RISK

Underlying causes of crisis

Anyone working in an organisation, but especially communicators, understand that managing reputational risks is beneficial to the entire operation – everyone benefits from a good name. But, as shown by the continuous stream of business crises, there is still widespread misunderstanding of the precise nature of these risks. Anthony Fitzsimmons and Derek Atkins go against the popular idea that crises arrive quickly and unpredictably: they argue that organisations become vulnerable over a long period of time before a specific crisis is triggered. Their attribution of this vulnerability to unrecognised, often systemic causes, is what makes the book worth reading. The authors briefly summarise the ideas of psychologist Daniel Kahneman, one of the foremost thinkers in behavioural economics. By recognising that professional people are human and can make irrational decisions, the book provides an alternative understanding of how organisations work and where reputational risks arise from. Following an outline of how this behavioural approach fills an important theoretical gap in risk management systems, we are taken on an eye-opening look through this lens at some of the most damaging crises of recent times: the collapse of AIG, the Deepwater Horizon oil spill and the Volkswagen emissions scandal to name a few. The book ends with a practical guide to combating complacency in organisational culture managing risk vulnerability. Don’t feel bad if you’re a hopeless multitasker. According to authors Adam Gazzaley and Larry Rosen – a neuroscientist and a psychologist – our brains are simply not wired for it. In fact, they argue that multitasking is largely a mirage – what our brains actually do is move rapidly between jobs, an ability interfered with by digital devices, beeping and pinging and bussing away every time a message – banal, not important, low-priority – clamours for our attention and away from the goal-oriented tasks we deep down need to complete. At its heart, the reasons are a combination of boredom and anxiety: we “seem to have lost the ability to simply do nothing and endure boredom.” Luckily, The Distracted Mind offers practical solutions to fight distraction, whether you have your smartphone next to the bedside lamp, or you’re checking your tablet at the dinner table, or answering a text message in the car. Even for the most hopeless multitasker, help is at hand.

Rethinking Reputational Risk: how to manage the risks that can ruin your business, your reputation and you by Anthony Fitzsimmons and Derek Atkins, Kogan Page January 2017

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Paying attention