

Too Big Not to Fail

Back in the 1950's, the American economy was dominated by a few huge corporations. Companies like GM, AT&T, US Steel, IBM, and General Electric had dominant positions in the marketplace and were where people wanted to work. Since then, several have gone bankrupt and the others are much smaller part of the economy. What happened? They were all "too big NOT to fail".

Human beings are not perfect. We have a predictable failure rate. Resilient companies plan around such failures occurring. But many companies do not plan for such failures.

Many organizations are designed as if human beings are perfect. The organization chart is

split up with single lines of command and control. Few corporations watch for moral or ethical lapses. Yet, if someone in a key position makes a fatal mistake, they can take down the corporation.

Human beings fail on moral, ethical, and operational issues. Humans fail at a fairly predictable rate. We fail due to character flaws, addictions, stress and sleep deprivation, and simply making mistakes. The human population has 1% to 2% criminals and psychopaths. (Yes, some wind up in Congress.) Addicts of various kinds make up 5-10% of the population. A large percentage of the population is sleep deprived. When we do not plan around managers and workers making mistakes, we set ourselves up for trouble.

Big data centers and cloud computing

companies have to plan around failure. The equipment fails at a fairly predictable rate. In order to deliver the uptime that they promise, they have to plan around failure, test for failure, repeatedly test their plans and procedures for handling such failures.

Why don't we do that for people as well? There are several reasons. One, it costs. Two, we optimistically like to think that we won't make mistakes. Three, it slows

things down to plan for failure. In short, when building an organization, we are so focused on making things happen that we don't think about how to plan for failure.

Resilient organizations expect that people will have moral failures as well as honest mistakes and will have internal

examinations, admit to failures, and work for reconciliation. Hospitals that have admitted operating room mistakes have fewer "malpractice" lawsuits. Johnson and Johnson recovered quickly when it admitted to a mistake with its Tylenol packaging, pulled all the products, and restarted distribution with new packaging.

To design an organization to handle failures, we need to follow two criteria: Do not have a single point of failure that can bring down the organization; Have a way to handle failures through honesty, openness, and a willingness to work towards reconciliation and restorative justice.

By not having single points of failure, organizations can recover from any trouble. Having a good way to handle failure means that no single failure will bring down the organization.

No One
Failure Is
Fatal

Get Feedback

To have a learning organization, we need feedback. Learning happens fastest when there is quick, effective feedback. But how do we best get feedback?

To get best feedback, we need both formal and informal methods. We need to ask the most junior people and ask for the bad stuff also.

Feedback is about finding what I am missing. We all have blind spots and we can't know everything that is important at the present time. Feedback is the way to find out what we still could benefit learning.

When we start with the most junior people in the organization, we often get a very different view. Often, the most junior are able to see the dysfunctions of management that upper levels have learned to ignore. This is why the "management by walking around" is effective – it is a way to hear the concerns and views of the people who are not normally heard.

We need to use both formal and informal methods. Formal methods help to make sure that we actually seek the feedback. We do not enjoy getting feedback and under the normal stress of everyday business, it is easy to avoid looking for feedback.

We do best when we ask first for the "bad stuff". When we have both good news and bad news, people handle getting the bad news first better than they handle finding out about the bad stuff later. By asking for the bad stuff, we can often get past the normal tendency for people to hide the problems, late projects, or shade the truth to make it seem better than it really is.

Ask for feedback as often as we can handle it.

Risky World

Several navigation programs are being used. However, they rarely know about short term changes to the roads. For example, during the California wildfires, some people were directed onto roads that were blocked by fire. Others have been directed onto roads that were temporarily switched directions causing accidents. We do better when we use our eyes instead of just the navigation system.

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