

# UPDATE

## CHICKEN LITTLE AND THE SKY IS FALLING

### Introduction

In this issue we are digressing from our traditional style newsletter and taking a bit of a contrarian position in the most commonly accepted approach to addressing the challenges of terrorism, natural disasters, failing infrastructure and general threats to our traditional way of life in America. The reason for this departure stems from a degree of frustration with the current status-quo in response to the threats and challenges to our society and communal well-being.

Let's begin with the old Chicken Little scenario – the sky is falling! We will address this seemingly common theme in today's thinking about threats and challenges. Then there is Confucius who said – give me a fish you satisfy my hunger, teach me to fish and I have food for life. We

will develop a framework that is the basis for a better way; a better way for our nation and its people to address threats and challenges.

### Old Riddles – yet true today

These old riddles play so true today. In a post-9|11, post-Katrina world, the Chicken Little syndrome is alive and well. Since 9|11 the numbers of disaster scenarios that have been generated are impressive and significant. Such situations are used to highlight the cleverness and craftiness of a largely unknown adversary. Then comes Katrina, another adversary equally, possibly more devastating yet understood as an act of nature. On top of all this there are pandemics, threats from overseas competitors, and all sorts of other doomsday scenarios. So which one do we focus on? Which day is

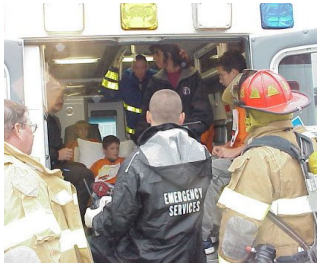
it? Hurricane season – let's do hurricanes. Oh a terrorist plot is uncovered – let's do a drill. Guess what, another wise saying – whatever is postulated is not going to happen.

The pot is full of a witches brew, we all know that. I do think the majority of citizens know that threats exist every minute of every day. We also tend to think “this won't happen to me.” Hence we take risks, we speed on the highways, smoke cigarettes etc. When it comes to terror threats the “it won't happen to me” attitude seems alive and well. I live in a quiet corner of Connecticut – who cares about attacking us? I live in Kansas – there is nothing here to attack. So we go on with our lives – as we should. I am not suggesting we live in fear. The statistics are such that we are pretty safe with this attitude.



### OVERVIEW

This issue develops the position that chasing the crisis du jour or plethora of postulated threat events is an endless process that yields marginal outcomes and has limited to no substantive or systemic impact on how America as a society and business community sustain and survive in a new world reality. We develop the argument that rather than singular responses to postulated events or highly visible activities to pacify our citizenry, that a more systemic framework is needed to affect an overall cultural and behavioral change is necessary. We have introduced the concept in previous issues of *Update*, and Ozzie Paez's *Simplicity in Design* and The SeaS-tate Group's *Root Cause Expert* Newsletters.



The event that was rehearsed is not the event that will happen

### **SURVEY RESULTS**

My Colleague Ozzie Paez and I are conducting a survey on industry perspectives of terrorist threats—some preliminary results:

75% of those responding were senior executives or managers

8% felt terrorism was a critical threat

60% said there is no or only a general consensus on the seriousness of the threat of terrorism

56% see terrorism as one of many risk factors to their businesses

40% felt terrorism is much less of a concern than changes in consumer/customer/market demands

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The dilemma is that threats are real and our 1950s *Ozzie and Harriet* world is gone forever. The point though, to address this new environment through singular event postulation and rehearsal is ludicrous. A colleague once characterized the outcome of a terror drill this way: upon its completion, all that one has is more phone numbers in their rolodex or PDA, because the event that was rehearsed is not the event that will happen. We do acknowledge that training and drills have value – they get people talking, they illustrate strengths and weaknesses, and more importantly they provide the citizenry a sense of security that their public officials are doing something.

So why do we continue the present course, one answer may be that it is good to do something. Activity usually and mistakenly is interpreted as accomplishment. Let's look at the other riddle – give me a fish and you satisfy my hunger, teach me to fish and I have food for life. The present Chicken Little approach is satisfying a hunger, but it is missing the bigger pic-

ture.

### **New thinking**

What's **not** needed is more bureaucracy or more ways to funnel taxpayer's dollars into pork barrel legislation or have it be misappropriated by greedy, entrenched government/military contractors.

What **is** needed is for business and community leaders to belly up to the bar and start taking responsibility for their assets, their people and their community. Lets look at government – at the federal level we are spending billions on bombs, we rebuild Iraq, insurgents blow it up, we rebuild, they (and we) blow it up. We freed Afghanistan only to have it become one of the largest exporters of heroin that reaches our shores. So governments will continue to bomb, rebuild and bomb – with taxpayer dollars. Governments don't need to compete and they really don't need to perform, we have years of data that illustrate the lack of performance by anyone's standards.

Governments think they need to protect, but they

protect what is politically advantageous or expeditious. They search little old ladies in wheel chairs trying to get on an airplane and let undeclared illegals work as baggage handlers. So what's wrong with this picture? The citizenry cannot and should not expect that governments – federal, state and/or local will be very effective in an uncertain world.

What really keep the wheels of society turning are people, business and community. The value of competition – doing it better than the other person or company is one of the cornerstones of "the American way." Competition has taken on a global dimension that is impacting American business, financial markets and workers. Competition is more complex and dynamic than ever before. Any disruption in 'our' ability to compete in the national and global arena has significant ripple effects. Performance is the enabler of competition. If a company cannot perform,

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it cannot compete and if it can not compete it will not exist. This is nothing new; however the dynamics and conditions are different and challenging.

Let's jump from *Ozzie and Harriet* to the *Two and a Half Men* culture. We wake up one morning to learn that we should be protecting ourselves, our businesses, and our way of life. Protection has always been someone else's responsibility. We have police, we have the world's most powerful military, we have insurance, and therefore, we must be protected. Well, it isn't that simple. The paradigm has changed. The challenge is no longer defined by geographical border or an economic ideology. The challenge is more insidious and difficult to identify and protect against. So in 2007, it is not good enough to perform and compete, we must protect. Let's go back to Chicken Little now – all of a sudden as we look around we realize – hey we still live in the *Ozzie and Harriet* world. We are an unassuming people. We believe in the best of most people and we generally hold a consistent value system that em-

braces life liberty and pursuit of happiness. Who in their right mind would want to kill innocent people who are just going about their daily lives?

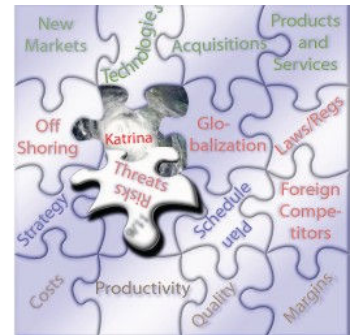
We have a pretty good idea. Then another wake up call – we are not only vulnerable to terrorists; we are vulnerable to a broad range of disastrous scenarios. To reinforce the reality of it all and to stir the emotions of the citizenry we provide a plethora of examples of how vulnerable we are. Then, to calm the emotions, we demonstrate that our civil authorities are on top of it via exercises and drills. Politicians pat each other on the backs and we all go home. Wrong! This is where Confucius, the fish and fishing comes in – we as a society were just handed a fish.

Rather than the fish, our society, business and community leaders and civil authorities need to think FISHING. This represents a major cultural shift. The old sign "Gone Fishing" has new meaning. The concept of learning to fish represents a new dimension; an additional dimension on top of the existing paradigm. The implication is far reaching and

imposing. If we as a society wish to continue to function (perform) and continue to be viable in a global environment (compete) we need to be able to learn how to integrate a third dimension into the model and that involves protection.

### The Framework & why

What is a framework and why is it so important? The primary objective of this article is to illustrate that in addressing the challenges of today's reality, while postulating events and responding to those events is better than doing nothing, it really is only superficial. Consider this timeline: a threat scenario is postulated, then a plan is made to mitigate and/or respond to the threat, the plan is executed as an exercise or drill, the exercise is critiqued and everyone goes home. While the goal of the exercise is to test "the system" and in many cases it does, the real learning is quite limited and retention of whatever learning occurred drops off quickly. There is limited permanency, long term behavioral and leadership change. Perhaps the most disturbing part of this is that whatever learning did result, it



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THE PARADIGM HAS CHANGED. THE CHALLENGE IS NO LONGER DEFINED BY A GEOGRAPHICAL BORDER OR AN ECONOMIC IDEOLOGY.



may not be applicable to the next postulated event and even more disturbing, it may not be pertinent to a real event that was not postulated. So rather than chasing postulated events that have a minimal effect on reducing vulnerability, why not establish a system/process/framework that creates behavioral, cultural and leadership change.

The reality coming out of 9|11 and Katrina-type natural disasters is not so much one of short term mitigation but rather a systemic change in the way businesses and society function. The difficulty with this is it is not as tangible as addressing upstream suppliers ability to continue providing materials necessary for one's business or identifying alternative sources of material based on global tensions. The longer-term systemic model is less prescriptive and more of a framework by which business and community leaders can look at the longer term, maximizing their competitiveness and performance while protecting those assets and resources essential and necessary to their operation.

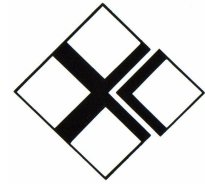
This framework we refer to as C-P-P, Compete, Protect, Perform. So how is C-P-P different? C-P-P does not focus on the present or near present. Es-

entially, once the time-horizon of the winning vision shrinks to the present, C-P-P pushes for the next winning state at the next time slot, i.e. x years from now. Thus, C-P-P begins by defining an end point and end state: Five years from now, we will increase market share by 15% and improve overall margins by 10%, which will result in an increase in share value of 30%. This represents the winning vision for an organization in a competitive market. Once the winning vision or end-state is defined, the related competitive and performance strategies and associated benchmarks are also defined. Once these are defined, the Protection Strategy kicks in, which basically looks at what must be protected in order for the competitive and performance strategies to work.

Thus, there may be a factory that is producing something, which management has decided will not be as significant to the bottom line as in the past. This will essentially reduce the resilience, recovery and continuity drivers for that product line. On the other hand, a new product line will be kicking in within nine months, on which the Winning Vision's realization will ride. This means that the assets, processes, methods, people, etc. working on that

product line must be protected, even though the product will not be going into manufacturing for nine months. At this point, however, the engineers should already be looking at how the product will be engineered and constructed in order to make it possible to have multiple production facilities or at least production alternatives available by the time initial production begins. Supply chain simplification, control over key parts and their quality, branding and other factors would already be taken into consideration to secure the production of the new line, on which so much is riding. Thus, the resilience process starts long before there are any factories, production facilities, etc. in place. Note what happened to Airbus Industries and their delays getting their super-jumbo out the door. They are almost bankrupt, while Boeing is scoring new orders from customers that canceled their Airbus orders due to delays.

That is what C-P-P focuses on, i.e. what you need to succeed. By the time that Airbus realized that they had problems, it was too late. They were already beyond the short end of the C-P-P time horizon and in need to establish a new winning vision to drive them over the next five years.



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Thus, C-P-P is a forward looking process that focuses on a winning end-state, not a quasi-static process focusing on today and the almost immediate future. Think about it!

**OUR NEXT ISSUE  
WILL ADDRESS RESILIENCE AND  
ROBUSTNESS**

**What C-P-P really is**

At the highest levels, C-P-P is a framework, which overlays everything else, and is fundamentally and inherently stable.

From an executive's point of view the following themes, programs, methods, etc. can flow in and out, and get adapted, modified and evolved as necessary:

- a. Resilience,
- b. Business Continuity,
- c. Organizational Performance,
- d. Organizational leadership,
- e. Thriving on Chaos,
- f. Anything else one can think of