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Boston Consulting Group

Building Geopolitical Muscle:

How Companies Turn Insights into Strategic Advantage

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Foreword

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Forecasting geopolitical developments has always been difficult, and managing their consequences is now a strategic necessity. Over the past few years, companies have faced profound disruption from trade reconfiguration, economic fragmentation, policy volatility and the weaponization of technology and supply chains. What once seemed exceptional has become a defining feature of global business.

This white paper, *Building Geopolitical Muscle: How Companies Turn Insights into Strategic Advantage*, is the third edition in a series developed by the World Economic Forum in collaboration with IMD Business School and Boston Consulting Group. The first paper explored how firms understood geopolitics and examined the costs of deglobalization; the second explored how firms strengthened their geopolitical radar.

Here the focus is on execution, examining how leading companies are institutionalizing geopolitics within their organizations and building the capability to sense, plan and act amid uncertainty.

Drawing on more than 55 executive interviews across industries and geographies, the paper offers a practical guide for leaders seeking to translate awareness into action. It is intended for geopolitical officers and executives with a geopolitical role, as well as for board members and senior business leaders reflecting on their own organization and strategies. The paper also brings interesting perspectives for government officials and policymakers who want to understand how the private sector is adapting to this new era of persistent geopolitical disruption.

Executive summary

Building the capabilities to detect, assess and translate geopolitical signals into decision-making is no longer optional for global companies.

With rising uncertainty, growing trade tensions and weakening international economic institutions, more executives now acknowledge the need for stronger capabilities to sense, interpret and respond systematically to geopolitical dynamics. Geopolitics has climbed up the corporate agenda, and for good reason. It is an area reshaping markets and supply chains worldwide, revising the landscape of risk and opportunity, and it is structurally persistent, sustained by enduring economic, technological and political rivalries.

This research, based on more than 55 interviews with senior executives across sectors and geographies, reveals three key takeaways:

- 1 Leadership attention is high, but structure lags.** Geopolitics has long been the purview of the board and CEO, but leadership alone no longer has the bandwidth to manage the speed and scale of today's disruptions. Many companies are now building their geopolitical capabilities, with momentum accelerating since COVID-19 and Russia's full-scale invasion of Ukraine. Yet only a minority have fully institutionalized them into decision-making.
- 2 There is no single blueprint for institutionalization.** More than half of the companies interviewed locate their geopolitical capability within government or corporate affairs, while fewer than 20% have a dedicated geopolitics or international relations/affairs unit. Firms pursue different operating models: task forces, senior advisers, full-time dedicated teams, etc. Each can be successful. The most effective firms combine agility and agency. They align ambition and design, factoring in intrinsic characteristics, such as exposure, structure and culture.

- 3 Translation into business implications is a prerequisite.** The ability to connect geopolitical developments to corporate value creation and express them in standard commercial, financial or operational terms is a prerequisite for relevance. Without this bridge, even strong geopolitical awareness remains disconnected from action.

This paper offers a pragmatic toolkit for executives seeking to build or strengthen their geopolitical muscle through five practical building blocks:

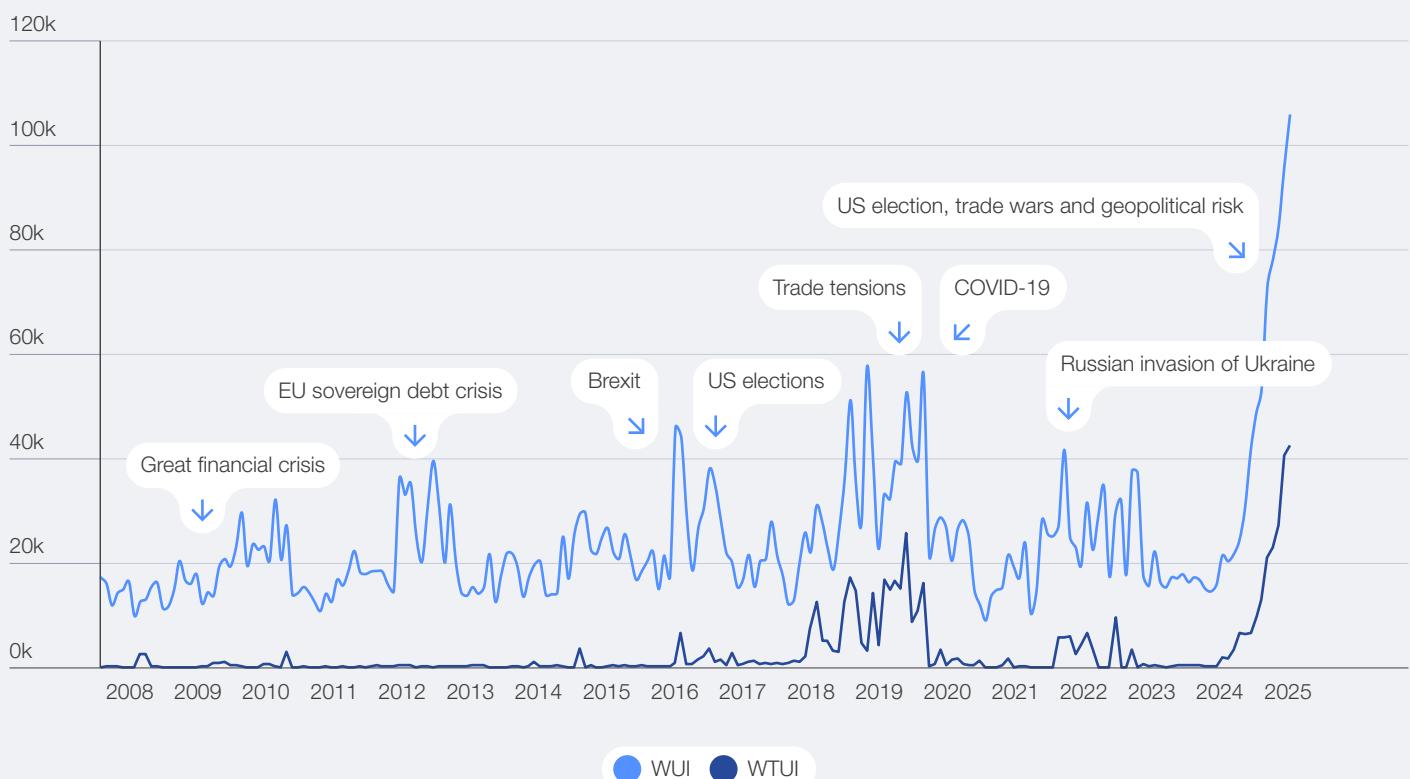
- 1 Mandate:** Anchor responsibility at the CEO and board level with delegated authority and a clear mission going beyond crisis management, clearly communicated to the rest of the organization.
- 2 Radar and sonar:** Combine internal and external intelligence into relevant business insights. Quantify exposure, link it to financial forecasts and deliver concise reporting.
- 3 Operating model:** Design a function by employing archetypes – watch tower, influence network, command cell(s) or nerve centre – that fit the company's structure and culture. Proximity to the CEO and cross-functional coordination are critical regardless of where the muscle is hosted within the organization (e.g. government or corporate affairs, corporate strategy, risk).
- 4 Talent:** Appoint leaders with deep business experience, supported by teams blending diplomacy, strategy, intelligence, regulatory and legal backgrounds with analytical and project management skills.
- 5 Decision integration:** Embed geopolitical inputs into strategic planning, capital allocation, supply chains and logistics, communications and policy engagement in a coherent and consistent manner across markets.

Introduction

Interviews with senior executives from more than 55 global businesses inform a pragmatic toolbox to build geopolitical capabilities.

FIGURE 1

IMF Global World Uncertainty Index (WUI) and World Trade Uncertainty Index (WTUI) (January 2008–August 2025)



Note: WUI is computed by counting the % of the word “uncertain” (or its variant) in the Economist Intelligence Unit country reports. The WUI is then rescaled by multiplying by 1,000,000. A higher number means higher uncertainty and vice versa.

Source: Ahir, H., Bloom, N., & Furceri, D. (2022, February). *The World Uncertainty Index*, National Bureau of Economic Research¹

In 2025, global uncertainty reached a 20-year peak (Figure 1), more than four times higher than during the global financial crisis and around 50% above COVID-19 levels. This uncertainty is deeply felt in the business community. In April 2025, 82% of chief economists surveyed by the World Economic Forum characterized current levels of uncertainty as “very high”, and 45% expected this uncertainty to remain unchanged or increase in the year ahead.² In August 2025, they were asked to assess the scale and duration of disruption from multiple sources (Figure 2). Two stood out as undergoing the most profound and structural transformation: trade and global value chains; and international economic institutions.³

Throughout this paper, geopolitics (or geoconomics, as some executives prefer) is defined as “An act, event, driver or trend that has cross-border and security dimensions likely to

impact materially commercial performance.”⁴ Such acts are typically undertaken by governments, but, as the attacks on shipping in the Red Sea have shown, non-state actors can take geopolitical actions as well.

Geopolitics is both pervasive and persistent. It is globally relevant because the direct or indirect effects of major geopolitical developments are now felt across all regions. The top factors cited by companies interviewed for this study were: US policy volatility and tariffs; the Russia–Ukraine war; US–China rivalry; and European competitiveness. As one executive remarked, “Being global used to be an advantage, now it’s becoming a risk.” It is likely to remain persistent because the fiscal pressures created by high and growing fiscal deficits in major economies, notably the US, will make tariff revenues politically difficult to unwind.

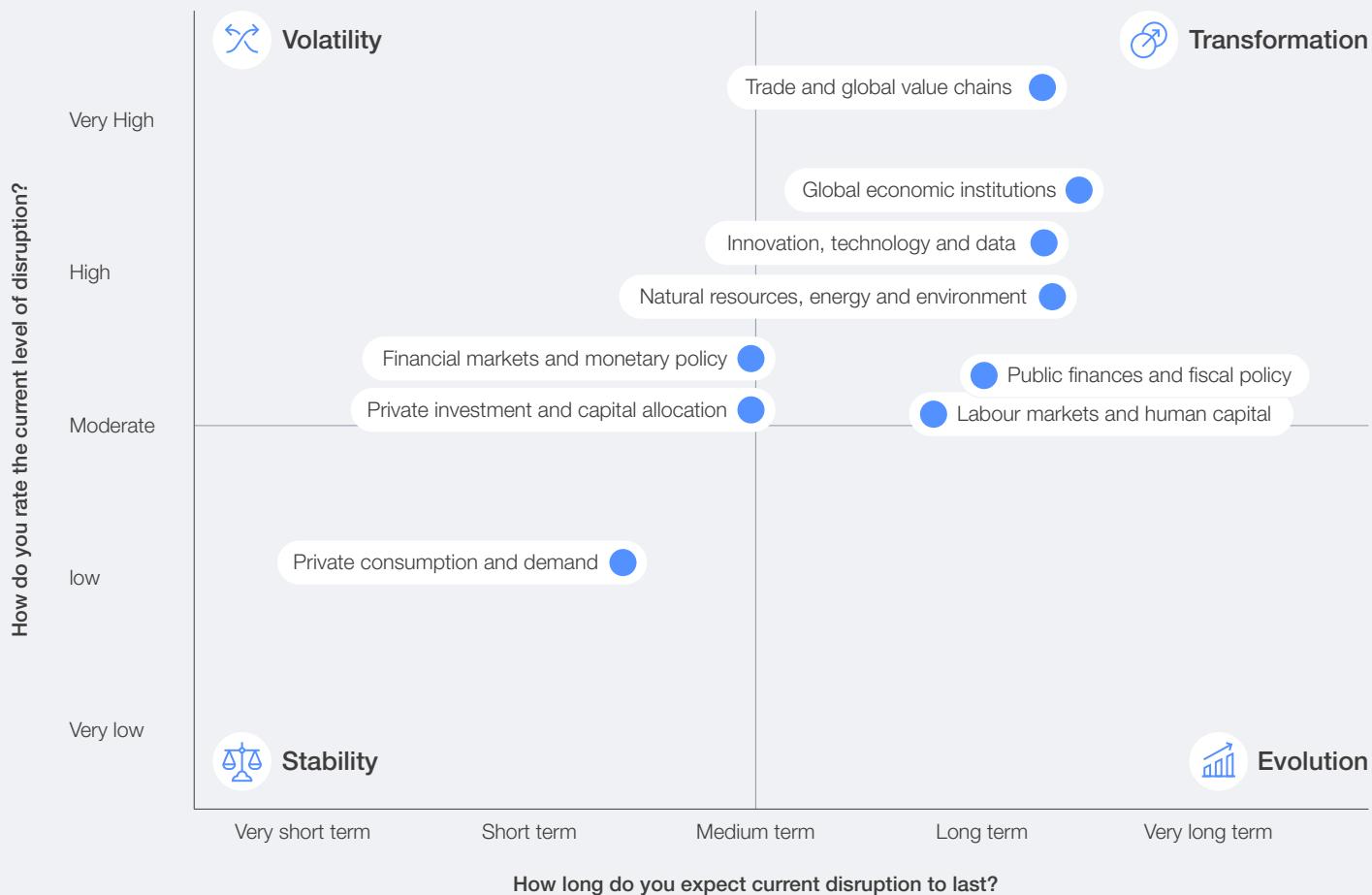
Meanwhile, competition for technological and economic primacy will sustain elevated levels of rivalry for the foreseeable future, particularly between the US and China and amplified by advances in artificial intelligence (AI).

These forces have pushed geopolitics firmly into the corporate boardroom. Yet this heightened attention does not always translate into strategic advantage. From board directors to C-suite leaders, country managers and operational teams, everyone has a view on geopolitics, often shaped by the latest headlines. While such widespread awareness can sharpen sensitivity

to external shocks, it rarely translates into coordinated action.

Only a limited number of firms have moved beyond this stage and built comprehensive geopolitical capabilities. These companies treat geopolitics not as an episodic distraction or risk to manage but as a core and systematic input to decision-making, including on investment, sourcing and sales. Developing this capability takes time, refinement and tangible commitment from the top. Like physical muscle, geopolitical muscle strengthens through consistent use: repeated cycles of assessment, decision and execution.

FIGURE 2 **Disruptions in the global economy**



Note: Chief economists were asked to rate the level and duration of disruption on a scale from 0 to 100 with five labelled segments of equal length. Data reported are median values.

Source: World Economic Forum. (September 2025). *Chief economists' outlook*⁶

The purpose of this white paper is to identify the different choices companies are making to develop their geopolitical muscle (i.e. the organizational capabilities that turn awareness into action) and to provide practical guidelines for executives seeking to build or strengthen these capabilities in their own firms. This builds directly on the previous paper, *From Blind Spots to Insights: Enhancing Geopolitical Radar to Guide Global Business*,⁶ which examined how firms detect and assess geopolitical factors.

The evidential basis for this paper comes from 56 interviews with senior executives across multiple industries and geographies. All are drawn from firms with significant international commercial exposure. Interviews were conducted off the record to encourage candour. However, some participants agreed to share their experience publicly, and their cases are profiled in dedicated illustrations throughout the paper.

This white paper is structured in three main sections:

- **Section 1** sets out the business case for building geopolitical muscle, describing why awareness alone is insufficient and what is at stake for firms.
- **Section 2** examines how companies are moving from awareness to execution, unpacking the five building blocks of developing geopolitical muscle.

- **Section 3** contains forward-looking reflections on the evolution of geopolitical decision-making in global business.

By structuring the paper in this way, the aim is to provide both a snapshot of current corporate practices and a framework for future capability-building.

BOX 1 How the interviews were conducted

The semi-structured interviews lasted 45–60 minutes. Executives were invited to reflect on how geopolitics is understood and structured within their organizations. The discussions focused on three themes:

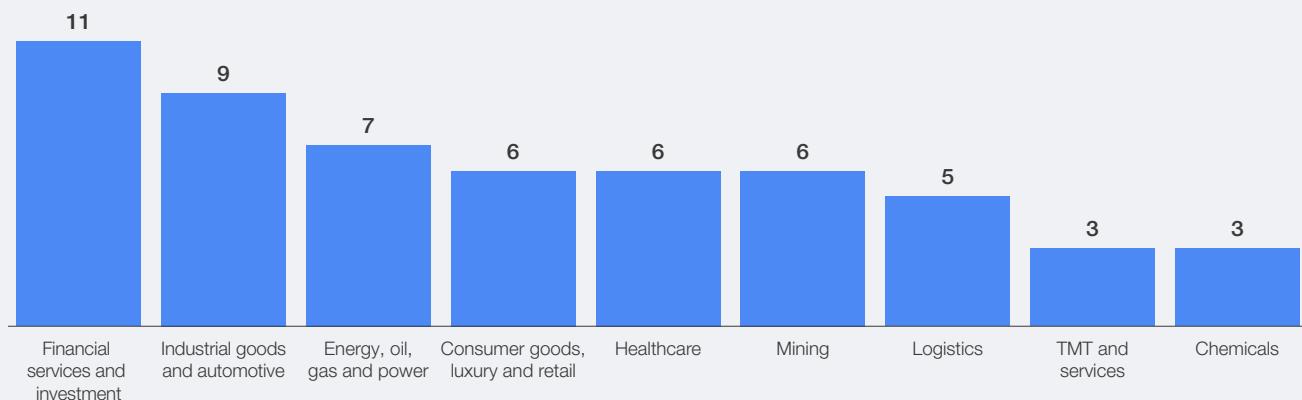
- Exposure and quantification
- Geopolitical capabilities
- Success stories and drivers in practice

Participants included heads of geopolitics, government affairs, corporate affairs, strategy, risk and compliance,

and international operations, alongside selected CEOs, C-suite leaders and executive vice-presidents. Companies represented a wide range of sectors (see below).

As with all qualitative research, interviews have limitations. Respondents tend to emphasize progress rather than deficiencies, and insights cannot always be independently verified. Nevertheless, there is value in asking executives to explain what steps they are taking, what their information diet is, and who uses their analysis. In this manner, other companies as well as government officials can better understand how geopolitics is being perceived and acted upon.

Distribution of companies interviewed by sector



Note: O&G = oil and gas; FMCG = fast-moving consumer goods; TMT = technology, media and telecommunications.

List of companies interviewed (not exhaustive)

Airbus	Danone	Hitachi Energy	Pernod Ricard	Pharmaceutical
Allianz	Dow	Huntington Ingalls Industries	Philips	Trafigura
Anglo American	e&	LATC	RBC	Visa
Asahi Group Holdings	EDF	Lilly	Rio Tinto	Volvo Group
AXA	Edmond de Rothschild	Medtronic	Safran	Walmart
Banque Pictet	Equinor	Nissan	Sanofi	Yara
Centrica	Eurazeo	Novartis	Schneider Electric	
CMA CGM	Google	PepsiCo	Siemens	
			Teva	

The case for geopolitical muscle

Competitive advantage in today's fractured world depends on rapidly and systematically transforming geopolitical awareness into strategy, investment and operations guidance.

1.1 From signals to strategy

Geopolitical factors now create risks and business opportunities that are too significant to ignore. An automotive company disclosed that tariffs would cut around \$4 billion in its bottom line, despite plans to mitigate around 35% of impact. An energy company reported that a major renewable project close to completion was halted in one of its main markets, forcing executives to choose between litigation and diplomacy. They chose the latter, eventually securing authorization to restart.

Strong geopolitical radar and sonar⁷ are essential to detect signals, interpret the geopolitical landscape and anticipate the financial consequences. Yet the interviews revealed that only a small minority of firms attempt to quantify their exposure. Most rely on qualitative narratives and scenarios, heat maps or descriptive reports. Quantification is not an end in itself, but it matters. For geopolitics to influence decisions, it must be expressed in business terms

to enable executives to compare and prioritize options and the trade-offs between geopolitical exposure and other strategic considerations.

Real value lies not just in spotting signals but in translating them into decisions and doing so quickly and systematically. For the automotive company, this meant reclassifying trade flows, employing specific trade conventions and redesigning parts of the supply chain. For the energy company, it required government engagement and diplomatic outreach at multiple levels to unblock approvals.

Companies that build the capability to translate geopolitical signals into concrete business actions are far better equipped to make strategic decisions based on analysis rather than chance. In a few firms, this capability develops organically, but more often it requires deliberate and sustained investment.

1.2 From risk management to competitive advantage

For most organizations, the first response has been to treat geopolitics as a risk-management problem. As one senior executive from a global investor reflected, "Our legacy approach was reactive, built to defend, not to anticipate." Yet, geopolitical risk management is the first step towards organizational maturity, providing a foundation for more structured resilience.

Effective risk management forces leadership to turn broad uncertainty into achievable mitigation measures: diversifying suppliers, adjusting production footprints and identifying partners or markets that require contingency planning. As one insurance executive explained, "Resilience costs money; you need to arbitrate the trade-off between profit and resilience." In capital-intensive industries,

this trade-off is particularly acute. An industrial company described its challenge succinctly when discussing its manufacturing footprint in geopolitically exposed regions: "Exit too early and we lose; exit too late and we lose." Managing that balance between cost effectiveness and strategic flexibility has become a defining test of effective geopolitical risk management for global firms.

Yet geopolitics is not only a source of risk, it also creates opportunities for companies able to navigate it effectively. This is more challenging in industries that have made the most of global scale and have limited scope to localize their operations. However, some geopolitical shocks enable firms to differentiate and capture advantage. For example, EU sanctions imposed on Belarussian potash in

“Geopolitics is not always a risk; it can also enhance reputation, open strategic opportunities, deepen policy engagement and support commercial positioning.”

2021 and tariffs announced in 2025 on Belarusian and Russian fertilizers disrupted supply chains but also opened new market opportunities and competitive dynamics for both European and non-European producers.

These opportunities emerge in different ways, through reputation, strategic moves, policy influence or commercial positioning, depending on geopolitical disruptions and sectors. The first advantage is reputation: in complex markets, operational continuity builds trust. A logistics leader summed it up: “Clients trust us because we’ve proved we can operate even in hostile environments.” The second is strategic: when competitors retreat under regulatory pressure, those who stay or return early capture market share. A third lies in policy engagement. Firms that engage constructively with governments and multilateral institutions can contribute to informing regulation. A critical infrastructure company, for

instance, maintains regular dialogues with more than 10 governments on infrastructure resilience regulation. Targeted geopolitical understanding can also support business growth. One company interviewed demonstrated this during a recent tendering process in a South-East Asian country, using geopolitical insights to calibrate their commercial pitch and secure part of a split order contract.

Mature firms, those further along in developing geopolitical capabilities, ask different questions. Organizations with ad hoc and sporadic capabilities ask “What is happening?” or “Who should respond?” losing valuable time. Those that are more advanced, with more systematic and institutionalized muscle, ask “How should we respond?” and “When is the right moment to act?” The shift is subtle but decisive: it turns geopolitics from a sporadic shock to a managed variable of corporate strategy.

1.3 Defining geopolitical muscle

Defining what geopolitical muscle means in practice is key to understanding how companies can build it. In most companies, geopolitics has long been the domain of the CEO or the board, addressed episodically when crises arise or when state relations directly affect operations. That model is no longer sustainable. The frequency and simultaneity of shocks now demand institutionalized capacity, not infrequent attention by individuals. Geopolitical muscle represents this institutionalization: the ability to sense, reoptimize and act at scale systematically. It is the difference between knowing that a new export ban is coming and having a ready playbook to adjust procurement, engage regulators and brief customers.

A few firms have already moved in this direction. A global investment firm headquartered in Asia has developed a globally distributed geopolitical team with hubs in Washington, Brussels and Beijing, embedded directly in investment committees. An industrial goods company created a geopolitics and international relations unit within its government affairs function, with strong ties to the board of directors, enterprise risk management (ERM) and business lines.

Yet fewer than 20% of the companies interviewed have an explicit geopolitics or international relations unit. Most integrate this capability within existing structures. Having a geopolitically explicit function can help clarify and locate ownership, but it is not sufficient on its own to secure a competitive advantage.

Despite differences in structure, the best performers share a common purpose: to connect geopolitical

awareness directly to business decision-making. The essential feature is not hierarchy but integration:

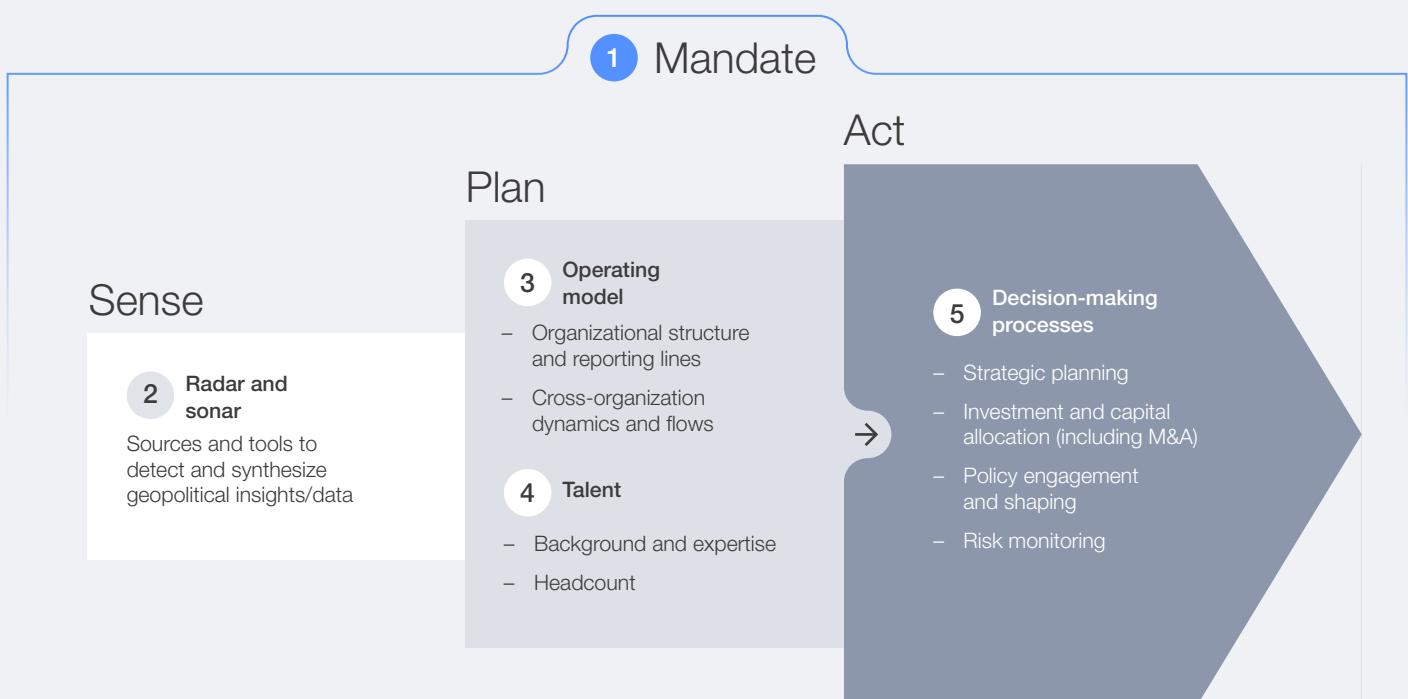
- Informing and advising to raise awareness within main corporate functions and business lines on the relevance of geopolitics to achieve their goals and bottom line
- Convening and coordinating to ensure that geopolitical intelligence reaches the decision nodes when and where it can change outcomes

The research for this paper highlights five essential building blocks (Figure 3) that together define what it means to build geopolitical muscle:

- **Mandate:** Delegation of authority beyond the board and CEO and clear objectives driving geopolitical responses
- **Radar and sonar:** Sources and tools used to detect geopolitical insights and data as well as an assessment and synthesis approach to translate them for the business
- **Operating model:** Structure determining where geopolitics sits in the organization (e.g. host function), distance to the CEO and cross-organization collaboration
- **Talent:** Background and expertise required to be credible internally and externally
- **Decision-making integration:** Decision-making bodies and processes to be embedded to drive action



FIGURE 3 | Five building blocks behind geopolitical muscle



Source: Executive interviews – World Economic Forum, IMD Business School, BCG analysis

There is no single blueprint for success when building geopolitical muscle. Different companies face different exposures, opportunities and constraints. Muscle-building tends to be shaped by factors such as company size, global footprint,

ability to localize, home-country context, sector, capital structure, organizational blueprint and the available talent pool. Each can succeed when coherence exists between ambition and design.

From awareness to execution

Effectively embedding geopolitics into decision-making requires a pragmatic, end-to-end approach. This section outlines five building blocks and practical options to getting started.

CASE STUDY 1

EDF: Network-based model for strategic geopolitical engagement

At EDF, geopolitics is approached not just as a risk but as a lever for strategic positioning. The International and Government Affairs function, led by a former diplomat, is designed to be proactive: supporting business units in their bidding processes and business-to-government (B2G) interactions, while also engaging closely with French and EU institutions to shape a conducive regulatory environment.

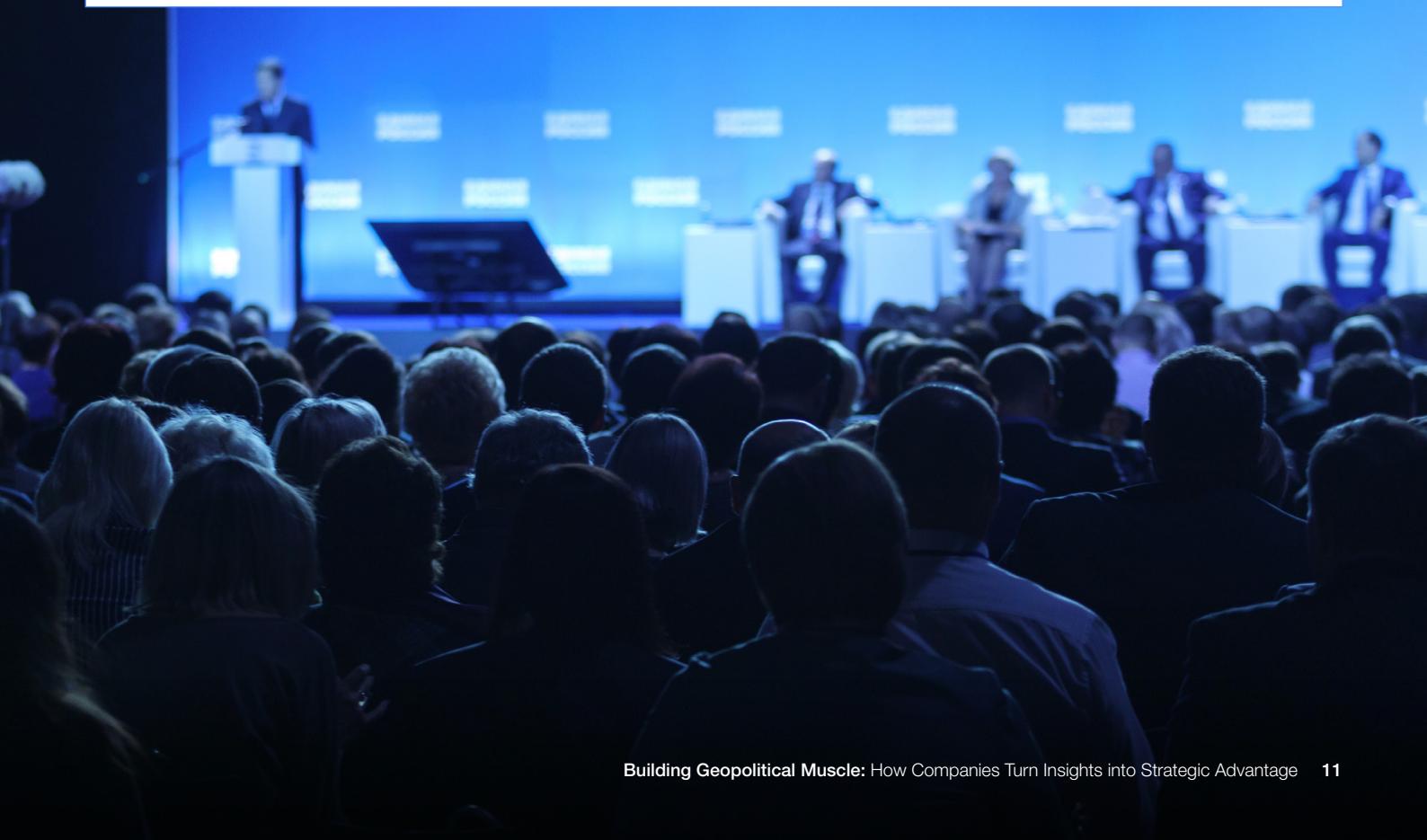
Operating as a lean, network-based model, the leader is a trusted adviser to the CEO, spending most of his time on geopolitics and EU affairs. Acting as an orchestrator, he is supported by one deputy and a broader network of correspondents (i.e. 5–10 full-time-equivalent employees) across

regions and business units. For complex and highly sensitive issues (e.g. Brexit), EDF can activate ad hoc task forces with more regular and cadenced cross-functional coordination.

Beyond scenario planning, the emphasis is on active, conversational engagement, not long memos. Communication is direct and agile: brief updates, touchpoints and regular participation in key decision-making forums.

This proved critical during recent mergers and acquisitions (M&A) operations. The team was involved from the outset, enabling EDF to navigate the political complexities, align with state actors and secure the deals after months of negotiations.

Source: Interviews, company analysis





CASE STUDY 2

Siemens: Institutionalized muscle through dedicated geopolitics and an international relations team

Siemens established its dedicated geopolitics function back in 2020 – during the COVID-19 pandemic and after years of navigating geopolitical shifts related to Russia and rising US–China strategic competition – with the goal of anticipating and navigating geopolitical risks and opportunities, while connecting the dots globally. The role intertwines geopolitical advisory, external advocacy, cooperation and business development and operational excellence.

The geopolitical function is led by the Global Head of Geopolitics and International Relations at Siemens. A multidisciplinary team – based in Brussels, Berlin and Munich – is part of a broader Government Affairs (GA) team in HQ coordinating a global network of counterparts based in local Siemens companies. Initially structured by geographic expertise, the team has been specializing in global themes such as geopolitics, geoeconomics, global trade, investment, technology and conflicts, among other topics.

At Siemens, geopolitical advisory blends a key balance between internal advisory and external engagement. The geopolitics team actively engages with policy-makers in countries globally, international organizations and fora (e.g. the World Economic Forum, OECD, UN, WTO, B20), academic networks, global business associations, think tanks and consultancies.

To process this flow of information, Siemens has built a suite of in-house tools that help the team filter noise and prioritize

emerging risks and opportunities. Ranging from implemented foresighting models, trends and scenarios and in-depth country assessments, to new tools under development, such as an AI-powered geopolitical radar and other applications, Siemens is strengthening its capabilities using structured databases, application programming interface (API) and expert knowledge.

The team created a combination of proprietary methodologies such as the “Geopolitical Trends and Scenarios Report”, “GA Intelligence Tool” and “Value at Stake” to foresight, quantify and prioritize the potential financial impact of geopolitical developments across dimensions such as market access, top-line revenue, bottom-line impact, technology exposure or a country’s attractiveness.

Geopolitical insights are embedded directly in ERM, annual strategy planning and quarterly investors’ calls. Scenario planning is now regularly presented at board level and to task forces. In addition, board members receive tailored geopolitical briefings relevant to their portfolios, spanning topics from AI to the geopolitics of sustainability. The team maintains regular direct contact with the CEO’s office and business leaders through direct briefings and tailored presentations to executive teams.

“Internal demand is consistently growing: today, we get requests from the board level to businesses’ product line,” says the Global Head of Geopolitics and International Relations.

Source: Interviews, company analysis

2.1 Establishing the mandate



Our chairman told the board, 'We need more international expertise.' That led to re-establishing our international relations function with a mandate that spans both long-term strategic foresight and short-term tactical operational guidance.

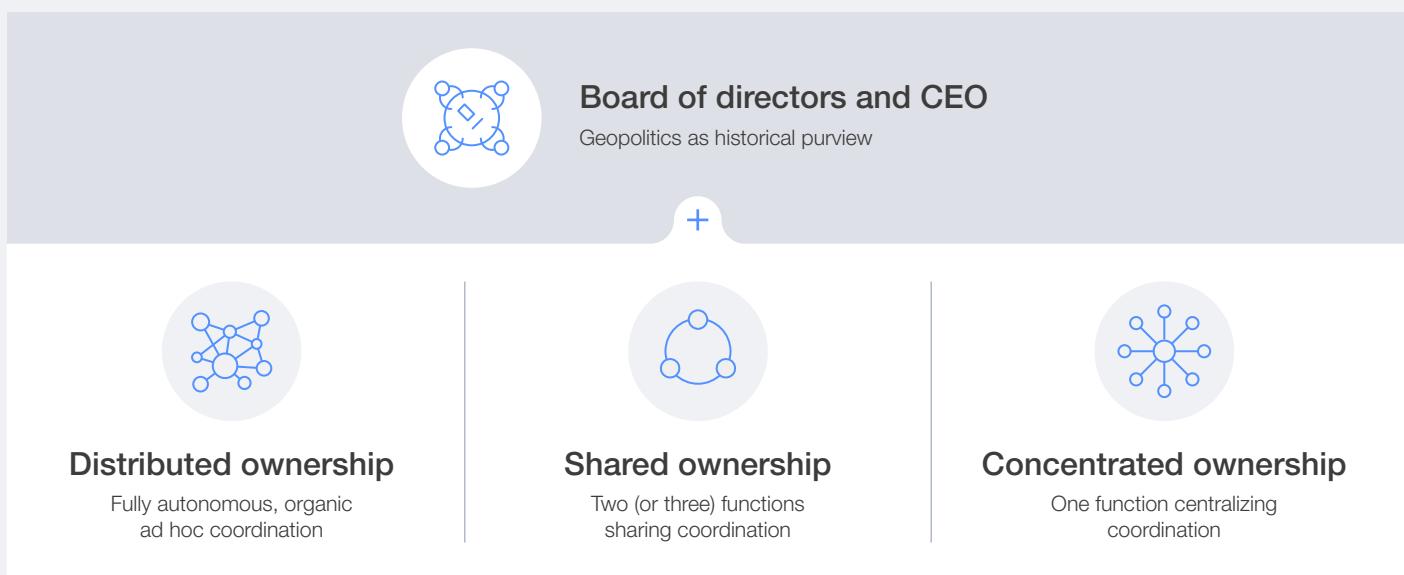
Head of International Relations at an energy company

Many board members, CEOs and other executives now recognize the need for empowered geopolitical muscle: a dedicated capability with delegated authority to anticipate and orchestrate the company's response to global developments. Companies with long-standing exposure to geopolitics (such as in

energy or commodities) tended to evolve such functions earlier. For others, two inflection points accelerated this realization: the COVID-19 pandemic in 2020 and Russia's full-scale invasion of Ukraine in 2022. These crises revealed that ad hoc coordination or personal networks could not substitute for institutional readiness.

FIGURE 4

Ownership of geopolitical muscle



Source: Executive interviews – World Economic Forum, IMD Business School, BCG analysis

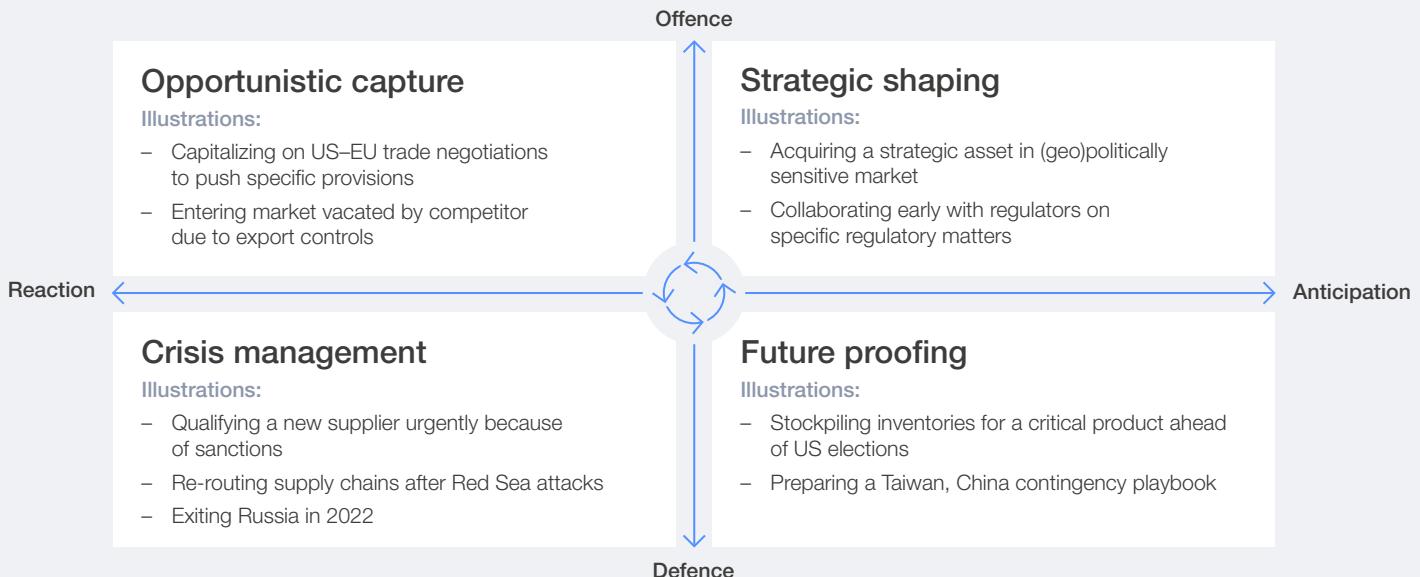
The geopolitical muscle acts as orchestrator, not final decision-maker. How this authority is delegated differs by company design and maturity (see Figure 3):

- **Distributed ownership:** Every function and business unit handles geopolitics independently within its scope and reports insights upwards. This keeps decisions close to operations and market realities but often results in fragmented narratives, duplicated work and limited enterprise-wide synthesis. In this model, the CEO and board bear the burden of integration.
- **Shared ownership:** Responsibility is split among two or three functions – for example, risk manages monitoring and crisis response; strategy focuses on anticipation and opportunity. This allows complementary angles and checks and balances, but requires strong coordination mechanisms to avoid gaps or overlaps.

– **Concentrated ownership:** A single unit is able to coordinate and advise across the organization. This model localizes accountability, unifies external messaging and enables systematic reporting to the board. To remain effective, the unit must stay deeply embedded in the business and earn internal credibility as translator between geopolitical developments and commercial impact.

Across firms, mandates tend to span two axes: defence (risk) vs. offence (opportunity) and reaction vs. anticipation, producing four distinct objectives. Many companies interviewed described an evolution in their priorities as they strengthened their capabilities from reactive crisis management towards focusing more time and effort on anticipatory, offensive moves as their capabilities mature.

FIGURE 5 | Different objectives guiding geopolitical muscle mandate



Source: Executive interviews – World Economic Forum, IMD Business School, BCG analysis

Best practices	Description
Board and CEO sponsorship	Mandate visibly anchored at the top and communicated to the rest of the organization, signalling geopolitics as a leadership priority. Board sponsorship is critical, and the geopolitical muscle needs to adopt a long-term view.
Delegation of authority	The geopolitical muscle is able to act, convene and orchestrate geopolitical responses, not simply to inform, with clear roles across functions.
Expanded purpose	The mandate goes beyond reactive risk management to include anticipatory and offensive approaches.

CASE STUDY 3

Allianz: Bringing geopolitics insights where decisions are made

Allianz accelerated the structuring of its geopolitical capabilities back in 2019. What began as a largely regulatory affairs function under the group CFO evolved rapidly into a broader Regulatory and Political Affairs (RPA) function. By 2022, it was elevated to report directly to the group CEO.

Led by a long-time Allianz executive, the core RPA department at HQ level is supported by a regulatory and political affairs core group spanning key regions and business lines, which defines the global RPA strategy, methodologies and priorities (15-plus stakeholders) and exchanges regularly on current issues. Its mandate: help Allianz both navigate and shape the firm's regulatory and political environment. The team reports into core decision-making bodies across finance, risk, strategy and operations. As the Head of Group Regulatory and Political Affairs puts it, "We moved from hosting three or four of our own steering committees per year to having a seat in the forums where decisions are made."

Geopolitical monitoring is anchored in a structured, data-driven approach and performed from different perspectives. The firm's Political Stability Grid tracks political risk across 25-plus key markets. It integrates internal exposure data with external inputs and evaluates developments over multiple time horizons. Findings are delivered at least twice a year, or more frequently as needed, with optional deep dives for business units. In addition, a geopolitical risk update, delivered at least three times a year, offers deep dives into the four to five of the most significant geopolitical risks. The product portfolio is complemented by previews ahead of critical elections. A one-year scenario planning process ahead of the 2024 US election exemplifies its impact. Working across different functions, including economic research and risk management, the team ensured that strategic responses were aligned, proactive and board-ready.

Source: Interviews, company analysis

CASE STUDY 4

LATC: Bolstering a proactive approach with its own “house view”

LATC has felt the impact of growing geopolitical uncertainty, notably in its retail branch. The company initially found itself in firefighting mode, but quickly activated and strengthened its geopolitical capabilities to coordinate a response. This was reflected in an organizational shift to embed geopolitics more directly into the strategic core. A chief trade officer role was added to the responsibilities of the chief strategy officer, reporting directly to the CEO and sitting on the executive

committee. This team, comprising seven professionals, also includes a dedicated Geopolitics and Market Intelligence unit.

This pivot has allowed LATC to shift from a reactive posture to a more proactive stance, developing its own “house view” on geopolitical developments and using it to shape conversations with regulators, trade bodies and multinational partners.

Source: Interviews, company analysis

2.2 Activating the radar and sonar



You can talk endlessly about what is happening, but the real question is the ‘so what’. Geopolitics matters when you bring it back to the business: how we navigate it, what it means and what we do next.

Head of Global Affairs at a chemical company

The first line of information comes from local offices and management teams. They are closest to clients, regulators and local news sources, uniquely positioned to highlight weak signals, regulatory developments or political shifts that might later scale into major disruptions. A competitive advantage arises from the combination of:

- ① The ability to source first-hand information directly from the field
- ② The organizational capability to aggregate and exploit that intelligence across the group

To sustain this connection, some companies organize field visits or site rotations for central teams, ensuring proximity to local contexts and perspectives. Others conduct quarterly or semi-annual risk scans to structure information flows between the periphery and headquarters.

Developing local leaders’ geopolitical awareness is also critical. One interviewee recalled a country manager declining to meet the local finance minister, asking, “Why would that be relevant for us?” – a reminder that (geo)political sensibility must become part of leadership skill sets at every level.

Beyond “farming” internal data, leading firms actively “hunt” for external insights across three broad categories:

– **Professional services, data and software providers:** These help move beyond headlines by grounding analysis in hard data, provide rapid assessments and plug short-term capacity or expertise gaps.

– **International events:** Active or passive participation in forums and panels raises awareness among executives.

– **External experts and think tanks:** The most effective muscles rely on niche expertise (former trade negotiators, sanctions lawyers or regional specialists).

Collecting intelligence is only the first step. Turning it into strategic insight requires structured assessment. Companies interviewed typically operate along three levels of maturity:

– **Qualitative scenarios:** Issues are categorized as high, medium or low risk. Teams develop narratives, assess triggers and identify business implications to build internal awareness.

– **Tiered financial thresholds:** These add quantification by linking risks to company metrics. Some firms use defined tiers to ensure prioritization and escalation discipline – for example, creating a task force for any risk exceeding \$500 million operating profit impact.

- **Quantitative integration:** The most advanced approach embeds geopolitical variables directly into financial planning and forecasting – for example, one company tracks more than 60 country indicators aggregated into core business variables linked to revenue, cost and exposure sensitivity.

Despite the widespread availability of information, data and commentary, the use of AI for geopolitical sensing remains limited. Most companies still rely on manual curation or consultant summaries to filter noise. A few, however, are experimenting with AI pilots to automate signal processing. One company reported training a large language model (LLM) on its proprietary methodology to collect, synthesize and generate board-ready materials. As AI tools mature, they may increasingly support early-warning systems, scenario generation and rapid briefing production.

Best practices	Description
Hybrid intelligence model	Combines internal data (operations, supply chain) with external sources (advisers, think tanks). First-hand information through connections remains important.
Standardized and quantified assessment	Converts geopolitical risk into shared business metrics (e.g. value-at-risk, enabling comparison and prioritization).
Efficient information flows	Maintains steady regular updates and concise CEO briefings instead of lengthy memos.
AI tools implementation	Boosts productivity and helps filter through the noise.

CASE STUDY 5

Rio Tinto: Coordinating cross-functional task forces through agile project management

Rio Tinto's early attempt to provide geopolitical expertise via generalist political advisers lacked impact with business units. "We had good conversations," recalls the Head of Group Government Relations and Civil Society, "but it was not always in a language that the business could act on."

The company has since shifted to a more distributed, business-integrated model anchored in operational exposure. Geopolitical response is owned by Government Relations and Civil Society, orchestrating cross-functional task forces. Each group – typically around 10 people spanning legal, risk, procurement, commercial and regional teams – is tailored to a specific issue, such as tariffs or US–China tensions, and meets on a regular cadence. A dedicated project management office (PMO) ensures action tracking and delivery.

Source: Interviews, company analysis

Rio Tinto uses niche external experts (sanctions lawyers, trade negotiators, regional security analysts) tailored to the issue. "We moved away from generalists, we now go niche, and it is successful." Risk is quantified in business terms (volumes, cost, margin impact) and aggregated by central teams. "The business absolutely quantifies the risk, and we aggregate that view for the board."

The model proved its value in 2025, when US tariffs were introduced. With scenario planning in place, a task force mobilized immediately to take action, adjusting supply chains, engaging regulators and safeguarding customer relationships. "We didn't panic; we zoomed in on which businesses were affected and proceeded to manage the risks."



2.3 | Designing the operating model

“

You really need someone who is either a dedicated geopolitical person or who wears the geopolitical hat and has a senior adviser on their team who's a full-time geopolitical expert. They should be accountable to a permanent member of the management team or very close to the CEO, with a direct line to decision-makers.

Head of Geopolitical Advisory at a global investment bank

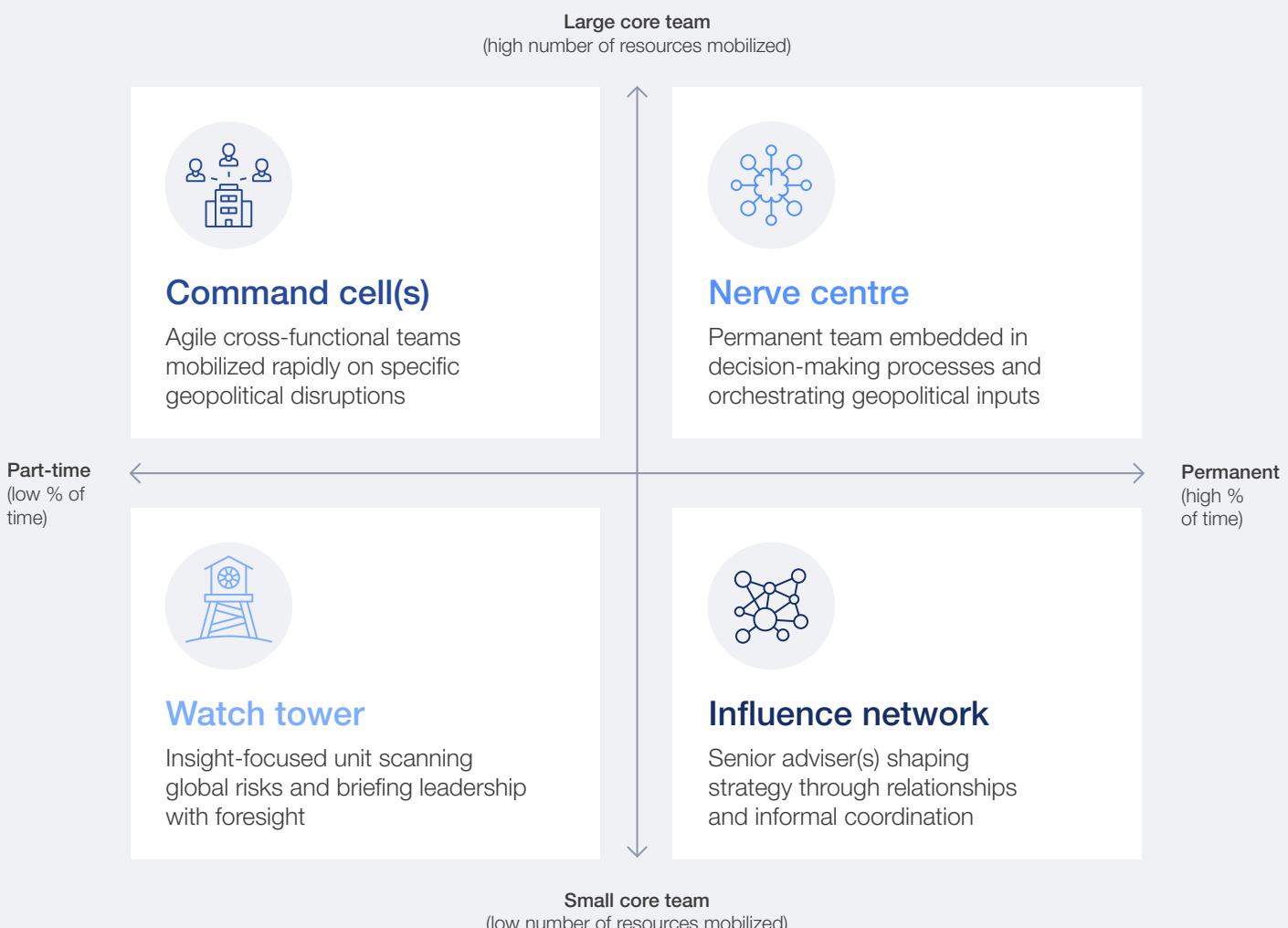
When designing the operating model, one of the first questions companies face is where the function should sit. However, its influence depends less on formal location than on how effectively it coordinates across functions and connects with decision-makers. In practice, more than half of the companies interviewed house their geopolitical capability within government or corporate affairs. Fewer than 20% have established a dedicated geopolitics or

international relations function reporting directly to the CEO. Regardless of configuration, one success factor remains constant: proximity to the CEO. Direct access to leadership ensures relevance, speed and authority in moments of disruption.

Beyond the “host function”, there are four main operating model archetypes to design the geopolitical muscle.

FIGURE 6

Positioning operating model archetypes by resource intensiveness



Source: Executive interviews – World Economic Forum, IMD Business School, BCG analysis

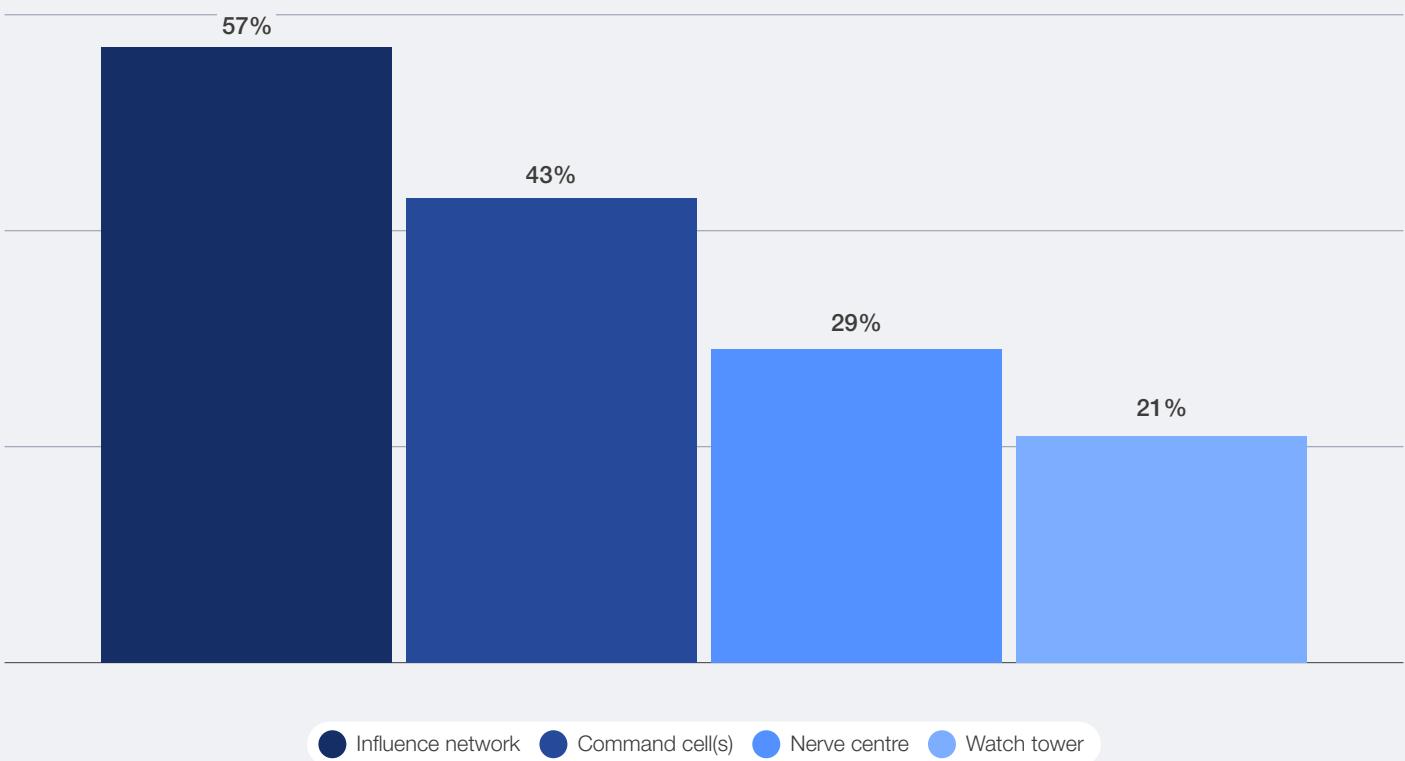
- **Watch tower:** Typically located within risk or compliance, its mandate is largely defensive, monitoring geopolitics as part of broader enterprise risks. It provides early warning and situational awareness but limited strategic influence, leaving it to the board and C-suite to trickle down implications into the business lines.
- **Influence network:** Operating on trust and in close proximity to the CEO – almost as a diplomatic attaché – this model focuses on influence rather than structure. It is almost fully dedicated to geopolitics but relies heavily on inputs from other functions.
- **Command cell(s):** Primarily reactive by design, it can address both crisis management and opportunity capture. Wide variations were observed, from ad hoc war rooms to

institutionalized task forces with direct reporting to the C-suite. These teams can mobilize between 10 and 40 people temporarily, combining full-time and part-time contributors from across the organization.

- **Nerve centre:** Led by a senior executive who also serves as adviser to the CEO, the team prepares analysis, briefings and recommendations for leadership and key committees. All resources are fully dedicated to geopolitics, and the team's scale varies with exposure and internal demand.

The archetypes are not rigid categories; many firms blend features of two models or evolve over time as priorities change. Some 50% of companies surveyed self-identified with two archetypes, their operating model varying depending on the issue at stake.

FIGURE 7 Distribution of archetypes across surveyed firms based on self-identification



Note: Live survey conducted with several interviewed companies (N=14); 50% of companies identified with two archetypes, hence total does not equal 100%. Multiple choices allowed per respondent. Small sample size of 14 companies.

Source: Executive interviews – World Economic Forum, IMD Business School, BCG analysis

Best practices	Description
Direct access to CEO	Regardless of archetype, proximity to decision-making ensures influence.
Dedicated capacity	Core team includes at least a few fully focused geopolitical professionals.
Project management mode	Dedicated project management ensures regular delivery and follow-through, especially cross-functionally.

CASE STUDY 6

Teva Pharmaceutical: Expanding its command centre from tariffs to broader policy issues

At Teva Pharmaceutical, geopolitical disruptions – from the threat of tariffs to most favoured nation (MFN) pricing rules and regional instability – have become recurring features. These dynamics are already shaping how the company evaluates pricing strategy, market presence, cost structures, capital allocation and even its innovation pipeline. “We are much more detailed because of the potential consequences,” notes the US Executive Vice-President Commercial.

Responsibility for geopolitical processing sits within Global Government Affairs. The core team is embedded in a broader network of 30–50 professionals across finance, legal, operations

and regional teams. In April 2025, Teva Pharmaceutical created a Tariff and Policy Command Centre. Structured as a war room, convening every week, it brings together leaders from multiple functions and has a direct line to the CEO and CFO. As the US CFO puts it, “This isn’t just tariffs, it’s now about policy, intellectual property, MFN and long-term structural change.”

When tariff risks emerged in 2025, the company identified a critical oncology drug manufactured in India as vulnerable. The command centre moved quickly, building up inventories in the US ahead of potential duties. The decision ensured supply continuity for cancer patients in the region

Source: Interviews, company analysis



2.4 | Staffing the function



We already have the right skills in the company: strategy, marketing, policy advocacy, deal-making, risk management. The real challenge is connecting them to see the full picture.

Head of Strategy at a mining company

Assembling the right talent is a critical step in building geopolitical muscle. Experience, credibility and analytical capability determine whether teams can bridge geopolitics and business.

When building geopolitical muscle, companies must decide first who will lead the function:

- **Internal promotion:** Internal leaders bring deep knowledge of the company’s operations, fast integration and high internal credibility. Their established networks make it easier to embed geopolitics into daily decisions. However, the available talent pool can be shallow, and career paths for geopolitical roles remain unclear.

– **External hire:** A new hire brings geopolitical expertise, external networks and fresh perspectives. Senior external profiles, often from other companies in sectors heavily exposed to geopolitics but also from government, diplomacy or international organizations, can add visibility and legitimacy to the function. However, they must be able to quickly understand the company. Translating geopolitical complexity into commercial impact requires business fluency that many external hires must develop.

Across interviews, executives emphasized that the ultimate responsibility for leading a geopolitical team is best placed in an executive with long-standing

Ultimate responsibility for leading a geopolitical team is best placed in an executive with long-standing experience of the company or business.

experience of the company or business. Such leaders understand how the company competes, how decisions are made and where trade-offs truly lie. They can translate geopolitical analysis into commercial implications and ensure that recommendations resonate with both the board and the front line.

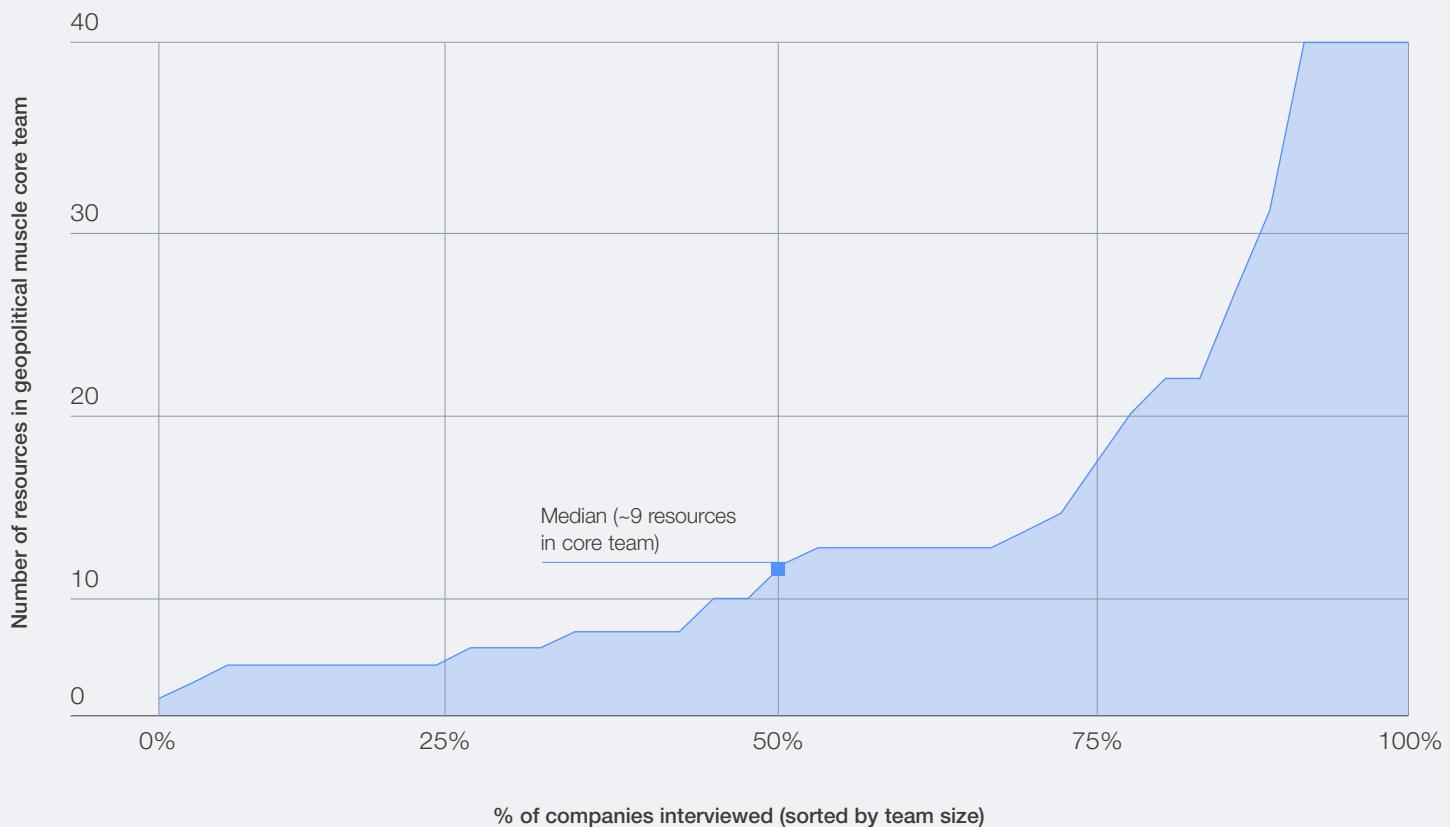
Beyond the leadership of the geopolitical muscle, there is value in diverse backgrounds within the core team and a broad network of other contributors. The hosting function, however, often inadvertently induces a recruitment bias – for example, diplomatic background in government affairs, consultants in corporate strategy).

The most effective teams know how to combine distinct perspectives. Common professional backgrounds include government and diplomacy, security and intelligence, legal and regulatory affairs, corporate strategy and long-standing industry experts who understand the company's commercial realities.

Seniority balance is also important. Senior staff bring credibility, networks and the ability to engage peers across the executive committee and external policy-makers, while more junior team members contribute analytical and project management competences.

FIGURE 8

Distribution and spread of core geopolitical muscle team size



Note: Based on executive high-level assessment, not granular analysis. Some companies might report full-time employees; others the number of resources, including part time. Sample size of 37 companies.

Source: Interviews, company analysis

Best practices	Description
Business-anchored leadership	Ultimate responsibility is placed with an executive who deeply understands the company and its commercial logic.
Balanced composition	Teams blend business, government, intelligence, policy, legal and analytical expertise.
Hybrid hiring strategy	Combines internal promotion (credibility, networks) with external recruitment (expertise, diversity).



CASE STUDY 7

Airbus: Strengthening capabilities through internal promotion

As Airbus strengthens its geopolitical function, the goal is to formalize and systematize assessment and embed it into commercial and other decision-making processes. The mandate is twofold: translate external events into business impact and build a cross-functional community of practice. "It's a different vocabulary: ministers, heads of state do not speak the same language as procurement teams," says the Head of International Business Growth.

Source: Interviews, company analysis

Initially, Airbus considered high-profile external candidates (former ambassadors or generals) who would bring credibility and reputation. Yet that posed integration and alignment challenges. The company ultimately opted for an internal hire, someone with deep Airbus knowledge and a strong external network, able to activate the ecosystem quickly. Interest was high, with strong engagement across functions.

2.5 | Embedding in decision-making



You can do a risk exercise: a dashboard of risks, a long list, a heat map, updated quarterly, re-underwritten annually, etc. That has some value in terms of situational awareness. But the real need is the ability to quickly integrate geopolitical insights into strategic or operational decisions the firm is facing.

Head of Geopolitical Advisory at a global investment bank

The geopolitical muscle plays a critical role as the bridge between the board and the C-suite on one side, and corporate functions and business units on the other. Its purpose is not only to inform and advise but also to connect, convene and coordinate, ensuring that geopolitical awareness translates into consistent decisions across the organization.

At the top, the geopolitical muscle supports both the board of directors and the executive leadership by providing targeted, timely intelligence.

- **Board of directors:** Most companies provide the board with quarterly updates on the geopolitical environment and its business implications. Some deliver individual briefings to board members aligned with their domains of responsibility – for example, technology and sustainability.

– **CEO and C-suite:** Engagement here is frequent, direct and informal. Effective muscles rely on short briefings, calls, texts and business-trip interactions to provide leadership with real-time, relevant insights. Yet formalized participation with a permanent seat on the executive or management committee ensures that geopolitical perspectives inform strategic debates and investment choices.

Beyond advising upwards, the geopolitical muscle contributes across corporate functions, where it can inform, convene and in some cases help arbitrate decisions. Interviews revealed eight decision domains where geopolitical considerations are most frequently integrated.

TABLE 1 | Main decision domains to embed geopolitical muscle

Decisions	Descriptions	Examples provided during interviews
Procurement and supply chain	Assessing supplier exposure, inventory levels, logistics chokepoints and potential sanctions impacts	<ul style="list-style-type: none"> Supplier localization: Healthcare company moving away from reliable and cost-effective Chinese suppliers for its US supply chain as part of localization efforts initiated during COVID-19 and accelerated with the implementation of US tariffs Transport security: Chemical company coordinating with the US Navy to rescue a ship intercepted by pirates in the Gulf of Aden through cross-functional task force (GA, security, legal, supply chain) activated at 11pm to coordinate action
Risk reviews and ERM	Reviewing geopolitical factors in the risk taxonomy and scenario planning	<ul style="list-style-type: none"> Asset protection: Company in extractive industry building and socializing three scenarios on US–China tensions mapping shipping disruption, procurement risk, dividend remittance limits, asset exposure to public shareholder scrutiny Compliance anticipation: Industrial company preparing for the EU Battery Regulation to ensure proactive compliance and continued market access for its next generation of electric vehicles
Policy advocacy and engagement strategy	Aligning engagement priorities with market and regulatory exposure	<ul style="list-style-type: none"> Direct engagement: Logistics operator engaging with ministries of health in several African countries affected by cuts to USAID to fill the gaps and position itself as an end-to-end healthcare supply-chain partner with a dedicated offering Hostile takeover defence: Extractive industry company resisting hostile takeover thanks to connections with home market administration opposing the transaction
Strategic planning	Incorporating geopolitics into market entry, product launch and pricing decisions	<ul style="list-style-type: none"> Product launch: Healthcare company rethinking global product launch due to US MFN drug pricing⁸ and considering abstaining from certain markets as it would set a floor price too low to be replicated Commercial focus: European company prioritizing commercial tenders in foreign countries through EU–US competitive angle and identifying potential clients and contracts to focus efforts
Capital allocation and investment	Guiding manufacturing localization, M&A and capital expenditure allocation	<ul style="list-style-type: none"> Localization: Automotive company setting up new industrial hubs in India and Mexico to localize production closer to end markets and hedge its footprint against geopolitical disruptions M&A clearance: Energy company bringing geopolitical muscle into M&A decisions to onboard domestic policy-makers, navigate target political landscape and secure approval of state actors
Innovation and intellectual property	Identifying where to (re)localize R&D and intellectual property in light of technology sovereignty and export controls	<ul style="list-style-type: none"> Delays: Healthcare company considering wait-and-see approach to some complex high-risk R&D platforms, viable only at global commercial scale
External communications and marketing	Ensuring that public messaging aligns with local political sensitivities	<ul style="list-style-type: none"> House view: Healthcare company distributing weekly talking points to general managers during the tariffs announcement to ensure coherent and systematic messaging Reputation: FMCG company leveraging favourable perception of its local companies and brands to counter boycott threats in one of its markets
IT and cybersecurity	Connecting cyber risk to geopolitical exposure, prioritizing countries or business lines for tech stack modernization	<ul style="list-style-type: none"> Tech modernization: Financial services company prioritizing tech stack modernization factoring geopolitical inputs, notably exposure to cybersecurity risk and how modernization signals resilience, commitment to local economies and alignment with government priorities

Despite this growing scope, the majority of companies interviewed still rely on ad hoc mechanisms to inject geopolitical insight into decisions. While flexibility has advantages, the absence of formal routines can create inconsistency across geographies, business units and time horizons. Without adding bureaucratic layers, systematizing geopolitical input, even through light-touch templates or standing agenda items, can enhance alignment and accountability.

Companies seeking to embed geopolitics into decision-making should start by asking four simple but pragmatic questions:

- 1 **Stakeholders:** Who owns the key decision-making processes where geopolitics matters most?
- 2 **Mechanisms:** How will geopolitical insights be discussed and integrated – through committees, briefings or predefined triggers?
- 3 **Contributions:** What specific geopolitical indicators or KPIs should accompany each decision process?
- 4 **Timing and frequency:** When, and how often, should the geopolitical muscle provide input to ensure relevance without slowing execution?

Best practices	Description
Embedded in governance	Geopolitics integrated into existing decision-making bodies and committees, avoiding extra bureaucracy.
Systematized and flexible mechanisms	Mix of formal institutionalized processes (committees) and agile, ad hoc engagements (travelling with the CEO/executive committee, short memos).
Decision rights	Geopolitical leads have a voice, and a vote if relevant, in key committees.

CASE STUDY 8

Philips: Coordinating a standing trade policy and geopolitics committee

Philips' geopolitical set-up emerged during COVID-19, when health tech became strategically sensitive. Government Affairs leads cross-functional coordination and reports to the Chief ESG and Legal Officer. The company uses a task-force model to respond to risks like US tariffs: delivering impact assessments, advocacy messaging and

board updates. A standing Trade Policy and Geopolitics Committee oversees horizon scanning and risk tracking. The team holds monthly check-ins across procurement, trade compliance, tax, legal, government affairs and integrated supply-chain strategy, and maintains a risk tracker with quantified impact assessments.

Source: Interviews, company analysis

CASE STUDY 9

Nissan: Structuring business-led geopolitical risk monitoring through task forces

Nissan's geopolitical muscle is focused primarily on risk mitigation and defence. Risk exposure is assessed through a three-tier framework, categorizing risks as below ¥10 billion, below ¥100 billion or above ¥100 billion* in operating profit impact.

Responsibility sits within the Strategy department, with a small central group responsible for ongoing scanning and issue identification. The team operates from a business perspective, while a separate crisis management team,

staffed with regional specialists, provides geopolitical expertise for employee safety and continuity planning.

For high-impact issues, Nissan activates cross-functional task forces. For instance, the tariff task force (30–40 members) meets twice a month to identify necessary actions and confirm the progress of actions with regular reporting to the CEO and CFO. Another task force focuses on sourcing and supply-chain vulnerabilities from short-term to long-term items. Inputs from both feed into a corporate risk map, which informs long-term strategic planning.

* ¥10 billion is equivalent to c. \$64 million, ¥100 billion to c. \$640 million. **Source:** Interviews, company analysis

What next?

Building geopolitical muscle is an ongoing journey: organizations evolve and refine their models as experience and exposure grow.

Beyond developing geopolitical muscle through the five building blocks explored in this paper, executives are invited to consider additional factors. Historical precedent suggests that current geopolitical tensions will persist for an extended period. Companies should prepare for an environment where cross-border commercial ties, technologies and resources become instruments of statecraft, while cyberattacks and other forms of hybrid warfare remain probable scenarios. These factors indicate that companies will require sustained geopolitical capabilities for years to come.

There are several considerations to guide executive leadership in the coming years regardless of geopolitical muscle starting point:

1 Demonstrating value creation to justify investment

Emphasizing risk avoidance alone might not provide a sufficient foundation for sustained investment in geopolitical capabilities because of two main challenges:

- **An attribution problem:** Even when companies avoid adverse outcomes, geopolitical functions may not receive appropriate credit, as decision-making is inherently collective
- **False negatives:** These occur when geopolitical assessments recommend foregoing commercial opportunities that other executives favoured, but the anticipated adverse outcome

did not materialize. In such a case, executives who were “in favour” might characterize geopolitical guidance as unwarranted constraint on value creation

However, when apparent, external validation on effective risk management helps make the business case for properly resourcing a geopolitical function – for instance, financial markets may reward firms that demonstrate superior management of geopolitical risk through lower capital costs. But the case for investment becomes more compelling when geopolitical capabilities identify opportunities for strategic advantage or innovation. Proactive firms can, for example:

- Anticipate evolving buyer preferences and regulatory landscapes
- Accelerate the development of products and services with compelling security-related value propositions
- Generate insights that enhance engagement with governments, as states today show greater willingness to exclude certain firms and deploy resources through security-related industrial policies

Indicators and metrics of value creation are not straightforward to determine and monitor without creating unnecessary layers of reporting, but there is value in factoring in this consideration early in the process of developing geopolitical capabilities.

② Institutionalizing learning through peer-to-peer engagement and “lessons learned”

When developing geopolitical capabilities, firms benefit from structured engagement with private-sector peers from different geographies and sectors, notably those with a long history of dealing with geopolitics or those that have been most impacted in recent years. To prepare for this, companies can:

- Attend collective fora and events to exchange best practices and learnings with other CEOs and business executives, thereby validating perceived emerging geopolitical factors and providing mutual support in determining potential courses of action
- Establish “lessons-learned” reviews following geopolitical events that disrupt business conditions to institutionalize a muscle memory outlasting any individual executive

③ Framing geopolitics through economic security to enhance dialogue effectiveness

Corporate geopolitical functions should develop assessments of economic security considerations relevant to their businesses. The Organisation for Economic Co-operation and Development (OECD) defines economic security as “a nation’s ability to protect and sustain its economic stability and growth by strengthening its resilience against external and internal threats”. It includes the ability to “safeguard key economic assets, maintain critical infrastructure and ensure access to essential resources such as energy, food and technology”.⁹ G7 governments and the European Commission frequently frame geopolitical matters through

an economic security lens.¹⁰ Understanding this perspective facilitates more productive engagement with these governments.

④ Mutual learning through public–private engagements

The evolution of corporate geopolitical capabilities since the COVID-19 pandemic presents significant learning opportunities. Both public and private sectors can benefit from this development. In that regard, trusted public–private platforms fulfil an important convening role, enabling experts to share ideas and assessments. Of course, competition law restrictions must be respected in all such engagements.

Vanguard firms have adopted more sophisticated approaches to geopolitical assessment. They increasingly employ whole-of-value-chain perspectives. This analytical focus aligns with broader governmental concerns about the wide-ranging knock-on effects of geopolitical disruption.

Governments can gain valuable insights from firms with advanced geopolitical capabilities. Private-sector syntheses may reveal new ways in which diverse signals can be integrated into achievable assessments. This represents an area where government and business can exchange and learn from each other’s experiences. Governments might consider combining enhanced integration of insights from their national security apparatus with private-sector analysis. Some classified intelligence may not be appropriate for sharing with the private sector; however, sophisticated private-sector assessment of economic interdependencies and market dynamics offers complementary value.

The resulting insights could better illuminate how geopolitical developments affect societies. In many fraught situations, both government officials and corporate executives have a strong stake in business continuity.

Conclusion

Geopolitics has become an unavoidable dimension of corporate strategy. For many companies, it now conditions investment priorities, access to markets, business continuity and even innovation choices. This new reality requires not just sharper awareness, but stronger muscle.

This white paper shows that while most organizations have made progress in integrating geopolitics into leadership discussions; however, few have the systematic capabilities needed to turn insight into execution. The companies that stand out share a common pattern: clear mandates anchored at the top, robust radar and sonar to detect signals and trends, adaptive operating

models, credible leadership and talent, and disciplined integration into decision-making.

As global uncertainty remains elevated and geopolitical rivalry alters the global business landscape, corporate geopolitical muscle will have to adapt. Firms must remain agile to reshape structures and processes as the sources and nature of geopolitical tensions continue to evolve. The task ahead is to move from building capabilities to demonstrating impact: showing how geopolitical readiness enhances resilience, accelerates opportunity capture and strengthens long-term competitiveness.

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