



What Can Businesses Learn from the Ukraine?

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Despite three months of simmering unrest, a troubled history and the shadow of Russian influence hovering in the background, the eruption of violence in Ukraine in February took many people by surprise. However, some British businesses with operations in Ukraine may query whether recent events in the country should have been foreseen, and if the current uncertainty could have been avoided.

The situation in Ukraine will inevitably impact many areas of the British, European and global economies, as well as the businesses who trade there. As the 6th largest investor in Ukraine, with a rising export trade (£581m in 2012), the UK has more than a diplomatic interest. Furthermore, Ukraine is one of the world's major steel producers as well as manufacturing airplanes, turbines and tractors, so its impact on many areas of the supply chain is significant.

Depending on where they are located within Ukraine, UK owned businesses may be facing disruption or even the prospect of temporary closure. Moreover, whilst some of the main industrial areas such as Donetsk, Odessa and Kherson are far away from the disputed Crimean peninsula, the effects of the crisis are being felt across the whole of Ukraine in terms of unrest and protest.

A risk worth taking

Most businesses that operate in challenging or unstable environments view the accompanying risk as a necessary evil that is sufficiently offset by the commercial rewards available. These organisations are used to identifying and handling risk as part of their daily decision-making.

Unforeseen risk almost always has a negative impact on commercial operations, necessitating a reaction which may be hasty, forced or even counter-productive. However, when risk has been predicted and planned for, the response is more likely to be positive and proactive, offering an opportunity to manage the situation to the company's best advantage. In this scenario, if companies have identified the risks and planned accordingly, they should be well placed to secure alternative supplies and suppliers if necessary, as well as triggering additional protection for assets and implementing measures to safeguard their personnel. All these measures can enhance reputation at the same time as minimising potential losses.

The role of intelligence

By its very nature, risk can be difficult to predict, which is why good business intelligence plays such a crucial role. Ultimately, the primary aim of intelligence work is to make sense of large quantities of uncertain and often conflicting information that is collected and analysed for the purpose of achieving the company's objectives. The effective intelligence specialist should give directors an appreciation of commercial interrelationships and impact across the operating environment so they are able to make informed decisions on a business strategy.

Too often boardrooms are forced to make decisions based on their view of the situation or on the opinions of their security specialists on the ground who are dealing with the hard realities of implementing physical security measures on site. Neither of these perceptions is likely to be correct. The former perhaps dulled by distance, and the latter having a limited perspective - seeing the situation through the sights of a gun.

The opportunity afforded by instability

In Ukraine, as in any unstable environment, it is useful to remember that the flip side to risk and threat is opportunity and incentive- and it is these that help to consolidate and grow a business. Good business intelligence is useful when considering questions such as:

- Which competitors are succeeding and why?
- Can we match the aspirations of the key decision-makers?
- Where is the most advantageous operating environment?
- Can limited risk be managed so as to gain from the many opportunities?

The answers to these sorts of questions should inform operations and be the main driver for the decision-making process. Having a clear understanding of any potential changes and possible consequences within the operating environment will provide a competitive advantage and the ability to deal with these changes. For example, if it could have been predicted that the West's reaction to Putin's stance on Crimea would be a massive increase in funding, a business could have been well-positioned to take advantage.

Likewise, the proposed closer trading links with the EU and the US may well present significant commercial opportunities. Failure to foresee risk will always be remembered as the consequences are usually expensive in terms of money, reputation, time, resources and, sometimes even lives. Whilst this may not represent an immediate threat to a business, it could reduce the ability to compete within a specific marketplace - and is therefore a business risk worth planning for.

Martyn Denton is MD of [QRO Global](#) who offer a range of business intelligence, security and risk management services. Martyn has over 30 years' experience in the armed forces, reaching a senior level within the British Army. Martyn has been involved in intelligence operations across the world in both a military and commercial capacity, working in co-operation with the armed forces, law enforcement agencies and government departments of both the UK and foreign nations.