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RISKY BUSINESS: CORRUPTION, FRAUD, TERRORISM, & OTHER THREATS TO GLOBAL BUSINESS

By: Stuart Poole-Robb & Alan Bailey

The business world is facing globalization. Domestic businesses now look to foreign countries in hopes of expansion. However, in a post-9/11 and Enron scandal environment, businesses face an alarming fact that they are subject to a broad array of non-conventional risks. Examples of these non-conventional risks include terrorism, organized crime, corruption, unfair trading, cronyism, bureaucracy, and civil unrest. All of these risks are liabilities and all are apparent to some degree in every country.

In the informative, although repetitious, book Risky Business: Corruption, Fraud, Terrorism & Other Threats to Global Business, Stuart Pool-Robb introduces his international network, the Merchant International Group (MIG) and its objective to identify foreign risks. Pool-Robb is the CEO of the MIG, a London-based corporate intelligence group, which has developed knowledge of international risks and has acted as a consultant for many international corporations to evaluate foreign risk and the effects of this risk on a corporation’s success. Based on over 20 years of experience, Pool-Robb detail the nature of international risks and provides country analysis to evaluate the severity of risk. The book also proposes several defenses against these risks through careful assessment, awareness, good business practice, and practical measures.

The main purpose of the book advertises the MIG and its concept of Grey Area Dynamics™ (GADs), which is a list of risk factors not generally evaluated in conventional due diligence and risk assessment. The general meaning of GADs is simple—factors that affect the return on assets and threaten a foreign investment (i.e. corruption, bureaucracy, and unfair trade). These GADs become the topic for the rest of the book. In-depth evaluations and analyses of GADs are presented for the reader. One could say, they are driven into the reader’s mind, because Pool-Robb constantly refers back to the MIG and the concept of GADs, taking about 300 pages to explain what could have been explained in 100 pages or less. The flow of most every chapter is as follows: (1) presentation of a GAD, (2) discussion of the GAD, (3) application of the GAD to a real world case.

Risky Business: Corruption, Fraud, Terrorism & Other Threats to Global Business, identifies possible risks companies might face when
expanding internationally. As corporate counsel typically share the burden of steering the corporation away from risk, this book may be valuable to in-house attorneys because they can use it to identify—and avoid—risks that are not typically addressed by the legal world. Unique to the book is the MIG’s analysis of GADs in specific regions of the world. The MIG presents possible risk scenarios for these regions and rates these scenarios with a threat level ranging from “very high” (it will happen) to “very low” (unlikely to occur). For example, if a corporation is considering entering South Korea to open a computer sensor manufacturing plant, then the corporation might find that the MIG assesses a North Korean invasion as a threat level of 3 (possible). This assessment could persuade the corporation to go elsewhere because of the possible liability of losing operations due to a hostile takeover, which would obviously lead to decreasing investor confidence and earnings. In addition, this book covers special case studies include Burma, Indonesia, South Korea, Poland, Russia, Ukraine, the European Union, Royal Dutch/Shell and industrial espionage.

Overall, Risky Business can provide corporate guidance from a respected strategic research and corporate intelligence group, the MIG, to help analyze non-conventional risks in foreign markets and avoid potential litigation. However, academics, quasi-governmental bodies, and governmental bodies have presented similar risk analyses, which are arguably more concise and more beneficial to a corporation than Stuart Pool-Robb’s book, which may be more of an advertisement for MIG than anything else.

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