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Reputability LLP are pioneers and leaders globally in the field of behavioural risk and organisational risk. We help business leaders to find the widespread but hidden behavioural and organisational risks that regularly cause reputational disasters. We also teach leaders and risk teams about these risks. Here are our thoughts, and the thoughts of our guest bloggers, on some recent stories which have captured our attention. We are always interested to know what you think too.

Error Management: Lessons from Aviation's Success



*We are delighted to welcome a Guest Post, on how error can be managed positively, from Professor Jan Hagen, author of **Confronting Mistakes: Lessons from the Aviation Industry when Dealing with Error**.*

The financial markets crisis began in 2007 and unfolded with increasing severity. At the time, we were dumbfounded that big-name banks had taken such disproportionately high risks with their structured securities.

Many of us saw the investment banking sector's remuneration system and the associated asymmetric risk distribution as the main causes of the crisis. We asked how things could have spiralled so far out of control, especially as even before the crisis some parties within the banks had urged caution.

The question is why these warnings went unheard. Were they overlooked? Underestimated? What mistakes were made? How did they come about? Who failed to pick them up? And how were they allowed to trigger a series of further errors that ultimately had such dramatic consequences?

Banking is by no means an exception, however. There have been mistakes, errors, poor decision making, infringements, affairs and scandals in any and every industry and organisation you care to mention.

None of them appears to have had any effective controls in place that allowed them to intervene in time to prevent things going awry. Instead, those involved could only watch as fate ran its course.

Let us take a look at normal day-to-day operations in a company.

What happens if someone makes a mistake or takes the wrong decision? The issue here is not intentional misconduct, fraudulent behaviour, gross negligence or large-scale mismanagement. I am referring to the little mistakes, errors, and poor decisions that occur every single day. Mostly, errors are the result of momentary blackouts, a temporary short circuit in the brain, false impressions, deceptive memories, dots wrongly joined, fragments of conversation that we interpret incorrectly, prejudices, momentary feelings of mental imbalance, disorientation, stress and other disturbances.

All this we could perhaps accept but our problem is that we believe we can and should be "right" when in reality we start out with "quasi-right" at best and adjust our decisions and actions as we proceed. The alternative - believing that we are right and later realising that we were wrong - creates a state of confusion leading to uncomfortable questions as to whether our self-belief is justified.

Recently, working with colleagues at the European School of Management and Technology in Berlin I looked at how managers discuss errors made by their employees and how they were informed about their own mistakes. According to our study, most managers accept errors as being a normal part of the work culture.

Yet, there is one aspect that does not match this conviction; namely, the overwhelming preference for discussing errors in private and involving as few people as possible: Of those questioned, 88% claimed that they generally address errors made by others in private and only 4% would do so openly in front of a group of people.

What does this mean for companies? No doubt, most still have a long way to go before error management becomes a regular part of day-to-day work life with the overwhelming preference for discussing errors in private and involving as few people as possible. Mistakes, in other words, are still associated with shame and embarrassment.

In aviation the concept of open error communication was developed as a consequence of a number of high profile human factor related accidents at the start of the 1980s. Today they are part of a concept we call Crew Resource Management (CRM). In this error management has evolved as the central element to ensure that flight crews interact effectively as team members in the complex environment of aviation. Another major part of CRM is assertiveness on the part of junior crew members vis-à-vis their superiors. This is to ensure that information flows freely in the cockpit and is not blocked by hierarchy. Leadership, communication, and decision making are the other components of CRM.

Of course, the question is how a system as highly successful as CRM can be implemented in everyday business life. After all, unlike most other industries, aviation is a high-risk industry. Most managers do not arrive at work each day knowing that they are responsible for the safe transport of hundreds of people. They are, however, in charge of business processes, the success of their particular division and for keeping their work force employed. So the number of errors they make should be limited as well.

From this perspective, the answer to the question above is simple: error management is relevant to every organisation that wishes to reduce error volumes be it in a high-risk industry or not. In fact, most organisations will already have taken steps in this direction by trying to eliminate potential error sources and attempting to analyse and resolve errors that do occur.

Still, there is a fundamental difference between the traditional approach to preventing errors and the error management strategies used in CRM.

Conventionally, errors are stigmatised as individual weaknesses, whereas modern error management accepts them as an unavoidable aspect of human behaviour. While both strategies seek to avoid errors, the former puts them in a negative light and associates them with embarrassment, shame, fear and punishment. This is in stark contrast to the practice in aviation where individuals are not only protected from being blamed but really encouraged to actively report their errors. The logic is simple: Every identified and trapped error provides an opportunity for a learning process that is not confined to the individual and allows the organisation as a whole to benefit.

As far as the larger organisational error management is concerned, its implementation has to start as a top-down management decision though the overall success will depend on individuals and teams. The scope of the change of mind-set must however not be underestimated, however: in aviation it took pilots more than ten years to accept CRM - but the safety record of today speaks for its success.

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