

Keys to Success in Managing a Black Swan Event

(Ignore the Naysayers – *It is Possible to Prepare*)

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Keys to Success in Managing Black Swan Events

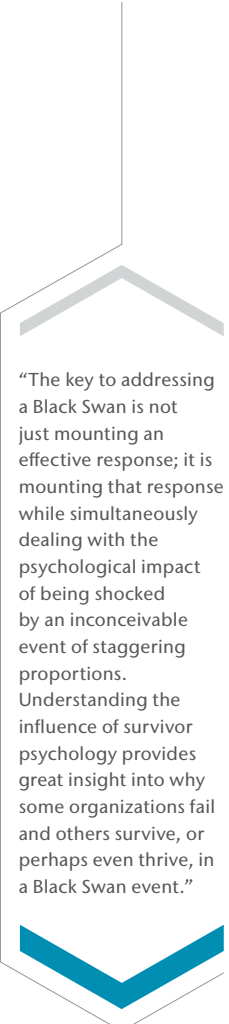
Executive Summary

The term “Black Swan” is on many people’s lips, and not just because the lead actress in a movie by that name won an Academy Award in 2011. While events of this type have occurred since the dawn of time, Black Swan gained its place in our vernacular when Nassim Nicholas Taleb, a finance professor and former Wall Street trader, wrote the 2007 bestseller “[The Black Swan](#)”. The topic weighs heavily on the minds of many board members as well as those of leadership teams, and if it hasn’t been discussed yet in your organization, it soon will be. A Black Swan event refers to a highly improbable occurrence with three characteristics: It is impossible to predict, it carries a massive impact and its shock value is stunning because people could never conceive of such an event occurring. Why does it matter? It can kill your organization if it isn’t managed well.

Some people equate the term “Black Swan” with “crisis” and believe that crisis management plans, effective public relations strategy, business continuity planning and supply chain risk management will enable their organization to successfully address any eventuality. While that may be true, not all Black Swans are crises (for example, winning the lottery is a positive Black Swan). Perhaps more importantly, *not all crises are Black Swans*, as is shown by the difference between a typical hurricane and a hurricane like Katrina. Typical hurricanes occur relatively frequently, so organizations generally know what to expect and have disaster plans to guide response, and operations can usually be restored to normal after a period of reconstruction. However, Hurricane Katrina was more than a crisis – it was a Black Swan because no one could have envisioned the size and scope of it, organizations were shocked by the overwhelming impact of it, and for many, the post-Katrina ‘new normal’ bore little resemblance to the past. A Black Swan event (or situation, if it’s a culmination of circumstances that have evolved over time) is a game-changer for those going through it or impacted by it. For them, and for the audience who might be witnessing the situation unfold, the world never looks the same again.

So why are Black Swans such a hot topic in businesses and board rooms right now? The name puts a face on the type of event that companies and their boards fear most – the ‘Unknown Unknown’ that, despite all of the preparations that might have been made, still takes the organization by surprise and shakes it to its core. In addition to Hurricane Katrina, Black Swan examples include 9/11, the 2008 credit crisis and the BP Gulf oil spill in 2010. Another example is the March 11, 2011 Japan earthquake and tsunami, the scope and full ramifications of which may not be fully realized for quite some time.

The frequency of Black Swans may be statistically insignificant, but these events do occur, and often carry catastrophic consequences. There are many companies that either have struggled in Black Swan events or haven’t survived at all (Arthur Andersen and Lehman Brothers would be examples of the latter). If it is impossible to predict a Black Swan, how does an organization prepare for one? More importantly, is it just luck or fate that determines which organizations survive and which fail, or is there a key to doing well in a Black Swan event?



“The key to addressing a Black Swan is not just mounting an effective response; it is mounting that response while simultaneously dealing with the psychological impact of being shocked by an inconceivable event of staggering proportions. Understanding the influence of survivor psychology provides great insight into why some organizations fail and others survive, or perhaps even thrive, in a Black Swan event.”

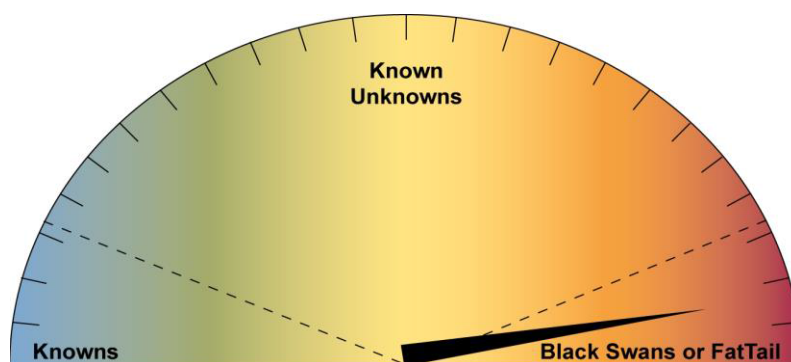
The answer lies in the missing piece of the puzzle. In February 2009, Aon identified that missing piece by reviewing a successful Black Swan response that a client and Aon mounted together in response to an event that felled most of the client's peers. The client story was analyzed in preparation for the Aon Q2 2009 Quarterly Speaker Series seminar "Managing Variability." When we married the concepts of "The Black Swan" with some of the thoughts outlined in another book, "The Survivors Club" by Ben Sherwood, and verified the results against our actual case study, we found it was possible to move beyond a discussion of predictive models and their limitations and identify a common theme among companies that have successfully managed through seemingly insurmountable events. That common theme, or the missing piece of the puzzle, is survivor psychology. The key to addressing a Black Swan is not just mounting an effective response; it is mounting that response while simultaneously dealing with the psychological impact of being shocked by an inconceivable event of staggering proportions.

Understanding the influence of survivor psychology provides great insight into why some organizations fail and others survive, or perhaps even thrive, in a Black Swan event. Understanding the nuances of Black Swan events, knowing how to counteract the shock factor and translating those insights into actionable intelligence is the focus of this paper.

I. Challenges of a Black Swan

The Spectrum of Variability

To gain more insight into the nature of a Black Swan, it is helpful to contrast what it is against what it is not, and why that makes a difference. The following speedometer graphic incorporates Taleb's discussion of Knowns, Known Unknowns and Black Swans and illustrates the spectrum of variability associated with those concepts.



The slow-going Knowns (on the left side of this graphic) refer to risks that are very predictable and occur with regularity. Examples include insurance renewals, broker compensation renewals, Third Party Administrator renewals, etc. These respond to a set of strategies that include scoping the required services, benchmarking, competition, linking value to cost, etc.

The Known Unknowns (in the middle of the spectrum) indicate risks that we know can occur but vary with respect to frequency, severity or a combination of both frequency and severity. In other words, we know they could happen, but can't predict when and how big. Natural disasters such as hurricanes, fires or earthquakes fall into this category, as do the risk factors listed in the forward-looking statements of publicly traded companies. These types of risks respond to a different set of strategies. For instance, risk professionals leverage risk control and claims management strategies to manage frequency and severity and prevent the risks from spiraling out of control. At the same time, companies also use actuarial and additional modeling tools to forecast and create a picture of how the risks might evolve based on past patterns, and predict how intervention might improve the outcomes.

Finally, we have Unknown Unknowns (on the far right side of the spectrum), or Black Swan events. This is the most challenging risk category because these events are inconceivable and unpredictable, but when they occur, there is little time to react and the stakes are high. The pedal is put to the metal and a wrong turn can be disastrous. Nothing from the past can accurately predict how a Black Swan event will emerge, and certainly nothing from the past can tell us exactly how it will be resolved.

When the past is no predictor of the future, how can a company plan for something which it can't even conceive of happening? The answer lies in preparing for the impact, even if the event itself can't be predicted. However, in order to prepare for the impact, one must first envision how extensive and devastating that impact can be. That's difficult to do without understanding what a Black Swan event can be like and the many ways in which the event manifests itself simultaneously in an organization.

Operating During a Black Swan

Companies which have been struck by Black Swan events often struggle because they have a difficult time making good decisions as the event unfolds. Even the most prepared and well-run organizations can find themselves in this situation. To understand why, one needs to first understand what it feels like to operate in a Black Swan and how decision-making becomes much more complex in that environment.

The following are common characteristics of many of the Black Swan events that have occurred:

- Emergency response and a solution to the scenario are typically two distinctly different components of an effective Black Swan response. It's not just about responding to the crisis and getting the situation under immediate control; it's also about figuring out how to fix the problem itself.
- Oftentimes, no solution to the problem exists; rather, it must be created. Unfortunately, the underlying problem is not always obvious, which means that leadership may have to search to find the true cause. Furthermore, the size/scope of the problem is not always easy to quantify immediately, which makes it difficult to fully assess impact. To make matters worse, the organization may need to go through several solutions before finding one that works and/or may need more than one solution to address different aspects of the problem; all of which take precious time. Finally, the scale of the scenario may initially appear overwhelming due to its inconceivable nature, particularly if no known solution is available yet.
 - Do not underestimate the fear factor associated with having a problem with no known solution! It is impossible for anyone to fully imagine what that feels like and how deeply it impacts decision-making until they have been in that kind of situation.
- Public relations issues can be massive. The 24/7 news feeds as well as social media outlets such as Facebook, Google and Twitter require constant monitoring and impactful responses. Finger-pointing internally and/or by outside parties and additional "noise" can create distractions and damage credibility. Besides, brand reputation is at stake and leadership, including those who are spokespeople for the organization, feels embattled because – all too often – the public perception of a company is shaped by how the company responds and how those responses are framed in the media.
- Governmental and regulatory agencies may require a response before the size/scope of the problem has been fully assessed and any viable solutions are available. A poorly crafted response or one that appears inadequate or lacks transparency can damage credibility and/or lead to even further scrutiny.
- Productivity may be negatively impacted as employees may be concerned, uncertain and distracted.
- Cash flow, credit position, liquidity and additional financial and economic factors may be adversely affected. Organizations that have always transacted business on a strong financial footing may find themselves challenged to operate in an environment where cash flow, credit and/or liquidity quickly become uncertain, constrained or perhaps even unavailable.
- If publicly traded, an organization's stock price may plummet. The falling stock price drives additional issues which require attention and may create a further cascading effect on cash flow, credit, liquidity, brand reputation, consumer confidence, etc.
- Lastly, the organization must mount an effective Black Swan response while still running its day-to-day business.

With the chaos created by all of the above happening simultaneously, it is monumentally difficult to implement an effective crisis response, find a solution to the problem and keep the day-to-day business going. From a sheer logistics standpoint alone, it is impossible to do it with the same number of people who are already fully employed in normal operations. However, once you overlay the logistics challenge with the shock factor of being hit with an inconceivable event of staggering proportions, it is even harder to maintain a good decision-making environment.

Influence of Survivor Psychology – Don't Miss the Gorilla

So how does survivor psychology come into play? Psychological impacts of disasters include shock, fear, panic, disbelief, denial, anger and grief. Companies who do not survive typically exhibit one or more of these reactions: They often fail to acknowledge the event, stick their head in the sand and hope it goes away, spend time denying responsibility for it, look for someone else to blame for it or are paralyzed by disbelief and indecision. When they do act, they are slow to find a solution, only try one solution at a time or maintain too narrow of a focus on solution development and miss obvious options that might have been more immediately available. None of these reactions can be afforded. Rapid response is required. Otherwise, the continuing viability of the company is at stake.

Additionally, when a company is hit by a Black Swan, it is more than just the shock – it is the effect that shock creates. Even on a good day, we all have tunnel vision. We cannot proofread our own writing because we see what we expect to see, not the typos that are really there. Psychologists call this “inattentional blindness.” In his book, Sherwood cites a 1999 study conducted by Daniel Simons and Christopher Chabris of the Harvard Psychology Department to illustrate this (to see the video, visit viscog.beckman.illinois.edu/media/ig.html). In the study, two teams of players were videotaped tossing basketballs back and forth. Subjects were asked to watch the video and count the number of ball passes. Meanwhile, a person in the video dressed in a gorilla suit walked into the middle of the ball passers, waved at the camera and then walked off. Fifty-six percent of the audience did not notice the gorilla at all. They were too busy counting the ball passes to see what was really going on, and that was in a relaxed setting.

Unfortunately, in a Black Swan, it's anything but a relaxed setting. Stress, fear and panic can make tunnel vision infinitely worse, particularly with respect to failure to see solutions or parts of solutions that might be readily available. The gorilla experiment is important because it jolts us into realizing how little of the environment we consciously perceive. Any strategies that counteract this effect can be valuable in unlocking the possibilities that exist and can lead to successful solution development.

According to Sherwood's book, survivors of disasters typically display one or more of these characteristics; each of which serves to counteract the shock factor:

- Employ active passiveness – they take stock of the situation and assess what is needed
- See what is really there; not what they expect to see
- Open to possibilities – they are willing to think outside the box and consider solutions that might have been ruled out before
- Confident they will find a solution
- Persistent – they do not give up

Aon was able to verify that these characteristics were present in the successful Black Swan client case study, and was able to link these characteristics with specific strategies that can be replicated by others desiring to enhance their own Black Swan response capabilities. In the section that follows, we discuss those strategies and talk about how to successfully manage (and perhaps even thrive) through Black Swan events, circumstances that may seem insurmountable.

II. Managing Black Swan Events

Managing a Black Swan event is not simply about helping the company regroup and survive its devastating consequences. It is more about facing the event and making the best of the situation so the company will emerge better and stronger than they were prior to the event. The following strategies have shown to be important to successfully managing a Black Swan event:

- **Use Survivor Psychology to Counteract Shock**

When a Black Swan hits, it is paramount for company leadership to take emotion out of the equation. This is an absolute must when confronting ensuing chaos. Proven strategies to accomplish this include: Focusing on accurate, factual and objective data – numbers do not lie – and expanding access to external resources to give breathing room to leadership and internal resources and free up capacity to run day-to-day operations.

Leadership should test and question assumptions to avoid inattentive blindness. One cannot assume things are being done a certain way without verifying at the operations level, but similarly, one should not be limited by assumptions if they restrict ability to explore additional possibilities.

It is also important to expand access to resources that broaden the view of options and ensure that solution development includes multidisciplinary perspectives (also helps when testing and questioning assumptions).

In the face of an overwhelming situation, leadership should break the situation down into manageable components for tactical response, but retain perspective of the whole to ensure tactics are having the desired impact and continue to align with strategy.

This is not a time for the distractions of finger-pointing or second-guessing. Leadership should own the responsibility for choices; action requires ownership.

Lastly, leadership must be confident that they will find a solution – that confidence will help overcome the fear and panic, which in turn reduces the potential for tunnel vision and improves the ability to see the possibilities that might otherwise have been missed. Be relentlessly persistent – do not give up.

- **Assemble a Black Swan Response Team**

Multidisciplinary capability is absolutely critical in most Black Swan events. Success depends on coordination, collaboration, focus, depth/breadth, access to information, ability to think outside the box, ability to take action and execute, and ability to effectively communicate. The team should include individuals with responsibility for:

- Enterprise Risk Management (in whatever form and maturity state exists)
- Risk management
- Crisis communications/crisis management
- Data and data management (data integrity is paramount to an effective Black Swan response, and the data required for analysis will be unique to each Black Swan)
- Claims management
- Analytics (to develop data into business intelligence for informed decision-making, results measurement and communications)
- Involvement of key operations, financial, legal, human resources, logistics, strategic and marketing stakeholders who can contribute to solution development and implement tactical action steps

- Involvement of subject matter experts, both internal and external, with a unique perspective of the issue
- Involvement of C-suite leadership and the Board (or board committees) in key decision-making

The company should add its insurance broker as an extension of the Black Swan Team to assist in reviewing insurance programs for potential coverage, provide guidance on claims reporting and deliver claims management consulting services and additional risk advisory support to optimize the protection afforded by insurance placements and alternative risk financing structures.

Taking it one step further, Black Swan consultants with proven results can bring invaluable depth/breadth of resources and seasoned experience to the table. They can rapidly deliver a customized approach, and are able to hit the ground running to immediately create a positive dynamic that facilitates a successful response.

Ideally, these consultants can enhance access to critical multidisciplinary capability and scalability. This strategic risk advisor approach fulfills a partner role in solution development and decision-making and brings perspective on the broader industry experiences of peer companies for more valuable context. Just because the event may be a Black Swan for one organization doesn't mean it hasn't already happened to others.

- **Pursue R&D vs. Engineering Perspectives**

When developing a solution to a Black Swan, a research and development approach should be used, even for engineering-oriented companies. The engineering focus is on improving outcomes and processes and may inadvertently limit its view to the existing process or mechanism, whereas an R&D focus is on creating something where nothing previously existed. When it comes to solution development for a Black Swan, an R&D approach may facilitate consideration of possibilities that might have otherwise been overlooked.

An example would be the Apollo 13 story in which scientists were given pieces of equipment and told to figure out a way to make a square filter fit into the hole for a round filter while the lives of the astronauts were hanging in the balance. They had nothing with which to work except the miscellaneous pieces provided. So, for them, it wasn't about improving the efficiency and performance of the mechanism; rather, it was about completely rethinking everything and creating something new from scratch.

- **Improve Risk Agility**

When a Black Swan strikes, senior management needs to be able to act or react quickly; not just implement and monitor. They need accurate information and access to tools and analytics in order to discern if the responses work or not. If one option fails, they should be able to change course promptly. An example of such an analytic tool is an Incurred But Not Reported (IBNR) Monitoring Report which can be used at interim points between actuarial analyses to confirm if actuarial assumptions are holding true and/or if claims or risk control strategies are having the desired outcomes. In this way, the company does not have to wait six to 12 months to confirm if strategies are working.

As previously mentioned, a Black Swan event can cause tremendous psychological impact, affecting senior business leaders' abilities to see things objectively. Therefore, data integrity, data consolidation and data analysis are critical to helping senior leaders with fact-based decision-making. Data analysis must incorporate context and correlation in order to ensure the right conclusions are drawn.

In addition, risk managers should rely on a technology platform and tools such as dashboards to push business intelligence to stakeholders in a way that facilitates quick digestion and lays the groundwork for risk-adjusted decision-making.

- **Optimize Communications**

The company should pay attention to how communication is presented. Like the popular saying goes, out of 100 percent of the impact made on an audience, only 7 percent of the impact relates to the content itself, and the remaining 93 percent is how it looks, how it sounds, is it on time, is it a surprise, is it packaged well, does it have typos, etc. Credibility of information is critical to key decision makers in a Black Swan; credibility is enhanced by managing the packaging and making the information easy to digest, not just focusing on the quality of the content.

There is a difference between data and intelligence. Raw data does not tell stories. When a Black Swan hits, risk managers should make sure that data is converted into business intelligence, with proper context, supporting evidence and measurable results.

The company should utilize technology to help accelerate the information-gathering process and merge it for analysis and for the creation of meaningful reports with measurable results. If possible, as mentioned in the section above, company leadership should explore dashboards to help make information more accessible and highlight progress made.

Visualization tools – whether sophisticated or rudimentary – can help stakeholders see what’s really happening; not what they expect to see. This can offset the ambiguity and analysis paralysis that sometimes accompany a deluge of large volumes of data. It can also overcome terminology differences between stakeholders, thereby creating a common language. In addition, the tools can help identify existence of, and impact of, correlations in data.

More importantly, the company should take advantage of quantitative analysis to ensure data integrity because it will have an impact on the whole process. We recommend using measurement tools (including metrics and measurability) and focusing on key triggers/key indicators. Adding context and correlation is critical to helping leadership properly understand the influences on outcomes. Lastly, make sure that the data results are actionable.

For risk managers, data presents a good opportunity to optimize communications (written and verbal), achieve strategic goals and articulate the value that risk management brings to the table in the Black Swan response.

III. A Black Swan Case Study

Client Situation

Client A operates in an industry that used to have an innocuous liability profile. Several years ago, a paradigm shift in its liability litigation environment resulted in skyrocketing costs, making the industry one of the most hazardous. It changed the way corporations organized themselves and reset the way liability risk was addressed.

While reviewing Client A's liability profile and data, Aon's strategic account manager and actuaries identified a litigation trend at an earlier stage, when nobody knew which way the trend would go and how it would affect the industry. Instead of anticipating various worst case scenarios, the Aon team worked with the client to develop effective strategies to improve the client's overall ability to counter the rising litigation trend.

Solutions Implemented by Client A and Aon

Client A formed an internal Black Swan response team which included its risk team, executive leadership and key operations stakeholders. Aon assigned its top resources for the project and assembled a multidisciplinary team of experts who specialized in actuarial, claims management, data management and broking.

Recognizing the impact of shock factor on the client, Aon adopted the following countering measures to help the client see things objectively and boost its confidence:

- Maintain a fact-based approach to help the client face the hard truth and take appropriate action.
- Communicate frequently with the risk manager, CFO, in-house litigation counsel and CEO with updates on the latest development.
- Present directly to the board (at CEO's request) to align goals and action steps.

With fact-based insights, Aon's credentialed actuaries enabled the client to make informed choices and strengthen its reserves early on, allowing the company to be well prepared and stay ahead of the trend at a time when they had easy access to capital.

Aon and the client implemented IBNR Monitoring Reports to assess the impact of defensive litigation strategies, TPA changes, risk control initiatives and the evolving external litigation environment. We also used IBNR to determine if actuarial assumptions required adjustment.

Aon's existing risk transfer programs included industry-leading coverage features and air-tight policy language. Since the client and Aon's strategic account manager and casualty claims consultant forged positive and productive relations with carriers' claims teams and minimized potential for surprises, the transition went seamlessly as each umbrella carrier successively dropped down to pay first-dollar claims. All carriers performed with no litigation involved!

In addition, the client brought in Aon's RMIS consultants to upgrade the integrity of its historical data and data sources to effectively monitor trends and facilitate solution development as well as help track eroded aggregate retentions and aggregate limits for multiple policy years.

Client's risk manager, in-house litigation counsel and TPAs worked closely with Aon's casualty claims consultant to develop key indicators to triage and fast-track problematic claims for early resolution. In addition, the team

constantly held meetings to exchange information regarding successful litigation strategies and optimize claims portfolio results. Based on the above research, the client strategically identified cases to take to trial rather than settle. Moreover, the client and Aon gained carrier agreement to support this aggressive strategy. The efforts paid off and the team won several high-profile cases, which helped stem the trend.

Client A and Aon stayed focused and never gave up. The client risk manager and field staff worked closely with Aon's casualty claims consultant to implement and enhance risk control protocols. Lastly, Aon brokered the largest Loss Portfolio Transfer (commonly referred to as LPT) ever placed at that time.

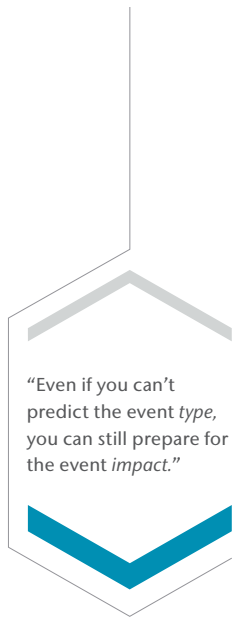
Outcome

Out of the top eight companies in the industry sector, Client A was one of the two which survived and avoided bankruptcy due to the litigation explosion. It is not just a survival story – it is a success story that demonstrates in action all of the strategies we have discussed.

IV. Black Swan Preparedness

Now that we have outlined how to mount a successful Black Swan response and walked through an actual case study, the following key learnings can form the basis of an effective Black Swan *Preparedness* Program. Remember, it is not preparing for a particular type of event, but rather for the impact and strengthening the ability of the organization to anticipate and detect trends before they have an opportunity to evolve into a full-blown Black Swan event.

- Combine Enterprise Risk Management with the organization’s crisis management plans, business continuity plans and supply chain risk management, to provide the infrastructure to support effective Black Swan preparedness and response.
- Advocate for, and participate in, a risk committee for the firm.
- Proactively form an internal Black Swan Team with multidisciplinary capability so team members can become familiar with their roles, the success factors for Black Swan response, and the tools and analytics available to support their function. Team members should include individuals with responsibility for:
 - ERM
 - Risk management
 - Data and data management
 - Analytics
 - Claims
 - Crisis communications/crisis management
 - Involvement of key, operations, financial, legal, human resources, logistics, strategic and marketing stakeholders who can contribute to solution development and also implement tactical action steps.
 - Involvement of C-suite leadership
- Engage a Black Swan consulting team for response training, scenario planning, model development and testing, and brainstorming with the firm’s own Black Swan Team. A consultative team has proven strategies and tools which can enhance the firm’s ability to anticipate impact and strengthen risk agility.
- Improve risk agility – re-examine tools and processes that support risk decision-making and deliver the following:
 - Ability to act or react quickly; not just implement and monitor.
 - Focus on data integrity, data consolidation and data analysis, and ensure context and correlation are incorporated – convert information not just into analysis, but business intelligence.
 - Focus on a technology platform and decision-making tools that push business intelligence to stakeholders in a way that facilitates quick digestion and lays the groundwork for risk-adjusted decision-making.



- Promote awareness in day-to-day operations and ensure a cross-functional, collaborative team regularly reviews the organization’s risk with an eye toward what is really happening.
- Test assumptions.
- Embrace opportunity and balance risk where possible – do not fear failure.
- Start at the top; engage the board and ensure alignment with C-suite on goals, objectives and action steps.
- Maintain open lines of communication at every level.
- Improve quantitative analysis:
 - Ensure data integrity – it impacts everything.
 - Embrace the importance of measurement (including metrics and measurability).
 - Respect the importance of context and correlation in understanding influences on outcomes.
 - Develop flexible dashboards. Do not wait until they are needed.
- Strengthen the ability to anticipate and detect trends before they emerge into mature Black Swans:
 - Be alert, engaged and aware – Black Swans are not always triggered by a visible event; they can sometimes emerge gradually and survival is enhanced by identifying them early.
 - Be linked in – seek input from key stakeholders in various disciplines and functions in the firm who may have identified anomalies but might not be in a position to connect to correlations or trends (example is an increase in lawsuits from a single law firm noted by the litigation department).
 - Seek input from the eyes and ears in the field, including, but not limited to:
 - a) Risk control resources who have visited field operations
 - b) Claims management consultants who have visited field operations and/or analyzed claim results for trends and patterns
 - c) If global, seek input from your broker’s network offices who have frequent (sometimes daily) contact with local operations
 - Scrutinize raw loss data and the story they tell.
 - Participate in growth strategy discussions.
 - Be a key contributor to M&A due diligence discussions.
 - Review supply chain (or supply chain-like) vulnerabilities with an eye toward how those vulnerabilities might be impacted by external or internal developments.
 - Stay abreast of geopolitical and economic developments and consider their influence on operations, customers, access to credit/capital markets, compliance, etc.
 - Watch for trends in the industry – just because it hasn’t happened to a firm doesn’t mean it can’t.
 - a) Participate in industry associations, formal and informal industry networking groups and additional organizations that specialize in the firm’s business
 - b) Participate in seminars that focus on areas impacting the firm’s business
 - c) Read trade press, financial press, business press
 - d) Participate in Client Advisory Panels
 - Involve your broker in discussions regarding identification of emerging risks; engage their industry-specific resources and, if appropriate for the scope of the process, ERM resources to bring additional national/global and cross-functional perspective to the discussion.

V. Conclusion

In summary, in coping with a Black Swan event, we should not attempt to predict it, but to build robustness against negative ones that occur and exploit positive ones. It is possible to prepare, if we focus on preparing for the impact. And we should recognize the critical role of survivor psychology in shaping an environment where good decision-making can be maintained even in the midst of catastrophic chaos.

Black Swan response doesn't have to be a question of survival. Armed with the right team and the approaches we've highlighted in this paper, the possibilities are endless, and the opportunity for success is exponentially greater. Stack the deck on your side by taking action now. Do not wait for the event to come to you - own the future and the choices that carry the firm forward.

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About Aon

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