

## Winning Battles, Losing Wars

Michael Wesley

Napoleon is remembered as one of history's greatest generals. But he was one of the worst statesmen of all time, if you consider where he left his country at the end of the Napoleonic Wars – weakened, bankrupt, occupied by hostile powers, and once again a monarchy, despite all of the democratic hopes of the French Revolution.

Napoleon is a good example of one of history's quirks: despite people being diligent, competent or even brilliant in dealing with the immediate challenges they face; sometimes the broader context they're working in turn decisively against them. One explanation is that while people are focusing on the immediate, they lose focus on the bigger picture, and often their own actions, which seem to be the right thing to do, can contribute to the bigger picture turning against them.

There are signs that we're living in such a time now. As a society, we're more educated, more informed, better connected, more technically empowered than any other societies in human history. We're good at our jobs, as we should be. But still things are going wrong. Tensions are rising in society. Inequality is increasing. We can no longer be certain that our children will have more and better opportunities than we had. Few people have confidence that governments can resolve problems. And all of this affects business.

I suggest that we're living through an era of disruptions that are changing the context in which we work. This means that however diligent we are and technically good at our jobs, things can still turn against us and our clients. Being a good financial adviser in this era of disruptions means we need to be able to understand the larger context within which we're working, *as well as* being diligent and technically excellent at our immediate jobs.

Three dis-alignments are causing the disruptions. The first is a collapse of public trust in institutions and expertise: governments, the Church, business, the media, universities, science. The second is a blurring of the distinction between economics and politics, making the way markets work start to lose their moorings in traditional considerations, such as maximising returns, or the importance of sticking to deals once they've been made. The third dis-alignment is in the realm of politics itself: the traditional left-right divide that has structured politics for over 100 years has now become a contest over open vs closed – economies, societies, moralities, technologies.

Each of these dis-alignments has the potential to impact our own business in negative ways, because each of them is disruptive of the basic assumptions on which we've grounded our own competences. Institutions and expertise establish hierarchies of competence and respect; they guide us to who or what we can rely on to get things right. Separating politics and markets means we've been able to understand clearly the inner logics of each. And the left-right divide has simplified politics around questions of distribution vs performance.

In this age of disruptions, we need to understand these dis-alignments and how they affect our advice. We've lost the old certainties, and we need to find new ways of contextualising our expertise.