



**“Reading the Ripples: How Leaders Detect the Coming Waves”  
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Greetings and thanks for coming.

As you could see from the information that drew you here today, my topic is leaders. The last decade hasn't been an easy one for them. They've really been taking it on the chin.

Let's take a look at some recent leaders ...

George Bush. His Presidency was defined by the erosion of a surplus economy into one of the biggest debt economies the world has seen—and in record time. Not exactly what was expected from a conservative.

Prime Minister Gordon Brown. Here's a leader who couldn't have been gifted with a more inopportune time to step forward from the shadow of Tony Blair. He took over just in time for the U.S.-precipitated meltdown of financial markets to undermine London's dominance of global finance, transferring enormous pressure onto Britain's economy as a whole.

In Canada, we did a lot better. Our Big Five Banks – The Bank of Nova Scotia, RBC, TD, BMO and CIBC did not require bailouts and have been profitable through the crisis.

Good regulation, excellent risk management, our conservative nature, and prudent rules around mortgages helped our banks avoid the U.S.'s sub-prime debacle and better weather the global economic storm.

But we have destabilizing issues too—like the Prime Minister's proroguing Parliament and Afghan detainees.

Ripples and waves. Ripples OR waves.

Everyone knows how difficult it is to read the future. How can leaders accurately predict what's coming next—in their personal lives? In their public lives? Both are enormously scrutinized. Both are enormously impactful. And the public can be remarkably unforgiving when leaders get it wrong.

Ripples—they signal to us that subsurface tension is building.

Waves—WHOA! They're here and you had better be prepared to ride them.

Because you either catch them if you've been reading the ripples right, or they can take you under and wipe you out.

But add to ripples and waves a third factor--the mysterious Black Swan effect.

In his provocative book *The Black Swan*, author Nassim Nicholas Taleb proposes that a small number of Black Swans—inexplicable, unpredictable dark events randomly appear to “fragilize” society, and in essence, accelerate ripples into tsunamis.

These sudden tsunamis become overpowering and force us into making decisions in a world we don't understand.

For President George W. Bush and the United States, the Black Swan was 9/11. The chaotic decision-making that followed escalated the U.S.'s race toward debt and financial instability.

The financial crisis that resulted was Gordon Brown's Black Swan. In Canada, a wave of tsunami scale has not yet hit.

But, daily, Prime Minister Stephen Harper awakes to anxiously scan a sea of ripples, any of which has the potential to pick up momentum and bear a Black Swan into our midst.

In the end, it is not our best laid plans, but the small number of these Black Swans that explain most of the cataclysmic things that affect our lives, our societies, our governments and their desperate decisions, and our world.

But let's switch to a lighter tone, a more positive light.

Who could have read the ripples of technological developments twenty years ago?

That would be 1990. The ripples that would send us wave after wave of Internet, email, cell phones, blogs, electronic games, Yahoo, Google, Facebook, Twitter, Flickr, YouTube, text messaging, and downloads of all kinds of what used to be protected and valuable intellectual property.

Did you read those ripples back then and see the tsunami coming that now consumes much of our waking-hour brainpower?—and even more of our children and students?

What ripples are you watching? What are you betting on or anxious about? Which ones do you detect as having potential to swell and carry a Black Swan to shore? This constant vigilance has to be the steady state of the leadership mind.

So what do leaders do to sharpen their ability to read the ripples and detect those about to generate significant waves—for better or worse?

Increasingly many of the world's leaders, from all sectors, gather with other leaders at conferences, summits, and other forums. There they share insights on which ripples and waves they are watching and see as having potential to advance—or destroy—global prosperity and stability.

As president of the University of Alberta, I've been privileged over the past five years to participate in many of these discussions.

In the last year alone, I attended two World Economic Forums as a participant—one in Davos, the other in Dalian, China. I also had the opportunity to represent Canada at the Copenhagen Conference and as a member of the Canadian government's delegation to India.

In addition to engaging in thought-provoking discussions, I used these opportunities—as I use most meetings with leaders—to probe where they get their leadership insights.

And from their advice, and my own personal experience, I am convinced that there are three important places where today's leaders should focus their attention, analytical skills, and intuition to improve their skills at reading the ripples and the waves.

These three places are: books; the emerging next generation; and the emerging new-old--or depending on your perspective, old-new—cultures blossoming primarily in Asia.

## **Books and Such**

Let's begin with books.

At Davos, earlier this year, I facilitated a session on: What do leaders read? Each year, more than 11,000 books are published on management and leadership. Guess what? Few leaders read them.

Yet they do read and acknowledge that books influence how they think about the future. What kind of books do they read to help make sense of those ripples?

History is a big favourite. Many leaders consider history a reliable soothsayer and teacher of lessons relevant to navigating in times of crisis or preparing for tomorrow's challenges.

Fiction is another big favourite. It stretches a leader's imagination with insights into emotional truths and possibilities of human character. Fiction can provide comfort and relaxation from stress. Abraham Lincoln read novels during the U.S. Civil War. Nelson Mandela read the works of John Steinbeck while imprisoned on Robben Island.

Books leaders were exposed to in their early years often continue as "supertexts" for life. They are the texts that set their moral compasses and still stimulate their creativity, curiosity, and hope. Supertexts include:

- religious books such as the Bible, the Koran, and the Bhagavad Gita;
- classics such as Greek and Roman texts, Shakespeare, and philosophy; classics from India and China.
- and also biographies of inspiring people, poetry, and even children's books.

Margaret Thatcher's moral compass was apparently set by "The Tale of Ginger and Pickles," a Beatrix Potter tale about the evils of debt.

Others, particularly those with a science or technology bent, cut their teeth on the science fiction of Jules Verne and credit it for teaching them how to draw on one's imagination for invention and guidance.

Creativity, curiosity, and imagination are, in my view, essential ingredients for leadership. Without them, a leader's capacity to see possibilities—to read INTO the ripples—is severely handicapped.

Unfortunately, creativity, curiosity, and imagination can become deadened in leaders as they overdevelop rationality and deliberation in their journey to leadership.

We lose the FUN in thinking—and that's why kids so often accuse us of being so BORING.

This brings me the second place leaders need to watch – those kids—the emerging next generation.

### **Next-Generation Signals and Significant Acts**

In a dramatic reversal of time-honoured expectations, it's no longer the old wizards, but the techno-savvy whizkids who are driving many of the global knowledge-economy innovations that swell rapidly from ripples to big, impactful waves.

Consider Larry Page and Sergey Brin, founders of Google. What began as their Ph.D. research project in 1996 at Stanford University was launched as a company from a friend's garage in 1998.

Today Google is a massive wave that continues to grow and transform how we access and manage information in ways that were unimaginable less than a decade ago.

Or take a look at Mark Zuckerberg. He invented Facemash in 2003 while attending Harvard University.

By 2004, Facebook was incorporated, and in 2006, it was made available to anyone over the age of 13. Facebook launched the powerful wave of social networking.

Another is Mike Lazaridis, who dropped out of Canada's University of Waterloo two months before graduation to launch Research in Motion, the company that created and manufactures the wireless handheld device known as the Blackberry—or "Crackberry" depending on your view of it. Today this Canadian invention is the most popular smart phone among business users worldwide!

These and other new communications technologies such as Twitter, MySpace, and YouTube were invented and advanced by young people barely out of university—if that!

They have created new enterprises that are not only major global economic drivers, but massive social changers. The average next-gener is "wired" and "connected," using as many as seven to nine pieces of technology simultaneously, while many of their parents can manage barely more than a cell phone.

The challenge to universities is that these technologies are affecting how next-geners learn, think, connect, and communicate.

We old wizards lecture on the joys of lifelong learning while the whizkids already take it for granted that they will need to keep upgrading their technology skillsets and knowledge-base constantly for the rest of their lives.

This is changing universities. Our students push curriculum boundaries with demands for "Just in Time" flexible degree programs in emerging areas of knowledge.

They want them taught using collaborative platforms, not in time-and-space confined classrooms. They want engagement—with professors, with one another, with hands-on research, with community learning and service, with multiple disciplines, and multiple cultures.

We wizards need the whizkids to teach us. We know the content—the what—but increasingly they know the how—and that how will dominate the future of education.

These energetic, inquisitive, technically astute students will be your next-generation employees; they already have web, social networking, and new media skills you haven't even heard of yet.

Be ready and open to the challenge. Their innovative mindsets can enlarge the way you do business, expand your connections with your markets near and far, and transform the culture and organization of your companies.

Nurture their ripples and ride their waves.

Which gets me to the third place leaders need to watch—and have been watching for several decades, but I think through a deceptively distorted lens.

### **Everything Old is New Again**

Another privilege and responsibility I have as president of the University of Alberta is to travel to many parts of the world to build international links and connections for my university.

I am absolutely floored by my visits to China and India: their vibrant, creative, burgeoning economies—their potential collective impact on the planet.

To sharpen your lens, I urge you to think of China and India not only as emerging, new economies and markets, but also as old-new economies that are rediscovering the creativity, curiosity, and imagination that made them once the richest, most cultured countries in the world at a time when the West was barely surviving the Dark Ages.

The late Joseph Needham, a professor at Cambridge University and a leading historian of China's science and technology, catalogued China's prowess in ancient times.

Clearly China was way ahead of the West in science and technology, inventing movable type printing, paper making, the compass, chart making, gun powder, and copper and bronze production.

China kept the most detailed astronomical records, led the way in herbal medicine, and excelled at agriculture. China was also a leading producer of silk textiles, ceramics, literature, and art that was admired and coveted worldwide.

Similarly, India revered scholarly knowledge and established the world's first university in 700 BC. More than 10,000 students from all over the world came to attend. Ancient Indian medicine, Ayurveda, was developed over 5000 years ago and is the forerunner of both Chinese and Greek medicine.

One of the specialties developed in this sophisticated system of medicine was surgery, including reconstructive plastic surgery.

India developed navigation over 6000 years ago and also gifted the world with algebra, calculus, trigonometry, and the decimal system.

Viewing these two nations, which are growing at double digit rate, as market economies serving the West is like putting on blinders to read the ripples.

There are other, more subtle lessons to be read and failure to see them will put us at jeopardy for unexpected and unsettling waves.

Here's a clue.

Remember earlier when I took you through the journey beginning in 1990 to today, that sequential passage as we slogged along the technology road from next new thing to next new thing?

In China and India, they have leaped gracefully right over the slogging, straight to the current new thing. No phones? Land lines a problem to install after being behind so long?

Forget them. Everyone—and I mean everyone—from the most fashionable young in the heart of Beijeng or Mumbai to the most traditional native farmers in rural villages has a cell phone.

The “smart phone” with hundreds of applications is replacing many devices, allowing users to conduct on-line banking and shopping.

As a high-ranking government official in India told me: The emerging middle-classes of India and China aren't going to look for us for solutions. Instead, they're going to bypass us and find their own. Indeed, some of their solutions will then be re-engineered and brought back home to us to capitalize on US as THEIR market economy.

Good example. Tata Motor's Nano Car. Seeking to develop a safe, inexpensive vehicle for the growing Indian middle class, Tata produced the Nano for under \$3000.

Tata Motors is now working on bringing a version of the Nano to North America, and expects to compete not only on price considerations, but on fuel efficiency.

A ripple worth watching? The next big thing? The coming wave? Could be.

And it's the reverse of what many of us in the West are assuming these economies are all about. The next big wave may very well flow from east to west, and if our leaders don't expand and diversify their perspective, it will hit us like a tsunami.

Let me give you another example, closer to me personally. I came to Canada as an immigrant from Sri Lanka—so I've always thought I have a pretty good understanding of South Asia.

On a trip to India last month, I met up with my Canadian born 27 year old daughter. She is getting married this summer, and we met in Mumbai in order to buy saris and other clothes for her wedding. This surprised me since I have not worn a sari in 30 years. Travelling with her and experiencing India through her eyes definitely expanded my perspective.

As soon as my daughter landed, I expected her to want to hit the streets and the shops. But when I asked her what she wanted to do first, she replied that she wanted to buy and read some magazines. Magazines?

Yes, the Indian editions of Vogue, Bazaar, and Elle. Why? To learn what Indian designers are doing—to see how they are fusing the fashion trends of Milan and New York with New Delhi and Mumbai.

Suddenly, I saw India differently, not just as a place to go from meeting to meeting on university business, ticking things off my list.

My daughter had arrived in India with a much different mindset. She anticipated that things would be happening in India that she didn't know about yet that would change what she would finally want to buy and wear.

She had a much greater intuitive understanding than I of what a global conversation really should look like. It's not about racing through meetings on strict linear schedules—not about *doing* but about *thinking*; not about *outcomes* but the whole, experiential *process*.

Westerners—and I'm thinking here of Canadians, Americans and Europeans—tend to revere linear thinking and interpretations of change and progress.

Our linear thinking patterns, I'm afraid, aren't going to serve us well in an age of digital connectivity.

And they're not going to hold up against the fast-processing, free-ranging, interdisciplinary thinking patterns of young next-geners like my daughter. And the millions of kids younger than she—most of whom live in Asia.

When I need a good shake out of my habitual linear orientation, I like to turn to a favourite author I read to my children —Dr Seuss. He's always good at getting me out of my box and giving me a good laugh as a bonus.

What resonates with me in Dr Seuss is this: He repeatedly shows us that creativity is a life force that we must not ignore.



Creativity may lead to great big messes and unavoidable failures—think of the havoc that the Cat in the Hat brings into the house—but creativity also leads to powerful solutions and to great joy and compassion for one another and the planet.

So, I cannot think of a better way to end today than to quote dear Dr Seuss—who gives us his own creative and playful spin on how to read the ripples and detect those that matter from those that don't.

He calls his short poem:

### **My Uncle Terwilliger on the Art of Eating Popovers**

*My uncle ordered popovers  
from the restaurant's bill of fare,  
and, when they were served, he regarded them  
with a penetrating stare....  
Then he spoke great Words of Wisdom  
as he sat there on that chair:  
"To eat these things," said my uncle,  
"You must exercise great care.  
You may swallow down what's solid...  
BUT...you must spit out the air!"*

*So... as you partake of the world's bill of fare,  
that's darned good advice to follow.  
Do a lot of spitting out of hot air.  
And be careful what you swallow.*

Thank you so much for coming this evening. If you ever find yourself in Edmonton, please come by the University of Alberta for a visit. We'd love to show you around.