From inertia to action

How to integrate crisis management in your day-to-day business?

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Can we manage a crisis really?
No!

Thank you for your attention.
Do we live in a ordered world where exceptionally things become chaotic?

(OR)

Do we live in a chaotic world where we manage to create a few oases of order?
What is a crisis?

“Inherently abnormal, unstable and complex situation that represents a threat to the strategic objectives, reputation or existence of the organization.”

Source: BS11200 Crisis Management – Guidance and Good Practice
Problem statement

• In our quest for an accident-free world, we want to learn from previous incidents and mistakes
• That’s why we lead investigations (formal or informal)
• The result: someone didn’t follow a procedure, made a mistake, …
• Result: more rules and regulations (Lauder, 2013)
• But does this also result in less mistakes?
In an increasingly complex world

• It’s a surprise we don’t have more accidents!
• We live in an unstable world (Arbesman, 2016)
• Impact on your business’ stability
• Need for flexible organizations
• Rules and regulations only work when the environment is stable (Thompson, 1967; Schulman, 1993; Leveson, 2011)
‘Perfect World’ paradigm
McDonalds - Angus Deluxe Third Pounder

Advertised burger can't fit in the box it's served in.

Advertised burger

Actual burger box
Annotated Gantt Chart Example

| Job | task     | DEC | DEC | DEC | DEC | DEC | JAN | JAN | JAN | JAN | FEB | FEB | FEB | FEB | MAR | MAR | MAR | MAR |
|-----|----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1   | Approve Plan |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 2   | Drawings   |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 3   | Study Market |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 4   | Write Specs |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 5   | Prototype  |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 6   | Mkt. Strat. |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 7   | Materials  |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 8   | Facility   |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 9   | Init. Prod. |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 10  | Evaluate   |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 11  | Test Market|     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 12  | Changes    |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 13  | Production |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 14  | Marketing  |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 15  | Dummy      |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |

**LEGEND:**
- **Duration of a Normal Job**
- **Duration of a Critical Job**
- **Slack Time for a Normal Job**
- **Resource Constrained Schedule**
- **Break due to Holiday**
- **Milestone**
Plan versus reality
The ‘perfect world’ paradigm

• Safety plans are often “phantasy plans” (Perrow, 1999)
• We have the false illusion that we can manage
• When emotions take it over from our rationality, we forget all the rules (Kahneman, 2011)
• And we fall back on our experience, training, intuition, …
What’s the most important:

Crisis plans?

(OR)

Crisis planning?

_Dwight D. Eisenhower_
‘Normal Chaos’ paradigm

- Accept that we have very little control when
  - Complexity increases,
  - *Fast thinking* takes it over from *slow thinking* (Kahneman, 2011),
  - We jump to conclusions, based on gut feeling.

- How do we cope with this?
Anticipating the chaos

Unstable environment
creates:
Operational instability
Therefore:
Organizational flexibility
Supported by efficient:
Entity interdependence

of:
Experienced Teams
Who are able to:
Operate autonomously
Based on:
Principle based decision making

Desired outcome

Lauder & Marynissen, 2017
Anticipating chaos on governance level

Lauder, Summers & Marynissen, 2017
Renaming the concepts

**Structures**
Scope of system  ➔ Focus of observation
Interdependencies  ➔ Key relationships *(between entities, agents, ideas, tools, …)*
Self organizing  ➔ Formal & informal Self-organizing, Learning & (process) Renew

**Energy**
Attractors  ➔ Forces in Play
Energy Flow  ➔ Sources and Focus of Energy
Edge of Chaos  ➔ Assessing the position ‘on the Order to Chaos Continuum’

**Patterns**
Fitness Landscape  ➔ Goal Evaluation
Fractals  ➔ Key Pattern Recognition
Illusion of Stability  ➔ Validity of Assumptions
NORMAL
CHAOS

Links to ISO 31000, ISO 22301, BS 11200, etc.

Journey

Application of Foresight and improved Governance of decision-making

Higher performance

Current performance

COMPLEXITY
Conclusion

• A chaotic and complex environment has an impact on operational stability
• Therefore, your organization should be a flexible one
• With teams who know on who and what they can rely on
• And have the freedom to undertake the right actions
• Based on clear objectives and simple rules
• It’s the executive team’s task to raise the ‘normal chaos’ questions
• And to implement appropriate actions and an organizational wide conversation.
If we are willing to re-evaluate our business in this way, we might be better and more adequately prepared!
References


Have fun,
Be safe,
Feed the world!

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