

GLOOM TO BOOM

ANDREA
BONIME-BLANC

How Leaders Transform Risk
into Resilience and Value



ROUTLEDGE

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For my father



At Hokkaido Lake, Japan, circa 1947

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Introduction

A time of dangerous opportunity,
attractive risk and necessary invention

Mater artium necessitas. (Latin)
Maybe Plato

Necessity is the mother of invention.
Roger Ascham, *Toxophilus*, 1545

Art imitates Nature, and Necessity is the Mother of Invention
Sir Walter Scott, 1658

الحاجة ام الاختراع. (Arabic)
which literally means “necessity is the mother of invention”

Голь на выдумки хитра (Russian)
which literally means “poor people are crafty”.

Potrzeba jest matką wynalazków (Polish)
which literally means “necessity is the mother of the inventions”.¹

1 Background

1.a “WEIJI”

A few years ago, I was visiting Seoul, South Korea, to give a keynote speech on reputation risk and opportunity at the Good Corporation Annual Conference. It was attended by about 700 participants, most of whom were men in suits, but there were a few women too. Among the organizers was Dr. Jong Nam Oh, an illustrious business and government leader, with whom I shared a lovely breakfast and my fascination with the notion of risk and opportunity, including the idea (which is more of an obsession, hence this book) of transforming risk to value.

It was then that Dr. Oh shared with me the Chinese word “Weiji” which loosely means both risk and opportunity or the idea that there is opportunity embedded in every risk – that there is “dangerous opportunity” or (my words) “attractive risk”. I loved that there was such a word that captured the object of my obsession since we don’t have any such word in the English language

(at least that I know of). I ended up writing an article about my observations of the state of corporate integrity and ethics in South Korea shortly thereafter titled “Dangerous Opportunity” which was my best and yet insufficient attempt at exploring that wonderful concept.

So here we are a few years later, and my obsession with transforming risk into value has now materialized into this book, for better or for worse. It is a book containing many thousands of words instead of one but hopefully it will serve as a vehicle that puts the meat on the bone of this concept in a way that is illustrative, educational, practical and actionable. It is my attempt to transform theory into practice, or better yet to transform our thinking about challenge and adversity into constructive and sustainable action.

And, yes, I acknowledge that the title of this book *Gloom to Boom* is a little risqué and maybe a little funny as well – but without risk and without fun there isn’t much opportunity and without opportunity there is little chance of positive value creation – whatever that value might be: social good, individual growth, corporate earnings or national and international peace and stability. So I’m going to go with the *Gloom to Boom* title! And, frankly, the subtitle “How Leaders Transform Risk into Resilience and Value” hopefully makes the point of the book clear anyway!

1.b A personal note on risk, resilience, opportunity and value

The theme of this book is the theme of my own life (and I’m sure that of many of my readers), and I think it bears a brief mention. Without going into gory detail, the first stage of my life (my first 20 years) was full of risk and opportunity – the risk and challenge of living in a dysfunctional home, losing a father to alcohol as a preteen, my mother’s struggle to make ends meet when he left us penniless, being uprooted from the only place I knew and loved (Malaga, Spain).

But looking at all of those things that were challenges, there was also real opportunity – the opportunity of living in Spain as a child, which gave me all kinds of gifts for life (language, culture, wonderful friends), the gift of an amazingly resilient, supportive and loving mother who got us through the toughest of times and the gift (as much as I didn’t consider it to be one at the time) of arriving in New York City at age 17 where opportunity (unbeknownst to me in my teenage depression) awaited. I have lived in New York City ever since, turning my early despondency into hard work and study, and have been blessed with an incredible family, friends, career and, in recent years, a new calling (see the next paragraph). And now I get to write this book. You might call me a glutton for punishment, but gratitude is all I feel in my heart.

Another personal note. Seven years ago, I left the corporate world rather abruptly after 18 years as a corporate executive in four diverse and exciting global companies (and previous to that almost a decade on Wall Street in the “greed was good” era). My sudden departure from the relative comfort, predictability and safety of the corporate world to start my own business presented an enormous risk to me professionally and personally – as the primary breadwinner of my extended family, how was I going to pay the bills? What

was I going to do that was meaningful, let alone allow me to make ends meet? How the heck was I going to find clients, since the idea of doing sales made me cringe? What would my friends and family say – had I lost my mind?

Yet, as the saying goes: “necessity is the mother of invention” and that’s what happened to me. Because I no longer had the comfort of the corporate mother-ship, I detected a life-changing opportunity – that of marching to my own drum-beat doing what I love to do and finding a way to make a living off of it. And almost seven years after launching my business I can say that (at least for now) my new calling – as an independent global strategic risk and opportunity adviser to business, government and NGOs, author, speaker and board member – has far exceeded my wildest dreams. I can truly say that I have reached my own personal “Ikigai”. And to understand what that last sentence means you have to read this entire book (or skip to the last paragraph of the last chapter). She said, smiling.

1.c A risky world full of opportunities

We live in a risky world and I’m willing to take the risk that many of my readers are people who are looking to create positive change in this very turbulent, confusing and, dare I say, increasingly dangerous world. This is a hopeful book written during time of great chaos and turmoil. It is a book that promises a more positive future if we collectively will it that way.

This book is about a voyage – a turbulent but (hopefully) enthralling trip from Gloom to Boom – a virtual trip through the Scylla and Charybdis of our modern turbulent times. We will embark on a voyage that will take us around the world to various locations and situations in which companies, non-governmental organizations (NGOs), government agencies and other forms of organized human activity have, on the one hand, faced challenge and hardship in the form of a risk gone wrong, a crisis or scandal and, on the other, have learned from these challenges and created resilience, opportunity and even greater value for their stakeholders.

This book is about giving leaders – executives, board members, investors, advisors and students in business, nonprofits, academia and government officials – the tools, techniques and business case to understand their greatest challenges and risks, manage and mitigate them but, more importantly, take on these challenges and transform them into resilience and value for their organizations.

We are living in a time of possibly unprecedented global turmoil, turbulence and change in just about every sphere of life – technological, political, transnational, social, economic. Every organization needs both an anchor and a sail – the anchor to be grounded when and however necessary – and a sail to pursue the opportunities and even dreams of the collective entity. The leaders are the captains and sailors who calibrate how best to navigate the Scylla and Charybdis of this time of hyper-transparency, super-connectivity, fake news, profound geopolitical disruption and technological tectonic shifts.

This book aims at changing how leaders view risk and challenge so that they view them as opportunity and value. By using illustrative cases throughout the book, we look to inform on how this can be done – how risk and challenge can

be integrated and embedded deeply into an organization’s strategy and business plan. By showing companies and entities that have transformed their risk into opportunity and value, we hope to inspire organizations on the importance of integrating integrity, resilience, risk and strategy to create maximum value.

1.d Introducing the concept of ESGT

Companies have traditionally focused on financial and operational matters by developing a good understanding of how to run and measure the financial aspects of their business. The same cannot be said about how they understand or manage a host of nonfinancial issues and activities that are deeply intertwined with running a successful business (or another type of organization). And such nonfinancial issues ultimately have deeply impactful financial and reputational consequences.

These nonfinancial issues – often referred to as environmental, social and governance (“ESG”) – are often relegated to second-class status in the hierarchy of running a business successfully. ESG matters are often siloed or worse, considered to be an unnecessary cost center (an albatross around the neck) to business. If they have a budget line item at all, often ESG matters are the first to be cut or exist in a disaggregated, uncoordinated manner, on budget life support without real depth or materiality to the business. The word “greenwashing” comes to mind.

Well – despite the not yet completely recognized importance of ESG, this book not only focuses on the deep and broad importance of ESG issues, risk, opportunities and value creation to all types of organization, it is about more than ESG. Because we are living in a time of unprecedented invention, innovation and technological change, I am offering a new, more complete moniker for our age – and it is “ESGT” – environment, social, governance and technology.

Technology pervades and suffuses everything we do and will do so even more, if that is possible, in the coming age dominated by artificial intelligence (AI), machine learning, deep learning, robotics, augmented and virtual reality, 5G, bioengineering, digitalization, cyber-insecurity, quantum computing, nanotechnology and god knows what else. And, frankly, technological change may be so profound and existential that we may be moving into the age of the “singularity” not so far from now where humans and machines are one. To not include technology in a classification of key ESG or ESGT issues is to be blinded by the light.

Thus, the topics we examine in this book are organized and bucketed into these four categories of “nonfinancial” or “ESGT” issues which nevertheless have a potentially lasting, pervasive, direct impact on the financial and reputational well-being of human ecosystems we call companies, NGOs, universities and government agencies and other organizational forms. And ESGT issues aren’t issues that live in silos either – ESGT issues are interconnected and intertwined – something we repeatedly emphasize throughout this book both in content and visually through some of our figures and charts.

Table I.1 provides a sneak preview of what we mean by ESGT issues explored in great detail in Part II of this book, titled “Navigating the Scylla and Charybdis of environment, society, governance and technology (‘ESGT’)”.

Table I.1 A sampling of ESGT issues – a sneak preview

<i>Environmental</i>	<i>Social</i>	<i>Governance</i>	<i>Technology</i>
<ul style="list-style-type: none"> • Climate change • Sustainability • Water • Air • Earth • Carbon emissions • Energy efficiency • Natural resources • Hazardous waste • Recycled material use • Clean technology • Green buildings • Biodiversity • Animal rights • Pandemics 	<ul style="list-style-type: none"> • Human rights • Labor rights • Child labor • Human trafficking • Human slavery • Health and safety • Workplace conditions • Workplace violence • Product safety • Fair trade • Data privacy • Discrimination • Harassment • Bullying/mobbing • Diversity and inclusion 	<ul style="list-style-type: none"> • Corporate governance • Leadership • Culture • Business ethics • Geopolitics • Corruption/bribery • Fraud • Money laundering • Anti-competition/anti-trust • Regulatory compliance • Conflicts of interest • Compensation disclosure 	<ul style="list-style-type: none"> • Cyber-security • AI geopolitics • Data mining • Internet of things • Artificial intelligence • Machine learning • Deep learning • Robotics • Automated robotic processing • Military robotics • Surveillance • Dark web • Fake news • Deep fakes – visual • Deep fakes – audio • Biometrics • Wearables • Nanotechnology • Bioengineering • Crispr

Source: Author.

Let's turn now to what you will find in this book in a quick overview of its three parts and eight chapters.

2 The book – Overview

Gloom to Boom is organized as a journey from a place of turbulence (Part I – Gloom) to a place of constructive empowerment and resilience (Part III – Boom), traveling through a Scylla and Charybdis landscape (or seascape) of ESGT issues, risks, opportunities and value (Part II).

PART I – GLOOM: SURVIVING AND THRIVING IN TURBULENT TIMES

The purpose of Part I is to lay down the current factors that are contributing to our general sense of change and turbulence. The point is to assist those of us hell-bent on providing solutions and being optimistic about the long term with the context and perspective we need to take this on as a long-term project – to get past “gloom”.

Chapter 1 – Gloom: the ten megatrends of our turbulent times

This chapter examines the ten megatrends of our turbulent times to paint the context and situational awareness that are defining our global moment. The purpose of this chapter is to lay the groundwork of the overall argument we make in this book: while we live in a time of turbulence that is unlikely to change dramatically for the foreseeable future, we also live in a time of unprecedented opportunity for value creation afforded especially by technology and science innovation.

Chapter 2 – Leadership: surviving and thriving with a culture of integrity

What is the indispensable be-all and end-all of organizational success? It is great leadership – at every level and in every context. This chapter has three main parts – leadership, culture and ethics. It starts by exploring leadership from the individual, psychological standpoint, looking at the leadership characteristics of toxic, sociopathic, hubristic leaders and those of great, high-integrity leaders. Then we look at the essential tools of leaders – culture and ethics – and how leaders, depending on who they are, affect and effect organizational culture – good, bad or indifferent. Finally, the role of organizational integrity and ethics is woven into this fundamental package, two things without which organizations are not fully equipped to navigate the shoals of Scylla and Charybdis. The chapter concludes with our typology of ESGT Leadership – from Irresponsible and Superficial Leaders to Responsible and Enlightened ones – something we revisit in the final two chapters of the book as a crucial component of what makes an organization resilient, sustainable and valuable to its stakeholders.

PART II – NAVIGATING THROUGH THE SCYLLA AND CHARYBDIS OF ENVIRONMENT, SOCIETY, GOVERNANCE AND TECHNOLOGY (ESGT)

Part II of *Gloom to Boom* takes on us on a journey around the world to look at a variety of risks and opportunities confronting all forms of human endeavor and community today. From companies and NGOs to government agencies and academia there is a world of ESGT issues that each organization needs to understand, navigate and address on behalf of its stakeholders.

Each of the four chapters in Part II begins with an introductory overview of definitions, sources and resources relating to the specific topic (environment, society, governance and technology) to give the reader a sense of the sweep of sub-issues, risks and opportunities that exist in each category. The second, meatier part of each of these chapters, analyzes a handful of key strategic issues, risks and opportunities with cases and examples to illustrate the importance of the topic.

Chapter 3 – Environment: transforming environmental risk into opportunity from global warming to sustainable resilience

This chapter examines a variety of environmental issues – from climate change and plastic waste to the creation of environmentally friendly products and services and the building of urban and island resilience – that demonstrate that with the proper focus, any form of entity – company, NGO, government agency, community – can take its current environmental issues and risks and transform them into opportunity and potential value to their most important stakeholders.

Chapter 4 – Society: transforming social risk into opportunity from slavery and trafficking to safety and diversity

This chapter examines a variety of social issues – human slavery, workplace health and safety and diversity and inclusion – applying a similar lens of looking at examples of such risk and crisis gone wrong and gone right, gathering lessons learned from what happened to not only avoid the damage that might occur to both stakeholders and principals but also to create shared value for such stakeholders.

Chapter 5 – Governance: transforming governance risk into opportunity from authoritarianism to stakeholder centricity

This chapter explores governance at every level – from global inter-governmental governance and national governance down to typical corporate or nonprofit board governance. The issues we examine range from geopolitical risk, authoritarian regimes and illiberal democracy to specific governance issues such as fraud, corruption, board governance. The examples explored include a review of waves of scandal and reform from the 1970s to 2020, industry-wide scandals (in the financial and auto sectors) and Silicon Valley start-up and more mature company governance issues.

Chapter 6 – Technology: transforming technology risk into opportunity from cyber-fear to trusted tech

This chapter captures our bold attempt to add a fourth category to the ESG discussion to bring about a concept of ESGT where technological risks and opportunities are considered in their very own category of impactful and serious ESGT issues. From the challenges and opportunities that all forms of new technology – from AI and machine learning to nanotechnology and IoT – present to society, this Chapter tries to illustrate how each of these (and many more) technologies affect, intersect and pervade our everyday lives for good and for bad, in some cases predictably but mostly unpredictably. The chapter especially focuses on how to transform cyber-fear into cyber governance and how the big tech players can achieve tech trust in an increasingly complex world.

PART III – BOOM: ACHIEVING SUSTAINABLE RESILIENCE AND VALUE

Part III of this book takes us to the other side of Scylla and Charybdis, to a world of opportunity and value creation for the greatest number – i.e., all stakeholders with a stake in an organization’s ESGT issues. We do so in two concluding chapters that talk about the vicious cycle of the non-resilient organization, the virtuous cycle of the resilient entity and what it takes to become the highest achieving and most valuable types of organization for the greatest array of stakeholders – the Responsible and Transformational Organizations.

Chapter 7 – Metamorphosis: achieving organizational resilience

Chapter 7 lays out the foundations of a resilient organization. What does it mean to have organizational resilience? What are the key elements? What are the roles of leaders in achieving resilience? In this chapter we contrast the “Vicious Resilience Lifecycle” of non-resilient organizations to the “Virtuous Resilience Lifecycle” of resilient ones. We argue that regardless of the type of entity – government agency, start-up, multinational *Fortune 500* or university – there is a customizable way, even a formula, to get to organizational resilience. It consists of eight key elements that are interdependent and begin with foundational elements of “Lean-In Governance”, a “Culture of Integrity”, “Strategic ESGT” and culminate with “Crisis Readiness” and an “Innovation Ethos”. All of these concepts are illustrated with actual examples.

Chapter 8 – Boom: transforming resilience into sustainable value

Our final chapter represents the epitome of everything we have talked about in the preceding seven chapters. There are three main parts to this chapter: First, we combine the typology of ESGT Leadership explored in Chapter 2 with our typology of organizational resilience from Chapter 7 to produce a Typology of Organizational Resilience and Sustainability with six main categories – from the most frail and unsustainable – the “Outlaw” and “Compromised” Organizations to the most robust and resilient – the “Responsible” and “Transformational” Organizations. And in the process we name names of

actual companies, nonprofits and governments that fit each category. Second, we examine the concept of “Value” and “Values” with examples from a variety of top-notch resources (McKinsey, ECI, BCG, Catalyst, Ethical Systems and others), because at the end of the day it is value with values that should be the ultimate objective of any organizational strategy and its leadership for the benefit of their stakeholders. Finally, we offer a third and closing section to this chapter – future-proofing technology – to discuss a vitally important topic of our day: how do the highest levels of leadership – governance and C-Suites – tackle and ensure that tech fear is transformed into sustainable and valuable tech trust.

One last comment or “caveat emptor” to my readers: I am not an academic (though I have a PhD); I am and have always been a practitioner in my 30 plus years of work – first as a lawyer, then as a corporate executive and now as a strategic advisor, board member and author. But I have always had a passion for writing and capturing whatever I have learned in the real world on paper or virtually. So what you see in this book is a combination of accumulated lessons learned from a practical perspective throughout my career with a smattering of my own research and semi-scholarly work as well as a reliance on others’ scholarly or practical work which I widely reference throughout the book. Thus, what you will find won’t be original academic-style case studies and findings but my original and hopefully useful interpretation of what is going on in the global marketplace (broadly defined) with a call to arms to leaders everywhere to work on the better angels of our human nature by integrating ESGT, resilience and sustainability into their organizational strategy to the ultimate benefit of the broadest array of stakeholders.

With all that said, let us now suit up for our journey from *Gloom to Boom!*

Note

- 1 Wikipedia. https://en.wikipedia.org/wiki/Necessity_is_the_mother_of_invention. Accessed on November 30, 2018.