

Lessons from the Titanic

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Almost all will have noticed: it is 100 years ago that the Titanic hit an iceberg and sank. It happened in the night of 14 to 15 April 1912. On this anniversary extra allure is given by the monumental 3-D film James Cameron (the director) released this weekend. Because one apparently was afraid that it would not attract much attention, James Cameron first went to the deepest point on earth (2nd visit ever). That one was not sure of large numbers of visitors is not so strange. Even the lead actress confessed that she acutely becomes physically unwell when she hears the title song¹. But is all the attention to the Titanic just a marketing ploy or does the tragedy have influence on us in a different way as well? In other words, what exactly is so interesting about the Titanic?

The first explanation which comes to our mind is that the disaster gets a lot of attention because so many people died. Of the 2223 passengers, 1522 were killed. These are of course very many people, but a quick search on the internet shows that the disaster is not even in the top ten of the biggest maritime disasters. The biggest disaster ever (the MV Wilhelm Gustloff) was estimated over 9000 victims. Now it is fair to say that most major disasters were a result of war. But even if we look to disasters in peacetime only, then the Titanic 'only' scores a fifth place. The largest of these is even quite recently, the MV Doña Paz in the Philippines in 1987 (estimated) over 4000 victims. In a collision with an oil tanker fire broke out almost immediately and on both ships only 26 people in total were saved. And although this disaster occurred in our juvenile, we have no other memory than that on the news was mentioned that somewhere far away an overcrowded ferry sank in which an unknown number of people was killed. Scale of the disaster alone is apparently no reason why something is remembered.

Another explanation for the emphasis may be in the fact that the Titanic sank on the first trip, called the maiden voyage. That indeed is something special. Most ships last longer than a few days. There is a number of ships that even insisted shorter than the Titanic. The most dramatic example of this has its own museum in Stockholm. This concerns the Vasa, the flagship of the Swedish Navy. The Vasa unfortunately sank within a few minutes after the first serious wind hit the sails, still in sight of the harbour. This ship is still getting a lot of attention, because 29 million visitors have been visiting the ship since it was exhibited in 1961.

But the real explanation for the attention which the Titanic still gets is of course that it was an unsinkable ship that sank. Or rather, it was an unsinkable ship that sank on the first trip and a lot of people died because there were not enough lifeboats to get everyone safely off board. There were enough life jackets, but that does not make sense in water where icebergs float. There you become hypothermic in just a few minutes. What also helps the collective memory, were the great human dramas. The captain was not on his first trip but on his last: after returning to Europe he would retire. Eventually the captain went down with his ship, just like the designer who was on board as well. Also the CEO of the shipping company was on board, who had settled according to rumours (ultimately false) a place on a lifeboat². The final image of the sinking Titanic is very recognizable. The stern rose above the water and the ship broke in half with a lot of violence before it completely went down.

What can we as asset managers learn from the Titanic? The first lesson perhaps is that there is no such thing as an asset which cannot fail. Sometimes it seems like a good idea to increase the robustness of an asset, but that can have unwanted effects. By assuming that something will not break down, then no longer will be thought about what to do when it breaks anyway. This can lead to a result that the effect will be much larger. You can see it in parts that are guaranteed to never fail. If they do fail, they appear often terribly difficult to replace. A similar paradoxical result has been encountered in fighting forest fires in California. There small fires were extinguished very intensive, but this left so much

¹ <http://www.nu.nl/achterklap/2776000/kate-winslet-kotst-van-titanic-lied.html> (in Dutch)

² A major contrast to the Costa Concordia on Friday 13 January 2012, where the captain disembarked first.

combustible material behind that when a major fire broke out it was impossible to control. The debate about nuclear power since the Fukushima disaster can be seen as the same kind of issue. The plant was robustly built and met high safety requirements, but it was impossible to control the damage after the limits were exceeded.

A second lesson is that in an emergency immediate action is required. If one waits until it is certain that the disaster will occur this sometimes leaves very little time to react. On the Titanic, many people refused to sit in the lifeboats because the ship barely made heeling. You will not enter a little shaky rescue boat if you can stay on a large, rugged and unsinkable ship? Moreover, staff was poorly trained on the use of the life-saving equipment. That was not very common at that time, but on an unsinkable ship it was also a bit redundant.

But the most important lesson is surely to be found in the words of our great philosopher and former football player Johan Cruyff:

‘Every disadvantage has its advantage.’

The sinking of the Titanic may well have been an enormous tragedy. However the movie Titanic has matched a record of achieving 14 Oscar nominations and 11 Oscars, and was for 12 years the movie with the highest turnover ever. Though Kate Winslet probably preferred to go down than having to listen to Celine Dion one more time.

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