The Resilient Enterprise

Overcoming Vulnerability for Competitive Advantage

Yossi Sheffi
Professor of Engineering, MIT

February 11th, 2008
What Can Go Wrong?

- 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

- 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
Classification:

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

- 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

- 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

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Making Lemonade from Lemons

How to:

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

Yossi Sheffi
sheffi@mit.edu

http://www.TheResilientEnterprise.com