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Connecting People, Projects & Performance

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Managing the Unexpected



Greg Sills

EVP and Chief Development Officer Cobalt International Energy

Things that have never happened before happen all the time ...

Six ideas characterize HROs

- Examine failures more closely, more quickly
- We all oversimplify embrace complexity
- Listen to expertise not necessarily authority
- Focus on the critical operation at hand
- Build resilience build response capability
- Plan but plan for planning's dangers

Credit: Ideas from the research of Karl E. Weick and Kathleen M. Sutcliffe Co-authors of:

Managing the Unexpected – Resilient Performance in an Age of Uncertainty

Preoccupation with failure

- Learning from failure is hard
 - Contradicts our desire to celebrate success
 - Learning moments are short lived

But most threats start small



HOW TO UNDERSTAND IT.

LEARN FROM IT, AND RECOVER FROM IT 48 Understanding Failure A Playbook for Learning from Failure Amy C. Edmondson

86 Learning from Failure Former P&G CEO A.G. Lafley: "I Think of My Failures as a Gift"

ISSUE

100 Recovering from Failure Building Resilience Martin E.P. Seligman

Preoccupation with failure

How can we create an environment where:

It's ok to say "something doesn't seem right"?
I can report a personal mistake without fear?
It's encouraged to report an potential issue – even if later it's proven not to be an issue?



Preoccupation with failure – is a preoccupation with learning

Encourage and make it safe for "speaking up"

- Practice debriefing where rank doesn't matter
- Create psychological safety
- Allow "over-reaction" to seemingly small deviations
- Amplify faint signals
- Actively seek bad news
- Clarify what constitutes good news
- Consider surprises as signs of vulnerability

Preoccupation with failure

 Small deviations, small surprises – usually signal a larger vulnerability

Discussion Point

 Do we consider a surprise or a deviation as an obstacle to overcome, or a warning?



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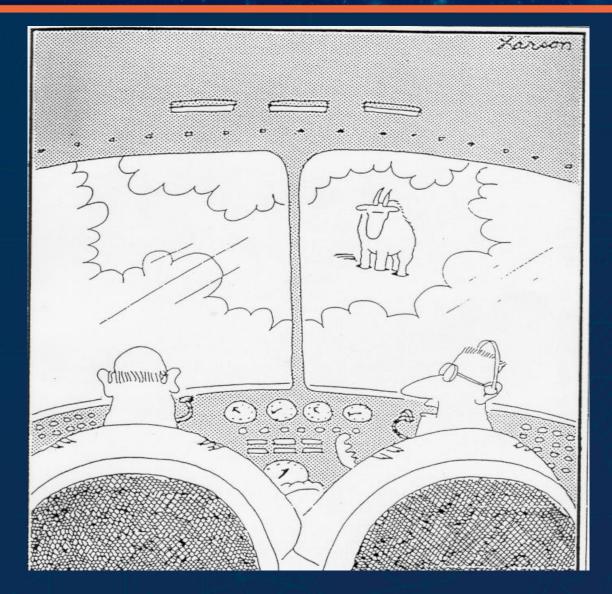
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Reluctance to Simplify -Mental Models Matter

"Say – what's a mountain goat doing way up here in a cloud bank?"



Reluctance to Simplify -Embrace Complexity

Sheila Widnall, former Secretary of USAF, and member of the Columbia Accident Investigation Board:

"NASA saw the shuttle as a 747 that you could simply land, turnaround, take off, and use again."



When in fact – the shuttle was still experimental

Reluctance to Simplify -Embrace Complexity

 Beware of "We've seen this before"

> Or "We've done this before"

 Solicit a wide range of diverse views

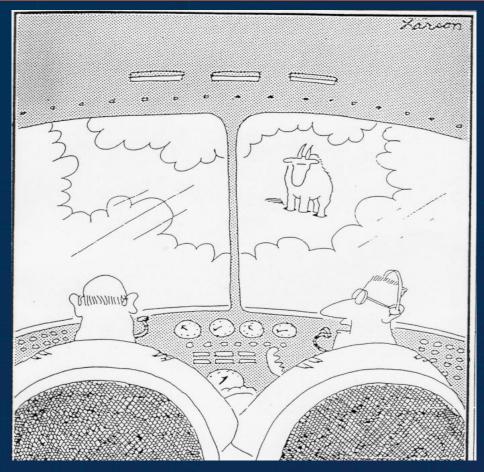
> Complex situations benefit from a diverse organization





Reluctance to Simplify -Embrace Complexity

- We all simplify our perception of what is happening
- **Discussion Points**
- What phrases do you hear that warn of "oversimplification"?
- What are you doing that is "cutting edge"?



 What inclusive team behaviors can guard against "over-simplification"?

Defer to expertise



Most organizations put a premium on hierarchy . . .

Frame 4912

Defer to Expertise

... but authority is not a substitute for expertise

HROs nimbly shift decision making away from formal authority toward expertise

 And managers who don't listen to expertise can be fatally wrong



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Enabling deference to expertise

- Beware of the "fallacy of centrality"
 - Discourages curiosity on the part of the expert
 - The "wisdom" of the "boss" is often <u>overestimated</u>
- Learn where your expertise really is
- Create flexible decision structures
- Experience doesn't equal expertise

Focus on operations – what is the riskiest thing happening right now?

- Most organizations believe other things are more important (strategy, progress, cost, etc.)
- Fill in your own distraction here

Keep the "main thing" the main thing

Enabling focus on operations

Keep the "the main thing" the main thing

Enabling focus on operations

Continuous contact with the front line



Enabling focus on operations

- Keep leaders/managers accessible
 - Especially when important situations are arising
- Hone your operations-sensitive leadership
 - Speak up
 - Encourage others to speak up
 - Know how you handle pressure and tell others
 - Verbalize your plans



Life is a series of interruptions and recoveries

John Dewey, 1922

Resilience means increasing your response repertoire

Resilience defined

- Functioning effectively while absorbing an unexpected adversity
- Bouncing back quickly with no permanent damage
- Cultivate resilience
 - Expect to be surprised
 - Practice, simulate, play "what-ifs?"

Self reflection – table discussion

What is one take-away, one thing you will try to do differently?



Plan – but anticipate the limitations of planning . . .

Plans are nothing – planning is everything. Dwight David Eisenhower



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