

GLOBAL OUTLOOK

CEOs and Law Enforcement Face Similar Threats

The Threat Environment has Changed

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In 1933, President Roosevelt issued his famous call to war against the Great Depression. He rallied the nation with his ringing declaration, “The only thing we have to fear is fear itself.” Much has changed since then, yet FDR’s rallying cry may be more relevant than ever. At that time, one in four Americans were out of work, crime had risen to near all-time highs, and fear was threatening to paralyze a country already damaged from prolonged economic turmoil. If you stopped Americans in the streets and asked how they were doing, most would say they were fearful – fearful for themselves, for their families and for their country.

The fact that those words from Roosevelt’s First Inaugural Address still resonate is not because we find ourselves in similar economic toil or hardship – to be clear, we do not – but because there exists an underlying current of unease around issues, many of which I will argue are preventable, or, at the very least, can be mitigated with the right intelligence, strategy, resources and principals of leadership.

Fear is a constant in our lives. At home, we talk openly around the kitchen table about the latest tragedy on the news that day. We worry that our privacy may be in jeopardy by simply checking email, using a credit card or logging onto social media. We may think twice about going to a movie theater, sporting event or concert for fear of the unknown. We fear for the safety of our children and all of those we love. We are reminded every day of the deadly consequences of terrorism, gun violence, and what many feel are growing ethnic and racial divisions that threaten to tear apart the fabric of our communities.

At work, fear permeates the boardroom busy managing the latest crisis. It may be a cyber breach that threatens customer data and a company's valuable intellectual property, an activist investor challenging the company's management, or a disgruntled employee set on causing irreparable reputational or physical harm. Fear transcends all parts of business down to the rank and file employee concerned about their job security as new technologies disrupt traditional ways of doing business.

These are just a few of the things keeping Americans and good people around the world up at night. Many of these fears are not new, but in the current environment – exacerbated by a contentious US election, a 24-hour news cycle built for ratings, and the speed and repetition of social media – they tend to get quickly blown out of proportion.

The pace at which fear can spread is unlike anything we have ever seen before. An isolated incident from a defined moment in time can now reach every man, woman and child with access to the internet and social media, and it can last far beyond that moment. One tweet today can bring a corporation to bankruptcy, incite or inflame violence and protest, or lead to billions of dollars in stock market loses. A hacker who took control of the Associated Press twitter account in April 2012 wiped \$136 billion from the S&P 500 in two minutes by falsely tweeting that President Obama had been injured in an explosion. Though the loses were recovered, it serves as an illustrative example of the power of social media. For individuals and companies alike, it takes a lifetime to build a reputation. Today, it takes 140 characters or less to destroy it.

All of this results in a vicious cycle where we put aside that which brings us together and instead focus on that which sets us apart. We get caught up in harmful rhetoric rather than taking a strategic and studied approach to address the root causes of fear.

I had the privilege to serve as police commissioner of New York City for the first time from 1994 to 1996, and again from 2014 to 2016. Even in that great city, known for its resilience and tolerance of all race, creed and color, fear too often prevails. Crime rates are just one example. Since 1993, overall major crime in New York City has fallen by 76 percent. Over the past three years, shootings have decreased 25 percent and murders have fallen 36 percent compared to the ten-year average from 2003 to 2012. We accomplished this with the fewest arrests in 20 years. New York City - with 8.5 million residents and 60 million tourists who visit every year - is the safest major city in America. Nevertheless, despite this, fear of crime among its diverse population remains higher than objective conditions would seem to warrant.

When it comes to crime in New York City, there exists a large gap between perception and reality. A recent NYPD survey showed that 77 percent of New Yorkers feel safe in their neighborhoods, yet 97 percent believe crime is a major problem. This perception - that crime is taking place everywhere but in their own neighborhood - is the consequence of the new reality we live in, defined partly by a media paradigm that depends on controversy for ratings. Fear sells and people gravitate towards negative issues.

The pace at which misinformation is shared is part of the problem. But the way in which social media has eliminated transaction costs plays a role as well. On social media, institutions and experts may have no more influence than a person in their basement with a strong views, and sometimes may have considerably less. When authorities are diminished and rushes to judgment are rewarded, the result is a loss of certainty—and uncertainty breeds fear.

Combatting this can be difficult. If a video captures what may appear to be police misconduct and is posted on social media, millions of people may receive only part of the story before the police department ever has a chance to respond. Governments, police departments, and corporations have obligations to accuracy and honesty that require collecting facts before conclusions are drawn. On social media, however, all participants are not held

to these standards, and any individual with an agenda can spread his or her message to a global audience. Finding the balance between the first response and the right response is key.

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Today, more than ever, we need leaders who make decisions based on experience and based on facts. Not just leaders in government, but leaders from Wall Street to Main Street, community leaders and academic leaders. It is easy to lead by fear. It is a powerful motivator that plays into our basic human instincts. Having an awareness of fear, and the ability to resist the temptation to lead by fear, is a true test of leadership today. That is the approach we took at the New York City Police Department, and over the last two years we have seen the lowest murder total since 1957 and the fewest robberies, burglaries, and auto thefts since the mid-1960's.

The ‘Broken Windows’ Mission

The Department today looks nothing like the NYPD of the 1970's. At that time, it was an organization built to manage internal corruption and not to police the city. No one really believed that the police department could actually control crime or protect the public. As a crime fighting organization, the Department was crippled. Cops were not trusted. It wasn't until the mid-90's that the Department began to shift strategy from a focus on response to a focus on prevention. We knew that in order to change the Department, there had to be a common reality perceived by all and supported by data. Everyone must understand what we were dealing with. Real time information mattered. This strategy became known as CompStat – where we sought to empower and to hold accountable law enforcement officers at every rank. The principals of CompStat are clear: know what is happening, have a plan to address it, address it quickly, and follow-up relentlessly. This science

behind CompStat ensures that crime is addressed at its source, resources are allocated effectively and law enforcement is held accountable. It is focused on the prediction of threats and preventing its occurrences.

The Department also pursued a comprehensive plan to prepare for the challenges of the new century. It initiated police reforms that became known as “Broken Windows” where we refused to ignore the little things, which if left unaddressed, would lead to more serious crime and ultimately would lead to violence. The mission was to stop violence by preventing the conditions that enable violence in the first place. We acted against disorderly conditions and behavior that cause fear, no matter how trivial.

On terrorism, the Department pursued a similar path. My predecessor, Commissioner Ray Kelly, understood that after 9/11 New York City needed an intelligence capability that rivaled the capabilities of the federal government. He invested in more substantive intelligence screening and information gathering. Building on those efforts, during my years as commissioner, we expanded on an innovative and elite counterterrorism force with officers stationed overseas. We knew that in order to prevent foreign threats, we needed eyes and ears on the ground in cities around the world. We also knew that not every threat could be prevented, and so we created a unit of 500 counterterrorism officers who were trained to respond within in 5-7 minutes in the event of an attack. No other city in the world has this capability.

Today in New York City, our capabilities are far better than they have ever been before to quickly identify and prevent a constantly changing threat picture. However, a recent poll shows that Americans are more fearful of terrorism than at any point since 9/11. This election cycle has made clear that a significant portion of the US electorate has lost faith in government to do its number one job – keeping Americans safe. Among this group, there is a growing sense that they have been left on their own to deal with these threats. It is the job of government, law enforcement agencies and the private sector around the world to make sure that no one is left on their own. Se-

curity, after all, is a shared responsibility. As the threats change, so must the approach, and we must continue to build on our capabilities. It has always been a matter of when, not if, another terrorist attack will take place. When it does, New York City law enforcement is prepared.

The lessons of the NYPD can be replicated far beyond policing. Though not perfect, we applied a new kind of science and a new kind of rigor that made the city a safer and friendlier place to live. When we didn't have the answer, we weren't afraid to ask the people who did. In that sense, the NYPD today is also a reflection of the best parts of police departments around the country from Boston to Los Angeles to Seattle. In short, we took the necessary action to stay one step ahead, and to be prepared for the eventuality that we can't always get it right.

Private Sector Lessons

While the lessons we learned in New York City can be shared with business leaders, the NYPD has also learned a lot from its partnerships and collaboration with the private sector. In 1982, Johnson & Johnson, one of America's iconic companies, faced what became known as the "Tylenol Murders." Potassium cyanide had maliciously been added to Tylenol painkillers resulting in seven fatalities in the Chicago area. The first victim was a 12-year-old girl who took what she thought was a normal Tylenol to relieve her sore throat and runny nose. She was dead shortly after. Over the next few days, six more would die.

Prior to the crisis, Tylenol controlled more than 35 percent of the pain reliever market, greater than the next four top painkillers combined. Only a few weeks after the murders, that number fell to less than 8 percent. Tylenol's parent company Johnson & Johnson - under the leadership of CEO James Burke - took immediate steps to resolve the crisis, recalling more than 31 million bottles of Tylenol in circulation despite the costs of doing so. The decisions Burke made that day not only likely saved his company, but his swift and timely response also potentially saved human lives. In the aftermath of the

crisis, Johnson & Johnson developed new protection measures, and within a year, and after an investment of more than \$100 million, Tylenol reclaimed its market share and the brand recovered. The reason Tylenol and other medications have the tamper proof packaging and foil seals today is because Johnson & Johnson, working with the FDA, put in measures to prevent a similar incident from happening again. In this case, Burke: i) identified the problem; ii) had a plan to address it; iii) dealt with it quickly; and iv) made changes to prevent recurrence. These are the same principals of NYPD's CompStat.

In more recent times, we have seen CEOs, and the companies they lead, succeed and fail based on their ability to manage risk and evolving threats. In many ways, the threats that CEOs face are not unlike the threats law enforcement responds to every day. Not long ago, an active shooter was a distant thought in the minds of CEOs, cyber hacks were considered a nuisance, and a non-existential threat, Eric Snowden, was not a household name and the threat of internal espionage was low on the priority list, and Twitter was just another social network. For CEOs, the threat environment has changed. The companies they lead must manage against these changes as a result.

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Dr. Martin Luther King Jr. famously said “The ultimate measure of a man is not where he stands in moments of comfort and convenience but where he stands in times of challenge and controversy.” Several challenges remain before us today. I anticipate in some cases these challenges will get worse before they get better, but they will get better. They will get better if we promote preparedness and refrain from overreaction. They will get better if we constantly evolve to meet changing environments. They will get better if we acknowledge our weaknesses and seek partners to improve performance.

Most importantly, they will get better if we refuse to give into fear, and instead focus on solutions.

The world in the 21st century is potentially very dangerous, but we can mitigate many of these dangers with the right strategy and by working to always stay prepared.
