

A “New Approach” To Crisis Management

Malaysia Recovery & Rejuvenation Bhd (MRRB) – Part 2

By Matthias Chang – Future Fast-Forward

Recap:

At the conclusion of Part 1 of this article posted to my website on 9th September, 2020, I gave a preview of Part 2 and wrote:

Preview of Part 2: The rationale for the above proposal was mooted as far back as 2015 when in a Closed Door Dialogue which I had organised for Tun Mahathir Mohamad, I laid out the consequences of the pending economic crisis which would manifest in 2018/2019, well within the period of boom and bust cycles – a decade, give or take a margin of error of one to two years. The last crisis being the Great Recession of 2008!

It did not gain traction with the stake holders who attended the Dialogue.

So, in the same year, I rushed out a publication “[Qi for Longevity – Corporate Longevity in Times of Crisis and Volatility](#)” which was dedicated to Tun Mahathir Mohamad. But it fell on deaf ears as well! A second edition came out in 2017 with some updates. [The theme of the book, helping industries, corporations, small business etc. to survive would in turn help our country to recover from the ravages of any economic destruction.](#) I laid down specific strategic tools for such a crisis as we are facing now, albeit the absence of Covid19.

Therefore, Part 2 of my article is not about the structure of MRRB, the proposed special agency / corporate vehicle to enable our economy to recover and rejuvenate, but rather to reveal and explain the philosophical foundation for a “new approach” to crisis management (based on thousands of years of ancient wisdom) and why it is so critical to have a Crisis Management Team (a Corporate/National Trauma Team) with specific skill set that is non-existent in any country or even in Forbes’ Top Global 500 corporations.

The said philosophical foundation as revealed is also based on my forty years’ practice and experience in the Wushu martial arts and the Secret Philosophy of Qi Qong’s “Pure Mind/Heart”.

Any reader may snigger for all I care and assert that what I am revealing is mumbo jumbo voodoo economics. I have no time or the inclination to convince or debate with intellectual masturbators!

Let me at this juncture say that Phase 1 of the Covid19 Rescue Package which our Prime Minister and his government implemented, **has been an outstanding success**, given the unprecedented circumstances. It was a tough call. But, my present concerns relate to Phase 2 of the crisis commencing from October, 2020 which every country is facing. What is abundantly clear is that no country has an agency established to meet such a crisis. Countries have assembled several existing agencies with different skill sets which are not geared to handle such an unprecedented crisis. **There have been so many instances of extreme conflicts between the health authorities and those institutions tasked with managing economy**. The published testimonies of “experts” before the US Senate and House Committees reveal **even outright antagonisms** and **disbelief** as to the state of unpreparedness and inconsistencies faced by US. Malaysia was spared from such political divisions thus far.

We should therefore avoid arriving at presumptions / assumptions etc. that Phase 2 would be a cake walk, since Malaysia has handled Phase 1 relatively well.

Let me therefore explain why my proposals merit serious considerations.

1) **Ancient Wisdom**

Only a few nations can claim the heritage and lineage of a “Civilisation State”. The Chinese can claim such a civilisation heritage. India is another.

China is one of the world’s oldest civilisation. Its recorded history dates back more than 10,000 years ago. Chinese pride themselves with five thousand years of history and culture. China’s history can be divided into different dynasties alternating between periods of political unity and disunity at intervals. It was occasionally conquered by people from the outside (e.g. Mongols and Manchurians); some of them eventually were assimilated into the Chinese population. I invite you to focus particularly on the longevity of the dynasties as **it is abundantly obvious that a dynasty can only have longevity if it manages crises well**.

Here are the major Chinese Dynasties and eras, the **majority** existed more than hundred years:

Xia Dynasty 夏 (c. **2070-c.1600** B.C.E.)

Shang Dynasty 商 (c. **1570-1045** B.C.E.)

Zhou Dynasty 周 (**1045-256** B.C.E.)

- Western Zhou 西周 (1045-771 B.C.E.)
- Eastern Zhou 东周 (770-256 B.C.E.)
 - Spring and Autumn Era 春秋 (722-481 B.C.E.)
 - Warring States Era 战国 (403-221 B.C.E.)
 - Qin Dynasty 秦 (221-207 B.C.E.)

Han Dynasty 汉 (202 B.C.E-220- C.E.)

Six Dynasties Era 魏晋南北朝 (220-589 C.E.)

- Three Kingdoms 三国 (220-265 or 280 C.E.)
- Western Jin 西晋 (265-317 C.E.)
- Eastern Jin 东晋(317-420 C.E.)
- Southern and Northern Dynasties (386 or 420 to 589 C.E.)

Sui Dynasty 隋 (589-618 C.E.)

Tang Dynasty 唐 (618-907 C.E.)

Five Dynasties Era 五代 (907-960 C.E.)

Song Dynasty 宋 (960-1279 C.E.)

Yuan Dynasty 元 (1264-1368 C.E.)

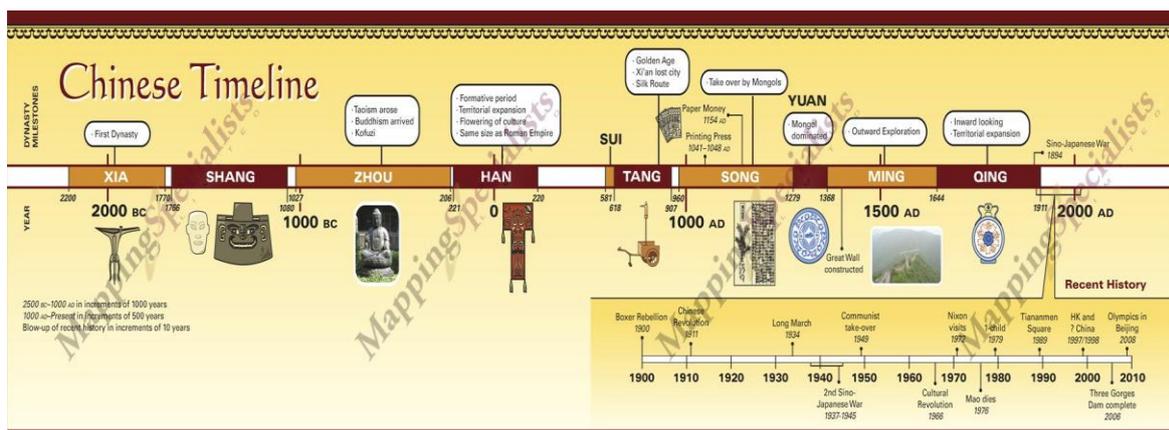
Ming Dynasty 明 (1368-1644 C.E.)

Qing Dynasty 清 (1644-1911 C.E.)

Republic of China 民国共和时期 (1912-1949 C.E.)

People's Republic of China 中華人民共和國 (1949 C.E.-present).

Below is another presentation of the timeline of the ancient Chinese dynasties.



2) Fundamental Precepts

It is critical to grasp the fundamental point that while we cannot control the dynamic interactions of the natural process of transformation and change (i.e. the day and night, the seasons, the planetary movements etc.) **we can nevertheless control and determine the outcomes of the dynamic**

interactions in the process of transformation and change within ourselves, within an organisation, an industry and country with which we belong.

When we are not prepared, the storm will devastate us. When we are prepared and able to anticipate the storm, going to the high ground assures our survival. When to avoid and engage is **determined by the weaknesses and strengths of our energies.** Likewise, knowing when and how to conserve and expend our energies not only prolong our longevity but also the quality of our longevity. This is the essence of crisis management.

Confucius observed centuries ago:

***The Superior man, when resting in safety,
does not forget danger may come.
When in a state of security,
he does not forget the possibility of ruin.
When all is orderly,
he does not forget that disorder may come.
Thus his person is not endangered,
and his State and all their clans are preserved.***

Yet, has Malaysia an integrated crisis management team in place (a Yin and Yang Team) with *Special Skill Sets*? When Malaysia dials the proverbial number - 911, will there be a response when we do not have an economic ambulance with the trauma team on standby? I am willing to bet my last dollar that the answer is, zilch! We did not have one in 1997, 2008 and now in 2020, we have only the Covid19 team, **hastily set up** because the entire world was caught unaware. Hence, the urgency to have one in place for Phase 2 and the **MRRB** is the answer!

Consider also Master Hua Ching Ni's observations,

***What is well planted is not uprooted,
What's well preserved cannot be looted!
It will be sustained from generation to generation.
Virtue will be genuine,
when one cultivates oneself.
Virtue will be sufficient,
when one cultivates oneself with his family.
Virtue will grow rich,
when one cultivates oneself with those of his village.
Virtue will abound,
when one cultivates oneself with those of his nation.
Virtue will flourish universally.***

These immortal words should be read in conjunction with *Dà Xué (The Great Learning)* by Confucius,¹

***Knowing where and how to settle the mind,
one will be calm.
Having attained calmness,
one will be undisturbed.
Having attained an undisturbed mind,
one will have peace.
Having attained peace,
one's mind will respond correctly
to all situations.
One who responds correctly to all situations,
will find the way.***

***From the ancient times to the present,
One who wishes to extend virtue,
to all people under Heaven,
should first have a well-governed nation.
One who wishes to have a well-governed nation,
should first have a well-organised family.
One who wishes to have a well-organised family,
should first cultivate his personality.
One who wishes to cultivate his personality,
should first regulate his mind.
One who wishes to regulate his mind,
should first be honest with his consciousness.
One who wishes to be honest with his consciousness,
should first attain knowledge.***

We would then come to the inevitable conclusion that all things and matters have roots and branches and that all matters have a beginning and an end. Knowing this fundamental truth will enable us to adhere to the Way. ***But, we must first attain knowledge, the skill sets and more importantly where we are positioned at any one time in the cycle of crisis! And we must always avoid the EVIL of corruption. For in any crisis, Evil Corruption will bare its fangs.*** Please go back to Part 1 of my article uploaded to my website for an illustration, as to how corruption emerges in a crisis!

3. The Need for Different Skill Sets

Qi for Survival

Study the respective formations of a football team (offence and defence) below and apply your conclusions to crisis management. Think and apply earnestly!

¹ Taken from the translation by Master Hua-Ching Ni in *The Book of Changes & The Unchanging Truth*. There are numerous translations available but Master Hua-Ching Ni's translation for our purpose is most appropriate for the present discussion.



Visualise and analyse how when the formations on the left side of the above two diagrams are transformed to the right side of the two diagrams for the respective changes in the 442 and 4231 formations - **the options at our disposal would have been multiplied several folds.**

We are using the formation of football teams by way of an analogy because every week is a crisis week in football, and the manager of a team must always be prepared for all eventualities. The **skill sets of the “forward players”** is to score goals and are different from the **skill sets of the “defensive players” whose objective is to prevent a crisis by not allowing the opposing team to score any goals.** Each player has a specific position and area of responsibility for which their skill sets are suited. In like manner, the team of fire fighters of the Fire Brigade!

The military and the police can never assume the role of the Fire Brigade.

Presently, when a company is in dire financial crisis the idiotic response from bankers etc. is to call in the accountants to be appointed as Liquidators, to dispose valuable assets to pay off the debts to bankers and retrench employees! **That is the bleeding priority in screwed up crisis management’s SOP.** Liquidate! There is no crisis team in place to save the corporate patient. The same obtains in the situation of a nation, when the entire economy plunges or collapses and the “economic hit-men” from IMF and World Bank as well as global banks get in to plunder the country,

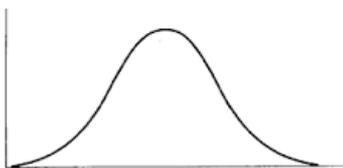
and as aptly described in excruciating detail by John Perkins in his exposé ***The Economic Hitman.***

4. The Status Quo & Positioning

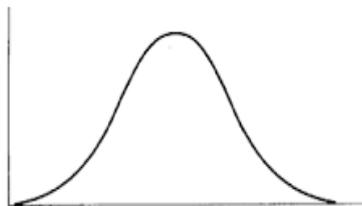
Consider:



WHERE IS THE COMPANY ON THIS CURVE?



WHERE IS THE INDUSTRY ON THIS CURVE?



WHERE IS OUR COUNTRY ON THIS CURVE?

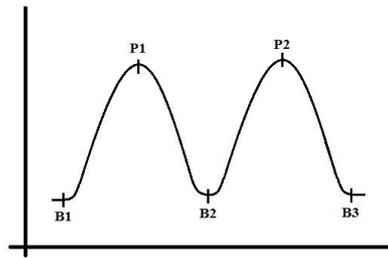
The recognition of where you are at any one point in time in relation to the above three curves / levels and the interactions within each curve / level will determine the PRIORITIES and their impact on the economy and for the practitioner of the Qi Crisis Team, the quality of the Qi for Longevity (survival) at each curve / level as well as the entire organic whole of all the curves / levels.

The crisis team must also plot the position of the below factors to determine (if any) the mis-matches or the equilibrium, thus:

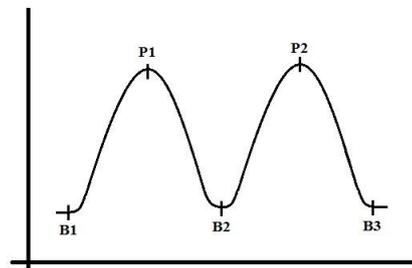
Supply Chain v Demand Chain
Who are selling v Who are buying
Who are producing v Who are consuming
The numerical configuration at each point
(who have died, who are surviving, their impacts)

See the Double Bell Curves below as illustration. P1 and P2 represent the two peaks of the cycle, the duration from P1 to P2 is dependent on the nature of the business of the company / industry which fluctuates constantly. **B1**, **B2** and **B3** denote the bottoms of the cycle and the

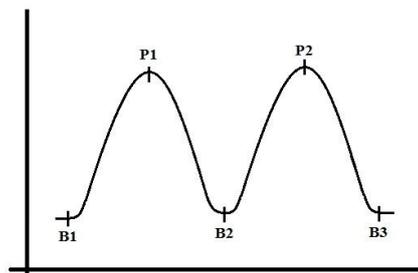
duration for each bottom of a cycle is dependent on the nature of the business and other forces, and ranges from 5 to 10 years.



At which point on the Double Bell Curves are the ailing industries located?



At which point on the Double Bell Curves are the ailing companies located?

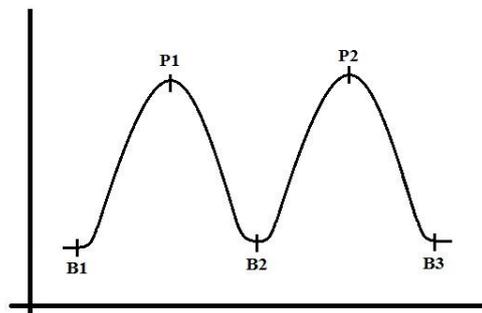


At which point of the Double Bell Curves is the Country located?

Whether the company, industry, country is on the ascending or descending slope of the various cycles / curves, will determine the type of rescue needed and any wrong analysis will obviously prolong the crisis.

We will again use the analogy of the soccer team (football). When Yang is on the ascendancy, the **team is on an attacking mode** and the team's **formation is structured for that purpose**. The defensive players would be vigilant for any counter-attacks from the opposing team. When Yin is descending, **the team is on a defensive mode** and the **team's formation is structured for that purpose**. The offensive players will be vigilant for any breaks/gaps in the opposing team's formation to launch a counter-attack.

In the commercial / business and national context, the same principles apply. We will use the Double Bell Curves to illustrate:



Let's assume that the company, industry and country are near to or at B2.

Applying the Way of the Wushu Masters and Qi strategies, the following sequence of events would have taken place.

1. Three quarters of the way up, **from B1 to P1**, the Yang Team and resources of the relevant entities cited above would be preparing for peak performance and outcomes and mindful that soon downward forces would prevail **after reaching P1**. After arriving at **P1**, Yang Team and resources would not be expanding their resources but rather **consolidating** their resources in preparation for the impending downturn, after passing the point at **P1**.
2. Yin Team and resources ever mindful of their strategic role, at midway between **B1** and **P1** would be gathering **“Economic Intelligence”** for any change in the financial weather – to determine whether the duration of the macro-industrial cycle integrated with the nation's economic cycle is still on course.
3. At three quarters of the way up, from **B1** to **P1**, **the Yin Team and resources are in full readiness** for any downturn or Black Swan events, and all financials are stabilised, specifically cash flows and that other resources are more than sufficient to meet head-on the ravages of any impending downturn. There will be no surprises. **As in soccer, the team is always at full strength, with adequate reserve players to step in when necessary even in an unexpected crisis (a Black Swan event).**

Retrenchments and Lay-Offs are not in the Overall Scheme For Survival

4. Contrary to management gurus' "wisdom" that human capital is paramount, yet the first casualty in any crises/downturn is always the employees. Conventional "wisdom" prevails as **retrenchment** is the preferred tool for downsizing and cost-cutting. Contrast to a ship in the eye of a storm. Every able seaman is at his post battling the storm. No one abandons ship. The captain leads the team, sails out

the storm and steers the ship to calm waters. **The collective experience of the entire crew ensures survival!**

5. For practitioners of Qi Qong, when the down-turn / crisis hits, the entire team is on survival mode with the Yin Team and resources in full control as **their Special Skill Sets** are brought into full play. The **Corporate Trauma Team** is up and running while everyone else in the industry is in disarray. For the majority, downsizing and cost-cutting is their battle cry - the confusion and chaos of the unprepared! **A very bloody scenario in most cases, except where there is a Yang and Yin Team in place!**
6. When Yang and Yin are in harmony, there is no hara-kiri, no fall guy to take the blame, no head-hunting for a new CEO, no financial blood transfusions or bail-out resuscitation in government sponsored Intensive Care!
7. The first line of the Yang Team is not demoralised or idle, their special **offensive Skill Sets** are also in full play (having adequate reserves in the “Corporate War Chest”), looking out for basement-bargain acquisitions when crisis hits. Offensive reserve players are **gathering financial intelligence** for the **next Yang scenario** assessing who and what will remain of the industry and formulating new strategies.
8. Three quarters down from **P1** to **B2**, the Yin Team **is consolidating**, having minimised the ravages of the downturn to the corporate eco-system and not having suffered any (or minimum) human capital casualties. The pace of slow-down during the downturn has provided space and opportunities to train the existing team with new Skill Sets as a result of the new experience gained. The Yang Team has already in place strategic plans for the upturn, would be up and running when the market has bottomed, leaving competitors still on life-support systems! The **competitors** have not a clue and devoid of any resources and competencies to seize opportunities when the upturn commences. **They are still in shell-shocked state.**

What is the biggest “mind-set obstacle”? Consider,

***If you think in terms of a year, plant a seed;
if in terms of ten years, plant trees;
if in terms of 100 years, teach the people.***

It is plain, simple common sense that one cannot be a contrarian unless one **recognises the true nature of the Opposing Force, Current or Attack.**

To be able to recognise the true nature of the opposing force etc. one must of necessity understand the **Progress** and **Rhythm** of the cycle of the opposing force etc.

It is again plain and simple common sense that to be a contrarian, **going against the tide**, one must be doubly strong in an all rounded way and confident that one can survive the ravages and destruction. Obviously, if the internal forces (government, industries, companies etc.) are weak, it is suicidal to take on stronger external forces. Another aspect is not to extend oneself beyond one's strengths and capabilities.

The immediate and usual retort, whenever I raised this particular aspect of this strategy in any seminar or dialogue, pseudo intellectuals would assert,

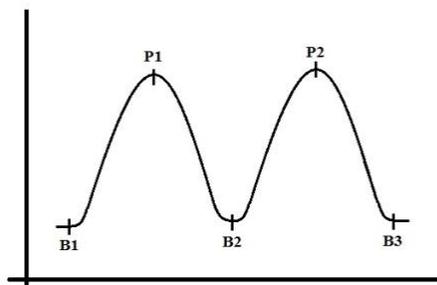
This is nothing new. This is common sense.

Often, when I responded bluntly that,

How is it that you do not have a crisis team to be on standby in anticipation of a crisis? You were all stressed out, some of you went under literally and some of you were barely surviving ... !

The discussion would end abruptly! They shut up!

Let's recap:



How many of you, as CEO, CFO or COO or for that matter a member of the Board of Directors, and Ministers would, at the **position 3/4** from **B1** to **P1** have prepared for the inevitable downturn, **after position at P1**?

99% of CEOs would still be celebrating the good times, believing that the music will not stop and the trajectory will be a straight line to the moon!

How many of you have started deleveraging and consolidating cash flows etc. or were you in fact leveraging up because of cheap finances, singing the mantra, **"this time is different"?** **No one will admit to this folly, eben the brightest and the best!**

Why do you think that our freaking housing industry has such a huge overhang of properties starting in 2016 (after the peak in 2015) and were bleeding RM billions every month even before Covid19?

I stand to be corrected, as my observations show that most companies etc. did not even have a *Corporate Trauma Team* trained with specific skill sets to meet the future challenges!

Ask yourself, ***who are the members of the corporate Fire Brigade when the fire storms were burning everything in its path in your company, industry or government?***

If truth be told, in most cases, companies would be staring at bankruptcy. The financial parasites par excellence (the accounting firms) would move in as ***liquidators***, asset stripping on behalf of institutional Shylocks and are paid hefty fees in priority of other unsecured creditors!

The skill set required of these receivers / liquidators as the name suggest is to liquidate, liquidate, liquidate!

If the above observations seem audacious and blunt, then I must ask the \$20 Trillion question,

How and why did all the global leading banks collapsed to the extent that the global financial system almost collapsed during the 2008 Global Financial Tsunami? These Too Big To Fail Banks (TBTF banks) were all insolvent and were bailed out by the FED and other central banks through various schemes exceeding US\$20 Trillion!

This is not a typo error.

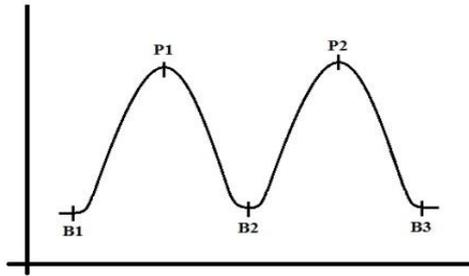
The statistics and figures were derived from official statistics from the FED. US\$20 Trillion is more than the combined value of the GDPs of all the countries in Africa.

Notwithstanding the financial devastation, a mere ten years ago, we are now witnessing a repeat of the same greed and recklessness by the major players in the global economy, with soaring stock markets and over valuations. And stock markets are never the barometer of the health of a country's economy. Never! Most global economies were already heading south. Stock markets are glorified casinos. Period!

Covid19 was not a Black Swan event, as flu pandemics have occurred globally year after year, killing hundreds of thousands. Fact check yourself.

The ***Black Swan event was the unprecedented rapid spread of the Covid19 virus, globally*** and the ***total lockdown of economies which is still in play.***

Let's recap:



In my book, Qi for Longevity published in 2015 and in 2017, I drew your attention to the need to take certain actions at various points along the Double Bell Curves **B1** to **P1** and from **P1** to **B2**.

Emphasis was made that at the position 3/4 up from **B1** to **P1**, the Yin Team (the “Fire Brigade”, the “Corporate Trauma Team”) would be preparing for the next downturn and anticipating the inevitable crisis after attaining or reaching the position at **P1**. From the position 3/4 of the way down from **P1** to **B2**, the Yin Team would have taken charge and preparing for the hard landing.

You were advised that it is critical to know the nature of the crisis as well as the appropriate cycles in order to be a contrarian – to go against the tide. The timing is critical. At **P1**, the Yang is at its peak of strength, but it is also the beginning of its descendency. And vice versa at **B1** or **B2** troughs / bottoms, and the Yin energy force is dominant.

Let's examine our **Checklist for Pre-Emptive Actions whenever applicable**:

1. What is the essential nature of the impending crisis – what are the principal and secondary **forces** of the crisis?
2. What is the fundamental **cause** of the crisis? What are the secondary causes?
3. Do not be misled by the symptoms and consider them as the causes. What are the early **symptoms**?
4. What would be the **impact** of the crisis and how extensive, in relation to our country, industries and companies?
5. Which **aspects** of the economy would suffer a major blow?
6. Would the impact be a **direct** blow or an **indirect** blow hitting initially specific businesses and industries?

7. If the impact is indirect, what and who are the **players** who would be devastated completely or survive the impact and the consequences to the economy?
8. If the impact is direct, the extent of the **immediate damage** to the core companies / industries?
9. Specifically, taking a micro-perspective, what would be the **impact** on the Supply Chain, the Production Chain, the Marketing Chain and the Revenue Chain? What are the impacts of the said **Chains on the economy?**
10. What are the likely **government policies** that would impact (positively and negatively) on industries etc within the context of the national economy?
11. Given the anticipated scenarios, what would be the **new landscape**, post crisis?
12. Last but not least, and **most critical**, how do we **minimise human casualties?**

When an entire army is decimated, defeat is assured and there is no hope for any regrouping to fight another day. If, in the face of defeat, the army retreats intact, there is always an opportunity to fight another day and seize victory from the jaws of defeat. **This is the way of the Wushu warrior and for that matter, all military strategists.**

Thus, if the Yin and Yang team survive the crisis intact or with minimum casualties (no matter how extensive the crisis) the economy can be rebuilt and the businesses revived. This is a given!

The above is not an exhaustive Checklist. But, it is intended to stimulate your future Yin and Yang teams to establish the basic structures and the relevant “softwares” to survive the crisis. The process is dynamic and should be as flexible as required and as circumstances demand.

Strategic projects for the development of a country invariably span a period of five to ten years from inception to completion – major highways, irrigation projects, airports, ports, dams etc. **In the planning for such projects, effective policymakers should endeavour to anticipate triggers and events that would delay or disrupt the effective implementation.** In exercising our minds to address all the project issues we cannot afford to have a One Track Mind. There are many things beyond our control of which we must accept and plan accordingly.

To borrow Donald Rumsfeld famous quip:

There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we

know we don't know. But there are also unknown unknowns. There are things we don't know we don't know.

Psychoanalytic philosopher Slavoj Žižek says that there is a fourth category,

“Unknown knows” that which we intentionally refuse to acknowledge that we know, what we do not like to know.

This fourth category, the ***refusal to accept reality*** is most dangerous. If we need to cite a glaring example, we need only to examine the events leading to the Global Financial Tsunami of 2008. Notwithstanding all the signs of the impending collapse of the global banking system and the stock markets, all leading global financial newspapers, Nobel Laureates in economics, global bankers, central bankers and government officials were declaring that the global economy was resilient and would continue to grow. The system is fine and working!

The remark by the Chuck Prince, the former Chairman and CEO of Citigroup Inc. is most telling when he said, even when the crisis was deepening during 2008:

“As long as the music is playing, you've got to get up and dance. We're still dancing”. This explanation seemed to boil down to: ***“it was a race to keep up with competitors who kept loosening lending standards and Citi couldn't afford to drop out.”***

Another example of such a mind-set was the answer given by Prof. Luis Garicano, director of research at the London School of Economics' Management Department to the question by the Queen of England,

“Why no one saw the financial crisis coming”?

He said, ***“at every stage, someone was relying on somebody else and everyone thought they were doing the right thing”.***

Following the financial storm of 2008, frantic 911 calls were ringing all over the world triggered by panic-stricken CEOs and government leaders but, only the fortunate and well-connected were rescued from a bloody and ugly death by a thousand cuts, when central banks' bailouts and financial intensive care facilities were made available to them by governments. For the rest, they were left to bleed to death!

This was the harsh reality! And will keep repeating this bleeding nonsense!

After 6 years of rehabilitation, even those who have been rescued have not deemed it a necessity to establish their Yin and Yang teams to prepare for the next crisis. All the dead have been buried, out of sight and out of mind! The new kids on the block have not learned any lessons. They are still clueless and blur, if not blind as the proverbial bat.

There will be a new normal, so they say.

Is this not the current narrative, preparing for the “New Normal”?

If truth be told, there will be no going back to the pre-Covid 2019 status quo and the narrative “new normal” is a misnomer.

It will be a total reset of the entire global economy for which the 12th Malaysia Plan must address, failing which Malaysia would be a basket case in the worse scenario!

Final Thoughts

Corruption Is the biggest threat to the successful recovery and rejuvenation of our economy. This Evil is already happening in US, UK, Europe, Japan and Taiwan.

FIGURE IT OUT!