Globalization: Company perspectives

Global Advisory Board members Earl L. Wright, Thomas M. Shane and Lawrence T. Kurlander formed a panel to reflect on the issues presented and how they fit with their own experiences as executives in the global arena.

**Earl L. Wright** is president/chief executive officer of AMG Guaranty Trust, N.A., a nationally chartered, non-depository trust bank headquartered in Denver with regional banks in Chicago, New York and Philadelphia. AMG provides fee-only personal financial management services to more than 1,600 clients throughout the U.S. Wright is currently an officer and/or member of the board of trustees/directors for several corporations and institutions including the Denver Area Boy Scouts of America, Alliance for Choice and Education, Denver Rotary and the Hershey School of Dance. He has authored articles for Trusts & Estates and Personal Financial Planning. Wright holds an MBA from The Wharton School of the University of Pennsylvania.

**Thomas M. Shane** is chairman of the board of Shane Co., Direct Diamond Importers with stores in 12 states. His business memberships include: Diamond Bourse, Antwerp, Belgium; Diamond Club, Antwerp; Colorado Harvard Business Club; Leadership Council Member Bard Center for Entrepreneurship Development, plus others. Shane is the recipient of many awards: 1999 Alumni of the Year Award, CU Boulder; 1996 Dean's Entrepreneurial Excellence Award, CU Boulder; 1996 Knight in the Order of Leopold II, King of Belgium. He holds a BSBA from CU's School of Business Administration.

**Lawrence T. Kurlander** is chairman/CEO of Central Asia Partners which is engaged in trading commodities and structuring large ventures throughout the region. Previously, he was senior vice president and chief administrative office of Newmont Mining Corp., and prior to that he was senior vice president, corporate and government affairs of Nabisco International, Inc. and RJR Nabisco, Inc. He began his career as a practicing attorney and was twice elected district attorney of Monroe County, N.Y. Kurlander is an honorary counsel general to the United States for the Republic of Uzbekistan. He holds a JD from Cornell University Law School and a BA from Alfred University.

**Earl L. Wright, President/CEO**
*AMG Guaranty Trust, N.A.*

Wright posed some thought-provoking questions: "What are we saying? Are we our brother's keeper and are our brothers now global?

Are we saying that we need to tell these developing countries what to do because we know the right thing to do?

"Or are we trying to teach them how to fish, how to spend their money, what's socially correct?"

"We should determine what it is we're trying to say and how that might impact policy."

"Is economic well being the result of somebody's resources or is it because of a system? And what about governing? When you start talking about government and government change, you start impacting social order. How do you contribute to social order if that becomes necessary?"

"Strong religious and moral social values are at the heart of the globalization debate. And the less we understand of that, the more trouble we're going to get ourselves into."
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All religions try to answer the question: What's the purpose of life? The person who's living off the garbage in Cairo has to reconcile his religious beliefs with the high living standard he sees on television, said Wright. "That's a different value system, a different religion. What is the purpose of his life?

"If you're in a global business and you're operating in a country where people are being told that their culture is the way to exist and you come in with all these wonderful ideas, how do you deal with that without causing resentments?

"It seems to me that we have an economic system that allows for great economic success of the masses. How do we convey that? How do we get our system broadly accepted? How do we allow people to pick and choose the benefits they need without wavering from their cultural beliefs? Or can their beliefs be modified in a way that will allow them to make those choices?

"We need to be patient and we need to learn a lot more."

Thomas M. Shane, Chairman
Shane Co., Direct Diamond Importers

Shane addressed the issue of right and wrong. "Should our U.S. laws be imposed upon the world? We as Americans are given a set of guidelines with which we are expected to operate internationally. Some of them can work against American business interests when we're prevented by law* from paying bribes or doing other things in countries where bribery is considered normal.

"Is it unethical to play by the local rules? It's one thing if you're harming people; it's another if you're helping them.

"What is right or wrong regarding child labor? What would many of these children be doing if they weren't offered jobs? If we're taking kids that otherwise would be engaged in prostitution and things like that, it doesn't necessarily mean sweatshops. Are we doing them a disservice or are we elevating those children and their families?

"I think you need to respect the local interests and the local people. If you're going to play in a global world that's fine, but the world isn't uniform. You have to play based on the customs and traditions of the country in which you operate.

"If you ever have goods sitting in a customs warehouse and can't get them out, particularly if they're perishable, is it wrong to pay a bribe? Or are we better served by letting France's Airbus sell the airplanes because Boeing won't bribe the buyers?

"I deal in a cash commodity, in Bangkok, Antwerp, Tel Aviv and Bombay. These commodities are found in the ground and ultimately find their way to a place where I can write a check and pay for them and ship them to America.

"But somewhere along the line these goods have to come across frontiers. Typically they come from back country areas and are transported not by Brinks but by mule. The people that operate the mules have armed guards that walk on foot beside the mules. The saddle bags might also have illegal drugs or other things that have nothing to do with jewelry. But that's the nature of things and you have to be realistic."
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Shane referred to his former diamond agent in Antwerp who supplied diamonds to one of the Arab kings. "He worked through the Madam Secretary, and the Secretary of the king got 10 percent. So even when you're dealing with kings over there, they get their kickbacks."

*The FCPA, Foreign Corrupt Practices Act, prohibits corrupt payments to foreign officials for the purpose of obtaining or keeping business.

Lawrence T. Kurlander, Chairman/CEO
Central Asia Partners, Silverthorne

The growth of the Internet, satellite TV and cell phones has given people around the globe the ability to network with each other, said Kurlander.

"It's what I call the democratization of information. I think that's separate from economic globalization, but it's the force that drives it.

"Something that 35 years ago might have been viewed as an isolated incident in a far away locale today becomes instantaneous news flashed around the world, impacting a company's reputation. Relations with local citizens, therefore, can deteriorate at the speed of light.

"As a result, companies seeking to compete across borders in this new world without walls not only are forced to cut costs and seek productivity gains, they have to bring to local communities higher environmental and labor standards as well as the recognition that to operate successfully they must gain community support.

"It is my premise that it is more important today to gain community support than it is to gain government support. I call this the social license to operate, and you have to earn it every day.

"I believe that western companies are forced to operate by western standards. It's not that we are imposing our will, it's that we have a set of values that guide us. Local people tell us every day that there's something wrong if you operate by one standard in your country and another standard in our country. It's not anti-globalization forces that are driving it so much as it is being driven by local communities.

Kurlander referred to his experience with Newmont Mining in Indonesia, on Sumbawa Island, "a very, very religious island." Newmont worked with the local people, not the government. The company listened to the community, set up a number of foundations. The communities that surround this mine are people of Arabic descent. Following 9-11, they came to the management on Sumbawa and said, 'You have nothing to worry about. You're not Americans. We are all one. We are all here together.' "

The effects of globalization can be seen in the U.S. auto industry. "Over the past 20 years we've lost 600,000 direct jobs in the auto industry because of globalization. At the same time, we were innovative, and in the past decade created 25 million new jobs in different areas. By and large, globalization has been accepted in America because, on balance, it has been a very positive force for change in our country."