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## **Principles for Responding to Black Swan Events**

StrategyDriven  
Risk Management  
Whitepaper



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## Principles for Responding to Black Swan Events

Black Swans events are rare (low probability), catastrophic (high impact) incidents that are seemingly unpredictable, go unrecognized, or are deemed so unlikely as to not reasonably warrant expensive preventive measures. Their characteristics include:

- Occur unpredictably or unexpectedly
- Are significant in scale and broad in scope
- Develop rapidly with effects continuing for days, weeks, and even months
- Present hazards beyond immediate financial risks; jeopardizing people's lives and long-term health and damaging the environment
- Involve significant asset damage or loss
- Typically require significant corporate and/or government resources to effectively resolve

Black Swans are initiated by unintended human error, negligence, malicious actions, or acts of nature.

### Why Prepare for a Black Swan Event?

While many think of Black Swan events as rare, in reality, they actually occur with some regularity.

Traditional emergency response plans prescribe methods for responding to predictable events but are unlikely to adequately cover all Black Swan event conditions and situation-management needs. Preplanning provides a framework and guidelines that are readily adaptable to changing circumstances and helps ensure an organization is ready to effectively respond should a Black Swan event occur.

*An effective response to a Black Swan is one that minimizes impact by limiting the scope and duration of the event.*

### Principles for Effective Black Swan Event Response

Foundational to effectively responding to an unexpected catastrophic Black Swan event is a collection of broadly applicable principles. These principles should be applied during both the preparation for and response to a Black Swan event:

- **Define, establish ownership for, and communicate the catastrophic-event response protocols.** Simply put, the time to adopt and train on catastrophic-event management protocols is before the Black Swan event occurs.

- **Establish emergency management goals and values.** These provide managers and responders with the objectives needed to rapidly formulate decisions and assess the effectiveness of their response actions - even before a formal response plan is developed.
  - **Empower local responders to take action.** Enabling responders to act in a manner consistent with the organization's goals and values and in accordance with established emergency response procedures frequently results in a more rapid containment and resolution of adverse conditions.
  - **Provide for parallel planning and execution.** This practice enables the development of backup plans to readdress accident conditions should the primary response fail.
  - **Identify inventories of financial, personnel, physical, and knowledge resources.** Awareness of the availability of financial, human, physical, and knowledge resources and how they can be deployed is critical to an effective Black Swan response.
  - **Leverage external perspectives and experience.** It is important for those responding to a Black Swan to be receptive to external perspectives and prepared to incorporate these into the event's management. The lessons learned by others can be invaluable when dealing with unexpected events.
  - **Avoid false economy.** Apply of all available resources to contain and resolve the Black Swan event instead of pursuing single, minimalist solutions in series.
  - **Reject political motivations.** Unfortunately, politics can adversely influence crisis response. Therefore, responders at all levels must remain apolitical when combating a Black Swan event.
  - **Confront moral and ethical dilemmas.** These dilemmas require a principled leader who is dedicated to making decisions based on the well-grounded, predefined event response goals and values.
  - **Consider contrarian viewpoints.** Such challenges prevent group-think, help prevent logic errors, and generally serve to make decisions more robust.
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## Preparing for the Black Swan Training

Register for StrategyDriven's FREE Preparing for the Black Swan online training series during which you'll learn the effective methods of dealing with unexpected, catastrophic events – *Black Swans*.

[Register Now!](#)

## About the Author

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Nathan Ives is a highly successful executive with over twenty years of Energy Industry and consulting experience. As an experienced management consultant, he serves as a trusted advisor to executives and senior managers at dozens of Fortune 500, government, and large regional utilities; helping them define organizational needs and develop and manage the complex, mission critical projects needed to improve operational effectiveness and lower costs. Nathan's insights have been quoted by news journalists, published in several well respected periodicals, presented at national conferences, and broadcast internationally via webcast.

## About StrategyDriven

StrategyDriven provides executives and managers with the planning and execution advice, tools, and practices needed to create greater organizational alignment and accountability for the achievement of superior results. We believe a clear, forward-looking strategy, translatable to the day-to-day activities of all organization members, is critical to realizing success in today's fast paced market environment. Not only does a compelling, well-executed strategy align individuals to common goals, it ensures those goals best serve the company's mission.

At StrategyDriven, our seasoned business leaders deliver real-world strategic business planning and tactical execution best practice advice – a blending of workplace experience with sound research and academic principles – to business leaders who may not otherwise have access to these resources.

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