

HBS: “Educating Leaders who make a Difference in the World”

Notes from HBS Program on Crisis Management: “Recognizing and Managing Risk in your Supply Chain” (April 7, 2020)

* Supply chain includes human capital as well as tangible components for manufacturing and service requirements of a company
* Supply chain leadership is essential
* What you do left of “boom” (The Event challenge)? anticipating supply chain problems:
	+ Anticipating both foreseen and unforeseen problems
	+ Consider redundancy initiatives and high and low-cost supply chain challenges
* Crowdsource your employees to identify risks to supply chain or other safety issues…perhaps use a text function to lower communication barrier rather than safety reports (anonymous) managed by a creating a triage team which is cross-functional
* Crowdsourcing information and risk: Network approach like Waz App give drivers insight into the road ahead. We don’t effectively do this in the setting and culture of a large AMC that is inherently siloed financially and culturally
* There should be effective systems for identifying external events as well as internal events that risk supply chain and other issues likely to disrupt service
	+ Are safety reports effective? Do we look for and address patterns effectively?
	+ Consultants from outside to give insights (this helps the organization not to ignore or miss important patterns). Do we execute on recommendations and effectively measure and communicate the effect of any changes made for the organization and teams?
	+ Vertical and horizontal communicators that move across barriers or silos are essential to an organizations iterative and agile approach to problem solving. Do we have barriers to such communication and those we charge to do it?
	+ Whistleblower program: Is this effective? Is it pejorative?
* Q- At what point does the CEO of the organization get involved? How high should messaging go?
* A- It depends on how novel and impactful the problem is. It should be escalated in proportion to the impact. Lower level daily functional issues do not need leadership input if proper plans are in place to deal with these.
* A “Chief Worry Officer” is key in managing such issues and messaging up and down. Do we define our Quality and Safety teams as such?
* Psychological safety is essential for sharing of information and concerns (Amy Edmonson at HBS)
* Measured Response: Some companies (like Toyota on its assembly line) install a cord to pull on in order to call for help. Do we effectively do this in an AMC? What if you pull the cord and no one responds? This is the same as safety reports which do not get a response.
* ***The Covid-19 Crisis will lead to a Confidence crisis for supply chains***
	+ Human capital may be part of the supply chain problem as attrition due to illness, furloughs, layoffs, and PTSD may lead to reduced manpower for healthcare, etc. What as an organization are we doing to avoid such human supply chain deficits?
	+ In healthcare, from point of view of industry suppliers and hospitals, will we be able to deal with increased demand for services if there are supply chain challenges that disrupt ability of companies to provide needed implants, instruments, etc.?
	+ Are we planning to meet the pent-up demand for elective care immediately after the pandemic? Will we have sufficient personnel? Is a hiring freeze a good idea? Will our suppliers be able to provide what we need in the operating room and other areas of the hospital? The time to plan is now!
* What about attrition in leadership for an organization, as with Boris Johnson? Do we have leadership redundancy anticipated to manage such attrition?
* ***The Stockdale Paradox (Admiral Stockdale):*** What Great Leaders need to do- (<https://bigthink.com/personal-growth/stockdale-paradox-confronting-reality-vital-success> )
	+ ***Communicate with Brutal honesty***
	+ ***Communicate with a realistic basis for hope***
* (Most politicians fail on both dimensions)
* We are pretty good at managing high likelihood lower impact events
* We have not become very good at dealing with low likelihood and high impact events. This requires “Productive Paranoia” as stated by Jim Collins in his book “Great by Choice” ( <https://www.jimcollins.com/concepts/productive-paranoia.html> )
* Andy Gove of Intel: “Only the Paranoid Survive” ( <https://www.amazon.com/Only-Paranoid-Survive-Exploit-Challenge/dp/0385483821> )
* ***Successful crisis management: Engage in iterative and agile, problem solving processes with diverse, cross-functional teams (we try to do this in QPSC in our hospital)***
* Assign a few people to pay attention to ***blinking lights on our dashboard*** (Quality and Safety Committee role should be expanded)
* ***The Singapore Example***: They Had already anticipated needed game plan for Covid-19 crisis: Testing, contact tracking, social isolation, etc.…they were rehearsing this pandemic response
* Have people and process in place in advance of the unpredictable events
* “Response to COVID-19 in Taiwan: Big Data Analytics, New Technology, and Proactive Testing” ( <https://jamanetwork.com/journals/jama/fullarticle/2762689> )