

A Worldwide Network for Responding to the Next Crisis - By Klaus Schwab

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14 January 2011 This article first appeared in the Harvard Business Review. [b]In the year ahead, the World Economic Forum will embark on an ambitious undertaking: the creation of a platform to enable decision makers around the world to pool knowledge about the risks they face, to share best practices in risk management, and to respond collectively to emerging threats.[/b] This initiative, the Risk Response Network, recognizes that the world's institutions now confront greater risk exposure at all levels, that the risks are increasingly complex and interdependent, and that the context for global cooperation has evolved. The network will be committed to developing tools and processes to help it not only understand key risks but also respond to them collaboratively and mobilize quickly in times of crisis. The Forum's well-established Global Risk Network draws on a community of experts from government, industry, civil society, and academia to produce in-depth knowledge about important risks. For this new initiative, however, the operative word is "response." A core element of the Risk Response Network will be the composition of its community: risk-focused professionals from both the private and the public sectors. The private-sector leaders will not be in the mold of the traditional chief risk officer, narrowly focused on a particular class of business-specific risks. Rather, they will be senior executives actively considering the breadth of enterprise-level risks facing their institutions. The public-sector leaders will include country risk officers, often cabinet-level government officials, and analogous representatives from major international institutions such as the World Health Organization. The commitment of leaders at this level to learn, plan, and act jointly may constitute a fundamentally new and better approach to understanding risks and fostering resilience. Many risk management solutions center on behavior change and governance, but both of those come down to the choices of decision makers and are highly dependent on individual and political will. With a concerted effort to provide the right mix of information, incentives, and institutions, we have a better chance of seeing behavior evolve. If we fail to assume collective responsibility for addressing global risks, it will be impossible to achieve much progress. Without the proper frameworks in place, market mechanisms for managing risk can't improve our aggregate global resilience. And without collaborative effort from business, government, and civil society on all these issues, our global future may be shaped more by crises than by our power to anticipate, manage, and mitigate them. [b]Klaus Schwab is the founder and executive chairman of the World Economic Forum.[/b]

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