



## Strategic Security Analysis

# The Chief Geopolitical Officer: Guiding Business in a Polarised Global Era

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## The Geneva Centre for Security Policy

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## Strategic Security Analyses

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This series is edited by Dr Jean-Marc Rickli, Head of Global and Emerging Risks.

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## Key points

- The influence of geopolitics increasingly permeates every facet of business activities, shaping business organisations' daily operations and requiring the development and effective deployment of strategic foresight as a key mechanism to manage with this influence.
- Growing polarisation and the ever-increasing complexity of the international system are forcing companies to develop an understanding of geopolitical developments, which present at least six different types of risks for businesses: operational, reputational, financial, security, and those related to market access and sanctions compliance. Geopolitical disruption can also lead to a seventh type of risk for some businesses: existential risk.
- Amid an array of executive roles designed to tackle specific challenges, instituting a position of chief geopolitical officer (CGO) would significantly elevate a business organisation's comprehension of the profound impact that geopolitical dynamics have on its daily operations and longer-term strategy.
- The CGO position should be on par with other C-suite roles such as chief risk officer and chief security officer.
- The CGO's portfolio should focus primarily on international affairs and strategic foresight and anticipation rather than the economic or financial aspects of a business.
- The CGO should also develop communication channels and maintain a network of high-level relations with key officials from government and international and non-governmental organisations.



Geopolitical considerations should be an integral part of boardroom discussions and decision-making processes.

## Introduction

Decades of economic globalisation often relegated geopolitical considerations to the sidelines in the areas of business and institutional management. During and especially since the end of the Cold War, democratic states pursued the promotion of economic liberalisation and with it the idea of establishing a liberal democratic peace<sup>1</sup> by “change through trade”,<sup>2</sup> laying the foundation for stability and global cooperation. However, the stark increase in recent years in political polarisation across the local, national, and international levels, coupled with the resurgence of geopolitical tensions among major global powers and the growing role of non-state actors, is fundamentally reshaping the calculus of strategic planning. Geopolitical considerations should thus be an integral part of boardroom discussions and decision-making processes.

Beyond multinational corporations, which are inherently vulnerable to geopolitical disruptions due to their global operations, small and medium-sized enterprises and institutions are similarly not immune to geopolitical influences. This susceptibility manifests through channels such as international sanctions, limitations on market access, disruptions of supply chains or restrictions on accessing key technologies. While businesses typically employ C-suite executives to address a wide range of strategic aspects of their activities, the absence of a senior geopolitical expert can significantly hinder decision-making processes, operations and strategy. Hence, acknowledging the profound impact of geopolitics and acting to deal with this impact is imperative for the prosperity of businesses and institutions in today’s interconnected and changing global landscape.

This GCSP Strategic Security Analysis argues for the necessity of establishing the position of chief geopolitical officer within business organisations, joining similar calls, but from a security policy perspective.<sup>3</sup> The aim of the position would be to understand the current rapid geopolitical transformations affecting businesses, proactively anticipate geopolitical uncertainties, enhance preparedness in navigating intricate global challenges, safeguard assets, and exploit emerging opportunities.

## Why geopolitical developments matter for businesses

The contemporary global landscape is marked by a plethora of fragmentations, resulting in heightened geopolitical uncertainty. Over the past decade, fault lines in the economic, political, and technological domains have emerged, while the COVID-19 pandemic both deepened existing fault lines and unveiled new ones. Intensified ideological polarisation within and between societies, and those challenging the rules-based international order are the most visible of such fault lines. This has led to an increase of armed conflicts since 2010, reaching record levels in 2022 and surpassing even the tumultuous post-Cold War period of the 1990s.<sup>4</sup> The business sector is not immune from such developments.<sup>5</sup> For instance, two spill-over effects from the 2023-2024 Israel-Gaza war were the Houthi missile and drone attacks on international commercial vessels in the Red Sea, which led shipping companies to redirect commercial traffic around the Cape of Good Hope, thus extending the journey between Asia and Europe by up to 20 days,<sup>6</sup> and the damaging of undersea cables in the Red Sea, disrupting Internet connectivity and thus international trade.<sup>7</sup> At the same time, global quasi-monopoly technology companies such as Meta and Alphabet and global players such as Huawei find themselves being adversely affected by geopolitical rifts between leading powers that either deprive them of market



**Geopolitical instability ranks as the top external issue that could influence or disrupt CEOs business strategies within the next 12 months.**

access or force them to obey the dictates of sanctions regimes of various kinds. Understanding these disruptive forces is essential for businesses. A recent (April 2024) survey among chief executive officers (CEOs) of major global companies found that “geopolitical instability” ranked as the top external issue that could influence or disrupt their business strategies within the next 12 months.<sup>8</sup> When devising strategies to manage (global) risks, a wide range of unexpected or rare events that could potentially harm business operations should be considered; these events can be imagined as a “Zoo of Risks”:<sup>9</sup>

- Black Swan events are highly improbable, have an extreme impact and are very difficult to predict (unknown unknowns).<sup>10</sup>
- Grey Rhino events are highly probable, high-impact, yet all-too-often-neglected risks (known unknowns).<sup>11</sup>
- White Elephant events are obvious risks (known knowns), yet difficult to address due to the emotional circumstances of those who have to confront them.
- Black Jellyfish events are unforeseen risks arising from known phenomena (unknown knowns).<sup>12</sup>

**Table 1:** Examples of the “Zoo of Risks”<sup>13</sup>

		Impact	
		Known	Unknown
Awareness/predictability	Known	<p><b>White Elephant</b></p> <p>Examples include mega sporting events that leave a trail of run-down infrastructure like Olympic villages.</p>	<p><b>Black Jellyfish</b></p> <p>An example is an event like the eruption of Iceland’s Eyjafjallajökul volcano in 2010 that disrupted air traffic between Europe and North America.</p>
	Unknown	<p><b>Grey Rhino</b></p> <ul style="list-style-type: none"> <li>• COVID-19 crisis</li> <li>• Climate change</li> <li>• Water scarcity</li> <li>• Economic disparity</li> <li>• Cyber security</li> <li>• Russia’s 2022 invasion of Ukraine</li> </ul>	<p><b>Black Swan</b></p> <ul style="list-style-type: none"> <li>• 11 September 2001 terrorist attacks</li> <li>• 2008 global financial crisis</li> <li>• Invention of the Internet</li> <li>• Advent of artificial general intelligence</li> </ul>

While geopolitical “Black Swan” events are typically almost unpredictable, especially regarding their timing, such as the 11 September 2001 terrorist attacks or the 2008 global financial crisis, “Grey Rhino” events occur with greater regularity and thus impact businesses to a larger extent, such as challenges related to the inability of the global community to reach binding agreements to fight climate change or artificial-intelligence-related issues looming on the global horizon. Grey rhinos are more predictable with the appropriate geopolitical background knowledge, proactive foresight analysis and timely action.



The post-pandemic world is marked by rapid, disruptive transformations across various sectors, resulting in a polarised landscape with a multitude of actors.

But what exactly constitutes “geopolitical risks” in today’s evolving landscape? The term “geopolitics” encompasses a broad spectrum of definitions, many of which underscore its association with security issues such as “wars, terrorist acts, and tensions between states that disrupt the normal flow of international relations”.<sup>14</sup> Geopolitical risks thus refer to “any political, social, or security change capable of significantly affecting economic, human, or diplomatic interests”.<sup>15</sup> Essentially they can be simplified as risks stemming from the interactions between states and the activities of non-state actors that could significantly impact the cost-benefit analysis of various actors. From a business standpoint, these risks are those encountered by both public and private entities, and investors. Such risks can impact trade agreements, security alliances, multinational environmental initiatives, supply chains or territorial disputes.<sup>16</sup> Introducing the geo-economic dimension of these risks further complicates their forecasting and impact. While businesses tend to primarily address geo-economic risks,<sup>17</sup> government institutions typically prioritise geopolitical risks. To survive and prosper in the current geopolitical system, both dimensions must be addressed and understood concurrently.

## An increasingly polarised international environment

As the era of peak globalisation wanes and interdependence diminishes, the post-pandemic world is marked by rapid, disruptive transformations across various sectors, resulting in a polarised landscape with a multitude of actors.

### Global powers

The geo-politicisation of a wide range of issues has increasingly permeated the operational landscape of businesses. The United States and China are most likely to dominate global economics in the coming decades. While the Cold War was characterised by global bipolarity between the United States and the Soviet Union, the collapse of the latter precipitated a severe economic downturn in Russia, evidenced by a staggering 14.5% decrease in gross domestic product (GDP) in 1992.<sup>18</sup> This led to a two-decade-long period of unipolar or hegemonic economic and geopolitical dominance by the United States. However, developing countries enjoyed an even larger economic growth rate than established economies, with China’s economic rise marked by annual GDP growth rates ranging between 7.7% and 14.2% from 1991 to 2012.<sup>19</sup> Such unprecedented growth, coupled with increasing assertiveness, led China, especially since the coming to power of President Xi Jinping, to announce its ambitions for global leadership by 2049.<sup>20</sup>

### International institutions and groupings

While the United Nations (UN) remains the largest and most inclusive international organisation, other intergovernmental forums have emerged of various kinds over the past decades. Some of these focus on fostering economic cooperation, while others have a more political focus to them. The ongoing expansion of the European Union (EU) and integration of its Central and Eastern European members have fuelled economic growth and challenges alike, while also introducing new political hurdles. While the EU’s influence on global economics remains unquestioned, its geopolitical impact is subject to greater scrutiny and debate. The ongoing war in Ukraine starkly underscores the EU’s dependence on the United States for European security. At the same time, the G7 now solely comprises major democratic economies from the Western hemisphere plus Japan, but key economies from the global south have sought to counterbalance US and Western dominance by strengthening economic ties among themselves and forging closer links with the main emerging global power, China, and a resurgent Russia through the



Numerous factors have caused the past 35 years to see a considerable rise in economic and political non-state actors who have shaped geopolitical developments.

organisation known as the BRICS, comprising Brazil, Russia, India, China, and South Africa. In a bid to amplify their global economic and political influence, BRICS Plus was established in 2024, incorporating Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. At the same time, the necessity to bridge the North-South divide led to the establishment of the G20, whose aim is to address geo-economic and financial issues in a cooperative way. Its membership is loosely based on the world's largest economies and the EU. In 2023 the African Union was admitted to the G20 to better reflect the growing importance of the global south.

### Non-state actors

Numerous factors – e.g. failed nation building, hyper-globalisation and digitalisation – have caused the past 35 years to see a considerable rise in economic and political non-state actors who have shaped geopolitical developments. These actors include large multinational companies, especially in the technology sector; organised crime entities; and armed (terrorist) groups. Geo-economically, global technology companies have reshaped business landscapes significantly and are directly challenging states' dominance of governance and power. Industries that have previously been state owned or state influenced have in turn become company dominated to a previously unknown extent. Global quasi-monopoly technology companies such as Alphabet, Meta, Microsoft, and Apple have become indispensable to daily business activities, providing critical services that states and businesses are fully reliant on, e.g. online solutions, financial management, worldwide connectivity, etc., thereby posing systematic risks to entire economies. Concurrently, their market capitalisation puts them on par with major economies, adding to the complexity of the geopolitical landscape. In 2023, among the ten largest global companies by market capitalisation, seven were active in the technology sector and eight originated from the United States.<sup>21</sup> Microsoft's and Apple's market capitalisation of US\$3.188 billion and US\$2.949 billion respectively<sup>22</sup> would rank them sixth and eighth globally in terms of national GDP, only slightly above and below France, respectively, but above Italy, Brazil, Canada, and Russia.<sup>23</sup> While such large companies impact the geo-economic and geopolitical landscape, their technological capabilities are also increasingly becoming vital in crisis and emergency situations. Elon Musk's Starlink company operates the largest satellite network and owns more than half of the satellites (5,874) orbiting Earth.<sup>24</sup> It influences the outcome of military operations, as evidenced during the Ukraine-Russia war,<sup>25</sup> or serves as a much-needed link for humanitarian aid, as illustrated in the Israel-Hamas war currently under way in Gaza.<sup>26</sup> However, prominent international telecommunications and technology giants find themselves entangled in the epicentre of geopolitical conflicts, notably between the United States and China, with their increasing technological decoupling strategies and trade war, as well as between the United States/EU and Russia, or the geo-economic rivalry between the EU and the United States. Governments have voiced national security concerns over the intimate connections of some of these corporations with foreign state authorities, and their alleged participation in espionage, censorship practices, or the silencing of regime critics. Consequently, these companies confront constraints on their market presence and access to essential technologies and components from local suppliers.

Similarly, the rise of non-state actors' involvement in illegal and harmful activities such as transnational organised crime or terrorism profoundly impacts geopolitics. Estimating the economic impacts of illicit trade and money laundering is highly complex and difficult. According to the estimates of the UN Office on Drugs and Crime in 2011, around 2.7% of global GDP is linked to illicit trade and money laundering, which in 2023 would have totalled US\$2.84 trillion.<sup>27</sup> Additionally, businesses and economies are adversely



Changing security paradigms make it difficult for businesses and institutions to prepare to respond to all eventualities.

affected by corruption and bribery.<sup>28</sup> Concurrently, the spread of terrorism in the name of global jihadism has deeply impacted geopolitics. The re-rise of the Taliban culminated in the fall of Afghanistan and the departure of US and allied troops in 2021, and the conquest by Islamic State (IS) of territories the size of the United Kingdom across Iraq and Syria between 2014 and 2017 led to the establishment of its self-declared caliphate, creating new realities on the ground (see the discussion of operational risks for businesses in the section on “Six types of risks”, below). A combined effort of leading global powers, including the United States and Russia, was necessary to oust the barbaric IS terror regime from its conquests. Such efforts come at high costs for the countries involved. The 20-year US Global War on Terror is estimated to have cost up to US\$8 trillion and caused the deaths of around 900,000 people, including allied and opposition forces and civilians.<sup>29</sup> Businesses are not immune to these developments, because non-state actors can play an important role in corruption, bribery, operational security for employees, businesses’ assets and the disruption of supply chains.

### Clash of values and norms

The growing geopolitical polarisation of the current world “disorder” induces a multiconceptual understanding of the world: “as global power is diffused, there is more room for divergent values to shape geopolitics”.<sup>30</sup> Values such as freedom, equality and the rule of law are the foundations of democracies. However, democratic states around the globe have come under pressure from external and internal forces alike. According to the Democracy Index 2023 of the Economist Intelligence Unit (EIU), 45.4% of the world’s population live in a democracy of some sort in 74 countries, with only 7.8% residing in a “full democracy” in 24 countries (a number that has decreased in recent years), 39.4% living under authoritarian rule in 59 countries (an increase in recent years), and 15.2% living in hybrid regimes in 34 countries.<sup>31</sup> The growth of authoritarianism is creating a more complex and diverse global landscape. This evolution is in stark contrast to the forecasts of liberal thinkers like Fukuyama,<sup>32</sup> who anticipated the global spread of liberalism and democracy in the post-Cold War era. The conflict in Ukraine underscores the clash of global visions of those adhering to a rule-based (international) order, on the one hand, and the primacy of power politics and authoritarian rule among those who want to redraw international boundaries and remake international rules (often by force), on the other hand. The EIU’s Democracy Index further demonstrates that two-thirds of the world’s population live in countries that are neutral or Russia-leaning regarding the war in Ukraine, with the governments of most of these countries classified as authoritarian.<sup>33</sup> The geopolitics of the coming decades will thus be increasingly shaped by countries and leaders with diverging fundamental values.

### Security architecture

Furthermore, changing security paradigms make it difficult for businesses and institutions to prepare to respond to all eventualities. The global security architecture of the post-Cold War era is being challenged by China and Russia, and on a more regional level by Iran, Saudi Arabia, and India. Intensified political and economic rifts among global powers have exacerbated fault lines, rendering certain regions more susceptible to military escalation: the Taiwan Strait and South China Sea/West Philippine Sea, and tensions between Russia and its Western neighbours are current examples. Moreover, armed conflicts like the ongoing Russian aggression against Ukraine since 2022 and the current Israel-Hamas war with its escalatory potential (as Iran’s 10 April 2024 direct missile/drone attack on Israel showed) have heightened tensions across multiple regions globally, including Europe and the Middle East. Concurrently, local actors are increasingly exploiting the uncertainty surrounding major power relationships, which is evident in conflicts such



Six different types of risks for businesses: operational, reputational, financial, security, and those related to market access and sanctions compliance.

as Azerbaijan's invasion of Nagorno-Karabakh and the persistent tensions between North and South Korea. This is resulting in a continuous increase of military spending, with a record US\$2.44 trillion being spent on in 2023.<sup>34</sup> The United States as the global leading spender increased its military expenditure by 2.3% in 2023 and by 9.9% for the period 2014-2023. Other countries increased their military spending even more significantly for the same periods: <sup>35</sup> China by 6.0%/60%, Russia by 24%/57% (and has announced a 70% increase for 2024<sup>36</sup>), India by 4.2%/44%, the United Kingdom by 7.9%/14%, Germany by 9.0%/48%, France by 6.5%/21%, South Korea by 1.1%/34%, and Japan by 11%/31%.

However, security extends beyond the purely military dimension. Today's interconnected world demands vigilant cyber security measures to safeguard businesses and institutions from being victims of cyberattacks such as data breaches, blackmail using ransomware, or intellectual property theft. Similarly, the proliferation of artificial intelligence applications presents several challenges for businesses, notably in the field of cyber security or fraud through increasingly credible manipulations or impersonations.<sup>37</sup> Moreover, amid growing environmental crises and the imperative of climate change, a comprehensive global security understanding of the effects of these environmental changes becomes indispensable, given the transboundary nature of these challenges. Furthermore, the dynamic landscape of migration driven by armed conflicts, environmental degradation, political/religious persecution, economic disparities, and demographic shifts will profoundly shape the operational landscape for businesses and institutions.

## Geopolitical risks and their consequences for business

While large multinational corporations inherently face greater exposure to the shifting dynamics of geo-economics and geopolitics, small and medium-sized enterprises are equally susceptible to severe impacts, with geopolitical uncertainty leading to considerable impact on businesses' exposure and finances. A myriad of risks significantly influences business operations and institutional management.

### Six types of risks

*Operational risks* arise when routine business activities jeopardise profitability or hinder an organisation's proper functioning. These risks originate from various sources, including human error and external factors.

Lafarge, the world's largest cement manufacturer, continued to operate in Syrian territories that were conquered and occupied by IS and integrated into its so-called caliphate. This decision resulted in the company being accused of financially supporting the terror state's crimes against humanity and other human rights violations through bribery. However, the company's former CEO has claimed this choice was influenced by pressure from the French secret service to maintain connections in the region.<sup>38</sup> Regardless, whether Lafarge's decision was self-motivated or not, it illustrates how geopolitical developments can have a vital impact on businesses.

*Reputational risks* emanate from the inherent desire of businesses and institutions to maintain a favourable market image. However, such visibility inevitably exposes entities to reputational vulnerabilities. These risks encompass issues like product safety concerns, negative publicity or associations with entities that have negative reputations.

Nestlé's decision to maintain operations in Russia for humanitarian reasons by aiming to provide "essential and basic foods to the local people",<sup>39</sup> despite



In times of increasing technological decoupling between the United States and China, reciprocal market access and operations will increasingly become a challenge for businesses.

Russia's invasion of Ukraine, sparked widespread public criticisms in countries imposing sanctions on Russia and tarnished Nestlé's image in these countries. Companies operating in multiple countries will increasingly be faced with reputational risks in this increasingly uncertain geopolitical landscape. This requires a deep understanding of local and regional political sensibilities and the global fight of libertarian vs authoritarian narratives so as to craft an image that can be acceptable in different countries while maintaining the brand at the global level.

*Financial risks:* Financial health is paramount for all businesses, necessitating their generating sufficient cash flows to meet their financial obligations and requiring the utmost attention from their management.

Non-compliance with local authorities can lead to the seizure of company assets, as was witnessed with Carlsberg and Danone in Russia in July 2023.<sup>40</sup> Similarly, carmaker Stellantis's production and commercialisation of its Citroen C5 Aircross model was taken over by Russia's Automotive Technologies company with the help of China's Dongfeng Motor Group. This led to Stellantis losing €144 million, including €87 million in cash and cash equivalents.<sup>41</sup> The complete loss of an entire line of operations as a result of a crisis or for retaliation purposes is a mounting risk for multinational companies in this increasingly polarised environment.

*Security risks* can affect an organisation's ability to conduct business securely, encompassing factors ranging from employee safety to infrastructure integrity, with the contemporary addition of cyber security concerns.

In February 2011 the Marriott International hotel opened in Tripoli, but had to evacuate international staff and guests two weeks later as the Libyan civil war began,<sup>42</sup> while in 2013 the al-Qaeda-affiliated terrorist group attack against the Tigantourine gas facility near In Amenas in Algeria, jointly operated by the Algerian state oil company Sonatra, British BP and Norwegian Statoil, led to the death of 40 staff members.<sup>43</sup> As crises multiply internationally, understanding and anticipating the operational risks inherent in current and future crises become increasingly vital for businesses.

*Market access risks* are pivotal for business operations. Any impediments to entering new markets can profoundly impact operations and finances. Similarly, restrictions or regulatory changes in existing markets can result in severe consequences, potentially necessitating market-exit strategies.

Google, which currently has a global search engine market share of 90%, entered the Chinese market in 2006, but due to large-scale cyberattacks by Chinese government affiliates, its subsequent move to Hong Kong, and increased censorship, it significantly scaled back its operations in mainland China, and is currently irrelevant in the Chinese market.<sup>44</sup> On the other side of the global power struggle, Chinese telecommunications giant Huawei has been entangled for years in a geopolitical row over national security concerns between the United States and China, effectively being banned in the United States as of November 2022, while US companies have been banned from exporting production input materials to Huawei.<sup>45</sup> Other countries such as the United Kingdom followed suit, and 5G Huawei equipment will be banned there by 2028.<sup>46</sup> Similarly, social media platform TikTok has been under scrutiny by consecutive US administrations for various reasons, including national security concerns and data privacy issues linked to algorithm influence, which is feared to negatively influence US viewers. Lawmakers aim to ban the platform within a year if its assets are not sold to a non-Chinese company.<sup>47</sup> In times of increasing technological decoupling between the United States and China, reciprocal market access and operations will increasingly become a challenge for businesses originating in the two countries. However,



How can businesses better prepare for the effects of geopolitical developments and their anticipation on their operations? “Appoint a chief geopolitical officer (CGO)”.

third-party businesses might face similar obstacles because pressure to operate only in either market could limit their foothold in the other market.

*Existential risks:* Depending on the business sector or the exposure of a business to certain markets or logistical networks, any of the above risks or a combination of some or all of them could also represent an existential risk for a business. The globalisation process that we have witnessed since the end of the Cold War has also been accompanied by the principle of just-in-time production or lean manufacturing. This principle, which relies on a highly decentralised logistical chain, provides companies with important cost reduction advantages related to the abandonment of the need to stockpile raw materials or other production inputs. However, this principle can also put companies at risk in terms of increased geopolitical polarisation, because geopolitical tensions can completely disrupt global supply chains. The restricted access to active pharmaceutical ingredients mainly produced in China and India during the COVID-19 crisis highlighted a key vulnerability of European pharmaceutical companies.<sup>48</sup> A possible blockade of Taiwan could potentially represent existential risks for companies in the automotive or digital industries, among others, because of the island’s near monopoly of the ability to manufacture highly sophisticated, top-of-the-range microchips.

### Sanctions regimes – all the above and more

International sanctions constitute some of the most challenging circumstances for businesses, compounding all the above-mentioned risks with additional restrictions. Sanctions are usually based on countries’ and institutions’ (geo)political considerations and can be targeted at individuals, business organisations, or governments. They are imposed through the multilateral system by the UN Security Council (with 15 ongoing sanction regimes),<sup>49</sup> by regional entities such as the EU (52),<sup>50</sup> or bilaterally (e.g. 38 active sanctions regimes imposed by the United States). Sanctions can have a profound impact on business continuity. Navigating through the dynamic and complex processes of new or updated sanctions requires businesses to continuously comply with geopolitical and legal decisions. According to a recent KPMG study of financial institutions, the biggest challenge for businesses is the complexity of requirements to comply with the various sanction regimes.<sup>51</sup> Studies further show that external pressures significantly influence how businesses comply with sanctions.<sup>52</sup> Following the Russian invasion of Ukraine, the comprehensive international sanctions regime gained significance for businesses across industries, because business operations were directly and indirectly influenced. This included the halting of operations, the seizing of assets, disruptions to or the cutting of supply chains, or being forced to leave the market (see the section on “Six types of risks”, above). At the same time, many businesses intensified or sustained their ties with Russia, and more than 500 Western business organisations continue to operate in the country.<sup>53</sup>

## The need for a chief geopolitical officer

How can businesses better prepare for the effects of geopolitical developments and their anticipation on their operations? The answer is, “Appoint a chief geopolitical officer (CGO)”. The idea of a CGO for companies is not entirely new. While earlier approaches focused on the company’s CEO simultaneously also acting as CGO,<sup>54</sup> on how the CEO should influence corporate political activities,<sup>55</sup> why companies should have a foreign policy,<sup>56</sup> or how political geography is being integrated into international business strategies,<sup>57</sup> others overall questioned the need for a CGO rather than consulting external topical/regional experts.<sup>58</sup> While some key global companies have started



to integrate the function of Global Affairs into their senior management,<sup>59</sup> many are yet to follow in a similar or more classic way with a CGO.

The essence of the proposed CGO role is that the person holding this position will be tasked with providing a comprehensive and dynamic overview of geopolitical and political challenges that may impact the company or institution, thereby facilitating informed decision-making at the strategic level. While the idea of the CEO being more closely involved in a company's geopolitical considerations and inevitably being the public global face for the company is valuable, the CGO's geopolitical expertise makes the role a distinct senior management position.

### **How does the function of CGO tie into the portfolio of any institution?**

The essence of the CGO's role is to provide a comprehensive and dynamic overview of geopolitical and political challenges that may impact the company.

At the outset, the CGO's role should primarily focus on internal advisory duties, akin to the roles of chief risk officer (CRO), chief strategy officer or chief financial officer (CFO), and it should involve close collaboration with the public relations department. The CGO's main responsibility is to provide guidance to senior management on the current political landscapes (spanning from local to international) influencing geopolitics that are likely to impact the company. While the position could be linked to a risk management team, it is worth noting that in many organisations the risk function and CRO position are often closely associated with audit and financial controls (focusing on legal and financial aspects) or operational risks. Similarly, the chief strategy officer's portfolio is usually more centred around economic and market-related issues, with a specific focus on business management aspects. The CGO role is distinct from yet complementary to that of the chief security officer because it primarily focuses on analysing how the current geopolitical situation and its anticipated development will impact various aspect of the company and its strategy. The chief security officer can then operationalise strategic insights into actionable measures to protect the company's assets, employees and markets. However, together they form a comprehensive defence and strategic framework, strengthening the company's risk and financial management, which is essential for navigating today's complex global environment. Thus, the CGO function should be a separate unit that is on par with other C-suite roles.

In a second step, the CGO's strategic anticipatory impact could be elevated by the formation of a small support unit comprising a combination of regional/country and topical experts. Embedding such a unit within organisational structures would allow the production of in-depth reports and internal and external knowledge exchange events, and ensure an inclusive approach to understanding geopolitical risks and their consequences for the organisation. The advantage of having an internal CGO and eventually a support team rather than employing external consulting firms to provide geopolitical advice lies in the fact that the internal CGO will fully comprehend the enterprise's culture, values, and goals while guaranteeing a constant monitoring of global, regional, national, and local situations as they arise.

Additionally, the CGO needs to be empowered to forge high-level relationships with government officials and build communication channels with other stakeholders that would allow him/her to make sometimes-controversial recommendations that may cause internal disagreements or impact existing strategic plans. Therefore, the CGO must be senior enough to make these recommendations authoritatively, and with the likelihood that they will be taken seriously.



The ideal CGO should possess a strong theoretical background and experience in international affairs and a deep understanding of geopolitical dynamics.

## Profile of the CGO

The ideal CGO should possess a strong theoretical background and experience in international affairs and a deep understanding of geopolitical dynamics similar to the specific financial, digital, or security backgrounds of CFOs, chief digital officers and chief security officers.

The organisation would thus benefit from the CGO's expertise that provides insight into external political and geopolitical influences and their anticipated effects on the organisation. Additionally, the CGO should have a robust understanding of how data drives decision-making, while ensuring that reliance solely on quantitative methods is insufficient. Historical instances such as the 2008-2009 global financial crisis or the misinterpretation of indicators suggesting positive developments in Afghanistan before 2021 illustrate the pitfalls of solely relying on data-driven decision-making. Geopolitical analysis cannot be restricted to quantitative analysis based on a few indicators, however robust they may be. For a CGO to matter, the person must have in-depth understanding of geopolitical developments and global security-related affairs, societal issues, and global environmental challenges, and be aware of all the possible political and geopolitical implications of technological advancements. The CGO should therefore understand both qualitative and quantitative analytical methods.

Experiences in government relations, international affairs, governance, and/or diplomacy could greatly enhance the effectiveness of the CGO. Traits such as systemic, strategic and foresight thinking; adaptability; and strong communication skills are essential for navigating complex political landscapes, effectively advising senior management, and building relationships across industries and between the public and private sectors. Military experience can be an asset, but it is crucial to recognise that the skill sets required for profiles steeped in tactical and operational expertise, such as those of chief security officers and former law enforcement or military personnel, differ significantly from the strategic and geopolitical focus required of a CGO. The CGO offers a strategic perspective on geopolitical trends and shifts, including the security landscape at the global, regional, and national levels, not about security questions at the operational or tactical levels.



## Conclusions

Understanding geopolitics is crucial for anticipating global changes and minimising vulnerabilities affecting business operations. In a world marked by increasing geopolitical rivalries and polarisation, these factors introduce significant risks to businesses, compounding the challenges of navigating the 21st century's transformational landscape. Although corporate risk functions are equipped to address a broad spectrum of issues across sectors, they tend to concentrate mainly on the compliance, auditing and financial aspects. To counteract this, businesses must integrate geopolitical considerations into their strategic frameworks more comprehensively, extending from local to global contexts.

A deep analysis of the potential impacts of geopolitical developments is vital for any business organisation that operates internationally or depends on global markets. To institutionalise this capability, establishing a role such as a CGO provides a strategic advantage. This officer would analyse both quantitative and qualitative field data to assess geopolitical shifts that could influence operations, personnel, and overall business stability and sustainability. The CGO would further develop relationships with external stakeholders (especially governments, international organisations and NGO officials), build communication channels, and advise senior management on challenging recommendations. As the primary strategist for navigating geopolitical challenges, a CGO becomes an indispensable part of the C-suite, enhancing the CEO's toolkit for making informed strategic decisions.

By integrating a CGO into their leadership, businesses can more effectively anticipate and mitigate the risks posed by geopolitical instability, ensuring a more resilient and forward-looking business strategy appropriate to the challenging times in which we live.

By integrating a CGO businesses can more effectively anticipate and mitigate the risks posed by geopolitical instability.



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