



# Prepare for the worst

The upheavals of the 21st century will challenge businesses and entrepreneurs to leave their comfort zone and become more resilient

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**I**s the world becoming more fragile? The simple answer is 'no'. Because the world has always been fragile. We have recently experienced improbable events, often referred to as 'Black Swans'. They occur more often than expected and show just how vulnerable our systems are.

The latest global crises in the still-young 21st century and millennium, like the coronavirus pandemic and the war in Ukraine, kick-start a sea change with an enormous impact for years to come. A radically different world is emerging and the rules of our global economy are being rewritten as we speak.

All this makes us more aware that something is wrong with our way of assessing risks. As in modern times, many think to have the ideal tools of futurology with its probability mathematics to help us predict the future. But probabilities are just that – probabilities – and they may or may not come true.

We think we understand what is going on in the world. But we ignore the complexity of dynamics, the free will of everyone and the random. We do not understand the world. We value facts too highly and let ourselves be guided by 'experts'. Not even the closing prices of the stock markets on the same day and indeed no crises or economic cycles are predictable.

The familiar world is no more. Many of the long-standing trends that had made life so pleasant for decision-makers in business and politics during the second half of the last century have broken decisively. We face the most profound economic contraction since World War II.

Such challenges, including climate change, 9/11, the financial crisis of 2008, disruptive technologies, supply chain disruptions, the period of negative interest rates and high inflation



A radically different world is emerging and the rules of our global economy are being rewritten. PHOTO: SHUTTERSTOCK.COM

show us that we do not know, cannot know, what further, possibly immense tests await us.

It also teaches us that putting economic interests above those of human rights, sustainability and defensible democracy, primarily focusing on the idol of cheap sourcing and production due to short-term profit maximisation and growth, comes with a heavy bill for us all. Instead of putting resilience on top of our strategy for our economies, businesses and environment and working with reliable sources and markets, we manoeuvred ourselves into high, avoidable dependencies of unreliable and unpredictable autocracies that do not share our hard-earned values.

The consequences will be less globalisation and, for a more extended period, also less prosperity. The corrective measures will cost vast sums of money and will likely drive up the inflation rate for many years to come.

However, the issue of resilience will be of paramount importance overall for the economy and all businesses. Therefore, entrepreneurs and managers alike

should deal with it to secure success.

Resilience is the ability to recover after a drastic, dramatic, even upsetting event or experience, a severe crisis, a trauma, to get one's head out of the mess again, to catch oneself, get back on one's feet and return to a healthier, more healed, better or more comfortable state, to contentment and well-being. It's about the recuperative, regenerative or self-healing capacity in medicine and psychology.

## “We face the most profound economic contraction since World War II”

The non-resilient person remains, for example, broken or disturbed or destroyed or remains in the eternal role of victim or remains in permanent outrage and revenge. So they don't come back to a state of satisfaction and well-being.

Apart from humans, including entrepreneurs and managers, the same applies in the broadest sense to the company's resilience and economies: i.e., which structures ensure the survival of any setbacks or crises or downturns without harming or even destroying its existence.

Would entrepreneurial and organisational resilience – meaning resistance to existence-threatening influences – be sufficient? Or shall we – to even prevent such impacts – go beyond resilience to anti-fragility, as the world-renowned bestselling author and radical Lebanese-American philosopher Nassim Nicholas Taleb (*The Black Swan, Antifragile*) suggests?

What is the difference? We know the term 'fragile' as an imprint on postal packages when fragile things are to be transported. What is the opposite of fragile? Robust, one would think, as a robust package would survive a transport undamaged. But this does not describe the exact opposite of fragile. The opposite would be a package with the imprint: "Please handle carelessly!". In

other words, a package that could withstand bumps and shocks and would even benefit from them.

Anything that benefits more than it suffers from random events or shocks is anti-fragile and vice versa. Marvellously, evolution is anti-fragile. Continuous disturbances have led to the genera becoming better and better – or extinct. Anti-fragile systems can cope with mistakes and errors; many minor troubles even increase the system's stability.

Micro and small entrepreneurs like taxi drivers, artisans or retailers are more anti-fragile than employees; their professions are much more robust, as their income is subject to fluctuations and business disruption.

They are used to constantly adapting and improving their business models. They have learned to live with uncertainty and know their risks, whereas these are widely hidden from employees. Once you master resilience, you can go to the next level, to anti-fragility. For example, I would definitely categorise

## CLASSIFIED NEWS

# The importance of having a Plan B and maximising one's options

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Steve Jobs and Elon Musk as anti-fragile entrepreneurs.

When we have numerical forecasts, people tend to drastically increase their risk-taking, even when they know the numbers are random. Systems based on the illusory assumption that you can calculate probabilities exactly tend to take more risk and head straight for disaster. So, our world becomes more fragile because we think we have things under control. We lull ourselves into a false sense of security and fail to prepare for the worst.

**“Success is one thing; holding on to it, enduring it and persevering is another thing”**

Risk researchers have found that simple rules of thumb work better than complicated procedures. This is a wake-up call to use our common sense. Because you usually can never misjudge like miscalculate. Heuristics based on experiential knowledge give surprisingly good results, not despite being intellectually modest but precisely because they are. They are easy to understand and apply and have another invaluable advantage over modern forecasting methods: their users know they are adequate for making decisions but not perfect.

Another strategy of anti-fragility is the *Via Negativa*: it is easier to know what is wrong than to find out what is right. A single small observation can disprove a claim (falsification), but



The entrepreneur or boss needs to know that their employees are not just numbers but real people. PHOTO: SHUTTERSTOCK.COM

conversely, millions of observations cannot prove a claim with absolute certainty. Negative knowledge is, therefore, more robust.

So, what does this teach us? If you are not a gambler but still very ambitious, venturesome, dream big and think positive, it is better to move forward with smaller steps and tolerable speed rather than giant steps and high speed. Asians, for example, prefer to take small but quick steps because one can quickly recognise wrong or harmful developments and correct them without too much damage.

The resilience capability of a company is a very individual thing, but there is still a general guideline one should follow, in my opinion.

Don't try to predict the future but prepare for a wide facet of contingencies and alternatives – even unpleasant ones. Always

have a Plan B! Do not put yourself in distress. Instead, maximise your options.

First, as a matter of principle, a company should not be built on “We do everything as quickly as possible, as big as possible, with as much success as possible, we push as hard as we can, we squeeze the lemon ruthlessly and as fast as possible.” Instead, think about it and aim at: “We can not only be successful but also want to maintain success – a robust and sustainable success!”

Second, let's think about how we deal with a constantly changing market, but a market that we still want to serve, look for long-term products, multiple branches, markets or pillars and networks. So that if one doesn't work, the other works. If you stand on only one leg from the beginning and it breaks down, your resilience to get back on your feet becomes terribly hard.

Third, another critical point is to ensure a good and healthy mix of your team, diversity and, above all, long-serving loyal employees. The young are encouraged to think about changes in moderation, bring changes to the table and possibly even implement changes, but only in a way that does not endanger the company's stability – thanks to the wisdom and experience of the older generation.

Fourth, success is one thing; holding on to it, enduring it and persevering is another thing. The first needs motivation, enthusiasm, rolling up one's sleeves and getting started, courage, daring and activity. But the other needs, above all, seriousness, sustainability, discipline, calm, reason, patience, a long-term mindset and people who function humbly.

Fifth, it needs a kind of a family idea to run a business for a long time, not necessarily a bloodline idea.

Sixth, the entrepreneur or boss needs to know that their employees are not just numbers but real people. They are valuable humans; everyone is irreplaceable in their way. And they all have a life outside of business and their job. They are all a company's greatest asset.

Dealing with them and our planet in a dignified, respectful manner, with a corresponding business policy and leadership, creates corporate loyalty. There needs to be a way to guarantee the proximity between top and bottom, the permeability. The greater the bonding, the more resilient the company becomes.

Seventh, if a company is to last 50 or 100 years, what does it need? First, it requires several products that will last long because a business can only survive for generations if it provides products or services adapted to the subject of demand and the zeitgeist.

Today's specialisation is not suitable for this. It always makes sense to broaden a company, observe sustainable trends (not hypes), adopt, possibly buy up or integrate other companies. You operate in several markets and countries with a low-cost product division and a premier division. Offer them in the online shop for the end consumer and have them for the bulk consumer at other prices. Then the chances are in favour that at least one of them will likely last 100 years.

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Epic CEO Tamas Banyai

## Epic for Business and Malta Chamber of SMEs partner up to help SMEs get 'future ready'

Epic for Business is partnering with the Malta Chamber of SMEs to launch the first edition of The Scrum, which will connect the SME community with the right people, to help them be 'future ready' with the best digital connectivity to emerge stronger and safer.

Funding for the SMEs to be future ready is also being provided by the EU as part of its commitment to Malta.

Digital transformation has been garnering an increased level of interest among SMEs and has been earmarked as a flagship priority in terms of national interest by policymakers. COVID has brought to light the need for businesses to become more resilient and undergo this transformation to work more efficiently and effectively, making themselves future ready.

“When we encourage our SMEs to explore their digital potential and benefit from the numerous support schemes available while doing this, the common questions we are asked are: Where do I start from? How will I make sure I explore my full business potential? What funds can I tap into? These are all very legitimate, and we are glad to say that we will be able to support business thanks to the partnership with Epic for Business, in creating the right platform that will fully empower businesses,” Abigail Agius Mamo, the Chamber's CEO, said.

Epic CEO Tamas Banyai added: “Epic for Business is our dedicated unit for business customers, offering fixed connectivity and managed services to be future ready. The

Scrum is a great opportunity for SMEs to take the next step in this journey.”

The Scrum was conceived as a platform of innovation on how to supercharge SMEs and will bring together digital and business experts to share their knowledge, including AI consultant Alexie Dingli and Malta Enterprise representatives.

The platform will also offer guidance on how they can benefit from funds to audit and implement digital transformation in line with schemes such as Change to Grow by Malta Enterprise. This business event will be held on Tuesday, May 31, at Samizu in Pietà and will be open to all SME Chamber members.

For more information, visit [www.smechamber.mt](http://www.smechamber.mt).