

# A Conversation with Michele Wucker

Author of **THE GRAY RHINO: How to Recognize and Act on the Obvious Dangers We Ignore**  
(St Martin's Press, April 2016)



## What is a Gray Rhino?

A Gray Rhino is a high impact threat or risk that is predictable and obvious but neglected. Gray Rhinos can range from the most mundane personal challenges to looming corporate, political, and global crises.

Gray Rhinos are big and dangerous and ought to be hard to ignore. Yet, just as with their relative the Elephant in the Room, we put a lot of effort into not paying attention to them. But the Elephant in the Room is merely embarrassing, while the Gray Rhino can do some serious damage. We also take for granted that Elephants in the Room are ignored, but many Gray Rhinos are things we can do something about.

The future of the world belongs to the leaders who recognize and respond soon enough to change the course of Gray Rhinos, not only avoiding catastrophe but also turning threats into opportunities.

## What kind of dangers are we talking about?

Gray Rhinos can be everything from the 30,000-foot level, like climate change or financial crisis or water scarcity; to business challenges like disruptive technologies, succession and safety; to policy questions like failing infrastructure and government finances; to the personal level, from saving to retirement to health issues. How many students know they need to start their term papers early but wait until the last minute? How many people know that if they don't stop eating cheeseburgers and milkshakes but don't stop until they have a heart attack?

Take all of our every-day human impulses to avoid problems and multiply them by the number of people in organizations, in communities, in nations, and on the planet, and you'll see just how hard it is to deal with challenges before it's too late. But it's not impossible.

## How is a Gray Rhino different from a Black Swan?

Gray Rhinos are highly *probable*, obvious, high impact threats that we can predict ahead of time. Black Swans are highly *improbable*, high impact dangers. Since Nassim Nicholas Taleb's book, *The Black Swan*, came out, so many people have obsessed about predicting the next unexpected event. That misses Taleb's main point, which is that some threats are outside of our ability to predict. As a result, people should build systems that are resilient to any shocks, since we're bound to be surprised.

Yet the two concepts are similar because they both provide a framework for thinking about something that could be abstract. By focusing our attention on an emotionally powerful visual image, they prompt us to think differently about how we might behave.

Gray Rhinos help us to deal with threats that are highly probable and easy to picture because they're right in front of us, even when we'd rather not see them. Imagine what's possible if we were to take all the energy that goes into trying to predict the unpredictable, and instead focused on what we know is likely to happen unless we do something about it.

Many people have called the 2008 financial crisis a Black Swan. In reality, it was a crash of Gray Rhinos. It's so appropriate that the zoological term for a herd of rhinos is a crash.

### **How did you come up with the name?**

I was brainstorming titles with a colleague, and as I was describing something big and obvious and dangerous, the idea of a rhino struck me. He immediately made a sort of a Black Swan joke, suggesting a Black Rhino. I knew there was such a thing as a black rhino, and that there were white rhinos, too. I went to look up types of rhinos online, but even before the search came up, I realized that it doesn't matter if a rhino is "black" or "white" because they're all gray. It's that obvious, but the name leads us astray. But gray also suggests nuance, and it's not always easy to know what the right thing is to do. So the metaphor worked on two different levels.

### **What should people do when they spot a Gray Rhino?**

The most important thing to do when you spot a Gray Rhino is this: Don't ignore it.

Denial is the first stage of a Gray Rhino, with a nod to the five stages of grief that Elisabeth Kubler-Ross identified. As she pointed out, ignoring frightening realities is a defense mechanism; we shut things out to give us time to deal with them. We rationalize that "this time is different" and come up with reasons to do nothing.

Our goal should be to get past the denial stage, to figure out the nature of the challenge and the solution, and to create a sense of urgency to motivate others to join in preventing—or at least limiting—harm.

This means taking a hard look at how you or your organization makes decisions and how open you are to hearing unpleasant truths. Have the right people around to spot Gray Rhinos and do something about them. It's a skill to recognize warning signals and respond to them in time.

It's so encouraging to see how much attention people have been paying to behavioral economics and the importance of finding ways to learn about the blinders that we wear, the reasons we don't always respond when we should, and create new strategies and habits that help us to better manage problems.

### **Why weren't people seeing the warning signals in the 2008 financial crisis?**

Many people saw the warning signals, particularly as things were getting worse and worse. Many journalists wrote about the dangers of sub-prime loans and overheated markets. Christine Lagarde, who at the time was the French finance minister, warned that a financial tsunami coming. The International Monetary Fund and Bank for International Settlements sounded alarm bells. Anyone who owned real estate had to know that prices doubling over a few years was not normal.

So the real question is why weren't people listening to the warning signals? For some people it was wishful thinking; some was the fault of cognitive biases that make us less likely to acknowledge important information; some was the fault of decision making structures that make it harder for voices of caution to be heard; some was indifference by people who knew that others would be left with any bills; and some was willful denial.

Financial crises happen regularly, so we can't say it was impossible to picture what was coming. In the run-up to many market crashes, people insist, "This time is different." It rarely is. The details differ from crisis to crisis, but the big picture remains the same. What goes up must come down. The higher a market gets, the less likely most investors are to leave the party.

For politicians interested in being re-elected, the game is to push the problem forward far enough that somebody else gets stuck with it.

**What gave you the idea to write the book?**

The idea to write *The Gray Rhino* came from a question that I couldn't get out of my mind after writing about the debt crises in Argentina and later Greece: What makes the difference between leaders who see an obvious problem and do something about it, and those who let approaching crises get worse. About nine months before Argentina's currency and economy collapsed, it was obvious that the country's debt was spiraling out of control. I was a financial journalist at the time, and wrote about a proposal for banks to write down about a third of the debt to avoid losing even more later. Several bankers called me and said they agreed with the proposal but couldn't say so publicly or they would be fired. Fast forward ten years and Greece was facing a similar dilemma. I published a policy paper arguing that Greece and its creditors should take the opportunity that Argentina missed. At the last minute, private creditors agreed to forgive a significant part of Greece's debts. This time, I was struck by how much more willing bankers were to talk publicly about the problem and difficult but necessary decisions, marking such a difference from Argentina. The central challenge—how to get people to recognize an obvious danger and do something about it—is something every business, government and individual shares.

**Why should the average person care about Gray Rhinos?**

Gray Rhinos affect every one of us: our jobs, our wallets, our health and safety. If a company or government ignores an obvious danger, people can lose their jobs or even their lives. The decisions we make in day-to-day life have huge impacts on our individual futures and on our families. When we multiply individual choices, they can create much bigger challenges for our families, companies, and societies, including health care and retirement costs and fiscal crises.

The best time to deal with a Gray Rhino is when it is far away on the horizon; the costs of dealing with it are lower and the odds of success are higher. Unfortunately, most people and organizations tend to deal with obvious threats only when they are right on top of us. The messages we send to our employers and politicians can affect whether they face up to Gray Rhinos or let them get worse, leaving others to pay the bill.

**Your first book was called *Why the Cocks Fight*, using the cockfight as a metaphor for the Dominican Republic and Haiti, two countries sharing an island. Do you pick animal themes on purpose?**

There are so many folk tales and fables involving animals that it's no surprise that animals can be powerful sources of inspiration. I'm a big animal lover and have been involved in rescuing Boxer and pit bull dogs for more than a decade. Still, it's just a coincidence that two of my books have animals in their titles.

**What's the most important thing you want people to come away with after reading *The Gray Rhino*?**

I want people to understand how big of a struggle it is for individuals, companies, societies, and government to respond to obvious problems before it's too late, but that it's not impossible to do. We can save money, energy, and lives by identifying, recognizing and responding in time to highly probable threats, and by adopting strategies that help us overcome the unconscious biases and perverse incentives that stand in our way. By identifying your Gray Rhinos and doing something about them, you can not only avoid getting trampled but also create new opportunities.