Leadership and Commercial Diplomacy

When a company’s economic engines are churning at high speed, there is often a strong push within the enterprise to open new markets, expand foreign trade, and build international sales. All are understandably high priorities for the firm’s executives. Yet, the lessons of global business reveal that these engines of commerce actually run at dramatically different speeds from country to country.

The companies of some nations are highly tuned and operating at maximum output. Often these nations are also the ones that welcome foreign investment and are eager to participate in global trade. Yet some countries want only their national firms to trade successfully throughout the world and so they erect barriers thwarting reciprocal trade. Still other countries are just beginning to gain momentum for commerce, even though the economic potential of enterprises in the region is very high. Add to each of these situations the vast array of local customs, cultures, policies, and regulations in effect in the countries and it is quickly evident that in reality business practices vary dramatically from market to market.

At the heart of efforts to build business in these global settings is commercial diplomacy—the creation and enhancement of commercial relations between companies, or their representatives, and the governments, policy making bodies, regulators, and political agencies in established or developing global markets. Achieving global success today depends on the skillful interaction of leaders who seek to forge effective and beneficial bilateral commerce relationships.

Unfortunately, even seasoned business leaders come face-to-face with pivotal diplomatic issues in commerce for which they do not have adequate insights or experience. Knowingly or not, these leaders are often responsible for their company missing out on enormously valuable opportunities. Executives pursuing strategies that have proven to be successful in their familiar domestic markets may find that those same strategies spell disaster when applied in unfamiliar global markets or in the markets of emerging nations.

World trade, coupled with the ever-greater search for ways to open new markets, is here to stay. So is the need for commercial diplomacy. For even though business is increasingly global, there is no doubt that commerce truly is…local.

—James A. Senn