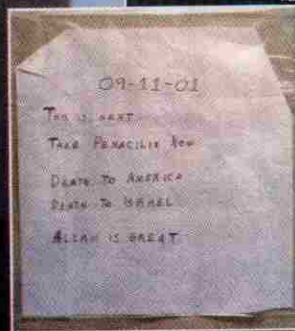
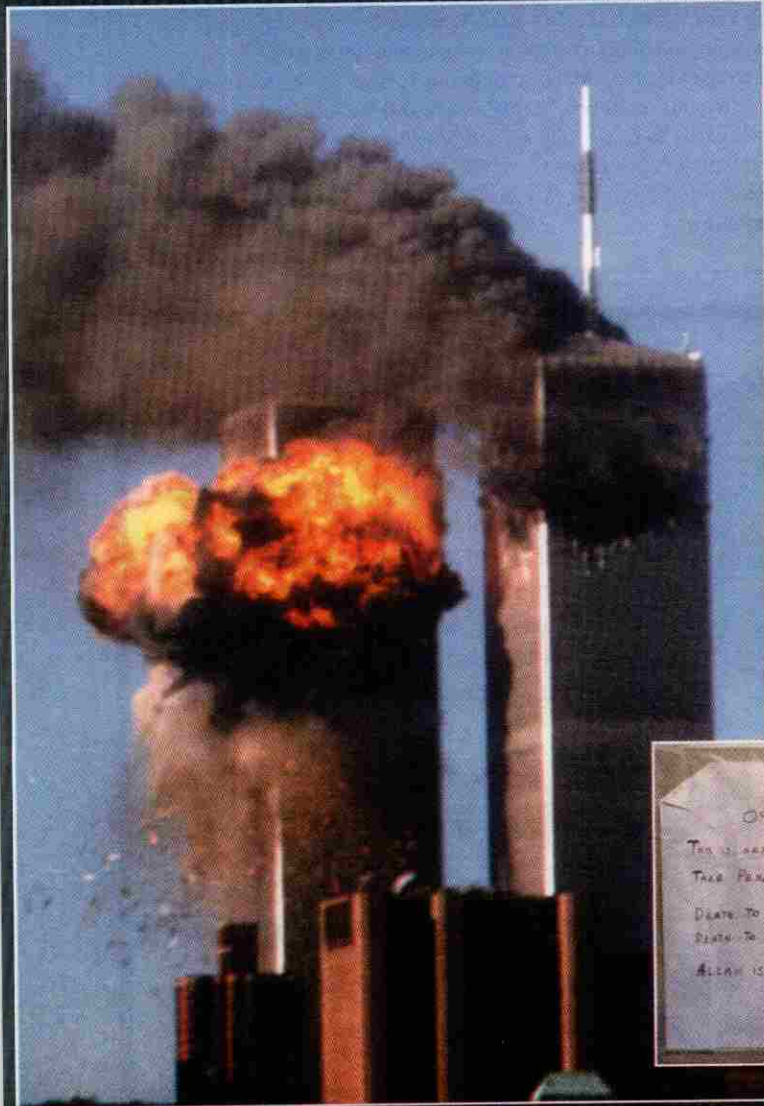


LEARNING FROM

FROM

The September 11 and Enron crises offer us opportunities to learn. But futurists wonder if we're learning the right lessons.



Introduction

The September 11, 2001, attacks on U.S. landmarks, anthrax in the mail, the Enron/Andersen debacle, Argentina's debt crisis, the child sex abuse scandal in the Catholic Church—such crises can shake our sense of well-being, our confidence in the future. But they also give us what some have called a “teachable moment.”

In this special section, five promi-

nent futurists offer their perspectives on what we can learn from such crises:

- **Ian I. Mitroff** argues that the Enron debacle is similar to many past corporate crises that could have been prevented if warning signals had not been ignored or blocked from reaching the decision makers.

- **Arnold Brown** tells how he tried to warn clients about the possibility of a September 11–like incident. There were many warning signs, he

says, and information was available, but there was inadequate analysis, failure to see the big picture, and failure to link information to action.

- **Joseph F. Coates** suggests that terrorists are likely to try to do the most damage using the fewest resources, such as assassinating the leaders of the top multinational corporations. We need to try to think like terrorists, understand why they hate us, and prepare the public to expect terrorist acts.

- **John L. Petersen** argues that the threat of terrorism is currently approached as a military problem. But a longer-ranging view reveals that global culture is undergoing tumultuous change, which a military mind-set is ill-prepared to handle.

- **Patrick M. Hughes** notes that the trend in terrorist attacks is clearly toward escalating violence and explains why it's so hard to counter terrorism.

CRISES



CRISIS LEARNING: THE LESSONS OF FAILURE

By Ian I. Mitroff

Modern crises are increasingly the result of complex systems that are intentionally disrupted.

One of the scariest aspects of the whole Enron mess is its amazing similarity to past crises. Of course, Enron is important to understand in and of itself if we are to understand why it occurred and what can be done to prevent future debacles. But if these truly are our goals, then it is even more important to understand why Enron fits the general pattern that is associated with virtually all major crises. It then becomes equally important to understand the general lessons that all crises have to teach. Only in this way do we stand a real chance of breaking the cycle.

Between 1979 and the present, some three dozen or more major crises have occurred worldwide (see "Timeline of Recent Crises," page 20). These include the Bhopal/Union Carbide gas leak (1984), the Chernobyl nuclear power plant meltdown (1986), the explosion of the space shuttle *Challenger* (1986), Exxon *Valdez* oil spill (1989), and the Tylenol poisonings (1982), which established the modern field of *crisis management*. More-recent crises include the Los Angeles riots following acquittals in the Rodney King beating (1992), the Oklahoma City bombing (1995), the World Trade Center Towers and Pentagon attacks

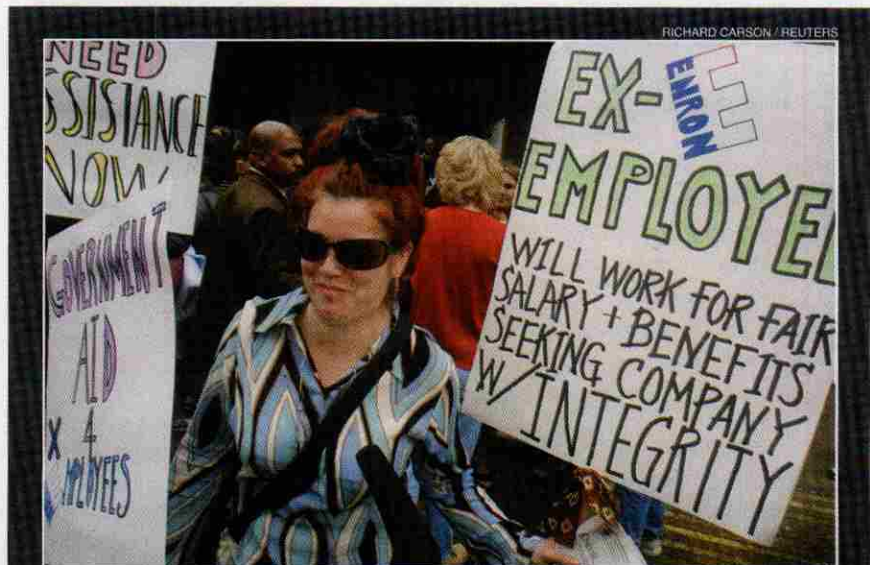
(2001), and the collapse of Enron (December 2001) and subsequent obstruction case against its accounting firm, Arthur Andersen (2002).

When we step back and look at the big picture, the full timeline of crises from 1979 to 2002, we see an especially disturbing and ominous trend.

Bhopal, Chernobyl, and Exxon *Valdez* are very different from the

Oklahoma City and the World Trade Center bombings, and even Enron. Bhopal et al. represent what may be termed "normal accidents," while the Oklahoma City and World Trade Center bombings, as well as Enron, are what I would call "abnormal accidents."

Normal accidents represent the *breakdown* of complex systems; abnormal, the *breakup*. Normal accidents happen because we are operating exceedingly complex technologies and systems with management and safety systems that are faulty or simply inadequate. Normal accidents are "normal" because they are literally "built into" the fabric of modern societies. However, they are not intentional. This is precisely what distinguishes normal from



Former Enron employee protests the company's betrayal of trust. Contemporary crises such as the collapse of Enron demonstrate that complex systems need more sophisticated oversight, says author Ian I. Mitroff.

Timeline of Recent Crises

1980
1985
1990
1995
2000

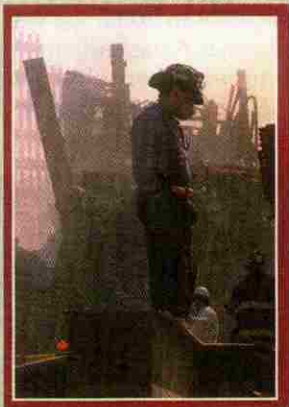
- Three Mile Island, March 28, 1979
- Tylenol poisonings, September 1982
- Suicide bombers target U.S. facilities in Lebanon, 1983
- Bhopal/Union Carbide disaster, December 3, 1984
- Air India Flight 182 bombing, June 22, 1985
- *Challenger* space shuttle explosion, January 28, 1986
- Chernobyl disaster, April 26, 1986
- Mad cow disease, June 1986 to present
- Pan Am Flight 103 crash, December 21, 1988
- Chilean grape cyanide scare, March 1989
- Exxon *Valdez* oil spill, March 24, 1989
- Los Angeles riots, April 1992
- Raid on Branch Davidian compound in Waco, Texas, February 1993
- Bombing of World Trade Center, February 26, 1993
- Syringes in cans of Pepsi, June 1993
- Failed humanitarian effort, attack on U.S. troops, Somalia, October 1993
- Texaco racial discrimination, 1994–1996
- Orange County financial collapse, December 6, 1994
- Earthquake in Kobe, Japan, January 17, 1995
- Poison gas attacks in Tokyo subway, March 19, 1995
- Collapse of Barings Bank, 1995
- Oklahoma City bombing, April 19, 1995
- Nazi victims' gold discovered in Swiss banks, 1996–1998
- Crash of ValueJet Flight 592, May 11, 1996
- Crash of TWA Flight 800, July 17, 1996
- U.S. Army sexual harassment of female recruits, 1997
- Clinton/Lewinsky scandal, January 1998
- Terrorist attacks, U.S. embassies in Kenya, Tanzania, August 7, 1998
- Columbine High School shootings, April 20, 1999
- Earthquake in Turkey, August 17, 1999
- LAPD Ramparts corruption scandal, September 1999
- Ford/Firestone tire crisis, May to October 2000
- Concorde crash, July 25, 2000
- Terrorist attack on USS *Cole*, October 12, 2000
- Earthquake in India, January 26, 2001
- California energy crisis, January to June 2001
- World Trade Center/Pentagon attacks, September 11, 2001
- Anthrax in the mail, September 2001 to present
- Enron collapse, Andersen accounting scandal, 2001–2002



Crew of the space shuttle *Challenger*, which exploded moments after launching in 1986.



Federal building in Oklahoma City, devastated in 1995 bombing.



Firefighter gazes on wreckage of World Trade Center, destroyed by terrorists September 11, 2001.

This timeline of major crises over the past two decades demonstrates the growing frequency of “abnormal” accidents—those that are not simply due to the forces of nature or human error, but created intentionally through revenge, corruption, or other motives. To the extent that events leading up to crises are trackable, they may also be preventable, suggests crisis-management expert Ian I. Mitroff.

Source: Timeline information compiled by Ian I. Mitroff and staff of THE FUTURIST.

abnormal accidents.

Abnormal accidents are intentional. If normal accidents represent the shift in a complex system from safe to unsafe conditions, then abnormal accidents represent the shift from good to evil. This is precisely the reason abnormal accidents are so traumatic. The collapse of the World Trade Center not only shattered people’s lives, but, even more profoundly, it also shattered the fundamental assumptions upon which our lives are premised. We are *not* safe; we are *not* in control.

Feelings of betrayal are among the deepest emotions that humans ever experience. For this reason, this is the very worst aspect of accidents, normal and abnormal. However, such feelings are especially acute in abnormal accidents. The feelings are that both our leaders and our oversight institutions have not only let us down, they have fundamentally betrayed our trust. We feel as children do when they are abused physically and emotionally by their parents. It is no exaggeration to say that Enron’s employees and investors were “abused” by the so-called “parents” who were supposed to take care of them.

In every crisis that I have ever studied, there have always been a few key people on the inside of an organization and on its edge who saw the early warning signs of imminent danger and tried desperately to warn their superiors. In every case, the signals were either ignored or blocked from getting to the top or having any effect. These signals were blocked not only by those internal to the organization but also by those external oversight agencies that should have been looking out for the interests of all concerned with the organization.

Crisis Lessons

If there is a major lesson to be learned, it is not just that we need to go back and make our oversight agencies stronger, which we obviously need to do. In many cases this means reversing budget and job cuts so that the agencies are empowered to do the work they were designed to do. However, this is not enough.

What is required is a fundamental redesign of our agencies. Most of them were designed in and for far simpler times. They cannot cope with the complex systems that have evolved and that can easily elude the protections that might have been adequate in earlier times.

Take the case of al Qaeda, a true twenty-first-century organization. It is a distributed network node organization—it is not concentrated and located in one place, as are so many bureaucracies. By contrast, in the U.S. federal government there are over 40 agencies charged with collecting terrorist information. Despite the admirable efforts of the new

head of Homeland Security, getting agencies to share and to cooperate is not enough. What we need to do is to bring our institutions, kicking and screaming, into the twenty-first century.

The challenge is to develop smarter regulatory agencies, not bigger ones.

If the study of modern crises has demonstrated anything, the primary lesson to be derived is that we have to develop our capabilities to detect as many crises as possible *before* they occur. Repairing the damage *after* they have occurred is not good enough. Every one of the crises that occurred between 1979 and 2002

demonstrates this principle unequivocally. How many more will we have to experience before we learn the lessons they have to teach? □

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About the Author

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MEHMOOD QURESHI / REUTERS PHOTO ARCHIVE



Angry young Muslims in Pakistan, August 1998. How nations handle an oversupply of restless, angry young men is a critical question for the world's future security, says author Arnold Brown.

AVOIDING UNWELCOME SURPRISES

By Arnold Brown

Getting good information is only part of the strategy for averting surprise. We must also be able to look at the big picture and to take appropriate, timely actions.

An advantage of tracking trends is that surprises happen to you less often. And when they do occur, you believe you somehow failed to see them coming. I've been tracking trends for over 35 years, and, while I can still be surprised by events, I suspect it happens less often to me than it does to people who are not consciously and systematically looking at change.

A case in point: the horrific events of September 11. The magnitude and

the audacity were surprising, but the fact that such an attack occurred was not. Over the past decade, many signals told us that things were coming to a head.

In 1995, our firm discussed with our clients the growing tensions between the Islamic and non-Islamic worlds. It was clear that militancy in Islam was increasing, especially among the fundamentalists, and there was a noticeable escalation in terrorist groups driven by religious

fanaticism. Contagious weapons, such as biologicals, were becoming easier to make and therefore more likely. We concluded that the world was moving into a much more fluid and uncertain military environment, where borders would be less clearly delineated, the nature of conflicts less easily defined, and the participants less likely to be in the military tradition.

In a 1996 white paper, we showed our clients that massive migrations

