There is a new era of global business competition emerging that we call globality. Globality is not simply a new word for globalization; it is a fundamentally different phenomenon.

Globalization was an activity largely conducted by a set of multinational companies—based in the United States, Europe, and Japan—known as incumbents. They were driven by the quest for low-cost production and the desire to enter promising new markets in developing countries.

Globality is not an activity so much as it is an environment, a state of being. It is mainly fueled by a set of business competitors that are based not in the developed world but in the rapidly developing economies (RDEs). These are the global challengers.

In this environment, incumbents find themselves dealing with a range of new management issues—concerning costs, human resources, supply chains, innovation, and more—that we call the “seven struggles” of globality.

Globality presents both threats and opportunities to all players. Incumbents face tough new challenges, but these can be met and turned to advantage. Challengers stand at the brink of huge opportunities but still face barriers to seizing them.

Competing with Everyone from Everywhere for Everything

During globalization, incumbents competed primarily with other incumbents in markets around the world. In the new era of globality, however, incumbents suddenly (or so it seems) find themselves competing with everyone from everywhere for everything.

“Everyone” includes many types of companies. A large number of today’s challengers once served as suppliers and vendors to the incumbents. Others were state-owned entities; some still are. Many challengers did not even exist when the incumbents first entered their markets. Some operated in one industry and then switched to another.
These global challengers have emerged from everywhere. As one would expect, many are based in the large cities of the RDEs, but plenty more have grown up in secondary and tertiary cities and even in rural areas. They hail not only from the high-profile BRIC countries—Brazil, Russia, India, and China—but also from Argentina, Chile, Egypt, Hungary, Indonesia, Malaysia, Mexico, Poland, Thailand, and Turkey.

And globality’s players are competing for everything: capital, talent, raw materials, intellectual property, real estate, brand awareness, partners, suppliers, advisors, customers, press coverage, and brand loyalty.

Almost everything is up for grabs. Almost nothing can be locked up.

**The Seven Struggles**

To survive, compete, and succeed in the age of globality, every incumbent will have to work its way through the seven struggles. These are often difficult and complex issues that rarely have simple, one-off solutions, and they need to be constantly revisited.

**Struggle 1: Minding the Cost Gap.** Incumbents went global primarily to reduce the cost of goods that they were selling back “home,” in developed markets. But they still had (and still do have) very high cost structures compared with those of companies based in RDEs, where all the essential ingredients of business are far less expensive than in developed countries.

So for incumbents, the first struggle is to carefully mind the cost gap—the differential between their product and service costs and those of the challengers—keeping the gap small enough that it’s insignificant to large segments of consumers. Alternatively, they can add an optimal mix of distinguishing features and incremental benefits to justify a premium.

**Struggle 2: Growing People.** During globalization, managing human resources was largely a matter of attracting (or poaching) people to fill the essential boxes on the org chart and then motivating and retaining them. Top talent could be scarce, vying for people could get rancorous, and loyalty often seemed like an antique notion, but the rules of the game were at least fairly well defined.

Globality presents a very different human-resources challenge. Many an incumbent has established an operation in a low-cost country only to find that there are not enough workers available to make a go of it. Or they discover that a significant percentage of the huge pool of available skilled workers is not as skilled as it first appeared. Or the incumbent’s senior managers simply don’t want to live and work in certain locations.

As a result, companies are finding it necessary to grow employees “from scratch,” which involves entirely new approaches to recruiting, training, and retaining people at every level.

**Struggle 3: Reaching Deep into Markets.** Incumbents, understandably, have their eyes on the very large prize contained in the markets of RDEs. Not only are these markets huge, they are increasingly wealthy and sophisticated.

The struggle is to do whatever it takes—including adapting products and go-to-market approaches—to move beyond the relatively small, affluent urban markets, where most incumbents have been operating for the last two decades, in order to reach the hundreds of millions of potential buyers who live in the smaller cities, towns, and villages. This is made all the more complicated by a dearth of consumer information and the complex and arcane nature of distribution systems.

**Struggle 4: Pinpointing.** Over the years, incumbents have offshored various elements of their operations, primarily to reduce costs, but these moves have not necessarily been part of a strategic rethinking of the entire value chain.

The challengers—smaller, nimbler, and with fewer (if any) legacy assets to consider—have shown themselves to be adept at configuring their value chains with no home-market or executive favoritism. They locate each element of the operation where it will make the greatest contribution to the entire system—whether because of low costs, access to talent, proximity to major customers or markets, or other considerations. Then they design their business processes so that location and value chain configuration are highly transparent and virtually irrelevant.

**Struggle 5: Thinking Big, Acting Fast, Going Outside.** Challengers have often favored the external path to growth through mergers, acquisitions, alliances, and partnerships. These activities have enabled tiny companies, sluggish bureaucracies, and firms with gaps in capabilities to rapidly learn, quickly gain new strengths, and, almost overnight, make giant leaps forward.
This is not to say that incumbents have failed to master the art of the deal. It’s just that the challengers seem able to make their moves more quickly, with less deliberation, and to take advantage of the new arrangements with greater ease. Increasingly, incumbents will find themselves bidding against challengers for important worldwide assets—and may even themselves be targeted for acquisition by a challenger.

**Struggle 6: Innovating with Ingenuity.** The challengers have generally been known as expert copiers, interpreters, simplifiers, and adapters—rather than as great inventors, large-scale innovators, or major creators of intellectual property.

But they have tremendous ingenuity: the ability to spot a customer need or a market opportunity in its early stages, seize upon whatever talents and resources fall most readily to hand, come up with a multitude of possible solutions, choose one or more for rapid commercialization, get those products into the market quickly, and, if necessary, adapt and refine them just as rapidly. They’re also able to scrap new products altogether, without remorse or recrimination. Incumbents will need to increase both the pace and quantity of their innovation efforts.

**Struggle 7: Embracing Manyness.** Globality means “manyness”: a remarkable diversity of countries, economies, markets, locations, facilities, employees, customers, products, languages, attitudes, and beliefs. It means organizations that are polycentric rather than monolithic.

Manyness can be an uncomfortable concept for incumbents that have long believed in the company way, the single global strategy, the seamless worldwide organization, the optimal profile of the high-potential achiever, the heroic leadership style.

In the era of globality, companies discover that the world may look flat when observed from a distance but can be decidedly lumpy when experienced on the ground. The struggle is to resist the temptation to homogenize and regularize and to figure out how to take advantage of the richness and vigor that can come from manyness.

**The Way Forward**

For most companies, success in the era of globality will require a global transformation. There are a number of steps to take in achieving that goal.

- **Change your mindset.** Many executives are in denial about the emerging reality. Some see only the threats; others think there is plenty of time to prepare for the new competitive environment. Not so. Now is the time to listen to people inside and outside your organization, engage in conversation, honestly examine your attitudes and behaviors, and rethink what you do and how you do it.

- **Assess your company’s situation.** Before deciding on any action, take careful stock of your company’s situation. What is your current strategy? How well are you implementing it? What does your global footprint look like now? Do you have the right people in the right places? What are the strengths and weaknesses of your organization?

- **Try more things.** Challenger companies try things without engaging in a complicated process of analysis and decision making. They’ll put into play a new idea or approach in a way that seems almost haphazard to incumbents. If the new idea doesn’t work, it’s scrapped. Incumbents must loosen up a little, accept smaller gains, and tolerate a little more failure.

- **Challenge yourself.** Before your worst-nightmare competitor emerges from one of the RDEs, become your own challenger. Develop a product or service that will top your current bestseller. Establish relationships with key partners that can’t be shaken. Spin off a unit that has the potential to grow faster and larger than your core. Attack your competitors as a challenger would.
- **Shift into hyperdrive.** Enlist the best people and enable them to operate globally. Leverage people who have transitioned into the era of globality to motivate and encourage those who haven’t. Educate and push yourself: read material that mystifies you, travel to new places, converse with people outside your regular circles. Don’t wait. Don’t look back. Don’t equivocate.

Above all, remain positive. The era of globality is as full of opportunities as it is loaded with threats. There are 3 billion new customers out there. Huge pools of interesting talent. New partners to collaborate with. Intriguing business practices to be studied and adapted.

The era of globality will be challenging. Risky. Exciting. Provocative. Rewarding.

It will be, in short, what you make of it.

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