

Risk and rapid change

Scenario planner Gill Ringland talks about the key risks facing organisations in today's world and why ideas need to be tested, not just dreamed up.



Making robust decisions in uncertain times was the key theme for Gill Ringland, Chief Executive of the St Andrews Management Institute (SAMI), when she spoke at agendaNi's managing risk seminar in February. Her talk covered the themes of a forthcoming co-authored book – 'Beyond Crisis: Achieving Renewal in a Turbulent World' – due out this month.

Many systematic changes are taking place globally, notably the shift in economic power to emerging economies, military and civil insecurity in the developing world and advances in science and technology.

At the same time, organisations are losing their resilience. Ringland's work considers how they can rebuild that and "put in place the mechanisms for not just dealing with it but actually thriving in an environment in which there is a lot of change."

Rising debt and borrowing is a major problem, especially when it is considered that the American bank bail-out dwarfs all other US Government big spends,

including the moon race and the New Deal. At a personal level, American and European consumers have been net borrowers since the 1950s and this got out of hand from the 1980s onwards. Where people struggle to pay back debt, that will add to the wider economy's difficulties.

Speaking afterwards, Ringland contended that the major long-term risk for an organisation was that its market would disappear.

As one example, she cites the European steel industry which has "essentially disappeared" because of competition with South Korea and its portable plants. And the European car industry, on which an "enormous amount" of the continent's wealth is based, could go the same route again on cost grounds.

The cheapest European car costs around £5,000-£6,000 while the price of the Indian Tartanamo car is around £1,000: "We may well be seeing a whole cost implosion in the car industry which would have a catastrophic effect right across Europe."

Health is another sector where this happens. The rise of the internet means that people can compare the costs of routine operations and other procedures. Many British people can go to Hungary for cheaper dentistry, for instance.

Ringland is currently doing a piece of work on the Romanian higher education system, which was fully state-run under the communist system but has now opened up to the private sector. Private universities now enrol around a third of students and state universities are therefore having to compete with them for the first time.

Trends like this are "really hard" for the affected public sector or industry workers

but the same things are unsettling people across society.

"The whole system that we have grown up with which is essentially the post-war model of the world with people working until they were 65 and having a short retirement, most people in work, most people married – all of these things are just changing."

Cost pressures are one reason why organisations become less resilient. Another is the scientific management approach that gets rid of all but the core competencies. For example, the outsourcing process means that a task must be specified in exact detail and it is then carried out in the same way.

Luck received a mention during Ringland's talk, when she highlighted how most Western organisations depend on it as they plan ahead. A company chairman may hold an away day, from which an idea is gleaned but "unless ideas are reviewed, you are going to be dependent on luck, bad or good."

"One key message," she added regarding Northern Ireland, "would be the importance to the Northern Ireland economy of public sector funding which must be in doubt going forward." Another was that government should perhaps look at attracting small enterprises which want to use the province as an international base. Being quicker on foot, they are also more likely to be resilient when the winds of change blow.

'Beyond Crisis: Achieving Renewal in a Turbulent World' by Gill Ringland, Oliver Sparrow and Patricia Lustig is published by J Wiley & Sons.
