gives businesses competitive advantage

Submitted by: BlueSky Education

Thursday, 18 January 2024

Educating leaders on geopolitical risks gives a competitive advantage, says Dr Elizabeth Stephens, Managing Director of Geopolitical Risk Advisory (GRA) and instructor in leadership programs of Aalto University Executive Education and Professional Development (Aalto EE).

“Given the war in Ukraine, spiralling tensions in the Middle East and the potential for Donald Trump to return to the White House in 2025, it’s not surprising that many CEO’s cite geopolitical risk as the greatest threat to their businesses,” she says. “The challenge they confront is what to do about it.”

She says that companies that invest in increasing their understanding of geopolitical risks are then well-placed to determine the most effective way they can manage their geopolitical exposure.

This means educating leaders, talking to experts, and looking at various data and modelling capabilities to enhance their internal functions.

Dr Stephens advises companies to do this as it allows them to anticipate what could potentially happen next by identifying risk, quantifying it and then devising scenarios to manage that risk.

“Do not assume that the past is the guide to the future and always believe that the unthinkable will happen. Imagine what the worst-case scenario could be and come up with a strategy for how you manage it. This will give you a lead over your competitors should the geopolitical investment environment deteriorate,” says Dr Elizabeth Stephens.

“It doesn’t need to be a daunting task. The growth of data analytics has created the speed with which geopolitical data can be converted into actionable insight.”

A key part of dealing with geopolitical risks is building a resilient company. Dr Ulla-Maija Uusitalo, Director of Sales and Accounts at Aalto EE, adds that in order to be a resilient company means being aware of, capable of responding to, and even acting proactively to big changes.

“You need to build resilience into your operations and supply chains. It may increase your costs in the short term, but in the medium to long term, it may enable the business to keep functioning in times of political uncertainty,” adds Dr Stephens. “And the only certainty companies currently have is that the geopolitical operating environment will become increasingly uncertain.”

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