

Criminal minds

The criminal fraternity has to be innovative, adaptable and quick thinking – qualities that are all essential to succeed in business. So, asks **Dr Liz Alexander**, do the legitimate have something to learn from the lawbreakers?



IN 2004, WHILE touring Texas prisons as part of a community outreach programme, former venture capital associate Catherine Hoke made a startling discovery. Men imprisoned as gang members, fraudsters, even murderers, appeared to share many of the characteristics of the entrepreneurs she had met as an investor. These prisoners were not only charismatic and driven to succeed, but embodied key leadership skills such as the ability to think innovatively, motivate teams and seize new opportunities. Today, Hoke heads up non-profit organisation Defy Ventures, a training program and incubator based in New York which provides former felons with the business and soft-skills insights they need to successfully launch their own companies. Graduates include former drug-dealers-turned-entrepreneurs Rob Lilly, founder of Powerhouse Events and Catering; Nick Lohr of FoodCub.com; and Jose Vasquez, whose clients for his personal concierge service, Happy Vida, are busy New York professionals.

Joining the program involves stringent criteria. As Meaghan Holley, Executive Relations spokesperson at Defy, explains: “We tell clients that if they sucked at selling crack on a street corner, they’re going to make a terrible entrepreneur. So part of the interview process at Defy is that we are not going to judge you for the crime, but we want to know you were good at it.”

While Defy Ventures imparts how to write a business plan and develop a pricing strategy to former criminals, learning need not be a one-way street. There is much that drug traffickers, money launderers and internet hackers can teach mainstream businesses.

Watch and learn

If there’s one industry that benefits greatly from being populated by people who think like criminals, it’s technology. Now that the bad guys – or ‘black hat hackers’ – have organised themselves into extremely sophisticated teams focusing on customer service and innovative solutions, it’s up to certified ethical hackers like Dean Cooper, a Senior Consultant with C5 Alliance Group in Guernsey, to thwart them. Just don’t assume he ever operated on the wrong side of the law.

“Personally, I hate the term ‘certified ethical hacker’, because it sounds like you’re a reformed bad guy. You wouldn’t call a customs officer an ethical smuggler, or a detective an ethical criminal just because they have the same sort of mindset, know the tricks, and act on hunches based on years of experience,” says Cooper.

His 14 years of experience as an engineer, web designer, IT tutor, programmer, and now security consultant, have helped Cooper hone a characteristic important to the success of hackers – patience.

“Whether you’re talking about organised crime, ‘hacktivists’ [the online equivalent of street protestors] or the kid in his parents’ basement who engages in everyday hacking, these people will spend months looking for a way to breach a company’s website,” Cooper explains. “Likewise, those of us attracted to internet security will take baby steps in what is typically a time-consuming process. We love trying different things to find new information to solve a problem.”

Unfortunately, adds Cooper, many companies think they can do a penetration test every once in a while and that’s good enough. “Which is like employing a security guard to

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walk around your premises once a month, when the criminals are out every night.”

The world of finance suffers from similar short-term thinking, according to former Barclays money-laundering reporting officer, Peter Derrick, now a senior manager in Legal Compliance at Ogier in Jersey. While not aware of any financial institutions that have actually hired former money launderers, Derrick says it's definitely beneficial hearing from the likes of former New York mob-boss-turned-motivational-speaker Michael Franzese, who regaled attendees at an anti-fraud and financial crimes conference a few years ago with how he masterminded petrol tax scams in the 1980s.

Franzese noticed that the criminal element is good at investing the time and money to get it right, says Derrick. “Banks, financial institutions and lawyers are under constant pressure to show returns and cut costs. People supposedly doing the checks on client profiles are not given the same attention and resources, and - surprise surprise - things start to go pear-shaped,” Derrick says.

He echoes Dean Cooper in pointing out that criminals are very good at finding weak links in their targets because they operate from a perspective of tenacity and patience. Yet they are also agile enough to be particularly adept at seizing new opportunities - because they

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make investments rather than cutting back. “One MI5 officer likened this to criminals riding around in Ferraris while the authorities are on bicycles,” says Derrick.

Trust and loyalty

The speed and flexibility that often give criminals the upper hand are also a result of how some ‘deviant’ organisations are structured, suggests Professor

Stephen Ellis, a scientific advisor on the West Africa Commission on Drugs.

In some parts of Nigeria, he says, the business culture is similar to what Alvin Toffler termed ‘adhocracy’ in his seminal 1970 book *Future Shock*. Toffler said: “The Nigerian illicit drug trade is adept at fusing experts from different disciplines - even people who might otherwise be considered competitors - into smooth project teams that come together for a specific purpose and are relinquished when no longer needed.”

Ellis says: “US law enforcement has great difficulty penetrating Nigerian drug gangs because these units are typically comprised of members of the same family whom they would not betray under any circumstances.”

Meaghan Holley sees another form of loyalty as pivotal to success on the streets. “Our guys tells us that they took their best clients to a steak dinner every other week, and would send them presents or call them on their birthdays,” she says. “Their customers were their lifeline and they knew they couldn’t survive without strong customer loyalty.”

But for all the insights that former felons might offer around innovation, project teams and customer service, Holley worries that most hiring professionals will keep turning them down for jobs. “We shouldn’t ignore the fact that these people have had to innovate their way to success, and achieved all of that without a single business class or formal education. Mainstream business is missing out on a huge vein of incredible talent if they can’t see beyond the crime.” ■

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Deviant innovation

IBM’s study, *Leading Through Connections*, based on conversations with over 1,700 CEOs worldwide, points to innovation as a key factor for business success. Yet many companies struggle to find people with the ability to execute creative ideas.

Not so the ‘deviants’ featured in *Deviant Globalization: Black Market Economy in the 21st Century* (Continuum, 2011) who, according to Co-editor Nils Gilman, “exploit gaps in the global economy created by the mismatch between demand (usually in the global north) and supply (concentrated in the global south)” for all kinds of products, ranging from contraband tobacco to human organs. They also exploit differences in cultural norms and ethics.

“Any innovation requires a slightly deviant mentality, the flouting of convention,” says Gilman. “When you come from the wrong side of the tracks, you learn to question social norms. But look at who ends up being managers in most businesses - it’s the kids who are very socially skilled, conformist and don’t offend anyone, not the weird outcasts or the super poor.”

As fellow Co-editor Steve Weber stated at a 2011 Global Business Network In Conversation event: “Deviant entrepreneurs are some of the most innovative people on the planet and run some of the most innovative organisations beyond Silicon Valley.”

The challenge, then, becomes whether mainstream business is willing to hire and leverage such talent.