The Resilient Enterprise

Overcoming Vulnerability for Competitive Advantage

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Columbus, OH
October 14, 2005

What Can Go Wrong?

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

- **Categorize outcome**
  - How likely?
  - How bad?

- **Characteristics:**
  - Public fear
  - Government “over-reaction”
  - Unexpected connections and consequences
  - Not very unlikely

Reducing the Likelihood

- **Random phenomena**
  - Power law distributions

- **Accidents**
  - Near misses

- **Intentional disruptions**
  - Industrial actions
  - Sabotage
  - Terrorism
Reducing the Likelihood

- Detection
  - Baxter, 2001; The Spanish influenza
  - SPC
  - When do organizations “know”?  

- Security
  - Layering
  - Balancing
  - Profiling
  - Collaboration
  - Culture
  - Drilling

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 Agility

- Interchangeability
  - Plants
  - Part standardization
  - Pliable people

- Concurrency => speed

Supply Chain Design - Postponement
Resilience through Agility
Supply Chain Design - Postponement

Resilience through Agility
Aligned Supplier Relations

- Single supplier
  - Vs. TOYOTA

- Multiple suppliers
  - Vs. Dole
Resilience through Agility
Distribution & Sales

- Sell what you have
  - Dell vs. Apple

- Customer help
  - Cantor Fitzgerald

- Triage
  - Continental Teves; Nummi

Resilience through Agility
Flexibility Culture

- Culture
  - Continuous communications (informed employees) (Environment, status)
  - Distributed power (Toyota, Carriers, Zara)
  - Passion for work and the mission (Schneider, UPS)
  - Conditioning for disruptions (FedEx, Dell)

- Culture change
  - Safety
  - Quality
  - Many others (smoking, drinking-and-driving...)
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

Any Questions?

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