



## GLOBAL IMPACTS

**P**andemics, terror threats, fluctuating markets, EU employee pensions, border closings, Asian competition, global commodity price wars, shooting wars—the daunting problems of the past decade prove that we live in an inextricably linked global society. So too do positive international stories, like the outpouring of aid for Haiti and the Gulf Coast after natural disasters. Communication technology has expanded the capacity for international ties, and labor forces are increasingly borderless. It's a brave, new, small world.

The volatility of the global stage will increase over the next 10 years. But the world is composed of regions, cities, communities and neighborhoods, each with a meaningful role to play on the new international stage. As representatives of those places, chambers will evolve rapidly to address the opportunities and uncertainty of the ever-shrinking world.

Both business expansion and chamber growth can be driven by the nearly limitless opportunities occurring around the world. Future markets and investment are difficult to envision today, but they will come, as they did following World War II, the crumbling of the Berlin Wall, and the onset of digital connectivity. Our concerns about today's economy should not blind us to the promise of tomorrow's, and that promise lies, increasingly, overseas.

Global influences on the American economy may produce the most dramatic impacts on chambers. Corporate structures and supply chains will be disrupted over the next 10 years. Payrolls of big companies that your chamber depends on will shrink (or grow) in this climate of global "creative destruction." Waves of off-shoring and repatriation of companies will continue. Traditionally domestic organizations like hospitals and utilities will go global, while distribution of food could get more local. Put simply, we don't know how, but we can count on global impacts

becoming more intense in the coming decade. This is not just a chamber issue, of course. Everybody attempting to buy, sell, make and serve will be affected.

### Scary Good

A U.S. Department of Commerce study, which included only jobs related to export (not those coming from direct foreign investment and other international sources) tells a compelling story. The report says that export supported job increases "... accounted for 40 percent of total job growth in the U.S. during this period." (1993-2008). A chamber's memberships, programming and sponsorships can grow as the world comes to our doors and our companies connect more to new global markets.

### Not Just the State Department's Issue

As the familiar green slogan reminds us: "Think Globally. Act Locally." Individual places won't matter *less* because of globalization, they'll matter *more*. In a global competition for talent, investment and customers, every region large or small will have to be the strongest, best positioned version of itself possible. Acting locally is critical because international influences will be probing for opportunities and challenging every sector of your economy.

In advising her chamber and association clients, consultant Cathy Hight wrote in a recent article: "Businesses large and small want to have a positive local presence and access to the global marketplace. They need a competent

and adaptive workforce locally and need to market effectively on a global platform.”

As the perception of the U.S. as a safe haven for investment increases, your communities can expect more, not fewer such deals. For your members, international market opportunities will expand as middle classes grow outside the U.S.

Some global markets now open to your members will close in the future due to regulatory barriers (i.e., genetically modified food), competitive pressures in other parts of the world, or security concerns. Your interstate toll road could be sold to overseas investors (as happened awkwardly in Indiana). Chinese labor cost increases could induce local manufacturers to reshore business lines formerly produced overseas. Changes in visa rules affecting engineers from other countries could have an impact on your largest member.

None of us can know how this will all go down, but we can be certain that the world is becoming so interconnected that it will be impossible to count the frequency of international influences at the local level. The world is not all one big market yet, but for millennials, dubbed “First Globals” by Zogby, it might as well be.

### **Navigating International Waters**

There are four timeless avenues to consider in plotting a future-focused international strategy:

- Export support for local companies
- Proactive attraction of foreign direct investment
- Facilitation of international networks
- Instruction/awareness about global trends, dangers and opportunities likely to affect local companies.

Enhancing or launching programs, policies and products related to these four avenues will pay off for chambers over the next 10 years and beyond.

Until recently, it was sufficient for most chambers to take a minimal role in international issues or activities, i.e., stamping certificates of origin, hosting a tour to Tuscany, or forging a “sister city” relationship. Frankly, in the U.S., few companies have demanded much more of their chambers when it comes to international programs. But on other continents, those are the primary missions of chambers.

How do chambers, facing minimal member demand today, direct a portion of their limited resources to international strategies? As with other elements of this paper, the answers will vary

depending on circumstances, membership composition, geography and volunteer leadership appetite.

For instance, border towns along the Canadian or Mexican borders have more to do in the international sphere, but they seldom reach beyond their closest neighbors. At first glance, chambers in port cities appear to be linked to the world. Some, such as Mobile, Houston, Los Angeles and Tacoma, have certainly become so. But in many shipping centers, chambers are focused on the health of the port as a major employer, not as a springboard to international opportunities for the regional economy. Looking toward a future of increasing international activity, the Charleston (S.C.) Metro Chamber recently created a multi-year strategic plan to guide its international work with the port and with other employers in an ever more accessible world marketplace.

### **The Global Stage**

Chambers in big convention towns such as Chicago and Orlando have begun to exploit international shows to showcase not only the world’s newest autos and tech toys, but also their community assets. And Winnepeg and Des Moines, which previously hadn’t hosted big conferences, created their own sector-specific global expos, with great impact.

Of course, economic development-centered chambers seek, or at least respond to, interest from foreign investors and prospective employers. In recent years, the trend in economic development has shifted toward “grow your own” strategies, rather than “elephant hunting.” Developers still seek such trophies, but such game-changing wins are rare. Helping a struggling local firm or a real estate developer find an international investment partner requires a different set of skills, which some economic development directors are now trying to learn, hire or rent.

Chamber economic development ventures on the global stage often have history or logic behind them. Both the Metro Hartford Alliance and Naples Chamber have re-emphasized their regions’ long-time connectivity to German firms in hopes of attracting others that might partner with local companies. The Greater Des Moines Partnership has maximized personal relationships in Brazil, originally established by agricultural and biofuel firms.

### **Not Just for Big Guys**

A few chambers have been working aggressively in international circles for a decade or more, and they’re not all large. The Northern Kentucky, Brockton, Mass., Lake Charles, La., and Round ▷

Rock, Texas chambers, to name a few, recognized recently that their economic future may depend on relationships and meaningful programs being developed today. Most of these chambers viewed partnerships with port authorities, freight forwarders, government agencies, consultants and corporations already in the game as the best way to achieve their goals.

There is good news regarding the ways you might deal with this influence on your chamber's life and work. First, it's not really a money thing; it's a mission and purpose thing. Done creatively and well, international programming can attract new resources. Demand may be modest now, but many other chamber offerings are routinely subsidized when numbers are low, if they are mission related. Providing international support for companies and the community is on mission!

Secondly, it won't require diplomatic credentials or a masters in international logistics, even with the added complexities sure to arise in the coming years. Rather than starting from scratch or hiring consultants, chambers can build international intelligence through their members that already trade or invest internationally. That knowledge will enable chambers to help other members play overseas, while also helping domestic-only companies realize international opportunities and trends.

### Step Out

Another chamber transition can involve helping members increase global confidence and ambition. Canadian chambers have this built into their DNA. Most use relationships and alliances with friends and financiers in far flung places to help members overcome the fear of crossing a border or an ocean for a deal. In the U.S., chambers have organized international tours for members and "civilians" for a decade, but few take the extra step to translate trips into lasting business relationships. If they are touring 10 years from now, they will blend business goals into every trip.

You might think that your members already know more than you ever could about global markets. Not so. Chambers can, at the least, raise questions regarding international economic trends and then point companies to places where the answers might be found, such as the U.S. Council for International Business or port authorities.

### Environment

Even though 80 percent or more of the scientific community is convinced of the existence and effects of global warming, polls

show that a growing number of U.S. citizens are skeptical. Currently 23 percent of Americans do not believe global warming is happening. That's up 7 percentage points since spring 2013. But 63 percent of Americans believe global warming is occurring, a number that has been unchanged since spring 2013. Most contributors to this paper believe global warming will likely influence chambers of the future.

Chambers and communities across North America must address the effects of temperature and precipitation fluctuations, whether they are the result of climate change or not. These realities already impact agriculture, coastlines, insurance rates, delicate ecosystems, energy demands, access to tourism destinations, public policy decisions, infrastructure investments, and the countless species that share the planet with us.

Whether any given emission is a pollutant may be debatable, but pollution from human activity is not. There will be another 250 million of us occupying the planet by 2025 (3.5 million more in U.S. and Canada), and our numbers and our activities have consequences. In one way or another, we all influence our environment, but the exponential growth of middle class consumers in developing nations (certainly a good thing) will intensify the impact.

Chambers must acknowledge that some of the global impacts we will address on behalf of our members and communities will be environmental. Large opportunities for investors, employers and talented workers will also appear as the result of man's efforts to tackle environmental conditions and issues.

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The best choices may not always be evident or easy. Matters of conscience may arise, as will concerns over the business viability of your members or your organization. Starting a discussion at the board level about global warming, alternatives to neighborhood mosquito spraying, or off-shore drilling will not be easy, but having them early, when they can be theoretical rather than involving a specific piece of legislation, is wise. ▷

### Not Least

The final global factor having an influence on chambers over the next 10 years relates to what the world thinks of us . . . of you. National image matters to those in other countries, but so do regional and city reputations. What you think of Rio might not be the same as your perception of Brazil. The same is true when it comes to international business views of your part of the U.S. or Canada. In the future, this global impression, made up of a hundred different measurable and unconscious evaluations, will influence your community and members.

As demonstrated in *The Magicians of Main Street*, Chris Mead's history of chambers in the U.S., trade was in fact the initial *raison d'être* for chambers in early America. We may go back to the future on international affairs work. 📖

### Action Steps: Global Impacts

In 10 years, you'll be expected to provide help for your members and community in dealing with international affairs and global trade/investment. Whether you have capacity to deal with this now, you can take the same immediate action steps. Get closer to the companies in your region that have overseas connections or owners. Put together a resource page (or a booklet if you already have a page) of resources a company in your community could tap. Read more international news such as Reuters and BBC. Tap the free resources at U.S. Council on International Business, a treasure trove of information and services for chambers and companies. Work with ACCE to make a personal connection or two with chamber leaders in other countries.