

Massachusetts companies review protection plans for overseas operations

By Chris Burrell | Posted Feb. 5, 2011

The populist revolt raging on city streets in Egypt is more than 5,000 miles from Massachusetts. But the faraway explosions of firebombs and the whiz of rubber bullets in the air can sound an alarm for area businesses with a global reach – and especially those with employees posted in far-flung offices.

The lesson is simple: If a country like Egypt, presumed to be stable, can erupt into violence and political turmoil so quickly, what does that mean for businesses around Boston with work forces in Israel, Lebanon, Korea, Indonesia and Colombia?

Plenty of corporations with headquarters here tout their global operations, from Boston Scientific in Natick and EMC in Hopkinton to Fidelity Investments, State Street and Boston Consulting Group in Boston's financial district.

Andre Mayer, the senior vice president for research at Associated Industries of Massachusetts, said the upheaval in the Middle East could spur companies to recalibrate safety plans at foreign offices.

"It obviously is one of those things that cast doubt on emerging markets," said Mayer. "It makes people more aware of what can go wrong and think what they can do to hedge against that risk. This tells them there's a risk of instability in a place that was considered quite stable."

Mayer compared it to Beirut, a stable financial center in Lebanon before violence and wars of the 1980s plunged the country into chaos and chased away foreign business.

EMC, a technology powerhouse, temporarily closed down its sales and engineering office just outside Cairo in the past week and beefed up security at the site.

Global Rescue, a Boston security and medical services firm, dispatched one of its crisis teams to Egypt and helped 145 people flee Alexandria. All but 14 of them were corporate employees and their families.

Daniel Richards, who runs Global Rescue, said that about 60 percent of Fortune 1,000 companies have emergency plans and security firms in place to deal with the kind of crisis happening in Egypt.

"It's very rare, but one company we dealt with in Egypt drilled quarterly on events like this happening," he said. "I think more corporations are going

to run in that direction. It's a wake-up call."

But not every business is equal when it comes to setting up shop on foreign soil. Michael Quinn, an economics professor at Bentley University in Waltham, said energy companies are accustomed to political unrest when it comes to drilling for oil and natural gas.

"They do business in sub-Saharan Africa, and they're used to paying hazard pay, having emergency plans in place, to political unrest and sabotaging of pipelines," Quinn said. "It's nothing new to them."

But Quinn said financial services companies that have expanded into foreign markets aren't so well-prepared for the realities of political violence abroad or the public relations fallout that might come with it.

Most area companies called for comment for this story – from Raytheon and State Street to MFS Investment Management – either declined to talk or didn't return calls.

The urgency driving companies to do business in potentially volatile countries is the same pressure at the root of political street-fighting – the global economic recession.

"The unrest has an economic basis to it – food prices going up and very limited job opportunities for well-educated young people," Mayer said.

Tensions are especially high in countries where not just job but also political liberties are scarce, said Gregory Stoller, a lecturer at Boston College's Carroll School of Management. "People are willing to put up with a lot if they are doing well enough financially," he said.

And companies need to factor in that, in some foreign locales, revolts and strikes are part of the culture.

At Global Rescue, Richards said the recession paired with a global marketplace has changed the dynamic.

"Companies have reduced travel and head counts, but they have increased the extent they will go to find more reasonably priced good and services," Richards said. "That takes employees into far-flung environments where they might not have done business before."