

**THE 'FINANCIAL HURRICANE' NOW** hitting markets worldwide has been taking place within global contexts that were already highly perturbed. There is no escaping the conclusion that we have lost our capacity to understand the risks and crises that beset us today; that our best practices are now inadequate. It behoves us to react.

The first imperative is to take the full measure of how thoroughly the scene has changed. We had become used to risks that were singular, compartmentalised, limited, charted, controlled and insured. We now find ourselves faced with systemic risks, with dynamics that threaten to bring about fundamental breakdowns. This is true on all fronts.

In the financial world, crises have spilled over to acquire economic, social, even geo-strategic implications. With respect to weather disruptions, Katrina, in August 2005, was not in fact a 'hurricane' but, as Admiral Thad Allen, Commandant, United States Coast Guard, put it: "...the equivalent of a weapon of mass destruction being used on the city without criminality."

The same domino effects have been apparent with regard to public health, technology and acts of terrorism. All these risks are covered by financial and insurance companies, which will bear the brunt of the latest crisis.

# The financial crisis

**Xavier Guilhou and Dr Patrick Lagadec** discuss the recent worldwide financial turmoil and how we can prevent the next crisis from escalating

The second imperative is to identify the main pitfalls that must be avoided; whether that is capitulation pure and simple, based on the notion that what we are facing is simply exceptional, or ill-advised efforts to reassure

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the public. Other pitfalls could be cynicism or mistaken diagnoses – for example, when we pull a plan from our shelves, only to realise belatedly that it is the wrong one.

The third imperative concerns a 'stakeholders' map' of all those who should be given a say. All emerging crises will make

it necessary to embrace a global and local dimension immediately – public as well as private participants – most notably, critical infrastructure providers, field response teams, NGOs, civil society and so on.

For all its claims to coherence, centralisation is not the answer. Those who fared best through Katrina were those who proved capable of empowering their teams and family networks through a relationship of trust. Today's crises arise from the bottom up: we cannot expect to prevail upon them through bureaucratic top-down plans.

The fourth imperative once a crisis hits is to determine quickly not so much a global plan for action, but rather a few game-changing initiatives that will restore a degree of sensibility. Instead of simply striving to reassure clients by using phrases like: "This time, we can be trusted," we should aim to identify and



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launch shared initiatives which will truly rebuild the foundations of trust. This is clearly most challenging imperative as we confront today's confusing and blurred environments.

To sum up – what is the essence of the problem? What are the pitfalls? Who are the stakeholders? What would the game-changing initiatives be? These questions are the four pillars of the approach that we advocate in order to enable early detection of unconventional warning signals (often the harbingers of major destabilisation), and to assist the strategic management of severe disruptions. In concrete terms, this framework has now been fleshed out with the setting up of Rapid Reflection Forces: groups that combine a wide array of backgrounds, and assist leadership structures by scanning and

tackling the most challenging questions on the horizon (CRJ 2:1; 2:3; 3:1; 3:2; and 3:4).

The fundamental goal is to move away from a logic that favours preset responses systematically, in favour of a culture that puts the onus on out-of-the-box – even bold – thinking and initiatives.

Within France, EDF has been a pioneer in systemising recourse to this approach. The challenge now is to take the next step and ensure that this example is followed by other national and international organisations. This is what we have strived to achieve, for instance through a project undertaken under the aegis of the Centre for Transatlantic Relations (SAIS, Johns Hopkins University) in Washington, DC, bringing together government officials, private sector leaders, and NGOs from both sides of the Atlantic.

Yet we can only succeed in this endeavour if two barriers are broken down. Leaders must now fully commit to focussing their attention on challenges that lie beyond the bounds of normality. In addition, organisations at all levels must strive to prepare for the complexity that characterises unconventional crises: an especially difficult challenge since the prevailing culture today, as acquired in elite educational establishments, is not only inadequate, but positively hostile to such a paradigmatic change.

Further, standard exercises cannot contribute much, if at all, to alter this state of affairs. Those who are trained to meet all challenges through systematic recourse to pre-formatted 'best answers' will inevitably find themselves at a loss when confronted with disruptions that call for intellectual curiosity, as well as individual and collective resourcefulness.

One of the official reports on the Katrina fiasco asked: "Why do we continually seem to be one disaster behind?" Therein lies the challenge in times of upheaval and turmoil. It is incumbent upon us to develop practices that will be as unconventional as the crises we confront, so that the 'next report' will not, yet again, regret that we prepared for the wrong war.

■ Original article published in *Le Figaro (France)* on October 4, 2008

## CRJ EDITORIAL ADVISORY PANEL

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**Richard Bingley** Executive Director for Security and Policing at London First, UK

**Mical de Boer** Business Continuity Director of De Boer Structures (UK) Limited

**Chris Braithwaite** BA (Econ), MDA, Business Manager for VT Critical Services, UK

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**Arthur Rabjohn** President, IAEM Europa

### Editorial Advisory Panel news

The Swiss Federal Council has appointed **Toni Frisch**, previously Head of the Swiss Agency for Development and Co-operation's (SDC) Humanitarian Aid Department, to the post of Deputy Director-General.

**Toni Frisch**, who is a member of CRJ's Editorial Advisory Panel, took over his new function on October 15, 2008, while continuing to head the Humanitarian Aid Department.

**S K Dogra** is now Additional Director General of Police in charge of Traffic Planning, Tamil Nadu, India. Previous posts that Mr Dogra has held include Director of the Tamil Nadu Fire Service and Director of Prosecutions. Mr Dogra has also been awarded a Medal for Distinguished Service.

**WE ARE DELIGHTED** to welcome two new members to our Editorial Advisory Panel:

**Mical de Boer**, Business Continuity Director of De Boer Structures (UK) Limited, holds a BAC in Economics and an MA in Organisational Science. Mical joined De Boer's UK operation in Brackley, Northamptonshire,

five years ago. The company, which is headquartered in the Netherlands, has over 80 years experience of providing rapid re-locatable buildings.

Mical brought his innovative thinking and experience to the UK to develop De Boer's Disaster Recovery and Business Continuity Rapid Response Space solutions. At an early stage he became involved with the UK Government to develop a solution for London in the event of a terrorist incident resulting in a significant amount of casualties.

In the immediate aftermath of the July 7, London bombings Mical spearheaded De Boer's response team, which swiftly provided re-locatable mortuary and on-scene forensic science facilities.



De Boer has supplied emergency support for a diverse range of challenges and worked with high-profile projects for the UK Government, US Government and Dutch Royal Family. The company was called upon by governments and resilience experts in the wake of international incidents such as the Asian Tsunami and Hurricane Katrina.

**Richard Bingley** is Executive Director for Security and Policing at London First – a membership organisation for London's largest employers. Originally from a journalistic and public relations background, Richard moved into international security analysis some years ago. Richard has published books on the defence trade and global terrorism.

His team at London First brings businesses together to work with the police and the UK Government, ensuring that employers are now better prepared and more strongly protected against emerging threat scenarios. Richard has an MA in International Relations from Leeds University in the UK.

