

» Active Radar: Political Intelligence Applied to Business

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There is no doubt the success of a business entity depends on, among other things, the degree of comprehension of the economic, social and political context in which it operates. Businesses are increasingly vulnerable to fluctuations of surrounding factors; The liquid society in which we live forces us to constantly interact with external aspects that condition us, and the volatility of the current environment makes the ability to anticipate these changes, as well as the impact it could have on businesses and the future of commercial entities, vitally important.

The environment may also be volatile in times of significant economic growth, but, thanks to a wider range of business opportunities, it is easier to achieve a good result that minimizes external negative impacts. However, this does not happen during times of readjustment in the economic cycle, nor in times of recession or weak recovery—the phase we currently find ourselves in. INE's recent data regarding the first quarter of the year has not been promising. Although national PIB has grown 0.8 percent in comparison to the same period in 2015, Portugal received the second worst result in the euro area (after Greece), and the goals set by the government—the executive branch predicts a 1.8 percent growth in the 2016 state budget—are becoming increasingly difficult to attain.

A business's strategic ability does not rely solely on understanding the country's difficult macroeconomics, but also on the ability to overcome an environment of uncertainty. Thus, closely following political and legislative activity can be a determining factor in overcoming the obstacles such a situation can bring about, later generating improved business results.

That is to say, one of the often-neglected factors that most influence corporate action is the political and legislative sphere. It is nothing new decisions discussed and taken in this area have the ability to directly influence a company's activities, or even affect sector operations. However, the majority of these decisions remain off company radars both during their entry phase and their debate in Parliament, typically closing almost every window of opportunity for commercial entities to proactively participate in the debate—even when it affects them. If there is a way to anticipate risk, then a chance to react opens up. At this point, the entity goes from taking a passive role to actively intervening to defend its legitimate interests.

Only a small part of political activity—close to 10 percent—reaches the general public, often through sovereign bodies that are not even publicly known. Given this reality, the importance of political intelligence in the world of commercial entities is evident. This stems from the construction of a competitive window built from information on the dynamics of the political sphere that provides the ability to anticipate changes and the various situations that may emerge. There are already many companies and organizations that have enabled this strategic tool to improve risk management and seize opportunities that come their way. It allows companies to increase their level of knowledge regarding the political, social and economic sphere in which they operate, helping them move towards more informed decision making processes and reducing their margins of error. Political and economic intelligence as a business tool is not new, but it increasingly distinguishes the commercial entities that actively participate in the environment in which they operate from those that limit themselves to persisting in their consequences.





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