BLACK SWAN EVENTS: WHY MISUSE OF THE TERM UNDERMINES RISK MANAGEMENT AND RESILIENCE

EXECUTIVE SUMMARY

The term black swan event has become a staple of risk reports, media commentary and corporate presentations. Yet its widespread use is increasingly inaccurate. Many events described as black swans — including pandemics, cyber-attacks, supply chain failures and financial shocks — are not unpredictable at all. They are well-understood, frequently modelled, and repeatedly highlighted in national and international risk assessments.

This white paper clarifies what black swan events actually are, why the distinction matters, and how organisations can strengthen resilience by focusing on plausible extreme scenarios rather than chasing the illusion of predicting the unpredictable. It argues that misusing the term "black swan" undermines clarity, weakens preparedness, and distracts from the real work of building adaptive, agile organisations capable of navigating uncertainty.

1. Introduction: A Term Losing Its Meaning

In March 2026, CIR Magazine published an article summarising findings from the Allianz Risk Barometer. It reported that:

- 69% of UK respondents identified a global internet outage as the country's most feared "black swan event".
- Supply chain paralysis and the collapse of a major financial institution were also ranked as black swan scenarios.
- Covid-19 was cited as a recent example of a black swan.

These claims reflect a broader trend: the term black swan is increasingly used to describe any high-impact or frightening scenario. This is not only incorrect — it is counterproductive. Misusing the term obscures the real nature of uncertainty and undermines effective resilience planning.

The purpose of this white paper is to restore clarity. It explains:

- What black swan events actually are;
- Why many commonly cited examples do not qualify;

- The risks of misusing the term;
- A more accurate framework for understanding extreme events; and
- Practical steps for organisations.

The resilience profession needs precision, not sensationalism. This paper aims to support that shift.

2. What Taleb Actually Meant: The Theory Behind Black Swans

The concept of a black swan was popularised by Nassim Nicholas Taleb in The Black Swan: The Impact of the Highly Improbable (2007). Taleb's work is often referenced but rarely understood. His theory is not simply about "big surprises". It is about the limits of prediction, the fragility of complex systems, and the human tendency to impose narrative coherence on events that were, in reality, unforeseeable.

Taleb defines a black swan event as having three characteristics:

2.1 Unpredictability

A black swan lies outside the realm of regular expectations. There is no credible basis for forecasting it. It is not on risk registers, not in exercises, not in strategic planning documents, and not in the collective imagination of the profession. It is not a scenario that analysts debate or that regulators warn about. It is something that, before it happens, sits entirely outside the conceptual frame.

2.2 Extreme Impact

The consequences are severe and wide-ranging, often reshaping industries, economies or societies. Black swans are not minor anomalies; they are systemic shocks that alter trajectories.

2.3 Retrospective Predictability

After the event, people claim it "should have been obvious", even though it was not anticipated beforehand. This hindsight bias is a defining feature of black swans: the human tendency to impose narrative coherence on events that were, in reality, unforeseeable.

These criteria are strict — and intentionally so. Taleb's point is that true black swans are rare, unforeseeable, and beyond the scope of existing models. They are not simply "big scary

things". They are events that sit outside the boundaries of what organisations and governments consider plausible.

If an event is:

- listed on the National Risk Register;
- the subject of government exercises;
- widely discussed by risk professionals;
- included in corporate risk assessments; and/or
- modelled in academic literature.

…**IT IS NOT A BLACK SWAN!**

3. Case Study 1: Covid-19 — A Predictable Pandemic, Not a Black Swan

Covid-19 is frequently described as a black swan, including in the CIR article. Yet pandemics have been:

- at the top of the UK National Risk Register since its inception in 2008;
- repeatedly highlighted by the World Health Organization;
- the subject of major UK exercises, including Exercise Cygnus (2016);
- modelled extensively in epidemiological research; and
- identified as a top global risk by the World Economic Forum for over a decade.

Taleb himself has stated repeatedly that Covid-19 was not a black swan, but a "white swan" — a predictable, high-impact event that governments failed to prepare for.

Calling Covid-19 a black swan is not only inaccurate; it risks obscuring the lessons about preparedness, investment and capability. If leaders believe Covid-19 was unforeseeable, they may conclude that no amount of planning could have mitigated its impact. This is demonstrably false. Countries that had invested in pandemic preparedness — including South Korea, Taiwan and Singapore — responded more effectively and experienced lower mortality rates.

Covid-19 was a failure of preparedness, not imagination.

4. Case Study 2: The 2008 Financial Crisis — A Grey Rhino, Not a Black Swan

The 2008 financial crisis is another event frequently mislabelled as a black swan. Yet the warning signs were abundant:

- excessive leverage;
- subprime mortgage exposure;
- opaque financial instruments;
- regulatory gaps; and
- housing market bubbles.

Economists, regulators and analysts had raised concerns for years. The crisis was not unpredictable; it was a grey rhino — a highly probable, high-impact event that was ignored until it was too late.

The mislabelling of the crisis as a black swan allowed institutions to avoid accountability. If the crisis was unforeseeable, then no one was responsible for failing to act. This narrative is convenient but false.

5. Case Study 3: The 2010 Eyjafjallajökull Ash Cloud — A Plausible Extreme Scenario

When the Eyjafjallajökull volcano erupted in 2010, grounding flights across Europe, many commentators described it as a black swan. Yet volcanic ash disruption was a known risk:

- aviation authorities had ash protocols;
- the International Civil Aviation Organization had guidance;
- geologists had long warned of Icelandic volcanic activity; and
- airlines had contingency plans.

The scale of the disruption surprised the public, but not the profession. This was a plausible extreme scenario, not a black swan.

The lesson is not that volcanic eruptions are unpredictable, but that global supply chains are vulnerable to geographically concentrated disruptions.

6. Case Study 4: The 2003 Northeast Blackout — A Cascading Failure

The 2003 blackout that affected 55 million people in the US and Canada is often cited as a black swan. Yet investigations revealed:

- ageing infrastructure;
- inadequate tree trimming;
- software failures;

- poor situational awareness; and
- lack of coordination.

This was a cascading failure, not an unpredictable event. Infrastructure fragility and interdependencies were well known. The blackout was the result of systemic weaknesses, not unforeseeable shocks.

7. Case Study 5: The Suez Canal Blockage — A Predictable Single Point of Failure

When the Ever Given became lodged in the Suez Canal in 2021, global supply chains were disrupted for weeks. Many described the event as a black swan. Yet:

- the canal is a known single point of failure;
- shipping analysts had warned of vessel size increasing faster than navigational margins; and
- the global economy's reliance on just-in-time logistics was well documented.

The blockage surprised the public, but not supply chain professionals. It was a predictable consequence of structural vulnerabilities.

8. What True Black Swans Actually Look Like

True black swans are rare. Examples might include:

- a sudden, unprecedented technological breakthrough that instantly renders an entire industry obsolete;
- a geopolitical realignment that no analyst had considered plausible;
- a novel biological threat with no prior analogue; or
- a financial collapse triggered by a mechanism no regulator had modelled.

These events sit outside existing frameworks, not at the top of them.

9. Why Misusing the Term Undermines Resilience

Misusing "black swan" creates several problems for organisations and the wider resilience profession.

9.1 It Encourages Fatalism

If everything is a black swan, then nothing is foreseeable — and therefore nothing is preventable.

This undermines investment in preparedness.

9.2 It Distracts from Real Blind Spots

True black swans emerge from:

- novel technologies;
- unexpected system interactions;
- behavioural tipping points; or
- geopolitical shocks outside existing models.

If we label every major risk a black swan, we lose the ability to identify genuine blind spots.

9.3 It Undermines Strategic Resilience

Resilience is built on:

- understanding known risks;
- preparing for plausible extreme scenarios;
- strengthening decision-making; and
- building adaptive capacity.

None of this requires predicting the unpredictable.

10. A Better Framework for Extreme Events

Instead of using "black swan" as a catch-all term, organisations should distinguish between:

10.1 Known Risks

High-likelihood, high-impact risks that are well understood.

Example: pandemics, flooding, cyber-attacks.

10.2 Plausible Extreme Scenarios

Low-likelihood, high-impact events that are foreseeable and modelled.

Example: global internet outage, supply chain collapse.

10.3 Emerging Risks

New or evolving risks with limited data.

Example: AI-driven misinformation, quantum cyber threats.

10.4 **True Black Swans**

Events outside existing models and expectations.

Example: unprecedented technological or geopolitical shocks.

This framework supports clearer thinking and more effective planning.

11. Implications for Organisations

Organisations cannot predict black swans — but they can build resilience to withstand them.

Key steps include:

11.1 **Strengthen Organisational Agility**

Flexible structures, empowered teams, and rapid decision-making processes.

11.2 **Build a Risk-Aware Culture**

Encourage curiosity, challenge assumptions, and reward early escalation.

11.3 **Develop Scalable Response Plans**

Plans that can expand or contract depending on the nature of the crisis.

11.4 **Understand Critical Dependencies**

Map supply chains, digital dependencies, and single points of failure.

11.5 **Invest in Horizon Scanning**

Monitor emerging risks, weak signals and system interactions.

11.6 **Exercise for Plausible Extreme Scenarios**

Not to predict black swans, but to strengthen adaptability.

12. Building Adaptive Capacity

Adaptive capacity is the ability of an organisation to respond effectively to unexpected events. It involves:

- decentralised decision-making;
- redundancy;

- optionality;
- continuous learning;
- psychological safety; and
- cross-functional collaboration

Organisations with high adaptive capacity are better able to navigate uncertainty, regardless of whether the event is predictable or not.

13. Conclusion

Black swan events are real — but they are rare.

Most crises are not black swans.

They are foreseeable, modelled, and manageable with the right preparation.

Misusing the term “black swan” undermines clarity, weakens resilience, and distracts from the real work of preparing for plausible extreme scenarios.

The resilience profession needs precision, not sensationalism.

By using terminology correctly, organisations can strengthen their understanding of risk, improve preparedness, and build the adaptive capacity needed to navigate an increasingly complex world.

References

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