



Strategic Responses to Global Terrorism

- Moderator: **Jan W. Rivkin**, *Professor of Business Administration*
- Panelists: **Craig P. Coy**, *President and COO, L-3 Homeland Security Group*
Arthur M. Cummings III, *Executive Assistant Director, National Security Branch, FBI*

Overview

Terrorism represents a significant threat to global business. The fact is that globalization and terrorism are inextricably linked. Globalization has exacerbated the intercultural tensions that give rise to terrorism, facilitated the means of terrorism, and arguably might be the antidote for terrorism in the future. Businesses—like governments—have a role to play in confronting terrorism both strategically and tactically.

Context

Professor Rivkin led a discussion by these panelists about the global terror threat. Shaping their comments were the questions:

- How might global terror evolve?
- What implications does that evolution have for businesses and for business leaders?
- What can businesses and business leaders do to aid in the fight against terror?

Key Takeaways

- **Globalization can be viewed as both a cause of and potential cure for terrorism.**

How does globalization relate to terrorism?

- The increased mobility of people, technology, goods, and ideas have fomented intercultural frictions and have facilitated terrorists' activities.

"Some of the claimed grievances of terrorists throughout many decades have been related to globalization . . . [most recently] the alleged threat of the Westernization of Muslim nations."
— Jan W. Rivkin

- Terrorism can disturb the flow of goods and services that globalization promotes.
- Businesses have a role in fighting terrorism, as the ability to engage in global commerce depends on the unimpeded cross-border flow of goods, services, and information.
- Government organizations that fight terrorism have learned lessons about coordinating efforts that have applicability to the private sector as organizations cope with challenges that span functional silos.
- Some argue that globalization may be a cure for terrorism, since it fosters interdependencies among nations, brings prosperity to more people, and exposes people to the perspectives of diverse cultures.

- **Al-Qa'ida remains a capable and lethal adversary.**

The terrorist threat to the U.S. homeland remains active, with no anticipated decline in the near future. While home-grown extremism in the United States remains a concern, the real threat continues to be Al-Qa'ida. Al-Qa'ida remains determined to kill Americans on American soil. Senior Al-Qa'ida leaders are running terrorist training camps within Pakistan's FATA—Federally Administered Tribal Areas. "They are there. They are entrenched. They are planning. They are well financed," said Mr. Cummings.

"Al-Qa'ida since 2005 has reconstituted, and [Americans] are their target."
— Arthur M. Cummings III

The only saving grace is that Al-Qa'ida is hotly pursued by multiple nations, making planning and execution of plots difficult. In addition, the tightened security and heightened public awareness since 9/11 have helped U.S. authorities avert and disrupt attacks (by Al-Qa'ida and others). Some Al-Qa'ida operatives (now caught) were in the United States for a year researching targets and gave up, saying the environment was too tough to work in.

In Mr. Cummings's view, there have been occasions when the United States has had the opportunity to strike known Al-Qa'ida training camps along the Pakistan/Afghanistan border. But for foreign policy reasons the United States has chosen not to strike, allowing Al-Qa'ida to regroup, organize, and train, all with the intent of killing Americans. Neither terrorism nor Al-Qa'ida is going away soon.

- **In coming years, the FBI's terrorism efforts will focus on Al-Qa'ida and cyberterrorism.**

Over the next five years, Mr. Cummings expects the FBI's National Security Branch to concentrate on:

- *Al-Qa'ida*. This organization cannot survive without a sanctuary. Whether or not Pakistan stabilizes and gets control of its frontier areas will dictate whether it can remain there. If the FATA become inhospitable, Al-Qa'ida might end up in Northern Africa, where it has affiliations and sympathies. In anticipation, the United States and allies are working to "dry up" those potential sanctuaries, making them unwelcome new homes.
- *Cyberterrorism*. China ("almost overtly") and other countries have state-sponsored defense industries that are electronically stealing proprietary R&D from private computer systems, at an astounding rate. What is being stolen is not "top secret" technology but the R&D that precedes it, often multiple small R&D projects the thieves have figured out are slated to be combined to create new technology.



“The picture is very, very bleak in terms of the amount of information being taken out of the United States on a regular basis.”

— Arthur M. Cummings III

▪ **Business has a role confronting terrorism, both tactically and strategically.**

Global trade and its related infrastructures are crucial to Americans' way of life. Global trade promotes prosperity, brings opportunity, and allows us to come and go as we wish. Terrorism threatens critical business infrastructures, supply chains, and operations.

The government has identified 16 sectors of critical infrastructure with 400 to 500 critical sites. Among them is the oil industry's critical infrastructure, which is a particularly vulnerable target given:

- The political instability of key oil-producing nations.
- That 80% of the world's oil flows through three major check points: the Suez Canal, the Strait of Hormuz, and the Straits of Malacca, which are in politically unstable regions.
- The dependence of the U.S. economy on oil. Of the energy used in the United States, 40% is oil based; of the energy used for transportation, 97% is oil based.

For business, terrorism is a risk-management issue. To address it, action must be both strategic and tactical.

On a strategic level, to the extent that business and government leaders promote peace and prosperity, they will be delivering a blow to terrorism. Peace and prosperity, believes Mr. Coy, are mutually reinforcing ideals, organically connected. Globalization that lifts standards of living will undermine the relative deprivation that fuels antagonism of one group toward another. The globalization that brings diverse cultures into contact will promote peace and mutual understanding.

“No solution that I know of holds greater promise for suppressing once and for all the threats we face from those who would harm us than a world united by peaceful and productive and safe commerce.”

— Craig P. Coy

Protective tactics can be hard to justify on an ROI basis, but not investing in these is short-sighted. Risk manage-

ment tactics include building resilience into supply chains and infrastructures, increasing the speed and sharing of information, implementing security measures, and leveraging diversity-focused and culturally focused intelligence. The future may hold innovative private- and public-sector partnerships in the counterterrorism arena.

Other Important Points

- **Few deaths.** Between 1968 and 2006, international terrorism was responsible for 35,000 deaths. While a significant number, terrorism is responsible for far fewer deaths than smoking or automobile accidents. Still, these deaths seem senseless and arbitrary, and people perceive a lack of control.
- **Information revolution.** Google Streets and other technologies have changed the game for terrorists. Terrorists don't have to be on American soil to plan an attack when they can walk and view the streets virtually.
- **Low tech, no touch.** No one in Osama Bin Laden's personal sphere uses cell phones or the Internet. Thumb drives, yes; transmissions of any kind, no. “They've gone backwards technologically to remain undetected, and it's served them well,” said Mr. Cummings.
- **Constitutionally solid.** The FBI has come under attack from the civil-liberties defenders for its data-mining tactics. For the first time in history, new guidelines allow the FBI to collect data on individuals about whom it has no prior information. Critics seem not to understand that the data gathering is not arbitrary, capricious, or motivated by bias. It is intelligence-driven—collected about people who fit certain demographic or behavioral profiles (e.g., young men traveling to Pakistan and staying as long as Al-Qa'ida trainees tend to). Such non-arbitrary techniques do not come close to violating civil liberties as defined by the Constitution. The Constitution presents no challenge for the FBI; it is the framework within which the Bureau works and wants to work.
- **Money still flows.** It doesn't seem that Al-Qa'ida has any money issues. Despite the efforts of hundreds of people in the FBI and other government agencies who have frozen hundreds of millions of dollars in funds used to fund Al-Qa'ida—mainly from legitimate charities that skim some money off the top to support “the cause”—good intelligence suggests that Al-Qa'ida doesn't have any issues raising money.



Speaker Biographies

Jan W. Rivkin, Ph.D. BE 1997 (Moderator)

Professor of Business Administration

Jan Rivkin is a professor in HBS's Strategy unit. His research, course development, and teaching efforts examine the interactions and connections that link marketing, production, logistics, finance, human resource management, and other parts of a firm. His work analyzes how such interactions constrain managerial behavior and how managers use cognitive devices and organizational design to cope with decisions whose ramifications span boundaries. His scholarly work has appeared in *Management Science*, *Organization Science*, the *Strategic Management Journal*, the *Academy of Management Journal*, and *Research Policy*. Much of his scholarly work uses simulations of complex adaptive systems to examine the theoretical implications of cross-cutting interactions. His empirical work on the topic employs a mix of large-scale statistical studies, field research, and case studies.

Most of those case studies appear in his second-year MBA course *Advanced Competitive Strategy: Integrating the Enterprise*, which aims to improve students' ability to integrate across the parts of the companies they will manage. It gives students a body of concepts for thinking about cross-cutting interactions, a set of tools for making decisions with boundary-spanning implications, and in-class practice with such decisions. A comprehensive description of *Advanced Competitive Strategy* is available to fellow educators via Harvard Business Publishing. In support of the course and related research, Rivkin has completed case studies on Airborne Express, BMG Entertainment, Dell, Delta Air Lines, Husky Injection Molding Systems, Lycos, Ryanair, Whirlpool Corporation, and Yahoo!, among others.

Rivkin received his Ph.D. in business economics from Harvard. Earlier, he studied chemical engineering and public policy at Princeton and obtained a MS in economics from the London School of Economics on a Marshall scholarship. Before pursuing his doctorate, Rivkin led case teams and managed client relationships at Monitor Company, a strategy consulting firm based in Cambridge, Massachusetts. There, he took a leading role in developing Monitor's competitive simulator, a product that permits managers to practice competitive moves in a computerized environment before executing them in the marketplace.

Rivkin and his wife live in Newton, Massachusetts, with their two sons.

Craig P. Coy, MBA 1983

President and COO, L-3 Homeland Security Group

Craig Coy became president and COO of the newly established L-3 Homeland Security Group in July 2006, overseeing the group's operations and coordinating its capabilities across product lines and three operating divisions: Security & Detection Systems, CyTerra, and SafeView. This market comprises a number of product

segments, including intrusion detection; port, border, and airport security; secure communications; feasibility studies; and requirements training.

Coy served as CEO of the Massachusetts Port Authority (Massport) beginning in April 2002 during the aftermath of 9/11. He instituted sweeping management and operational changes to Logan International Airport, the Port of Boston, the Tobin Memorial Bridge, Hanscom Field in Bedford, Worcester Regional Airport, and the development of Massport-owned property. At Massport, Coy led the implementation of Logan's 100 percent bag-screening program, the nation's first permanent system approved for a major U.S. international airport.

From 1999 to 2002, Coy was CEO and president of HR Logic Inc., a \$1.7 billion business-outsourcing services company. He also spent eight years providing the aerospace industry with logistical support, maintenance, and training services as vice president and general manager of Lear Siegler Services Inc.

Before his career in the private sector, Coy served in the U.S. Coast Guard for more than 20 years in various capacities, including COO for activities in Europe and director of the Commandant's Strategic Planning Office. During these years, as a helicopter aircraft commander and engineering officer, he flew rescue, environmental protection, and drug interdiction missions from Cape Cod to Coos Bay, Oregon.

In 1983 Coy was named a White House Fellow and worked with President Reagan's domestic policy advisor and on then Vice President George H.W. Bush's counterterrorism task force. He eventually became deputy director for counterterrorism at the National Security Council and then served as the assistant to the chairman (the attorney general) of the National Drug Policy Board.

He is a graduate of the U.S. Coast Guard Academy (BS) and HBS (MBA). Coy serves on the boards of the White House Fellows Foundation and the New England Council and is a member of the Council on Foreign Relations.

Arthur M. Cummings III

Executive Assistant Director, National Security Branch, FBI

Arthur Cummings was appointed executive assistant director of the FBI's National Security Branch in January 2008 to oversee its counterterrorism, counterintelligence, weapons of mass destruction, and intelligence programs as well as the Terrorist Screening Center. Cummings is the lead FBI official responsible for coordination and liaison with the U.S. director of national intelligence and the rest of the intelligence community. Earlier, he was deputy assistant director of the Counterterrorism Division at FBI headquarters.

Since he became an FBI special agent in 1987, Cummings has been assigned to five field offices and to the Counterterrorism Division at FBI headquarters three times.



He has managed counterterrorism, counterintelligence, violent crimes, and drug programs in several field offices and has deployed overseas to support several major counterterrorism investigations.

After the attacks on September 11, 2001, Cummings was assigned to the Counterterrorism Division, where he played a key role in reorganizing the FBI's counterterrorism program and later served as chief of the counterterrorism operational response section, responsible for development and oversight of FBI operations in foreign theaters such as Afghanistan.

In 2003 Cummings became chief of the international terrorism operations section, responsible for developing and managing FBI strategy and operations directed against Al Qaeda and its affiliated organizations and networks.

From November 2004 through December 2005, Cummings was deputy director of the National Counterterrorism Center, a multiagency organization dedicated to eliminating the terrorist threat to U.S. interests domestically and abroad. He was charged with implementing comprehensive intelligence reform legislation and with developing a national strategic operational plan for combatting terrorism. In December 2005, he became one of the FBI's first certified intelligence officers. Cummings was then named special agent in charge of the counterterrorism division and intelligence branch of the FBI's Washington Field Office, responsible for counterterrorism operations in the national capital region and for investigations of terrorist acts against U.S. citizens and interests overseas.

Cummings has received the 2004 Attorney General's Award for Exceptional Service and the 2006 Presidential Rank Award for Meritorious Executive. A former Navy SEAL, he is a graduate of the University of California, San Diego.