Over the last two decades corporate fiascos leading to bankruptcy in institutions have been a great challenge to many: law makers, government watchdog agencies, court judges and juries, executives, boards, researchers, professionals, graduate students, etc. Numerous investigations have been conducted to document what happened and how, and to understand why. In some complex cases, the documents and artifacts amounted to thousands of pages: congressional hearings, court records, books, media articles, research papers, and the like. New regulations and reforms have been proposed and enforced. Subsequent fiascos and bankruptcies kept recurring, however.

The fiascos are costly. The impact to their environment is immediate. Their rippled effects are long-term. I am driven to address the problem from a systemic perspective. Therefore the manuscript is entitled Preventing Corporate Fiascos: A Systemic Approach. This extended abstract introduces my view on the fiasco prevention and shares the rationale for its development and existence.

In search for potential solutions to prevent fiascos, rather than to “manage or cure”, I explore four ideas: (1) **scope**: fiascos occurring in an institution should be viewed as part of the market and the economy, i.e. a scope much larger than the institution itself, (2) **signs and symptoms**: they should be detected and paid attention to early enough, since commonly by the time they surface, it normally is too late: bankruptcy will inevitably follow, (3) **corporate decisions**: they should be considered as the key factor on anything or everything leading to fiascos, and (4) **control**: who and how to control symptoms and decisions.

The first idea on **scope** suggests that the general system theory of von Bertalanffy-Boulding can be suitable as a systemic framework. We will argue that the biological spectrum from “protoplasm, cell, organism, community, ecosystem and biosphere” will be a better fit in substantiating institution as community, market as ecosystem and economy as biosphere.

The second idea on the **detection of signs and symptoms** is originated from a rough analogy between cancer in human (and/or any deadly disease in general) and fiascos in institution. Cancer is caused by malignant tumor. It in turn invades nearby tissue. When it proliferates to other organs or organ systems, by the time the symptoms surface, it is too late: the human with cancer faces death. The reason being that cancerous symptoms are under the control of autonomic system at the interstitial fluid level (between cells) therefore they are undetectable and unaware by the human consciousness. When an institution is considered analogous to a human, its employees are analogous to the cells of humans. The employees might become “abnormal” and behave as organizational “malignant tumors”. They might

Extended abstract (extracted from the manuscript’s Prologue)
influence others units across the institution, causing a fiasco which potentially leads to bankruptcy. One would want fiasco symptoms be detected, readily exposed and made transparent to the institution’s responsible parties.

The third idea on decisions stems from Albert Camus’s observation “Life is a collection of choices” and from Antonio Damasio’s suggestion that most decisions are emotion-driven. It is this set of decisions by the responsible people in an institution, individually or collectively, which bring the institution from point A to point B, regardless of events or symptoms they are facing. The current trend is to look into the decisions for understanding their root causes from the perspective of neuroscience and/or neuroeconomics. A few, such as Valerie Stewart, have tried to pursue a psychological approach to business management using George Kelly’s Repertory Grid (RG). The individual or group decisions in an institution should be understood not only from an observer’s perspective but also from the perspective of the decision makers themselves, i.e. their model of the world they live in. George Kelly’s Personal Construct Theory (PCT) and his RG technique in clinical environments can be extended beyond Valerie Stewart’s management applications for the understanding of decisions. One could attempt to model the decisions set and symptoms set together as symptoms-decisions measurable space using a mathematical basis similar to Kolmogorov’s theoretical formulation of probability.

The four ideas combined gives rise to a sketch for fiasco prevention. The first, the biological spectrum, will guarantee a relatively complete view of the problem domain where a solution would exist within, i.e. closure property. The second suggests that the cancer analogy can be further investigated for processes known in one analogue (e.g. cancer in human) to be applied to another (e.g. fiasco in institution). The analogues between the components of the biological spectrum would offer a rich set of systems thinking available for the pursuit of potential solutions. The investigation can be further extended beyond the fiasco problems in institutions towards economy since cell, human (as organism), institution (as community), market (as ecosystem) and economy (as a biosphere) are all part of the biological spectrum. The third will offer the opportunity in finding root causes of the problems with assigned or computed criticality values. The σ-field on symptoms-decisions would offer some insights into a mathematically logical, rather than pure psychological, potential treatment on decisions and decision making. The fourth idea suggests an additional control and governance with check and balance capability placed and shared in the capable hand of an Oversight organization unit. This organizational unit is parallel to the corporate line of command to promote corporate stability and to avoid potential abuse by the corporate top executives and management as often seen in past fiascos.