

WHEN BAD THINGS HAPPEN TO GOOD COMPANIES

You are working hard improving the efficiency of your organization, ensuring that you both understand and meet market demands, and managing cash flow. And then it hits. Your key supplier's plant burns down. Both your plant and the street it's on are flooded from a water main break and you can't even have access to assess the damage. A dock strike leaves critical materials in an unreachable ship. Life isn't fair, and neither is business. So be ready when bad things happen.

Where to begin:

- Identify those things most crucial to maintaining and restarting operations
 - › A place to meet and work, a means to communicate, and employee, customer, and key supplier contact information are usually high on the list
- Determine the types of damage most likely to occur to those crucial items, or likely to keep you from accessing them
 - › Power outages, a hacker destroying your information systems, and a chemical spill down the street that prevents anyone from accessing your building each creates different types of damage to different aspects of your business.
- Prioritize based on both potential negative impact to the business and most likely to occur, and then define contingency plans for those critical areas
 - › Preventing crisis should not be overlooked, but there are many types of disaster that can happen regardless of your actions. Prevent what you can, plan to overcome the rest.

- Keep copies of the contingency plans and all key information needed to access and execute them in safe and accessible (24/7/365) places.

The Boy Scouts said, "be prepared." That's good advice.

A big thank you to Ned Sherry, Director of Information Technology for Kinetico Co., and Bob Gaddie, Commissioner Bureau of Labor Statistics, for quotes and information used in that article.

ALIGNMENT OF GOALS

I have formally surveyed about 100 people on issues around effective operations and business strategy. Over 2/3 of the respondents, a mix of executives, managers, and individual contributors representing numerous organizations, say that they would not be able to rank critical goals very closely to the way those same goals would be ranked by their executive team. Most of that 2/3 also said that their organization does not have both a business and an operations strategy that they understand well enough to do their job.

If we don't agree on where we're going or how we're going to get there, consistency in day-to-day decision-making is nothing more than coincidence.

- Provide your key players a list of factors important to your primary market (e.g., price, accurate delivery promises, short lead times, etc.) and ask them to separately rank them in order of importance.
- Verify that your team understands the priorities the same way.
- When the leadership team has a common understand of priorities, take it to your workforce to make sure consistent priorities flow to the thought process of every employee.