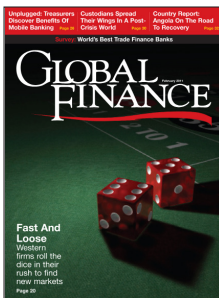


Dear Reader

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Tread Lightly



There is no question that the newly emerging markets—often dubbed the frontier markets—present Western firms with mouthwatering opportunities. Perhaps not surprisingly, the scramble to grab a slice of this growing economic pie has triggered something of a gold rush. It has also, as we discover in our cover story this month, led some companies to move too far, too fast.

The problem is not that new markets are especially dangerous, they're just different. Very different. Angola is a case in point (see page 32). With a government keen to open up and diversify the country's economy, a young and underemployed population, a strategic position in a fast-growing region, a huge infrastructure construction boom under way and the revenues from plentiful oil reserves to pay for it all, the opportunities for foreign companies are clearly there. But with its well-deserved reputation for corruption and an almost laughably opaque business environment, so too are the risks. As such, Angola is practically a textbook example of a young emerging economy, and the experiences of those Western firms already operating there provide crucial lessons for any company looking to join the stampede into the high-growth developing markets.

Among those lessons is the importance of building relationships with reliable, trustworthy local business partners, the ability—and courage—to pull the plug, or at least to regroup and start afresh if plans go awry, and the patience to look beyond quarterly revenues in order to focus on long-term, sustainable goals.

Careful preparation, planning and endless patience will mean little, however, without a final key characteristic: sensitivity. Many of the most promising newly emerging markets have a troubled recent past, and their populations are, understandably, wary of the phalanxes of wealthy foreigners scouring their countries for opportunities. They are also well aware of the fine line between a mutually beneficial business arrangement and pure exploitation. In a world where the social and environmental effects of inward investment are becoming as important as the financial benefits, companies that view their operations in emerging markets simply as sources for fat profits may find themselves facing resistance and resentment. By the same token, those that view their ventures as a genuine investment in a place and a population that they believe in stand a fair chance of reaping rich rewards.

Until next month.

Dan Keeler

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