

# The Resilient Enterprise

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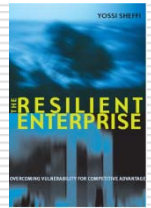
## Overcoming Vulnerability for Competitive Advantage

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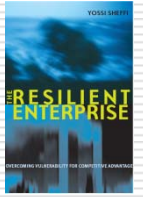
February 11<sup>th</sup>, 2008



# What Can Go Wrong?

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- ❑ March 2000; Philips fire
- ❑ December 2001; UPF  
Thompson bankruptcy
- ❑ February 1997; Aisin fire
- ❑ September 1999; Taiwan  
earthquake
- ❑ August 2001; dialysis filter  
deaths
- ❑ February 2001; FMD
- ❑ 9/11; Terrorism



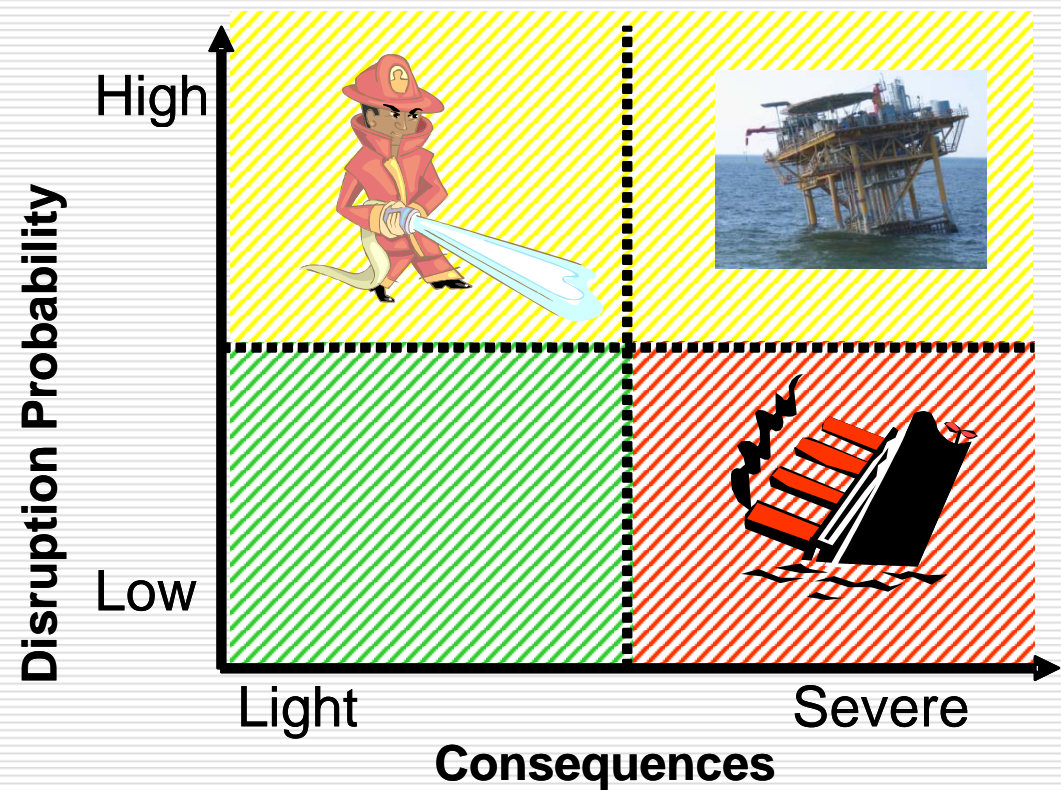
# Dichotomy of Disruptions

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- Random phenomena
    - Power law distributions
  - Accidents
    - Near misses
  - Negligence
    - Non-compliance (regulations)
    - Disconnect (CSR, expectations)
  - Intentional disruptions
    - Industrial actions
    - Industrial espionage/IP theft
    - Sabotage
    - Terrorism
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# Classification:

- Categorize outcome
  - How likely?
  - How bad?



# Classification:

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- Categorize outcome
  - How likely?
  - How bad?
  
- Characteristics:
  - Public fear
  - Government “over-reaction”
  - Unexpected connections and consequences
  - Not very unlikely

# Financial Vulnerability

# Strategic Vulnerability





# Resilience through Redundancy

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- System-wide (USPS and Anthrax)



- Inventory for redundancy (J&J, SOR)



- Redundant capacity (Boston Scientific, Intel)



- Redundant IT systems (Merrill Lynch)



# Resilience through Flexibility

- Interchangeability
  - Plants
  - Part/product standardization
  - Pliable people

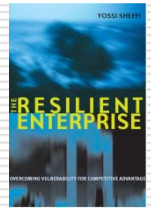


- Speed
  - Concurrent processes



- Postponement
  - Late customization
  - Surge Response
  - Built to order





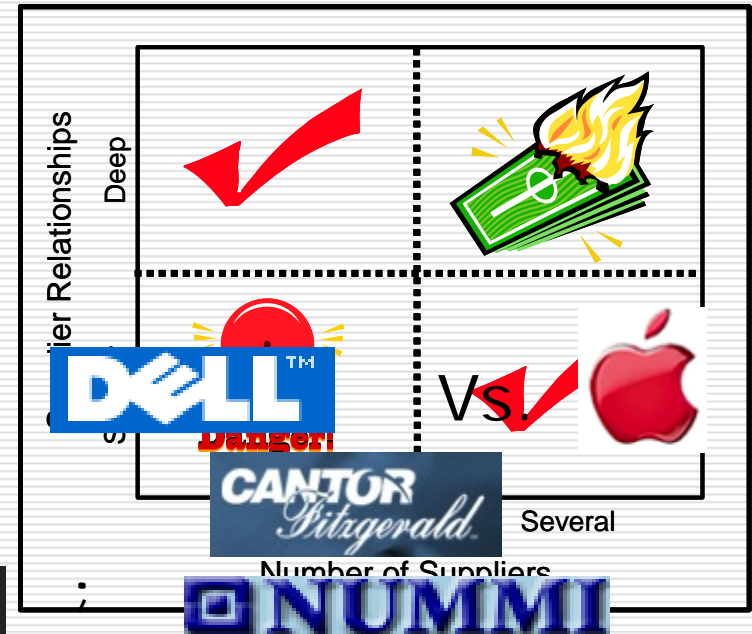
# Flexibility DNA

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- Culture
    - Continuous communications (informed employees, environment, status)
    - Distributed power (Toyota, US Navy, Zara, World, US Coast Guard)
    - Passion for work and the mission
    - Deference to expertise (Marines, FAA, Chemical plants)
    - Conditioning for disruptions
  - Culture change
    - Safety
    - Quality
    - Many others (smoking, drinking-and-driving...)
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# Suppliers and Customers

- Procurement
- Customer-Facing
  - Sell what you have
  - Customers can help
  - Triage



# Making Lemonade from Lemons

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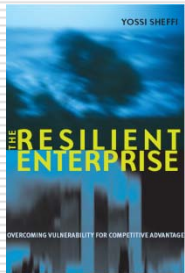
How to:

- ❑ Use security measures for process tightening
- ❑ Take advantage of flexibility to increase competitiveness
- ❑ Utilize opportunities to increase market share



# Questions?

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