

# Expect the unexpected

PR disasters, marketing gaffes, epic failures to communicate with the marketplace. Many could have been avoided – or at least mitigated – by planning for the impossible, says **Johan de Villiers**.

**A**LL PROFESSIONAL marketers and businesspeople make use of forward planning to predict everything from price rises in raw materials, through to anticipated spikes in consumer demand and new product launches by competitors.

Market researchers, analysts, scenario planners and economists all make a good living from telling us what's around the corner – and how to plan for it accordingly, in a manner that's hopefully to our advantage.

Yet we're consistently caught out. Whether it's an oil spill in the Gulf of Mexico, a financial meltdown, the impact of the internet on traditional ways of doing business, or lower-than-expected returns from the World Cup.

The lament is always the same: "we didn't see it coming". More to the point, there was nothing in place to 'anticipate the unanticipated'.

During the World Cup, a number of businesses reported a sharp drop in turnover owing to revenue expectations from the tournament not being met.

Other problems included lower-than-anticipated productivity from employees, or clients simply being disinterested in pursuing new projects until the event was over.

## Collective blindness

With the benefit of hindsight, there was sufficient time to anticipate the different risk scenarios and prepare for the lower sales, cash flow difficulties or labour issues that this period could produce. But, in most cases, it never happened



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because people became collectively blind to anything other than the hoped-for and much-hyped outcomes espoused by an ever-increasing number of people.

All of which ties in with the theories developed by the author Nassim Taleb to explain the psychological biases that make people individually and collectively blind to uncertainty and potential risks. It was Taleb who postulated the idea of the Black Swan, which points to the disproportionate role of high impact, hard-to-predict, and rare events that are beyond the realm of normal expectations.

Nobody's suggesting that businesses which incorrectly anticipated the impact of the World Cup qualify for Black Swan status, but the recent BP oil spill fiasco in

the Gulf of Mexico would certainly come close.

All Black Swan events have a central and unique attribute: low probability, but high impact. The odds of a multi-billion dollar oil platform exploding, sinking and the automatic well shut-off switch malfunctioning, was simply statistically too small to compute by the company. The impact of course, was beyond our wildest nightmares and turned into the biggest oil spill in history.

BP claims that the event was unexpected but, from a risk mitigation viewpoint, experts later maintained that this was explainable in hindsight.

Which brings us to the crux of the matter and the vital lesson for marketers and businesspeople: The idea is not to try and predict Black Swan or other impossible-to-anticipate events. Rather, the emphasis should be on ensuring that systems or failsafe mechanisms are in place for 'worst case' scenario planning and, more importantly, to exploit such events opportunistically when they occur.

In essence, one has to consider the case scenario of the 'unknown unknown' occurring in business and ensure that there are robust systems in place to deal with unexpected events. Perhaps you should even take note of Taleb's recommendations and practice your own 'what if' scenarios. 🦢

*Editor's note: 'Black Swan' describes an event believed to be impossible and has its origins in the 17th saying 'as rare as a black swan'. At the time, all swans were believed to be white – until black ones were discovered in Western Australia.*