The Emerging Markets Acceleration Program and Globalization Readiness Index

Capturing Breakthrough Growth in Emerging Markets
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*Capturing Breakthrough Growth in Emerging Markets*

The opportunity. . .

- Over the next five years, emerging markets are expected to grow by 6 percent annually—four times as fast as developed markets.
- Between 2010 and 2020, 270 million new households in emerging markets—over 40 percent more than today—will enter the global consuming class.
- Companies are relying on growth in emerging markets to offset declines they may sustain in their developed-markets business.
- Equity markets are rewarding companies that are exposed to and winning in emerging markets.

However . . .

- In a recent BCG survey of executives in multinational companies, 73 percent considered emerging markets a priority, but only 13 percent believed their companies were ready to succeed in these markets.
- The skills that a company needs for winning in developed markets are different from the skills it needs for thriving in emerging markets.
- Past success is no guarantee of future performance. Many companies that have experienced quick wins in the premium segments of these markets, where spending patterns and expectations are similar to those in the West, have struggled in moving to the mass market, where needs are often vastly different.

Is your company ready to win in emerging markets?
Introducing the Emerging Markets Acceleration Program

To enable global companies to win in emerging markets, BCG has developed the Emerging Markets Acceleration Program (EMAP).

EMAP represents a three-phase program to ensure success in emerging markets. It is based on BCG’s extensive experience in these markets and in helping companies globalize.

EMAP can be used in a wide range of industries by companies that want to increase their presence or improve their performance in emerging markets.

“The EMAP builds on more than a decade of BCG’s experience in emerging markets—across topics, including leadership, strategy, product portfolio, go-to-market capabilities, people and organization functions, R&D, and manufacturing excellence.”

—David Michael, Senior Partner & Managing Director, Beijing

### The Globalization Readiness Index

The Globalization Readiness Index (GRI), the cornerstone of EMAP, assesses a company’s readiness to win in emerging markets, in comparison with best practices and peers.

The GRI is

- Based on the best practices of multinational companies that have showed a high degree of success in emerging markets.
- Derived using a scorecard with 70 questions covering 13 broad dimensions of globalization.
- Composed of a combination of quantitative and qualitative factors concerning both the company and the market. These factors extend far beyond metrics like revenue and market share to aid in understanding the company’s future readiness.
- Relevant to companies in any industry or stage of international expansion.

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### Globalization Readiness Index (GRI) Example

<table>
<thead>
<tr>
<th>Leadership commitment</th>
<th>GRI criteria</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Leadership</td>
</tr>
<tr>
<td></td>
<td>Vision/strategy</td>
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<tr>
<td></td>
<td>Governance/organization</td>
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<table>
<thead>
<tr>
<th>Product portfolio</th>
<th>Product offering/value proposition</th>
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<tbody>
<tr>
<td></td>
<td>Branding/marketing</td>
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<table>
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<tr>
<th>GTM capabilities</th>
<th>Consumer insight</th>
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<tbody>
<tr>
<td></td>
<td>Sales/distribution/channel</td>
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<table>
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<tr>
<th>Emerging-markets capabilities</th>
<th>Talent in emerging markets</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Risk/regulatory</td>
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<td></td>
<td>M&amp;A/partnerships</td>
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<tr>
<th>Scale &amp; cost advantage</th>
<th>Global R&amp;D &amp; innovation</th>
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<tr>
<td></td>
<td>Best-cost-country sourcing</td>
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<tr>
<td></td>
<td>Global manufacturing</td>
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Source: BCG analysis.
The GRI can be used in several different scenarios:

- Examining a company’s operations in light of best practices to identify new opportunities
- Enabling a company to assess and compare its performance across different regions and business units or product groupings
- Determining a company’s strengths and weaknesses in relation to a select set of peers

“Executives of global companies understand how important emerging markets are to their future in this two-speed world. But until now, they’ve had a hard time judging if they were ready to win. The GRI will let them know, quickly and accurately.”

—Bernd Waltermann, Senior Partner & Managing Director, Singapore

How can BCG support you by using EMAP and the GRI?

BCG can provide an on-site team to work alongside your staff through each stage of EMAP:

- During Phase 1, the team will work with your staff to conduct an in-depth diagnostic analysis to develop GRI for your company and, if needed, the competition, and will provide access to BCG’s internal library of benchmarks and best practices.
- During Phase 2, the team will translate opportunities highlighted during the diagnostic phase into priorities and programs relating to operations, business units, and regions, leveraging BCG’s extensive emerging-markets experience.
- During Phase 3, the team will support long-term project management to ensure that recommendations are implemented effectively, utilizing BCG’s change-management tools and emerging-markets experience.

BCG also offers numerous other programs and tools related to globalization and emerging markets, and is available to discuss a tailored program to suit your company’s needs.

For more information on EMAP, GRI, or BCG’s other globalization programs, please e-mail globalization@bcg.com.
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