‘Constellation of Disruption’: New Risks, New Numbers, New Decisions

Guest Speaker **PHILIPPE JOUBERT**

“You cannot be resilient alone. You have to be resilient with your ecosystem. You have to make the right decision. And to do this, you have to use the right number. So you have to stop to be counterfeiter, certainly, which is probably the number one action that we have to do. Let's put the right number on the table.”

Nik Gowing
Welcome to Talking About Thinking the Unthinkable, our latest leadership conversation and podcast. Hello, I'm Nik Gowing. The intense heat domes and extremes of weather over much of Europe and North America have greatly intensified anxieties and warnings about the true scale and immediacy of global warming and climate change.

What we can call the frying of London up to 38 degrees at the end of June certainly sharpened urgency and debate for the 1400 sessions of London Climate Action Week, known as El Cor, taking place at that very same moment in the British capital. We saw the extreme impact of heat and violent storms on football World Cup matches and the US celebrations marking 250 years since independence. Across the world, farming, work, economic activity have all been disrupted alarmingly.

Scientists warn that there's even worse to come. For many people that is unthinkable, even though it should not be. But in an increasing number of ways, there is significant progress to share on how we're moderating, mitigating and adapting how we humans live on this planet. Yes, there is progress. So joining me to share all of that is Philippe Joubert. Philippe is French-Brazilian, Founder and Chief Executive of the sustainability champion organization Earth On Board.

He is former President and Chief Executive of the giant Alstom Engineering Group. He advises governments and major global CEOs on low carbon and sustainable strategies. Philippe, a very warm welcome. There is what you call a constellation of disruption, which is happening at the moment, but there are an increasing number of positives, as I've just said. What in your view are they?

Philippe Joubert
You said it, I think in the disruption itself, you have the positive move starting. But this is also creating an interesting disruption. You have taken a few examples of what's happening today. You forgot one, the Tour de France is starting exactly in the region where we had intense fire. And we have to change the program of Tour de France, which for a French man, unthinkable, unbelievable should not have been ever. But we've it.

Nik Gowing
How are we challenging what you call that constellation of disruption?

Philippe Joubert
I give you an example of today. We had fires. We had violent fires in France today. And what happened yesterday, 200 or 300 intellectuals have signed a petition to ask for a new law immediately. As if nobody had thought before that perhaps we had to do something collectively, but they are asking for a law.

Okay, what happened? The parliament already has reacted and is starting to work on a law on urgency. And evidently, business, which is not completely immune to what will happen, have understood that in this new law, there will not be priority. And they are starting to act immediately, creating more perturbation on the system.

So you have also all the perturbation that we are creating on the system of information, electricity, that because of the fire. So what I mean by constellation is disruption that a perturbation that was existing before, we could have treated as a risk, which is an event, a movement, action, etc. But it's not sufficient now, because this perturbation is creating other perturbation on other system that are again not increasing the first perturbation. That's the constellation of disruption.

Nik Gowing
What you've talked about is what you call a Pandora's box of potential catastrophic events, new and difficult to quantify. Why do you say that?

Philippe Joubert
Yes. I say that because generally before we were used to take insurance. Insurance was very used to look at the past, look at the statistic, and then make a decision on a statistic on importance and possibility of risk. This is no longer possible because we have perturbed a system. So you don't know what will happen.

That's why we have the idea of we have opened a Pandora box, we don't know what we'll got, we will go out of this box. And this changed fundamentally the way we manage risk. Because as you don't know what will happen, the problem is not to cover an event. The problem is to be clear on what you want to protect, save or preserve and build the resilience of this kind of things.

Nik Gowing
Now I'm intrigued by one thing you've said, is, let's stop being counterfeiters. Why do you say that?

Philippe Joubert
That's another story, is the counterfeiter means that in business, I have always been doing business and you are doing business today, taking nature for granted, unlimited and quiet. This is no longer possible to say that. We have reached the planet boundaries, which means that all the business

that we are doing, all our profit and loss, are totally wrong, false, because we are not taking into account the cost of the impact of what we are doing, the famous externality, when economists will say.

So this produce results that are wrong. So far, so good, it's legal. But what we are doing with this is that we are distributing dividends paying high bonus and making decision based on number that are completely wrong.

So if, a small example, if you make decision on your portfolio of R&D without integrating externalities, you are doing research for the past. You are not doing research for the future. And you are increasing all what we call standard asset possibility. So we are counterfeiter, because we are not using the right number and we are paying money on something which doesn't exist.

Nik Gowing
Is there a new attitude to how profit can be made?

Philippe Joubert
Yes, you are seeing a new business model coming. There plenty of examples that are more, first, they are taking care of the interests of all the stakeholders, including nature, which is by the way in your law in the UK that some people have summarized in this is the interest of the shareholders, which is another problem that we are seeing.

So now we are starting to understand that there is no business resilience. It's impossible. The only thing that can be resilient is the whole ecosystem in which the business is working. And I think this is starting to change. Businesses have understood they cannot be resilient alone if the ecosystem is not resilient. And they are starting to build that. This means profit, not profit, but value sharing at the beginning and certainly limited impact.

Nik Gowing
We call this the pinball principle, Philippe, where the pinball machine on a fairground, the ball is going ever faster in different directions, no one can predict it. Do you think perceptions of risk and resilience are finally changing? In other words, there's a new comfort zone which is being entered by those at the top of companies and those investing in companies and new ideas.

Philippe Joubert
I am absolutely certain that this is changing. Unfortunately, we have to wait to be burned to understand that temperature is not always comfortable. So we are seeing now the consequence of the first events. What we are seeing in this heat wave is changing the perception of the people and the action of the people with a fabulous speed compared to what was one year ago, where people were talking about the possibility.

You know, I sometimes say business, they don't really react only to fact. Business reacts to possibility of fact. So when you have this kind of situation that prove that this can happen, they immediately switch on attitude. You can see the importance of scenario now compared to just the classical three-year plans and five-year plans. Not all the businesses are doing this, but a lot of businesses are going to this.

Nik Gowing
I heard John Kerry, the former climate advisor to President Biden, who's now incredibly active still, he gave a presentation a few weeks ago in which he said, actually, Donald Trump has become a booster for renewability and sustainability. Do you agree?

Philippe Joubert
I have difficulty to agree on something positive for Donald Trump, but I agree that his attitude has triggered a lot of reaction and probably have put us in front of the most probable scenario. So I think on this side, I agree with you, it has been positive.

And he can do it because differently to the board and the directors, the president of the United States can stand up, say ‘hey, I don't believe in climate change’. This is a hook done by Chinese and European people to prevent us to do business. Vote for me. And they have voted for him. So he is kind of legitimate to do what he is doing because he has said it. When a board member cannot be climatosceptical because doing this, is not fulfilling his duty. It's legal duty because he's putting the company in danger because he's not analyzing the risk properly. So that's the main difference with Donald Trump.

Nik Gowing
Now, you’ve got a number of things which you want to put on the agenda very clearly about anticipating the unpredictable, one of five issues. Why do you say that's important? You're speaking our language, thinking the unthinkable, putting the unpredictable on the agenda and making it actually a central part of planning and thinking.

Philippe Joubert
Yeah, because when you say we are entering a period of total disruption that we have never seen before, so it's a totally, it's a new situation. You cannot use what we were using so far. And we have to accept a certain number of clear features like past is no longer a good, a good... data for the future. You cannot be resilient alone. You have to be resilient with your ecosystem. You have to make the right decision. And to do this, you have to use the right number. So you have to stop to be counterfeiter, certainly, which is probably the number one action that we have to do. Let's put the right number on the table.

Nik Gowing

Right numbers now. You talk about, let's talk about point number two, about ensuring decisions reflect true environmental costs. Is the cost of nature and the cost to biodiversity, is that now becoming more accepted in boards?

Philippe Joubert
It's really interesting because they don't like to talk about this because this is not something very clear yet. But they are totally conscious that this is entering the P &L of the company now. You have this example of the bees that now some people in the business of agro business, have to buy bees if they want to continue to be on business.

So what a better example of cost that is entering your PNL without permission. If you want to survive, you have to buy the bees, so you have to incur the cost. This is what I call stop being a counterfeiter. And if you are not understanding that this is the future, you will not be here to tell the story again. The same thing.

Nik Gowing
What about going beyond? You talk about going beyond efficiency. Efficiency is not the only metric by which you should be judged.

Philippe Joubert
No, because we have been nurtured through efficiency, just in time, no inventory. This is all incompatible with resilience. So what I am saying is you will have to accept building inventories, you will have to accept double circuits, you will have to accept plenty of things that I will never accept. This is also something why it's so difficult to make the move because we are going against things that we have been doing for years and the look for efficiency at any cost it's no longer possible.

Nik Gowing
Final thought if I can, Philippe, you talk about collaboration, the importance of collaboration, it being non-negotiable. No company can be resilient alone. It's something I hear time and time again, is this moving? Collaboration creating new force.

Philippe Joubert
Yes, because I don't think the competition at any cost in any legal organization is what we need to get out of the problem. I have one conviction that we are in deep trouble and the only organization that have the strengths, the speed, the resources, the capacity of change is business. But you have one condition. We have to do our job. We have to put business under the high condition of competition and oblige them. And this is where I start seeing the collaboration. If you don't have a collaboration in building an environment that allows business to be efficient, but for good and for height also, you have to be efficient not at the cost of everything and certainly not at the cost of nature.

Nik Gowing
Philippe, thought. Bring all this together in the last 30 seconds. What is the big message, the big positive message you'd like people to remember from this podcast?

Philippe Joubert
First thing is if you want to predict the future, the best way, as somebody said, is to build it. And business is the only force that we have on hand to build this future that we want, provided that we put them in the right condition of work with the right numbers. Let's stop to be counterfeiter.

Nik Gowing
And is it moving in that direction at a pace which is now measurable?

Philippe Joubert
Let's say because we are optimistic both, we are optimistic but worried. Let's say that we are moving in right direction, not fast enough.

Nik Gowing
Thank you much for joining me, Philippe. Thank you. You can reference every detail that you've heard from Philippe because a transcript of the podcast is posted in parallel on our website, along with contact details for us and for Philippe. Do please share your experiences and join us when we next have a conversation about thinking the unthinkable. so important. Subscribe to our YouTube channel where you'll find all our podcasts very much in the same vein of frankness and positivity as we've just heard from Philippe.

From me, Nik Gowing, until the next time, keep thinking the unthinkable. More than ever, it's both possible and necessary, and the positives are emerging, as we've just heard from Philippe Joubert. Philippe, thank you very much indeed. Bye bye.

Philippe Joubert
Thank you. Bye bye.