

OPINION

HOW BUSINESSES CAN SUCCEED IN THE POLARIZED 2020S | OPINION

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With impeachment roiling affairs in Washington and Brexit looking inevitable as we begin a new decade, it's an important time to take stock of the challenges—and opportunities—facing American businesses.

At first blush, the headwinds are unmistakable.

Companies today have to contend with deep divides and polarization coursing through politics, culture and almost every realm of American life. Whereas we once reaped the benefit of a "peace dividend" after the collapse of the Soviet Union, today we pay what I like to call a "polarization tax." It comes the form of tariffs; a less competitive workforce due to restrictions on immigration; and policy uncertainty, as proposals in the U.S. and elsewhere swing to extremes, with traditional definitions of "progressive," "conservative" and even political approaches changing globally. Populism is on the rise, and the world is sorting into two spheres: one for more authoritarian governments and one for more open



governments. This creates an additional burden on businesses trying to succeed in foreign markets.

The "polarization tax" likely isn't cheap. As a comparison, [economists predict](#) that the British will forgo approximately 5 percent of per capita income due to Brexit. Recent U.S. economic data paints an ominous picture. At the same time that personal consumption expenditures rose 2.9 percent in the third quarter (powering better-than-expected gross domestic product growth), government spending increased and a tax cut took hold, business investment actually fell—which is unusual.

Is it all bad news? Will the 2020s create a drag on business that holds back competition, growth and new innovations?

No, I don't believe so.

But for businesses to succeed in this new paradigm, they'll need a new playbook. Specifically, there are four steps that investors and management teams can take to create value as we begin this new decade.

1. 'Lean in' to your consumers.

Polarization has changed the game for companies looking to connect with consumers, who today expect businesses to take stands on issues. While it may feel like a minefield, there's no alternative.

Take, for instance, Nike's decision to embrace NFL quarterback Colin Kaepernick. Nike could have played it safe and won no loyalty. Instead, it chose to engender goodwill among a dedicated segment of customers, and the company's stock is up since the move. At the other end of the spectrum, look at Chick-fil-A. While the company has moderated its positions some, it has



remained true to its conservative religious beliefs, while becoming one of the most profitable fast-food chains in the country.

2. Play the long game.

Today's polarized political system means that our elected leaders don't necessarily share custody of our country. Instead, we careen from tax cuts to tax hikes, from spending programs to austerity, from a larger government role in health care to a smaller government role in health care. To navigate this, companies must play the long game and execute growth strategies that build lasting, intrinsic value—and are not timed to capitalize on policy changes that very well could be reversed in four years.

3. Start caring (if you haven't already) about your stakeholders.

According to a recent [report](#) released by Edelman, 84 percent of institutional investors believe business should consider the needs of customers, employees, suppliers and local communities rather than solely prioritizing maximizing shareholder returns. They're increasingly right.

In a divided world, business can be a force for good. Indeed, business has to be a force for good. That's why all companies should take an Environmental, Social and Governance, or ESG, approach. This does not mean sacrificing profits—it means looking after employees, customers and the surrounding community while supporting growth. It means focusing on improving the environment so that the planet is healthier, while creating governance strategies that are transparent, fair and effective.

4. Embrace the unity (amid the division).

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There's a great paradox right now: Just as the world is becoming more polarized, the experience of living in the world is becoming more homogenized. This is the contradiction of the moment: Cross-border trading of services and goods may be slowing, and capital flows may be slowing—but cross-border sharing of information has never been higher—and is increasing. We're seeing more people on social media, more freelance labor and more smaller firms doing business with larger enterprises. At the same time, the size of the global middle class has doubled since 1990 (from roughly 23 percent to 45 percent of world population in 2018).

Across the world, poverty, illiteracy and even inequality are [all at historic lows](#). Deaths from war are dramatically lower than in previous eras. For all the polarization, there are more people connected, sharing and trading ideas and knowledge, than ever before. For business, recognizing and navigating both of these trends—division and unification—will help create success over the next decade.

The "polarization tax" is a burden on all of us—and it comes with a price tag. That's the bad news.

The good news is that American companies have opportunities they didn't dream possible a decade ago. By following a new playbook and learning how to navigate division, American businesses will have a chance to grow and prosper in the 2020s.

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The views expressed in this article are the writer's own.