Gaining Control Over the New World

There's an old idiom: "Bad news travels fast". With the advent of social media (including online journalists and news outlets), organizations must now be concerned with managing risks beyond the marketplace competition and global economy which has been the focus for many years. Now, any kind of negative action or lack of positive action can have an impact on an organization's reputation, bottom line and employee engagement and the ability to attract opportunities.

Social media and online news has now become a threatening new world for organizations that don't have a plan and methodology in place to minimize negative online commentary and sensationalist news stories. However, the smarter firms are taking steps to minimize the opportunity for something to 'go bad' while also becoming more productive and profitable.

Risks that can 'go bad'

If you stop to think about it, there are some obvious situations that can create negative social media commentary and bad press:

- Customer Service Failure. This is a condition where a customer has had a complaint which has not been resolved to their satisfaction.
    - This could result in a *negative social media* situation, *loss of business* and a *negative impact on employee morale* due to the stress of dealing with these issues if they persist.

- Supply Chain Failure. This failure occurs when materials are not available when needed.
    - This failure typically will result in a *missed delivery* to a customer which, if the condition persist will result in customer service failures (see above).

- Service Provision Failure. Good examples of this type of failure would be a lawyer that fails to file a motion in court on time which results in a negative impact on their client or a repair technician that fails to repair or, worse, further damages the product they were sent to repair.
    - This type of failure can result in *professional censure, litigation, loss of reputation and business*. There is a high likelihood of a *negative social media* event occurring.

- Facilities Disaster / Evacuation. This risk occurs when a building in which the organization conducts business has a fire, tornado or other nature-driven event impact the ability to conduct business on a long term basis or when the building needs to be evacuated due to a local event such as a gas leak.
    - While this is something that most customers will understand may impact business for a while, they will expect the organization to have the ability to get communications and the business back in operational mode quickly. Failure to do so will likely result in *negative social media* and the potential *loss of business*.
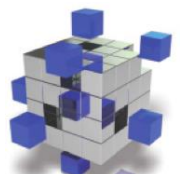
There are risks that are not so obvious but have the potential to disrupt a healthy business:

- Human Resource Mistreatment. This situation can be the result of a lack of adherence to health and safety standards (see our article "Due Diligence or Do Time"), harassment left unchecked (see our article "Bully in the Workplace") or stress caused by workload or management attitude (see our article "Workplace Stress The Productivity Killer").

  - o For any of the above, there will be *employee turnover* and a very high likelihood of *negative social media* which will impact the organization's ability to attract quality talent. The potential for *litigation and regulatory intervention* is also there. Actual situations:

    - Judge awards over $1,000,000 to woman bullied by her boss over several years and the organization didn't take action.

    - Site supervisor and a director of a company jailed due to negligence that caused the death of workers on a job site.

    - Stressed employee takes to social media with video and audio of workplace conditions then shoots company executives.

    - Federal health and safety regulator shuts down manufacturing facility for eight weeks due to a failure to repair air ventilation issues.

- Locational Risk. When workers are on a job site or client location, there are risks beyond the standard human safety protocols for each type of location and work performed. Locational risk factors include the need to leave job site equipment and materials safely secured at the end of each day. The level of urgency to secure material and tools increases in the event of an emergency or imminent threat.

  - o The risk factors include *potential litigation, negative social media* and the need to *conduct rework* on work in progress due to damage caused by the negligence to secure tools and material.

- Product Design Failure. There are two areas that contribute to a product or service failure: Design; and, Production. Organizations are becoming very good at catching product production issues before they are shipped. In the product design situation, many organizations do not have proper control over that critical stage in the design processes where the design is actually authorized for production.

  - o Depending upon the type of product that fails in the field, risk factors include *potential litigation, negative social media, the* need to *conduct rework* and / or *replacement of defective product* with new product.

Without belaboring the point further, the potential impacts of process and situational risks are now an area of significant concern for senior management, directors and shareholders.
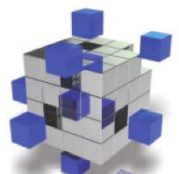
What can be done?

There are three prime components of managing risk which can be summed up as: "Have the *right people* take the *correct action* at the *right time*."

The right people...

Getting the right person to do the job should be fairly straightforward…and it is if done properly. The right person has the education, experience and personality to do the job right the first time. The first two attributes, education and experience, are fairly easy to determine and match to a candidate's resume (assuming they're being truthful).

However, the human dimension of personality that facilitates the use of that knowledge to do their part in managing risk is more difficult and requires time and patience to determine. This is where small to medium sized organizations tend to have issues. The solution can be fairly simple but takes time to develop. First, the organization must break the position into four parts: education; experience; emotional (internal) attributes; and, social / cultural (external) attributes required (see our article "The Q Factors" for more detail). Then, develop the position description with the four areas in mind after which a group of questions to ask the position applicant (or current person) to determine their emotional and social / cultural fit to the position requirements.

The correct action...

In all of the situations where we've determined risk to reside, how does one know what action to take? The first step is to determine each business process that poses risk and then model the proper sequence of events along with all of the decisions and conditions that would trigger various types and levels of response. Which role takes what type of action when is answered.

Next, determine the situation that would trigger the action to be taken. It's likely going to be some type of information that's become known but being able to anticipate the method(s) by which that information will surface is important.

At the right time...

A question to ask in each case is: "What is the timeframe for action?" Then ask: "Is there a critical time element associated with any stage or task within the process?" If so, the timing and the role of the person that needs to be informed must be documented.

Putting it together

So, you get the right person who wants to take the right action at the right time. Now the questions are:

1. "How do you react quickly enough to time-sensitive situations?"
2. "How does management know that these situations are being managed effectively?"
3. "Where risks that can create litigation or regulatory responses, how does the organization prove that it took reasonable actions in a timely manner?"

The answer is to use automated business process management solutions. Much like most technology solutions today, the expense and complexity of using these solutions has dropped significantly to the point that businesses as small as a dozen people can implement and utilize them. *These solutions provide your organization with:*
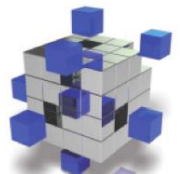
- *Automatic escalation to multiple levels of management of issues that could result in risk to the organization; and,*

- *A complete audit trail of who did what, when they took action and what the results were.*

With many of the solutions, there are 'starter kits' that take time and cost out of the implementation cycle and many are now available on a monthly subscription basis eliminating substantial capital costs.

To understand the difference between mapping, modeling and automating processes you can go to http://emercomm.com/wp-content/uploads/2015/12/Passive-vs-Active-BPM.pdf and read the article "Passive versus Active BPM".
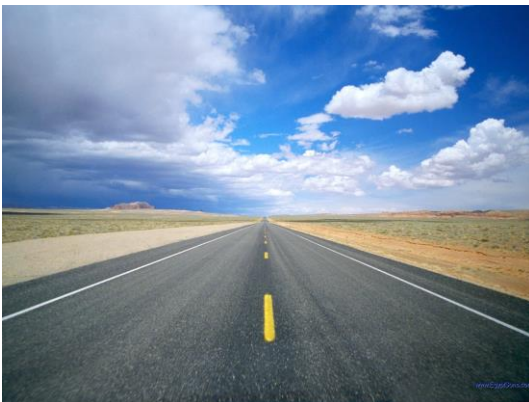
Where to go from here?

If this article has triggered some concern over risk, or your organization already has it on their management's list of concerns, then there's work to be done. However, much like procuring a new enterprise system there's a risk in not doing it correctly. That risk could be in elapsed time to get there, too much cost or the addition of unnecessary overhead. Partner with an organization (such as Emercomm) that knows how to model processes properly (both operational and business) and has the ability to transfer those models to an automation technology that fits your needs. One such solution is Emercomm's *LeanControl RTO*

There are additional benefits to minimizing risk in this manner. The organization will have faster business cycles, become more agile in response to change and more energy efficient.

About the Author

Ken Cowman's career has spanned over 44 years with 11 of those in operations management followed by more than 30 years as an enterprise solutions and continuous improvement project manager, educator, seminar leader and management coach. He has had over 70 articles published in various magazines.

A founding executive of the APICS Peel Chapter, Ken was part of the OMERIC team that wrote the Fundamentals of Operations Management courses for APICS. He is also the past Chair of the Business Operations Management Program Advisory Committee at the School of Business at Centennial College.

Ken is also the author of Emercomm's Lean Enterprise Management methodology and leads the team that develops the LeanControl RTO© applications.

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