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# **The Baldridge Foundation Institute for Performance Excellence**

***Presents:***

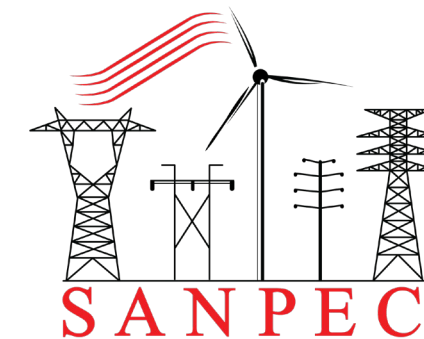
## **Building Resilient and High-Reliability Organizations: Strategies for Success Across Industries**

***October 24, 2024***





## Mac Baldrige Society Members



# Opening Remarks/Agenda

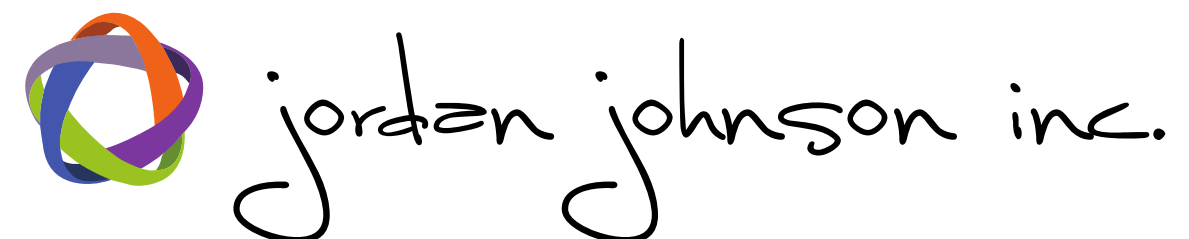
<b>Introduction</b>	<b>Al Faber</b> , President & CEO Baldrige Foundation
<b>Panelist</b>	<b>Tammy Dye</b> , Chief Strategy Officer Jordan Johnson, Inc.
<b>Audience Questions</b>	<b>Moderator – Al Faber</b>
<b>Closing</b>	<b>Al Faber Remarks</b>



**BUILDING RESILIENT  
AND HIGH-  
RELIABILITY  
ORGANIZATIONS:  
STRATEGIES FOR  
SUCCESS ACROSS  
INDUSTRIES**



**Tammy Dye**  
**Chief Strategy Officer**  
**Jordan Johnson, Inc.**







1. Understand the five core principles of High Reliability Organizations (HROs) and their relevance to your industry.
2. Learn how to build resilience into your operations, ensuring your business can adapt to disruptions and emerge stronger.
3. Discover actionable tools to improve operational awareness, foster cross-functional collaboration, and implement rapid improvements.
4. Explore how these strategies align with the Baldrige Criteria for Performance Excellence, setting your organization on a path to sustained success.



# *PRE-Webinar Poll*



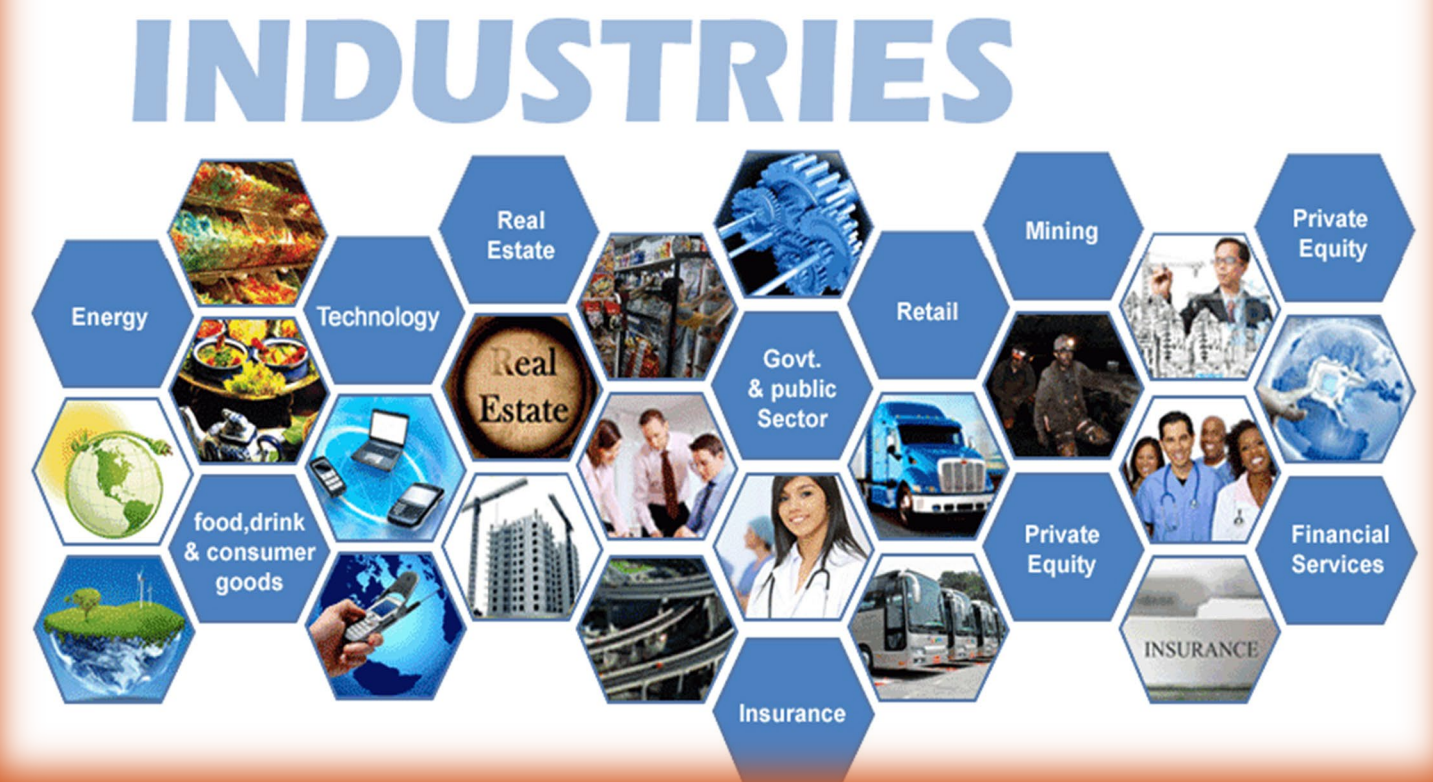
# INTRODUCTION TO HIGH-RELIABILITY ORGANIZATIONS (HROS) AND RESILIENCE

- **Define HROs:**
  - High Reliability Organizations are those that operate in high-risk environments yet manage to minimize errors and failures.
  - Applicable in industries like manufacturing, technology, logistics, and aviation.
- **Resilience Focus:**
  - Resilience is the organization's ability to adapt and recover from challenges, maintaining performance during and after disruptions.
- **Link to the 2024 Baldrige Framework:**
  - The Baldrige Award emphasizes performance excellence, innovation, and resilience, making HRO principles key to achieving sustainable success.



# Why HRO Principles and Resilience Matter Across Industries

- **HRO principles** ensure operational reliability and minimize risk in complex environments.
- **Resilience** helps organizations adapt quickly to changes, disruptions, and crises, keeping operations stable and competitive.
- **Baldrige Alignment:**
  - By focusing on operational excellence and innovation, organizations enhance their competitive advantage and organizational sustainability.





# Core Principles of High Reliability Organizations



**Principle 5**

**Commitment to Resilience**

**Principle 4**

**Deference to Expertise**

**Principle 3**

**Sensitivity to Operations**

**Principle 2**

**Reluctance to Simplify**

**Principle 1**

**Preoccupation with Failure**



## What it Means:

- Constantly being on the lookout for small signs of failure or weakness in processes.
- View near misses as learning opportunities, not proof of success.

## Steps to Implement:

- **Encourage open reporting of near misses:**
  - Set up anonymous reporting systems for employees to share small issues without fear of repercussions.
- **Develop a culture of continuous improvement:**
  - Hold regular "lessons learned" meetings after projects or shifts to discuss small errors or near misses and how to avoid them in the future.
- **Conduct failure mode effects analysis (FMEA):**
  - Use FMEA to proactively identify potential failure points in your processes and develop plans to mitigate them before they escalate.
- **Provide feedback loops:**
  - Create feedback channels where employees are rewarded for identifying potential risks before they lead to major issues.

# Principle 1

## Preoccupation with Failure



## What it Means:

- Avoid the temptation to oversimplify complex processes.
- Recognize the intricacies of operations, and ensure solutions address root causes, not symptoms.

## Steps to Implement:

- Conduct root cause analysis:
  - For every operational issue, require teams to dig deeper into causes rather than accepting quick fixes. Implement tools like the “5 Whys” method to uncover deeper issues.
- Train teams on complexity thinking:
  - Educate staff on how complex systems function and how interdependencies in operations can cause ripple effects.
- Establish multi-disciplinary review teams:
  - Form cross-functional teams that can provide diverse perspectives on problems, avoiding simple explanations and considering all angles.
- Create a culture of questioning:
  - Encourage employees to ask questions and challenge assumptions, fostering deeper understanding and better solutions.

**Principle 2**

**Reluctance to Simplify**

Principle 1

Preoccupation with Failure



- **What it Means:**

- Maintaining a high awareness of what's happening on the ground, ensuring real-time decision-making is based on current conditions.

- **Steps to Implement:**

- Use Gemba walks regularly:
  - Gemba walks involve leadership walking through the workplace to observe processes firsthand, engage with employees, and spot inefficiencies or risks early.
- Build real-time dashboards:
  - Implement real-time data monitoring systems that track key operational metrics so managers can make quick adjustments when something seems off.
- Conduct situational awareness training:
  - Train employees and managers on the importance of maintaining an ongoing understanding of their operational environment and recognizing early warning signs.
- Implement daily huddles:
  - Begin each day with a brief huddle, where frontline employees share any operational concerns or changes in conditions, enabling quick responses.

## Principle 3

Sensitivity to Operations

## Principle 2

Reluctance to Simplify

## Principle 1

Preoccupation with Failure

## What it Means:

- Decisions should be made by those with the most relevant expertise, not just by those with the most seniority.

## Steps to Implement:

- Flatten the hierarchy in decision-making:
  - Develop decision-making protocols where frontline employees or subject-matter experts have the authority to act without waiting for higher-level approval.
- Create an escalation process for expertise:
  - Set up a process where employees can escalate decisions to subject-matter experts when needed, ensuring the right people make crucial decisions.
- Foster a culture of trust in expertise:
  - Develop leadership training that teaches managers to trust and empower frontline workers, rewarding initiative and decision-making based on expertise.
- Build cross-functional expertise teams:
  - Establish teams of experts from various functions who can be quickly deployed to handle complex issues that arise in operations.

## Principle 4

Deference to Expertise

## Principle 3

Sensitivity to Operations

## Principle 2

Reluctance to Simplify

## Principle 1

Preoccupation with Failure



## Principle 5

Commitment to Resilience

### What it Means:

- Organizations must be prepared to adapt quickly to unexpected disruptions and maintain operations even under stress.

### Steps to Implement:

- Develop crisis management plans:
  - Regularly update contingency plans for various scenarios (e.g., natural disasters, cybersecurity breaches, supply chain disruptions).
- Conduct resilience stress tests:
  - Test systems under simulated conditions to evaluate how quickly teams can adapt to unexpected changes.
- Train employees in rapid response techniques:
  - Create workshops and training programs that teach employees how to act quickly and effectively during operational crises.
- Establish redundancy in critical operations:
  - Build redundant systems, backup resources, or cross-train employees to ensure critical operations can continue even if a key element fails.

## Principle 4

Deference to Expertise

## Principle 3

Sensitivity to Operations

## Principle 2

Reluctance to Simplify

## Principle 1

Preoccupation with Failure

# Organizational Resilience in Action





# Building Resilience Across Industries

- **Proactive Resilience:**
  - Companies should aim to anticipate and mitigate potential disruptions before they occur.
- **Steps to Implement:**
  - Scenario planning and foresight analysis:
    - Regularly conduct scenario planning workshops to evaluate potential future disruptions (e.g., market changes, technological advances) and develop strategies to mitigate their impact.
  - Foster a culture of innovation and adaptability:
    - Build an organizational culture where employees are encouraged to innovate, experiment, and adapt to changes quickly without being penalized for failures.
  - Create flexible supply chain systems:
    - Build flexibility into supply chains by having alternative suppliers and distribution channels in place to respond quickly to unexpected disruptions.

# Adapting During Crisis: Lessons from Real- World Events



- **Adaptability as a Core Value:**
  - The speed at which an organization can adapt is critical to its resilience.
- **Steps to Implement:**
  - Focus on digital transformation:
    - Digital solutions can offer greater flexibility in adapting to crises, allowing companies to pivot operations (e.g., e-commerce, remote work) more easily.
  - Invest in cross-functional teams:
    - Cross-train employees across functions so they can quickly shift roles during a crisis if needed, ensuring that critical operations continue.
  - Develop an emergency communications plan:
    - Ensure communication systems and plans are in place for rapid information dissemination to employees and stakeholders during crises.



# Resilience and the Baldrige Criteria

## Aligning Resilience with Baldrige Standards:

- The 2024 Baldrige Criteria emphasize organizational resilience as a key to sustainable success, especially in the areas of leadership, operations, and customer engagement.

## Steps to Implement:

- Adopt continuous improvement practices:
  - Use tools like Six Sigma or Lean to continuously identify areas of operational improvement, aligning with Baldrige's criteria for performance excellence.
- Focus on customer engagement during disruptions:
  - Ensure that customer-facing operations can continue seamlessly during crises by leveraging digital tools and maintaining communication.

**RESILIENCE**



# Practical Application of HRO Principles Across Sectors



# STEPS TO BECOMING A HIGH-RELIABILITY ORGANIZATION

## Building an HRO Culture:

- Leadership must model and champion safety, resilience, and reliability as organizational priorities.

## Steps to Implement:

### Create a zero-harm policy:

- Implement a zero-tolerance policy for errors that impact safety or operational reliability. Ensure all employees understand the importance of preventing failures.

### Form a safety and reliability committee:

- Establish a cross-functional committee responsible for overseeing safety, reliability, and resilience initiatives across the organization.

### Communicate a clear vision for high reliability:

- Regularly communicate the vision for high reliability to all employees, emphasizing the importance of proactive risk management and resilience.





# Value Stream Mapping and Gemba Walks



- Optimize Operational Flow:
  - Use value stream mapping to identify inefficiencies and reduce waste in processes.
- Steps to Implement:
  - Conduct regular value stream mapping workshops:
    - Engage teams in mapping out all processes and identifying bottlenecks or areas for improvement.
  - Implement Gemba walks:
    - Leadership should conduct Gemba walks at least monthly to observe frontline operations, gather insights from employees, and identify areas of potential risk or inefficiency.

# Kaizen Events: Continuous Improvement in Action

## Kaizen for Rapid Improvement:

- Kaizen events allow organizations to quickly address specific operational challenges through collaborative problem-solving sessions.

## Steps to Implement:

- Plan regular Kaizen events:
  - Schedule monthly Kaizen events focused on tackling specific issues or inefficiencies. Involve cross-functional teams to ensure diverse perspectives are represented.
- Measure and track results:
  - After each Kaizen event, measure the outcomes and track improvements over time to ensure lasting change.



# *POST-Webinar Poll*





# Final Takeaways and Action Steps

**HRO principles and resilience strategies can transform an organization's ability to manage complexity, minimize risks, and adapt to change.**

- Key Action Steps to Take Back:
  - Implement systems for reporting near-misses and addressing small errors.
  - Conduct root cause analyses and avoid simplified solutions to complex issues.
  - Build operational awareness through Gemba walks and real-time dashboards.
  - Train teams on crisis management and develop contingency plans for critical operations.



# Panelist Questions and Discussion



**Tammy Dye**  
Chief Strategy Officer  
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**Al Faber**  
President & CEO  
Baldrige Foundation  
(Moderator)





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