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# COMMUNICATIONS +

## Public Affairs Briefing Note



**How Can the Center Hold Against the Extremes?  
Blockchain Might Help.**

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**MONTIETH & COMPANY**

Last week, a McKinsey Global Institute report told us something obvious, and something less obvious. Both are worth the attention of any company, large or small, with a global business -- and for those hoping to build one.

The key insight -- at least from where we sit as a rapidly expanding global company ourselves -- is that sustaining long-term success is all about the balance sheet. If you make it to the top decile in terms of profitability, one way to secure your place is to stay as liquid as possible. Put bluntly, don't own too much. Every company needs assets, but focus on cash and cash-equivalents. Avoid fixed assets where possible.

It sounds like the ultimate Silicon Valley unicorn: wild success without being dragged down by physical assets, or having to hire too many people relative to your revenue line (let alone market cap). The dream post-Millennium business. Think Facebook on steroids.

But while this is an insight that companies need to learn from, it is also a caution flag. This needs to be put in the context of the growing political polarization not just in the U.S., but also Germany, Poland, and Brazil, among other countries. We think it can even be linked to the wealth gap in the U.S., and the broader global trend of expanding wealth in select "hub" cities while others decline.

### Can the Center Hold?

It all evokes the W.B. Yeats poem 'The Second Coming,' where things fall apart because the "center cannot hold" and "the best lack all conviction, while the worse are full of passionate intensity."

How does McKinsey's balance-sheet logic for corporate primacy dovetail with a withering "center"? Very simply: think about Facebook again.

The formula Facebook, among many other unicorn companies, has hit upon for too long lived within a solipsistic innovator's bubble. In the case of Facebook, this meant playing fast and loose with people's privacy. (Thank goodness the E.U. instituted GDPR.) But is this any different to oil and gas companies denying global warming for decades? Or CBS, as part of a legion of other organizations from the Save the Children to the UK Parliament, denying sexual harassment? Not really.

The center, then, cannot hold if organizations deny what amounts to the fundamental needs, rights and well-being of their own customers. After all, these customers are stakeholders in their organizations even if they don't own equity shares. This is the essence of license to operate. No organization should sell into or service any community or person if fundamental privacy rights, let alone physical health, are not respected. Note that the tech sector is the only business other than that of drug dealers who refer to their customers as "users".

Which brings us back to political polarization. The political part of pushing of people to the extremes is easy to understand. It's all about expediency on the way to achieving unchallenged power. That's the Hobbesian essence of it: power can only be unchallenged if you undermine the legitimacy of your opposition to even exist, let alone hold opposing views.

**"It sounds like the ultimate Silicon Valley unicorn: wild success without being dragged down by physical assets..."**



### The Role of Blockchain This is where blockchain comes into it, prospectively.

We just came back from Deloitte's 11th Annual Art & Finance Conference in Luxembourg, where the focus was on the challenges and opportunities of innovating blockchain applications for the art market. We participated on the panel tackling 'Art, Law and Technology: what are the main challenges' to offer our views on issues management and crisis communications. Deloitte, which is singularly unique in its attention to the art market as a global professional consultancy, has a deep understanding of the transformative powers of digitization. Its EMEA Technology Research & Insights Leader, Hans van Grieken, as a theory, and for Deloitte's clients, a practice for understanding "digital DNA" that enables scaling of a business.

In its inspiration, blockchain challenges the concentration of power. That's because of its potential for functioning, as Vitalik Buterin believes is possible, as a "trust machine" in transactions between people, and people and companies of all kinds. That's made feasible by the transparency it promises and because, for all intents and purposes, it takes human subjectivity out of the process of entering into and performing in accordance to contracts. The New Yorker's Nick Paumgarten noted this in a recent [insightful piece on the topic](#).

The question is whether blockchain applications can also be a check on power, whether political or corporate? Can it bring the extremes closer to the center? Can it help the center hold? If it can "be" the center?

### Maybe This is Déjà Vu All Over Again

All great innovations seem to start that way: as some new force which distributes power and the means to obtaining and using it. That was the inspiration of the Internet, then came debates about the "digital divide", then the move to monopolistic market positions by the likes of Facebook and Google. We hope blockchain applications can be different.

### Communications Learnings:

- Every organization should periodically assess its "power position" (how it got there, how secure it really is), and do a license to operate check-in with stakeholders.
- The more countries move to the political and ideological extremes, the greater risks there are for corporations. This must be figured into risk management and crisis communications preparedness and planning.
- We're in the "Land Rush" initial phase of the emergence of blockchain applications which means fevered enthusiasm for potential and no real line of sight yet to its practical application. But as Deloitte points out, every organization must assess and align its digital DNA with this emerging new technology.

### MONTIETH & COMPANY'S PUBLIC AFFAIRS PRACTICE

Participating in political discourse, even in the face of a polarized landscape, has become increasingly challenging. The global regulatory environment poses its own challenges as a new activism takes hold to address emerging technologies like blockchain and protect consumer privacy. Enforcement too is going global as coordination between authorities becomes more prevalent. Montieth and Company's Public Affairs Practice brings you deep insights and a full spectrum of services that will help you understand how to navigate this combined terrain in multiple jurisdictions across the world.

With our capabilities in crisis management and strategic communications, and our knowledge of city, state and federal government, we deliver a fully integrated set of results across industry sectors and audiences.

Whether you are running for office, looking to advance your business, or engage with the community, Montieth & Company's public affairs solutions are designed and built to deliver outcomes that matter.



Montieth & Company was recently named to TechBullion's best Crypto PR Agencies

#### Montieth M. Illingworth, CEO, Montieth & Company

Montieth began his career as a journalist and became a PR professional in 1995. He has worked in leadership positions at a variety of global agencies and founded Montieth & Company in 2007. Montieth has advised clients on a wide range of corporate initiatives and special situations. He has expertise counseling leadership and management teams across multiple sectors.

Montieth travels frequently throughout the world's key money and media center markets in North America, the U.K. and Europe.

### Additional Resources

- + <https://www.newyorker.com/magazine/2018/10/22/the-prophets-of-cryptocurrency-survey-the-boom-and-bust>
- + <https://www2.deloitte.com/lu/en/pages/art-finance/events/11th-art-finance-conference.html>