Companies Must Design Mechanisms to Cope With Unforeseen Disaster

By IAN I. MITROFF and RALPH H. KILMANN

Like the rest of the world, we were horrified late last year when more than 2,000 people died and another 200,000 were injured as the result of a gas leak at the Union Carbide plant in Bhopal, India. Unfortunately, that tragedy was not the first major corporate disaster in recent history.

Just more than two years ago, Johnson & Johnson recalled Tylenol capsules after seven people across the United States had died as a result of cyanide poisoning. And a few years before that, Procter & Gamble removed its Rely tampon product from the market after a new medical phenomenon, toxic shock syndrome, causing illness and death, was linked to its use.

While such tragedies are neither easy to think about nor anticipate, they demonstrate that they are not due solely to the acts of a few isolated madmen, faulty plant

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design or poor operator training. The real heart of the problem—and what Bhopal in particular has to teach us—is that corporate executives have neither been trained to think about such situations nor how to deal successfully with them. The question is why.

The strongest explanation we have found is that the ideas we inherited from the Industrial Revolution more than a century ago are now totally inappropriate for managing in today's world.

One of the most profound legacies of the Industrial Revolution was the mental map of the world that it firmly implanted in people's minds. This map consisted of the basic idea that, in essence, the world was nothing but a simple machine. Among the many nice properties of machines, one is especially critical: Machines can be easily broken down into their individual parts. Hence, if a machine is broken, it is a relatively simple matter to isolate and to replace the defective "parts."

This notion was virtually carried over into the design of all our social institutions and our attitudes toward solving complex problems. Thus, our institutions, largely bureaucracies, were designed in the image of a machine. Complex problems, such as people's jobs, were broken down into a large number of supposedly simple, independent tasks. Further, the technical aspects of problems were considered in isolation from the environmental, legal, moral and political aspects. This strategy, which worked so well in the past, now is failing miserably.

For instance, it's nearly impossible to comprehend what really happened in Bhopal without considering the simultaneous interaction of Union Carbide's corporate structure, its safety record, its social and political views of Third World countries, its safety technology and the innumerable assumptions that both the

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company and the Indian government made about one another.

What, then, can organizations do, and what is legitimate to expect of them?

First, managers need to change drastically some ingrained but unproductive patterns of reasoning. For instance, no one can forecast or prevent all tragedies. But all too many managers and corporations used this commonplace truism as an excuse for doing nothing. In the many frequent talks we've had with managers, we feel we've heard just about all the excuses for doing nothing: Complete prevention is impossible, or it's too

costly, time consuming, etc. Every one of these reasons is true to an extent.

However, they all miss a fundamental point. While complete *prevention* of all tragedies is all but impossible, a systematic, comprehensive and sensible program designed to *cope* with them is not.

Very few corporations have had the foresight to think as did the Los Angeles Olympic Organizing Committee before last year's Summer Games. Very few—almost none—take a total look at their corporation from a devil's advocate point of view—through the eyes of the terrorist or a psychopath. Very few call in

experts and security management before a crisis has occurred to see how vulnerable they are to attacks, breakdowns and catastrophes of all kinds from the perspective of those who are not emotionally involved with their corporations.

Very few hold regular and repeated crisis-simulation workshops, exercises and training seminars to prepare their key executives to cope with the overwhelming myriad of tasks they will be called on to perform during the heat of nervous exhaustion and extreme anxiety. We know of almost no organizations that hold repeated brainstorming sessions that encourage their executives to come up with the most creative ideas they can for coping with all kinds of tragedies.

Unbelievably, even among those organizations that have already been hit by a tragedy, there are very few that have permanent, in-place, 24-hour crisis-management units that are prepared to think about every one of the kinds of crises that can occur.

No one expects or demands perfection from corporations. But one does have the right to ask the corporations to be doing the best they can to anticipate the worst—to think about the unthinkable—before it happens. Can you imagine the people of Los Angeles—and the rest of the world, for that matter—allowing the Olympic Games to be held if the LAOOC had said, "Because we don't know the exact whereabouts of every terrorist, therefore we're going to do nothing to thwart terrorist activity."

It was perhaps understandable that before the poisoning of Tylenol, Johnson & Johnson had no permanent crisis-management unit in place. But the company should certainly have one now because it is dangerous to live with the faulty rationalization that you can't predict all tragedies before they occur.

In the case of Bhopal, if Union Carbide is going to invoke sabotage as a possible explanation for what happened, then do we not also have a right to ask if they did everything in their power to think of saboteurs beforehand? If not, why not?

Further still, did they design their plant not just from a technical standpoint, but from the standpoint of all-too-human operators having to perform during the worst crisis imaginable? Again, if not, why not?

Finally, the case of Rely tampons may be the most difficult and unforeseeable of all. We need more assurance that corporations are testing their products more carefully. The trust between consumer and corporation has to be reestablished. It's been shaken recently almost to the point of a fatal break.

Ultimately, the real lesson of these tragedies is that no one—however far removed from the home base of a corporation and seemingly insignificant—can be ignored. The world is not only a complex system but even more it is a *globally* complex system. Unless all corporations truly learn to think in global terms and begin to consider the impacts of all their actions on as many interest groups as possible, the next corporate disaster is just around the corner.

The new bottom line is: There is no place left for corporations to run to and hide their actions. We are more linked together than ever before in the history of the world. There are no isolated, simple parts anymore.