



Wilson Perumal & Company  
**EXECUTIVE WEBINARS**

A stylized world map composed of white dots, overlaid with a complex network of blue lines and green nodes, suggesting global connectivity and complexity.

# **WINNING IN COMPLEX MARKETS**

Global Markets Complexity Index, and Beyond



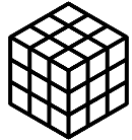
# Introduction to Wilson Perumal & Company

*We help multinationals compete and win in a complex world*



## Global premier consultancy

Supporting multinationals, private equity, and government agencies



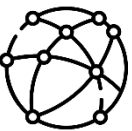
## Unique focus on complexity

Helping clients compete in a complex world



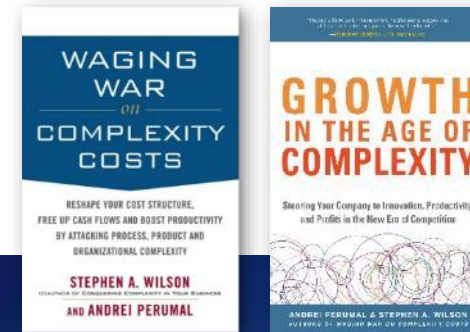
## Thought-leaders

Two books published by McGraw-Hill; research featured in *The Wall Street Journal* and *MIT Sloan Management Review*



## Originators of the GMCI

Developed the Global Markets Complexity Index in partnership with the Wall Street Journal



**Oh-Hyun Kwon**  
*Vice-Chairman and CEO*  
*Samsung Electronics*

"At Samsung Electronics, a **simple and speedy decision-making** procedure has contributed to our success. Complexity is one of the biggest impediments to operational speed. The authors present a practical approach for tackling it. **This book is inspiring.**"





# The Global Markets Complexity Index is the only worldwide index of market, operational, and regulatory complexity

**100**

## COUNTRIES

measured and scored  
in the 2023 GMCI report

**3**

## DIMENSIONS

of complexity measured:  
Market, Operational,  
and Regulatory

**34**

## METRICS

from international  
institutions

**8**

## COMPLEXITY GROUPS

derived from our machine  
learning clustering algorithm  
and the characteristics of  
each cluster's constituent  
countries



GMCI 2023, the latest edition of WP&C's Index, is available on our website:  
[www.wilsonperumal.com/GMCI](http://www.wilsonperumal.com/GMCI)

# Today's discussion topics





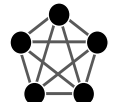

- **Complexity** as a defining issue of our time
- The specific challenges of managing across **complex markets**
- The **GMCI**, and the insights it provides for multinationals
- **Levers for winning** in complex markets

# Organizations are being overwhelmed by complexity

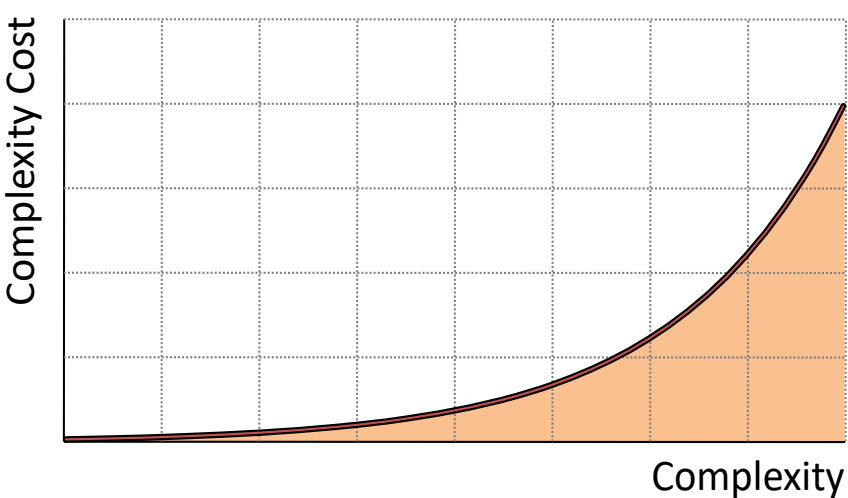
## Sources of Complexity

- ☐ New products
- ☐ New technology
- ☐ New suppliers & channels
- ☐ Customer expectations
- ☐ Evolving regulations
- ☐ New sources of competition
- ☐ M&A
- ☐ New geographies

## #Items      #Links

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## The Complexity Cost Curve



“People inside and outside of GE didn’t appreciate how complicated and complex the company had gotten.”

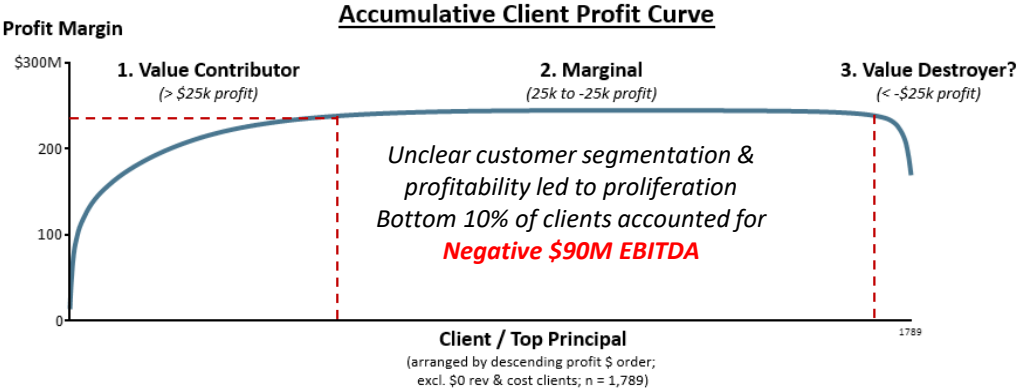
—Beth Comstock, Former Vice Chair, Business Innovations 2018

“Complexity...is a ‘cube’ function. If I have 10 applications, I may be able to manage them all. If I have 100 applications, managing them is not simply 10 times the complexity—it’s more like 30 times the complexity.”

—Lee Coulter, SVP, Kraft’s Global Shared Services Group

# The impacts are significant!

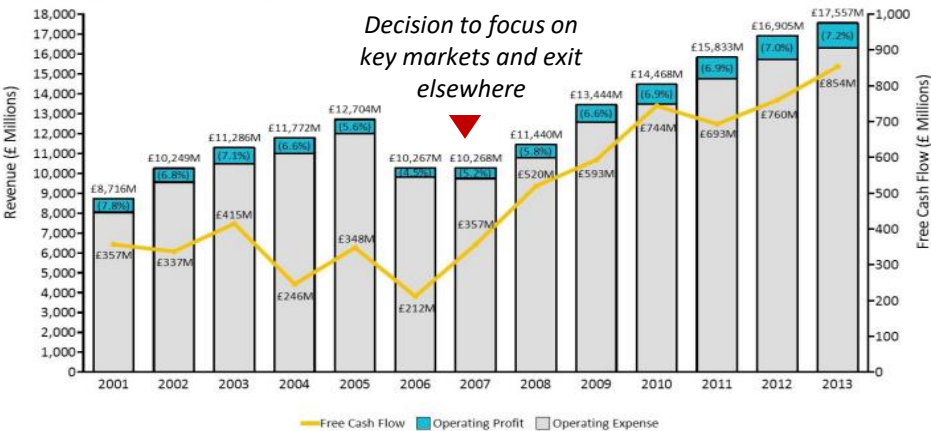
**1 PROFITABILITY:** Complexity costs go up and revenue flatlines, leading to significant profit erosion



**2 GROWTH:** Complexity can dilute focus and resources, impeding growth

**3 SPEED OF EXECUTION:** Org complexity can lead to fragmentation and impede decision-making

**COMPASS GROUP FINANCIAL JOURNEY, FROM OVEREXTENDED TO RECOVERY**  
Compass operated in over 80 countries in 2006, cutting that number in half by 2013;  
today they operate in nearly 50 countries



Value of Change initiatives		Client example				
		Number of stakeholder groups to align and coordinate for a global initiative...				
		Production	Sales	Procurement	Finance	IT
Opportunity Areas for the Business						
Commercial (Pricing, Sales incl. product strategy)						
Procurement / Supply Chain						
G&A Optimization / Shared Services						
Engineering / Product Design						
Portfolio Rationalization						

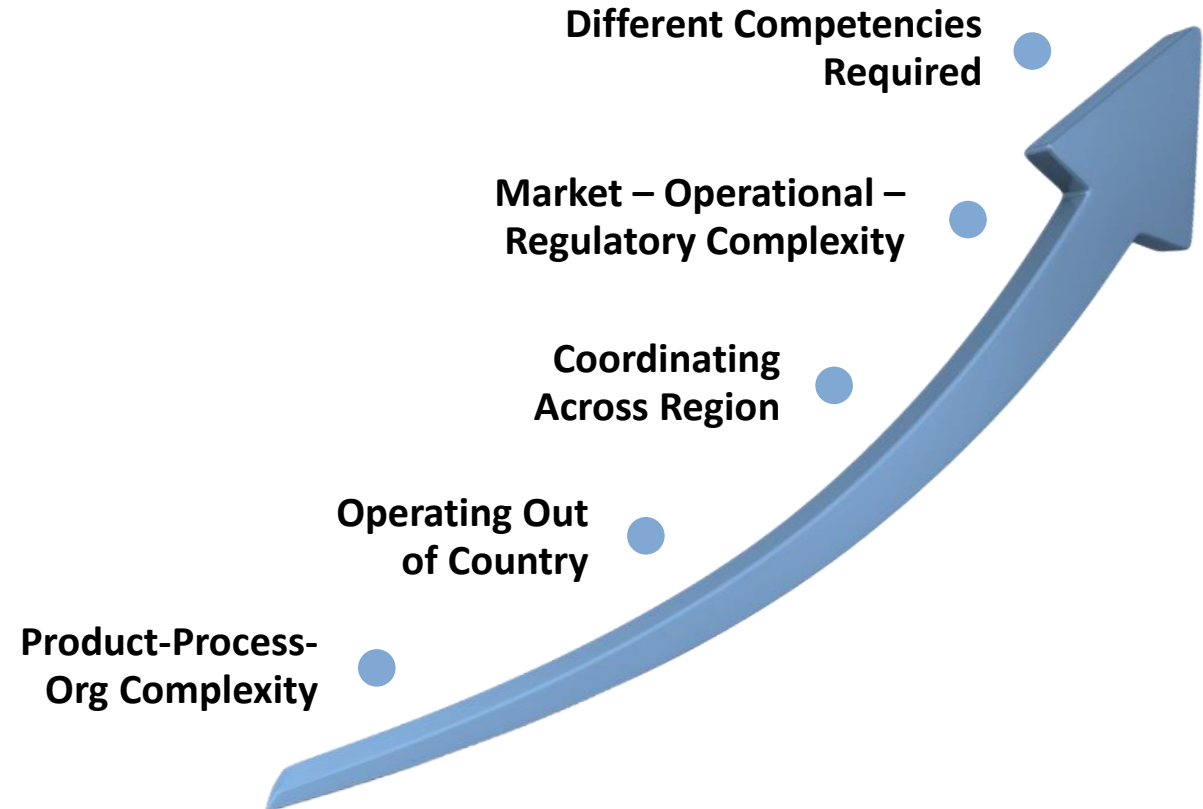
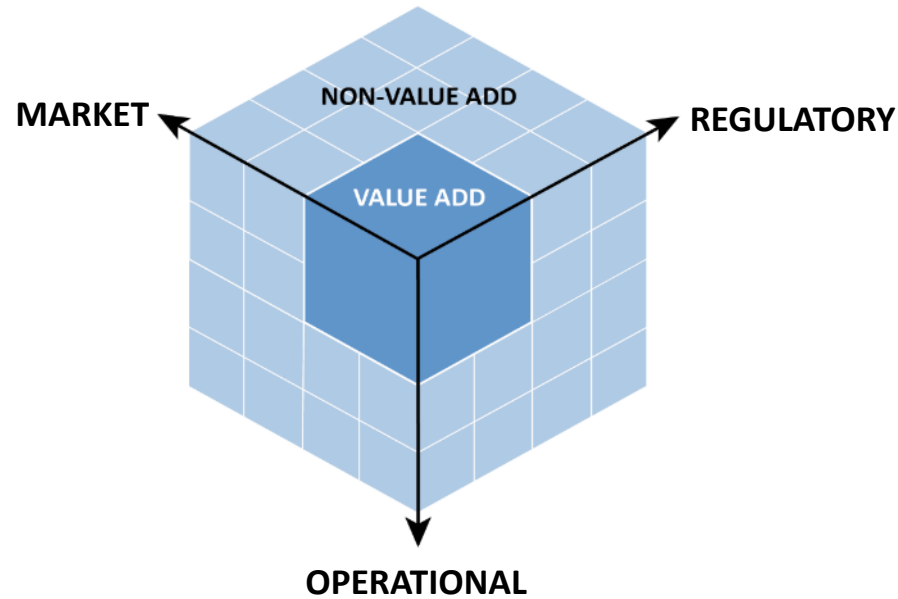
<sup>1</sup>Via various internal and external studies 2015-2016  
<sup>2</sup>IT at Manufacturing sites + global IT

With good intention, business devolved to 500 mini-fiefdoms, paralyzing path to change

Op Model-related barriers to value

# The challenge of complex markets—a multiplier effect

## THE COMPLEXITY CUBE



*Johnson & Johnson*

“...The **complexity** of today’s global healthcare and consumer environments **demands unprecedented focus**, innovation and agility.”

– Alex Gorsky, Former CEO (2021), Johnson & Johnson



# WSJ: Could we use our complexity lens to provide insight on *geographic complexity*?



Note: Read Dan’s newsletter at <https://frontiermarkets.co/>



Because you operate in **Indonesia** you may be successful expanding to these countries:





# The Mechanics: GMCI is an analytically-built index of geographic complexity

## 1 Developed MECE complexity dimensions to be used to evaluate countries

Dimension	Defined as the complexity of:
Market	Engaging with target customers and converting to sale
Operational	Producing and/or transporting goods and services
Regulatory	Establishing a business presence and adhering to financial and regulatory requirements

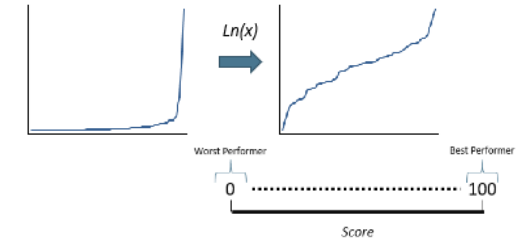
## 2 Determined underlying drivers for each dimension and data sources to calculate

MARKET COMPLEXITY		
DIVERSITY	REACH/ACCESS	SOPHISTICATION
<ul style="list-style-type: none"><li>Income inequality</li><li>Language diversity</li><li>Net migration</li></ul>	<ul style="list-style-type: none"><li>Urban v. rural population</li><li>Internet access</li></ul>	<ul style="list-style-type: none"><li>Buyer sophistication</li><li>Multinationals per capita</li></ul>
OPERATIONAL COMPLEXITY		
IMPORT/EXPORT	SUPPLY CHAIN	BUILDING & STAFFING
<ul style="list-style-type: none"><li>Time to import</li><li>Time to export</li><li>Tariffs</li></ul>	<ul style="list-style-type: none"><li>Fragmentation of competition</li><li>Freight cost</li></ul>	<ul style="list-style-type: none"><li>Manufacturing base</li><li>Industrial supply base</li><li>Quality of infrastructure</li><li>Work force quality</li></ul>
REGULATORY COMPLEXITY		
DIFFICULTY	STABILITY	BIAS
<ul style="list-style-type: none"><li>Ease of paying taxes</li><li>Ease of hiring/firing</li><li>Environmental regulation</li><li>Gov't. regulation burden</li><li>Ease of getting credit</li><li>Velocity of regulation change</li></ul>	<ul style="list-style-type: none"><li>Fragmentation of competition</li><li>Freight cost</li></ul>	<ul style="list-style-type: none"><li>Manufacturing base</li><li>Industrial supply base</li><li>Quality of infrastructure</li><li>Work force quality</li></ul>

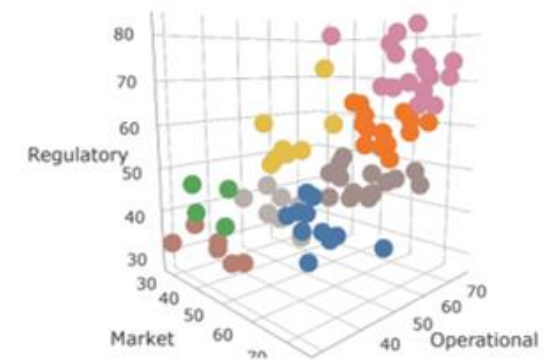
## 3 Collected data for all 34 complexity factors for the 100 countries included in the index



## 4 Removed biases and scaled and normalized complexity factors



## 5 Grouped countries using machine learning algorithm and K-means clustering



# The 100 countries analyzed in the GMCI are spread across eight complexity groups

GROUP 1	GROUP 2	GROUP 3	GROUP 4	GROUP 5	GROUP 6	GROUP 7	GROUP 8
MVPS	UTILITY PLAYERS	MIDDLE OF THE PACK	WALLED GARDENS	UPSTREAM PADDLERS	BUILDERS	SPECTATORS	ONLY THE BRAVE
Australia	Bahrain	Bosnia & Herzegovina	Argentina	Botswana	Bangladesh	Benin	Mali
Austria	Belgium	Bulgaria	Azerbaijan	Indonesia	Burkina Faso	Nicaragua	Pakistan
Denmark	Canada	Chile	Bahamas	Jamaica	Côte d'Ivoire	Senegal	Zimbabwe
Estonia	China	Costa Rica	Bolivia	Jordan	Guatemala		
Finland	Cyprus	Croatia	Brazil	Kuwait	India		
Germany	Czech Republic	Dominican Republic	Colombia	Namibia	Kenya		
Hong Kong	France	Georgia	Ecuador		Nigeria		
Iceland	Hungary	Greece	Egypt		Philippines		
Ireland	Israel	Saudi Arabia	El Salvador		Sri Lanka		
Japan	Italy	Serbia	Ghana		Togo		
Luxembourg	Latvia	Thailand	Kazakhstan				
Netherlands	Lithuania	Uruguay	Lebanon				
New Zealand	Malaysia	Vietnam	Mexico				
Norway	Mauritius		Morocco				
Singapore	Oman		Panama				
Sweden	Poland		Peru				
Switzerland	Portugal		Russia				
UAE	Qatar		South Africa				
United Kingdom	Romania		Trinidad & Tobago				
	Slovakia		Tunisia				
	Slovenia		Turkey				
	South Korea		Ukraine				
	Spain						
	USA						

- Each group represents a **set of countries** that share **complexity characteristics**
- For example, the **Walled Gardens** include some large countries with markets conventionally attractive to multinationals (Brazil, Mexico, Russia), but access is impeded by a wall of operational and regulatory complexity
- Companies can **leverage success** operating in one country to be successful in other countries within a group

## GROUP 1 MVPs

'MVPs' are reliably the least-complex countries in which to do business, scoring lowest across all complexity categories. MVPs have the lowest barriers to production and easy-to-reach customers, but companies must be prepared to face demanding consumers and saturated, competitive markets.



### COUNTRIES

Australia	Luxembourg
Austria	Netherlands
Denmark	New Zealand
Estonia	Norway
Finland	Singapore
Germany	Sweden
Hong Kong	Switzerland
Iceland	UAE
Ireland	United Kingdom
Japan	

### GROUP TRAITS

- Wealthy, capitalistic, industrialized countries
- Rich targets for expanding multinationals
- Political stability supports highly competitive markets
- Lowest complexity in all three major categories

### COMPLEXITY RATING



### KEYS TO SUCCESS

1. Need clear go-to-market strategy, lean operations, and good pricing to capture sophisticated consumers with plenty of options
2. Expand beyond Group 1 at your own speed—it is good practice to explore Groups 2 and 3 before considering more complex groups
3. Group 1 countries host some of the most litigious shareholders; large companies need robust litigation risk management

### COMPLEXITY PROFILE



CENTER OF GRAPH = HIGH COMPLEXITY  
PERIMETER OF GRAPH = LOW COMPLEXITY

## GROUP 4 WALLED GARDENS

'Walled Gardens' includes some large countries with markets conventionally attractive to multinationals (Brazil, Mexico, Egypt). However, access is impeded by a wall of operational and regulatory complexity. The size and potential of these markets may make the investment worthwhile.



### COUNTRIES

Argentina	Mexico
Azerbaijan	Morocco
Bahamas	Panama
Bolivia	Peru
Brazil	Russia
Colombia	South Africa
Ecuador	Trinidad & Tobago
Egypt	Tunisia
El Salvador	Turkey
Ghana	Ukraine
Kazakhstan	
Lebanon	

### GROUP TRAITS

- Reasonably well-developed markets with consumers more discerning than those in higher-numbered groups
- Less trained workforces relative to economic output
- Hampered by political instability and corruption

### COMPLEXITY RATING



### KEYS TO SUCCESS

1. Expanding companies must ensure target markets are open to international brands; successful companies in Group 4 thrive at cultivating buyer-seller relationships
2. Find creative go-to-market strategies; consumers are not easily accessible compared to those in Groups 1-3

### COMPLEXITY PROFILE



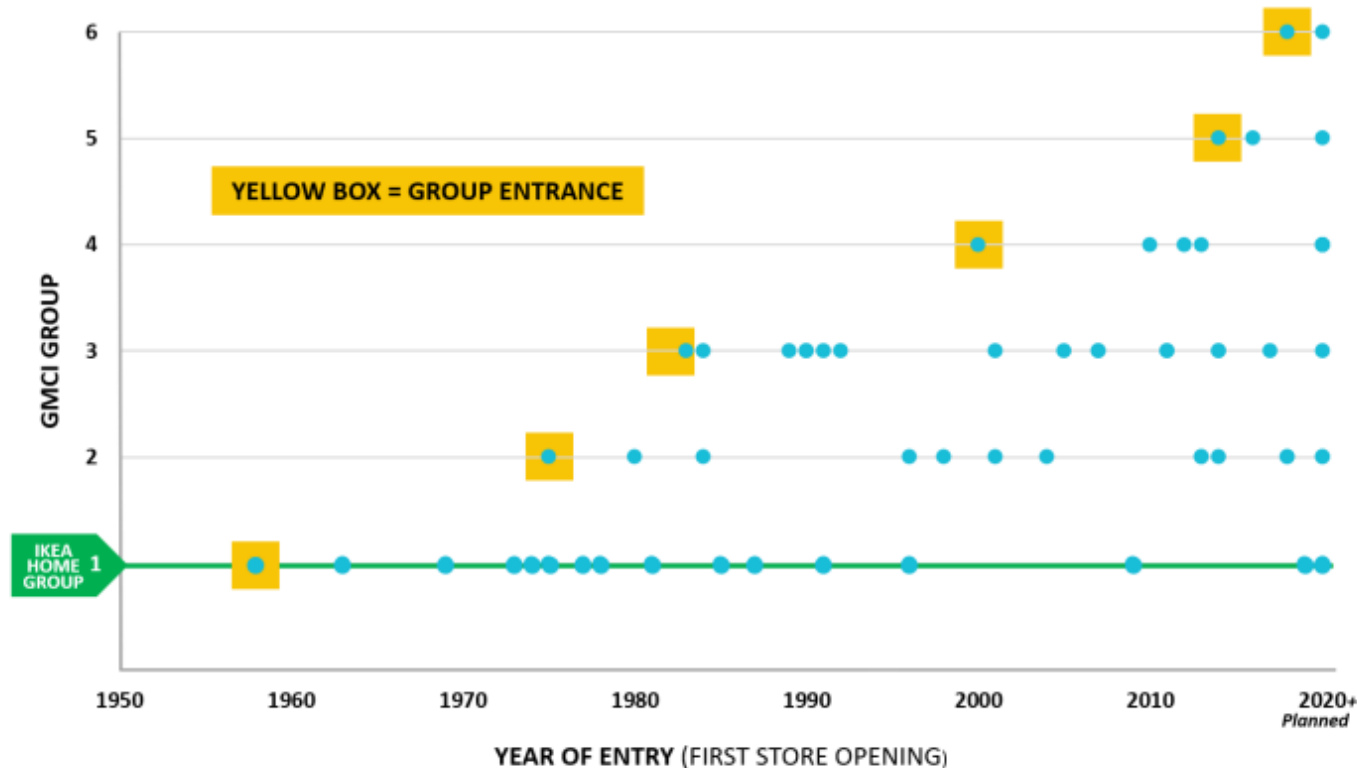
CENTER OF GRAPH = HIGH COMPLEXITY  
PERIMETER OF GRAPH = LOW COMPLEXITY



# The IKEA Story



IKEA'S EXPANSION PATH FOLLOWS GMCI GROUPINGS



Moving from low complexity groups to more complex arenas requires **new skills, resources, and considerations.**

In its early days, **IKEA focused on building up operations in its home group** (Group 1), before venturing further afield, group by group. By the 1990s, they were in Group 3, then expanded into Groups 4 and 5 in the next 15 years.

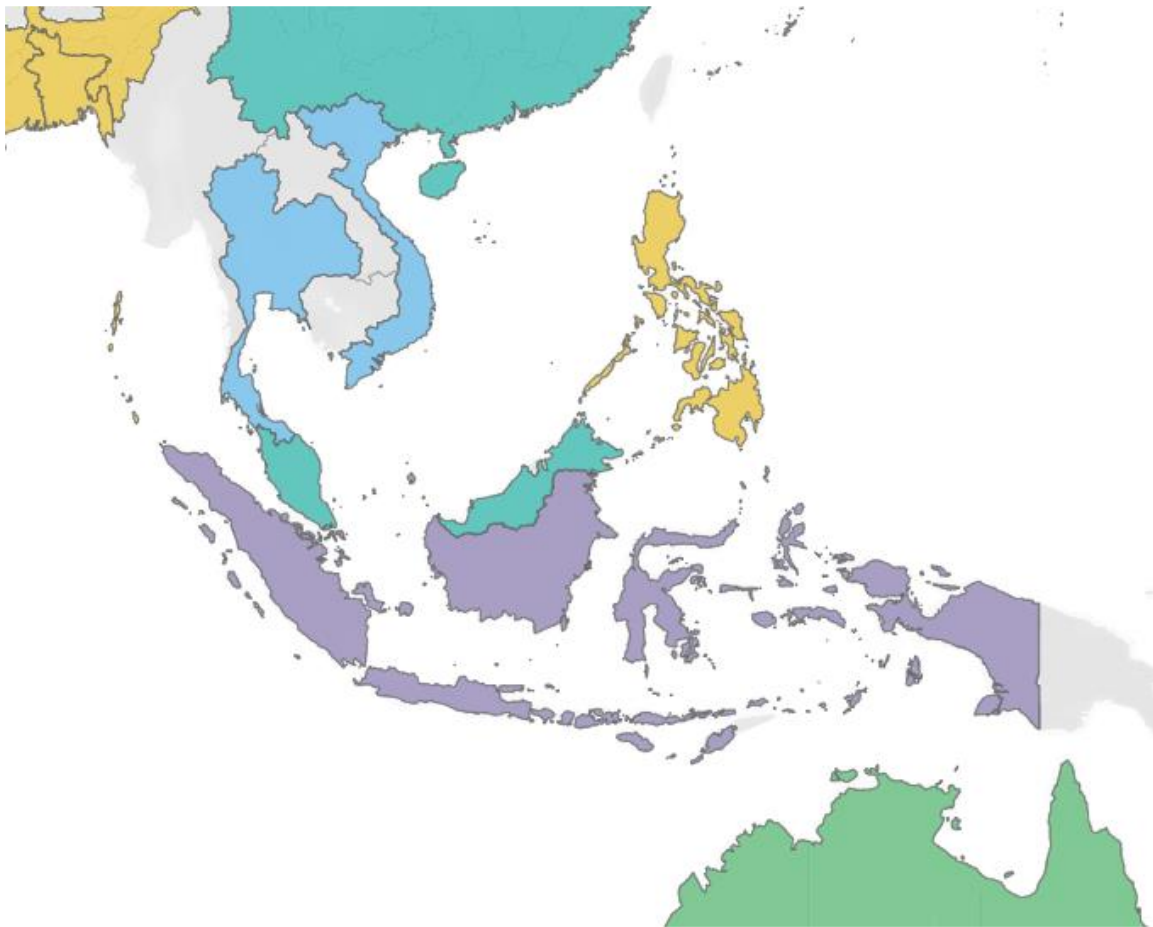
**With each new group, IKEA spent a decade building up its capabilities** to deal with the incremental organizational, regulatory and market complexities before expanding to additional groups.

# Foundational insights from GMCI

1. **GMCI brings new information:** when looking at expansion, many companies focus more on the market opportunity, and less on the relative complexity and ensuing cost to serve
2. **Geographic proximity and common language do not correlate to common groups:**  
European countries span four different GMCI groups
3. **There are no “bad” or “good” groups:** many companies operate in highly complex environments very successfully; the key is knowing what you’re good at
4. **But if you operate across many groups, your organization will need many different types of capabilities to win;** speed and efficiency in highly transactional environments vs. different skills in unstable regulatory environments
5. **And operating across many different groups comes with a cost:** companies that operate across more complexity profiles are less profitable

Applying this lens across your footprint — and that of your competitors — will tee up insights about geographic strategy, and help inform your company’s Complexity Agenda

# GMCI Regional Spotlight: Southeast Asia



## Indonesia



Complexity Twin: **Ghana**

UPSTREAM PADDLERS

## Malaysia



Complexity Twin: **Oman**

UTILITY PLAYERS

## Philippines



Complexity Twin: **India**

BUILDERS

## Singapore



Complexity Twin: **Switzerland**

MVPs

## Thailand



Complexity Twin: **Ecuador**

MIDDLE OF THE PACK

## Vietnam



Complexity Twin: **Indonesia**

MIDDLE OF THE PACK

Southeast Asian countries span five different GMCI complexity groups, defying conventional logic that complexity is regional, not country-specific



# GMCI Country Spotlight: Operating in Indonesia, Singapore, and Vietnam each require unique capabilities, strategies, and op models

## GMCI GROUP 5: Upstream Paddlers



### Indonesia

- Highly biased regulatory environment with extreme corruption
- Very complex and expensive to import goods
- Extremely diverse market that requires different marketing strategies



## GMCI GROUP 1: MVPs



### Singapore

- Highest rated country in the world in *Government Effectiveness, Political Stability, and Percent of Population that is Urban*
- Biggest sources of complexity are highly sophisticated consumers and high migration rates



## GMCI GROUP 3: Middle of the Pack



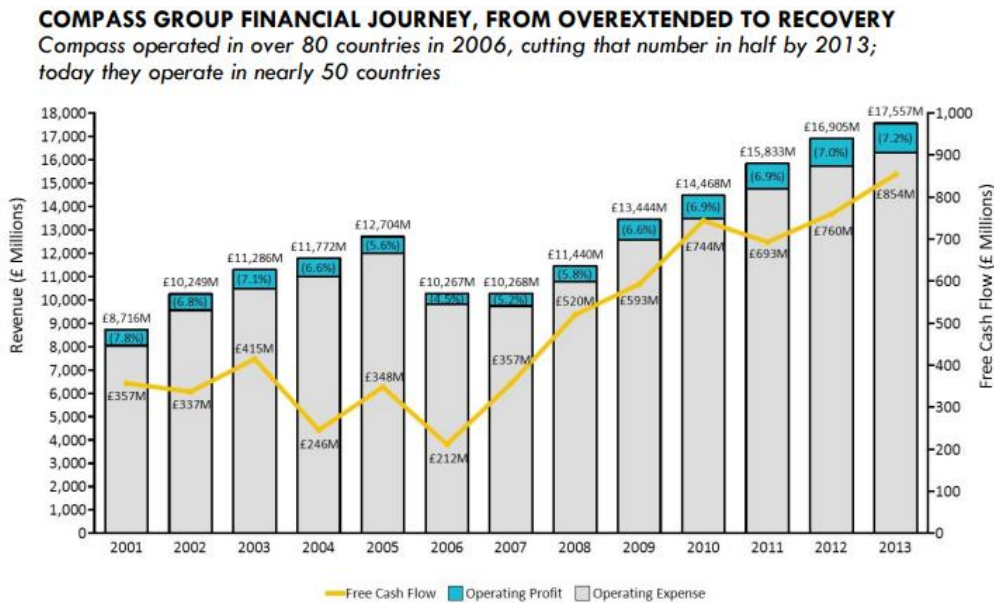
### Vietnam

- Moved from Group 5 to Group 3 in 2023
- Free trade agreements, low inflation rates, revised FDI policies, and competitive labor costs allowed Vietnam to become a highly attractive global manufacturing center

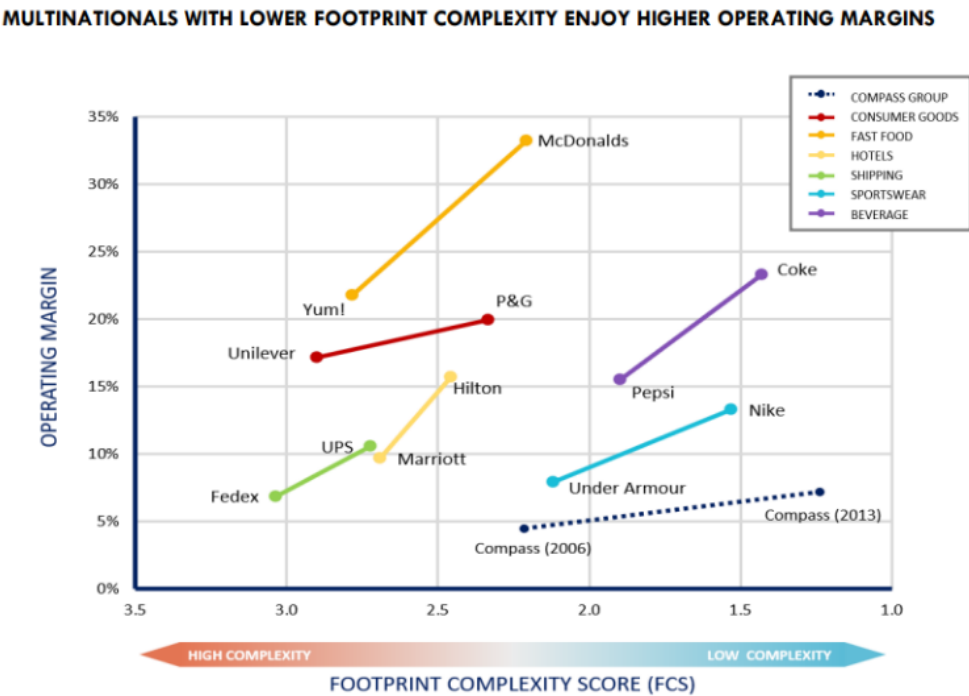


# Deep Dive: Footprint Complexity Score

FCS adds a measure of quantification to an area that was previously relatively qualitative: the geographic complexity of a company's global footprint. It quantifies the extent to which a company's operations have expanded into complexity groups different from where it originated.



Compass Financial Performance 2001-2013  
Note: Revenue reduction between 2005 and 2006 is because Compass Group sold its roadside and travel catering businesses for a combined £1.82 billion in April 2006. The transaction included the sale of 43 Moto motorway service areas to Australia's Macquarie Bank for an estimated £600m. Compass's Select Service Partners (SSP) travel concessions business was also sold to companies controlled by private equity firm EQT partners, for an estimated £1.2 billion.  
Source: Capital IQ, Compass Group Annual Reports 2006-2013



As a broad rule of thumb, an improvement in your “Footprint Complexity Score” by 0.25 improves your operating margin by 4.35%

# Levers for winning in complex markets



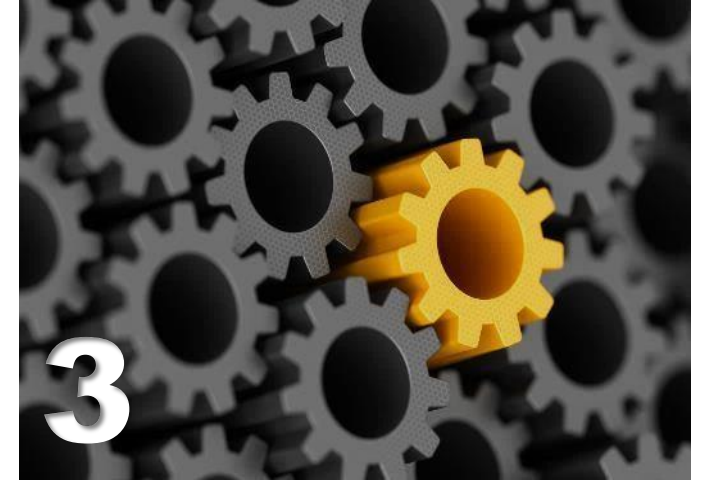
## Assess your financial & competitive position

Consider your geographic complexity, relative performance, and build out a Complexity Agenda



## Reconsider participation strategy

Selectively consider exit or entry of specific geographies and/or different participation strategies by country



## Optimize the region via new operating models

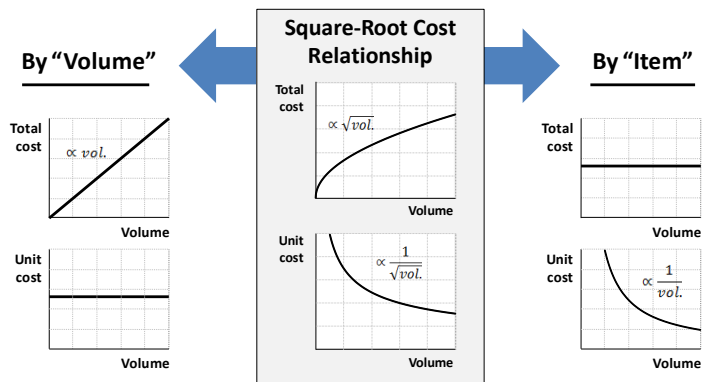
Include a broad set of operational, financial and process levers



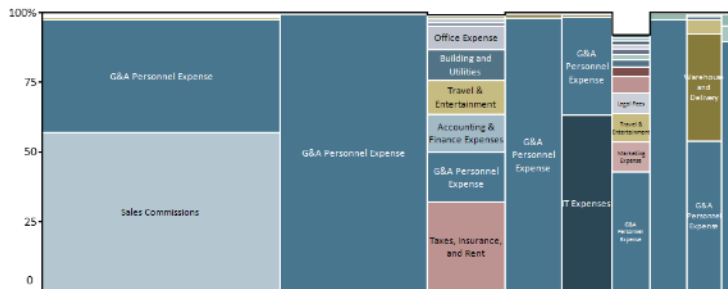
# Assess your position

Starting point: benchmark and understand performance across your business relative to competitors to inform key improvement opportunities and areas of complexity reduction

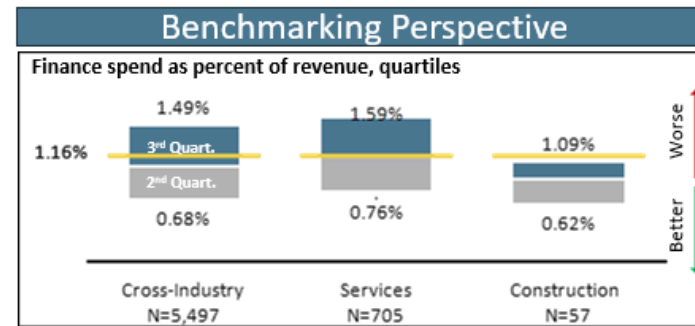
## Financial Performance



*Compare cost structure relative to other companies in the same region*



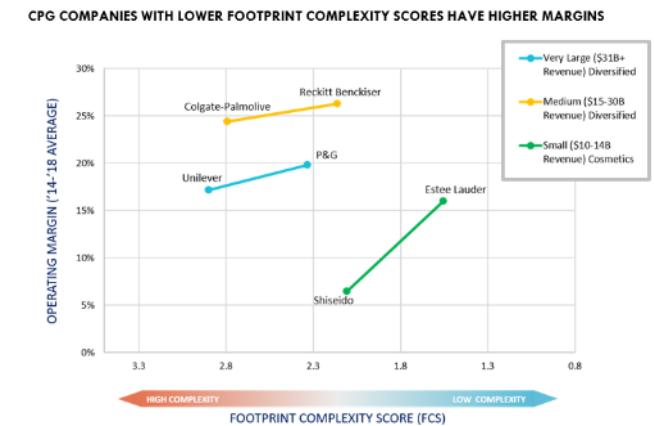
## Relative Performance to Peers



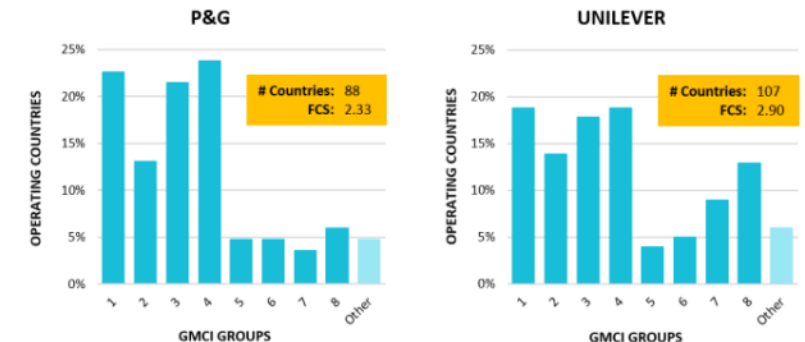
Selected Metrics— Services Peer Group		Median	Percentile
Total cost as % of revenue	1.16%	1.17%	
Personnel cost per finance FTE	\$131,050	\$80,000	
Total cost per finance FTE	\$134,519	\$132,000	
Finance FTEs per \$1 billion revenue	86.3	88.1	
Time allocated to transaction processing	69.8%	42.5%	

*Measure your financial performance and strategies against peers to identify areas of success, improvement opportunities, and how to set realistic goals*

## Geographic footprint score and context



UNILEVER'S FCS INDICATES A STRONGER FOCUS ON MORE COMPLEX GMCI GROUPS THAN P&G



# Reconsider participation strategy

With clarity around financial performance and your GMCI profile, it may make sense to consider: (a) an exit, (b) an expansion, or (c) a different participation strategy by country

## Understand Consumer Needs by Market

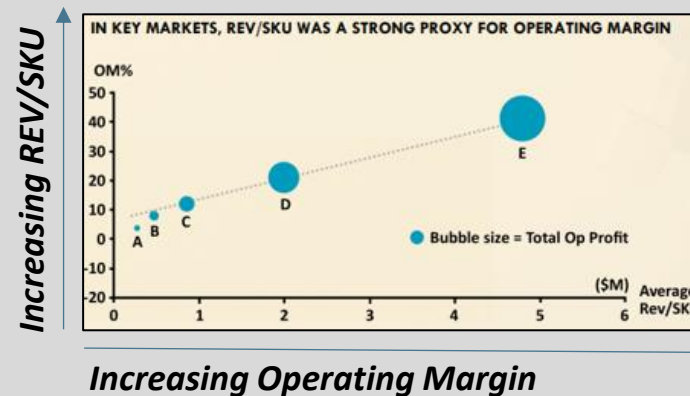
*A global, US-based cosmetics company grew through aggressive international expansion—utilizing the same product portfolio in each country*

However....



## Assess the Costs of Serving Customers

*Financial analysis uncovered that large portfolios in small markets (low revenue/SKU) was the primary driver of lower operating margin*



## Rethink Market Participation Strategy by Country

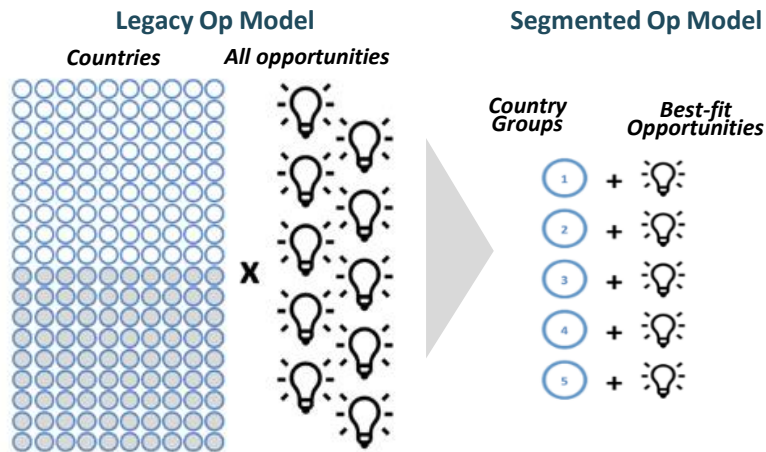
### Resolution

1. Customize product offering based on unique regional cosmetic preferences
2. Focus growth initiatives in markets with simpler portfolio requirements and higher demand

# Optimize your regional operating model

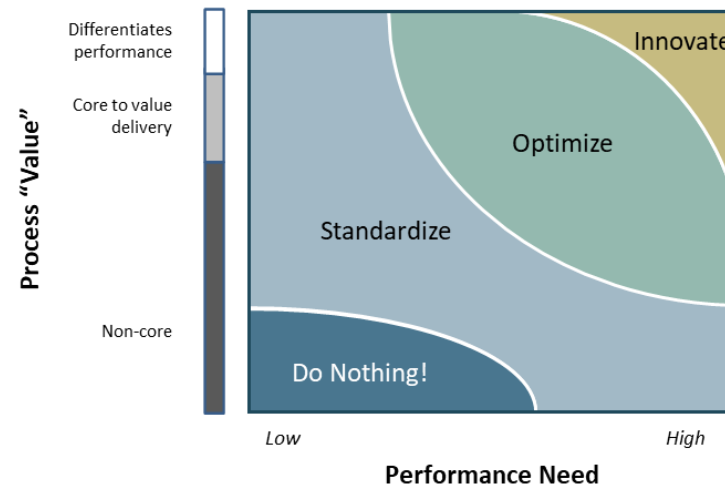
Given a set participation strategy, there are multiple levers for improving performance, leveraging knowledge from GMCI and improving financial performance

## Bifurcate/trifurcate the Op Model



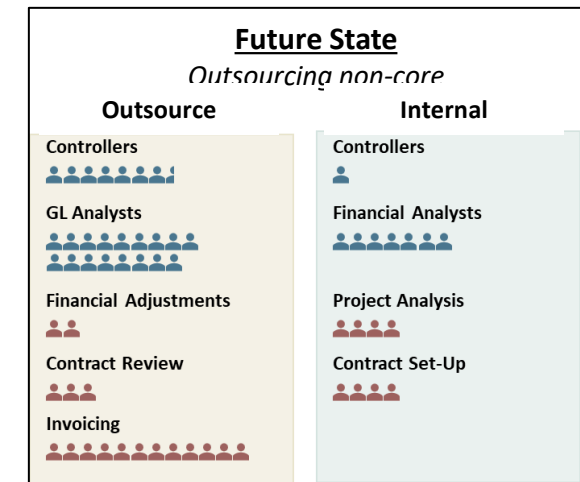
Re-org the business to align the op model with GMCI groups and build scale in business operations

## Adapt and segment processes



Re-think shared services and build end-to-end capability by group in processes such as Order-to-Cash

## Outsource when outside your core



Consider outsourcing key capabilities required in non-core GMCI groups

Additional levers include: pricing (for higher complexity), automation, operational consolidation



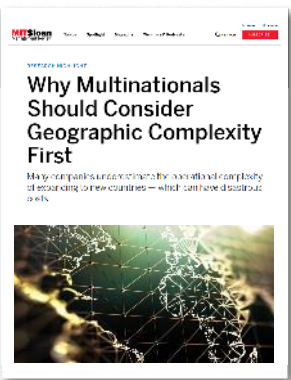
# Key Takeaways

1. **Complexity is a defining issue of our age**, with real impacts on businesses
2. **The challenge for multinationals is multiplicative**—a 10-fold challenge with geographic complexity
3. **GMCI fills a critical data gap** that helps organizations rethink regional strategies
4. Not just a matter of looking at expansion and exits, but **how to better organize across countries (op models)**
5. **Managing complexity is a competitive advantage!**



# Put GMCI insights into action with these WP&C resources

## Why Multinationals Should Consider Geographic Complexity First



***WP&C's research published in MIT Sloan Management Review.***

Companies underestimating the complexity of expanding to new countries can have disastrous costs

[READ THE ARTICLE >](#)

## Calculate Your Footprint Complexity



Calculate your Footprint Complexity Score to unlock insights into the geographic complexity of your operations, expansion, and contraction strategies compared to competitors

[READ THE ARTICLE >](#)

## Right-Size Your Geographic Footprint



Calculate the spread of your geographic footprint across GMCI complexity groups and assess if it aligns with your overall strategy

[READ THE ARTICLE >](#)

## Articulate Your Geographic Strategy



Uncover how complexity correlates with profitability and how to develop a 'macro' geographic strategy to win in new markets

[READ THE ARTICLE >](#)

# Your feedback and outreach are welcome



**CONTACT STEPHEN WILSON** | [swilson@wilsonperumal.com](mailto:swilson@wilsonperumal.com)  
Wilson Perumal & Company





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- [People are Assets, Not Threats: The Missing Piece of Your Cybersecurity Strategy](#)
- [IT Complexity: The Reason Your ZTNA Deployment Will Fail \(Just Like Many Digital Transformations\)](#)