# LEVERS OF CONTROL (A)

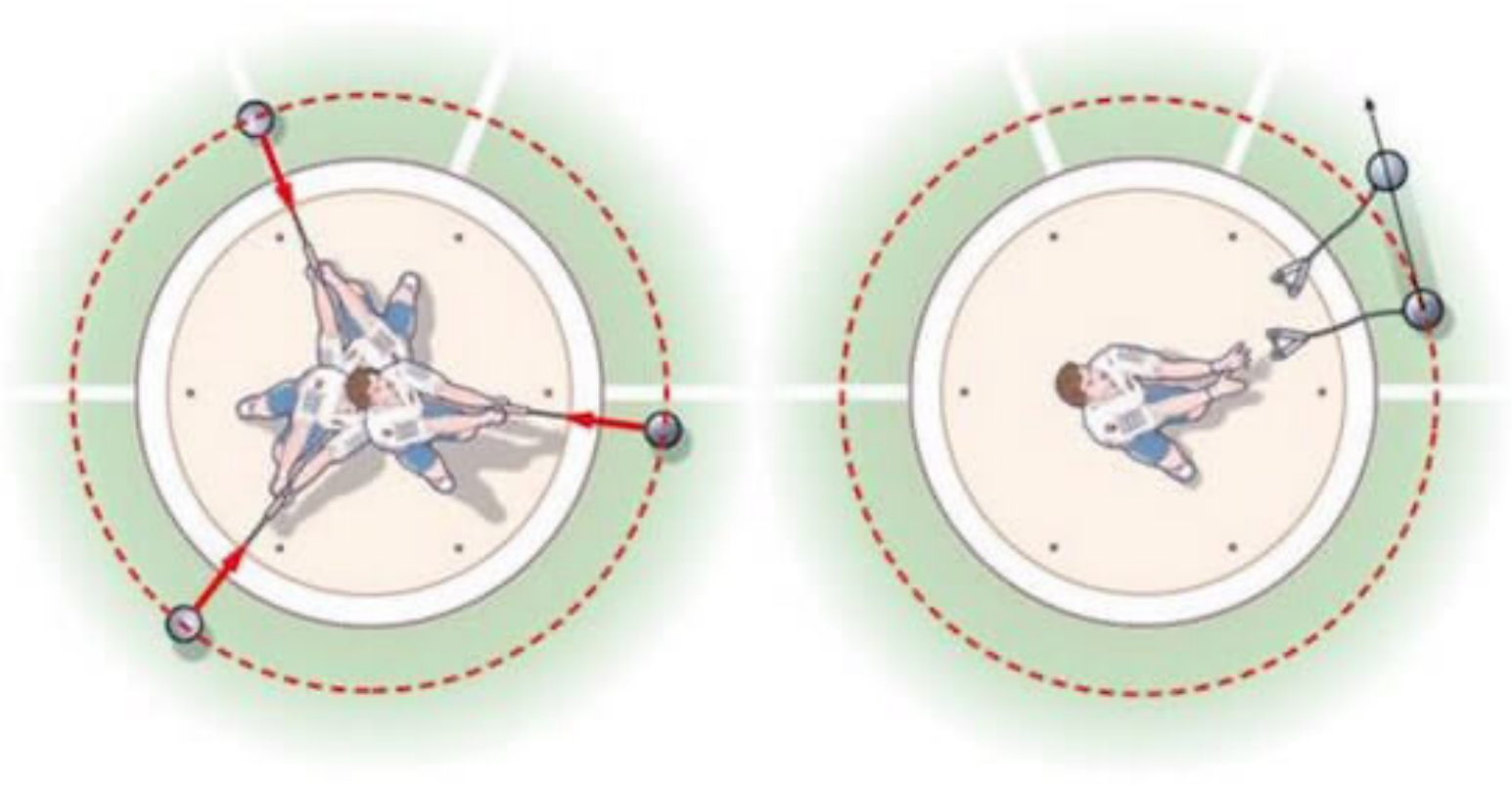
A holistic approach to control

# COMPLEXITY OF HUMAN NATURE

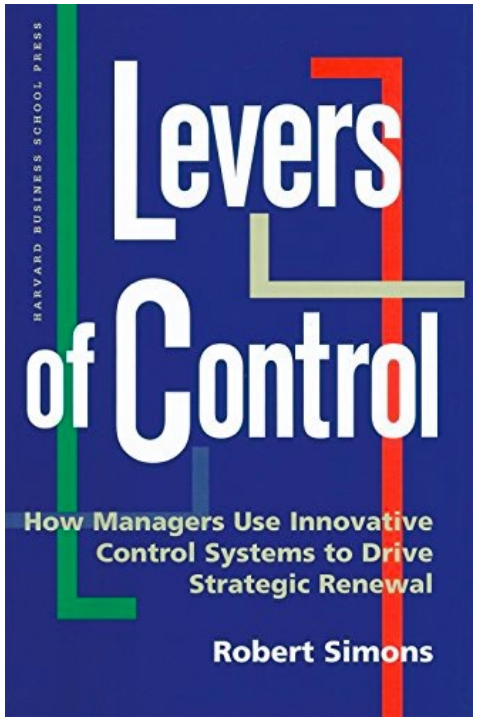
# A BALANCED APPROACH TO CONTROL

# THE DIFFICULTY OF BEING BIG AND NIMBLE AT THE SAME TIME

# CENTRIFUGAL AND CENTRIPETAL FORCES



# A GREAT FRAMEWORK



# MANAGEMENT CONTROL SYSTEMS (1)

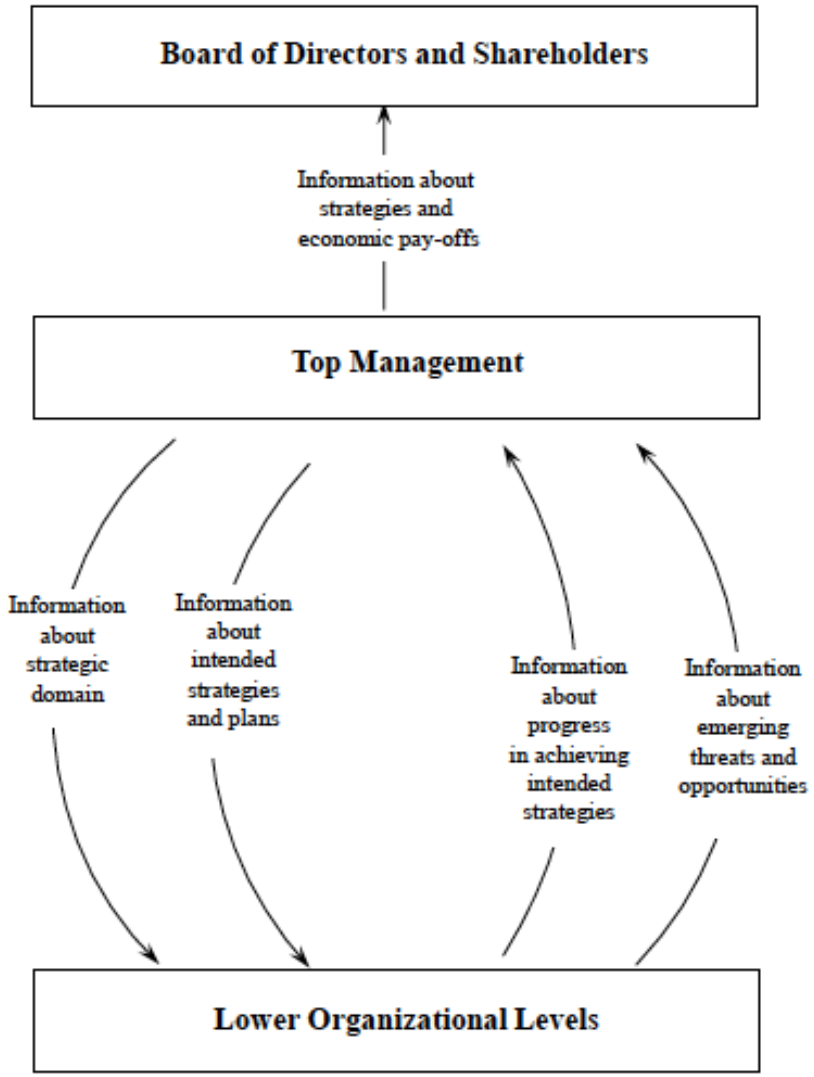
"Management Control Systems (MCS) are the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities".

Four aspect of this definition are important:

1. The purpose of any MCS is to convey information. This systems focus on data – financial and non financial information that influence decision making and managerial action;
2. The components of this systems are formal routines and procedures. Information is written down or entered into a computer system and captured in standard formats, either on paper, either in paper documents or in computer based systems. The recording, analyzing and distributing of this information is embedded in the rhythm of the organization, and is often based on predetermined practices and at present times in the business cycle.

# INFORMATION FLOWS

# UNDERLYING ORGANIZATIONAL PROCESSES

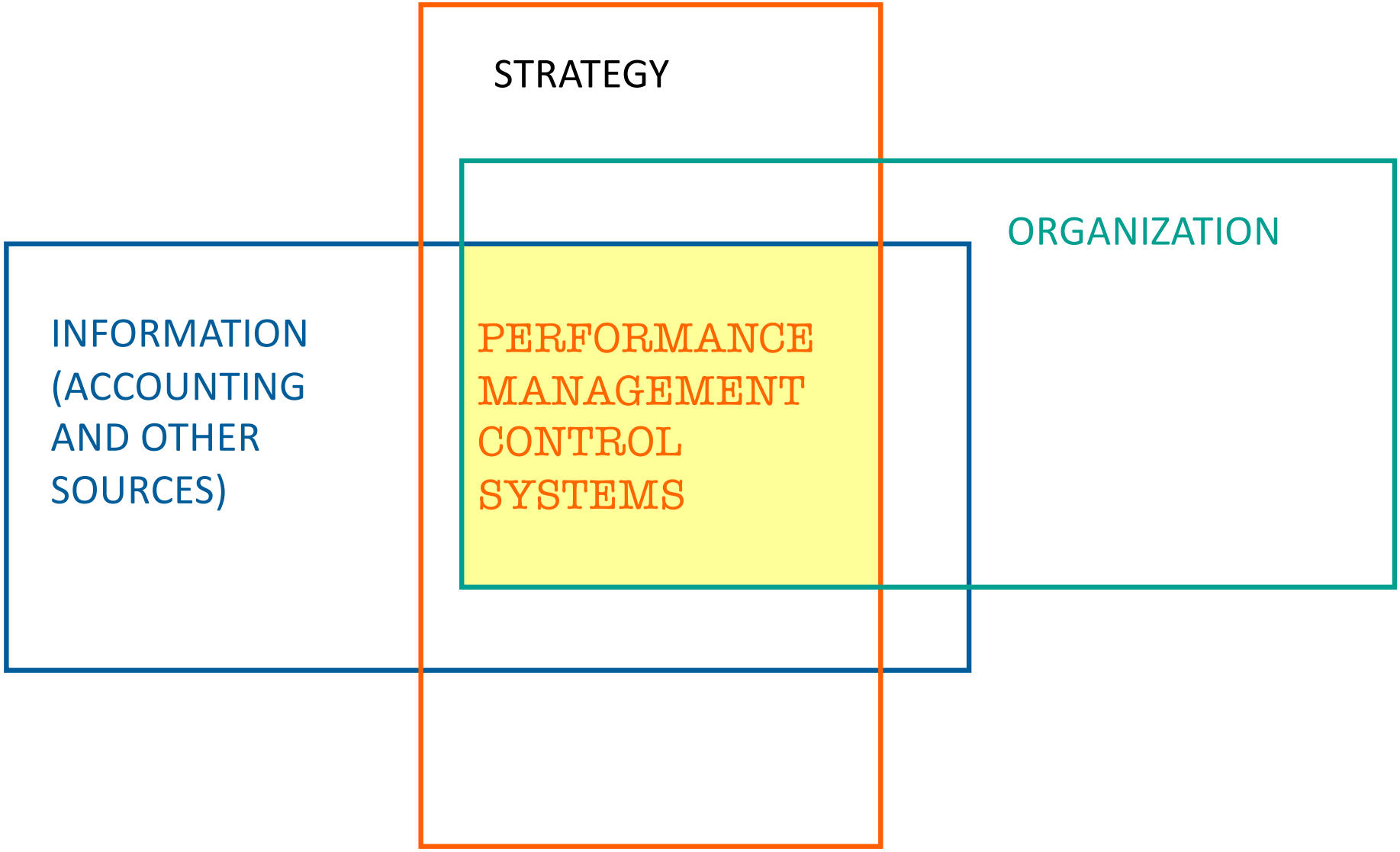



Source: Robert Simons, "Strategy Execution Module 3: Using Information for Performance and Control", HBS Publishing, 2017

# MANAGEMENT CONTROL SYSTEMS (2)

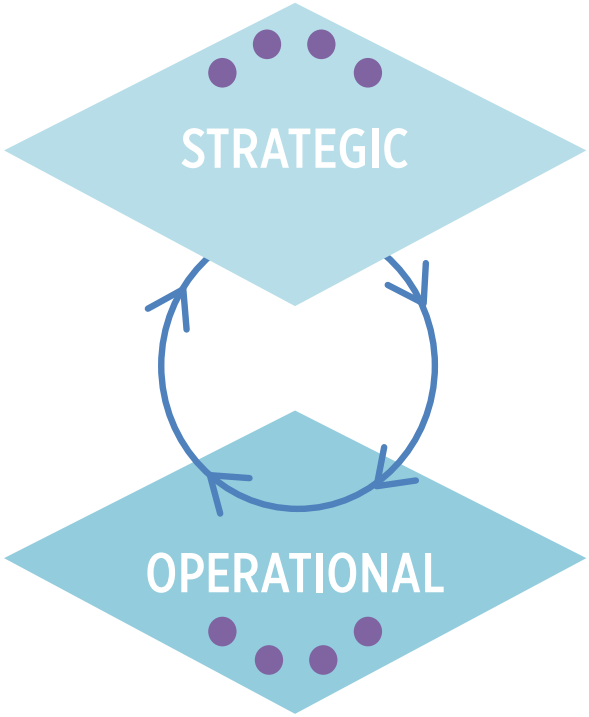
3. These systems are designed to be used by managers. Organization create massive amounts of information, not all of which is directly relevant to managers in their day-to-day work. A profit statement for a division or data on customers satisfaction is part of a management control system; information received by shipping clerks to allow them to pick merchandises from inventory for specified customers is not.
4. Managers use these systems to maintain or alter patterns in organizational activities. Desirable pattern of activity may relate to efficiency and error-free processing, such yield rates in a manufacturing process. In other instances, they may relate to patterns of ongoing creativity and innovation in product or internal processes, such as the percentage of sales from new product or year-over-year improvement in processing speed. .

# CROSS FUNCTIONAL SYSTEMS



# THE LINK IS CREATED BY THE PROCESS

FORMS OF CONTROL:
are declined at both the strategic and operational levels




PROCESS:
links decisions made at the strategic level with their implementation at the organizational level

# STRATEGIC CONTROL

Control over the **means** and the **methods** on which the **whole conduct** and **future direction** of an organization depends.

These include:

1. its **capital**,
2. the form of **assets in which the capital is embodied**, and
3. its **cardinal dispositions** such as
    a. the markets or areas of need to be served,
    b. the communities and labor markets in which the organization is located,
    c. its external relations with suppliers, competing organizations, and government agencies.

The ability that management has to exercise power within organizations derives primarily from control at this strategic level. For this level of control allows it to re-deploy capital, which may entail closing sites and entertaining bids from communities to open new ones.

# OPERATIONAL CONTROL

Control **over the work done within an organization**, in the sense of determining **how employees perform their jobs.**

The possibility of exercising operational control **depends on the possession of power,** especially if the people concerned are unlikely to cooperate spontaneously.

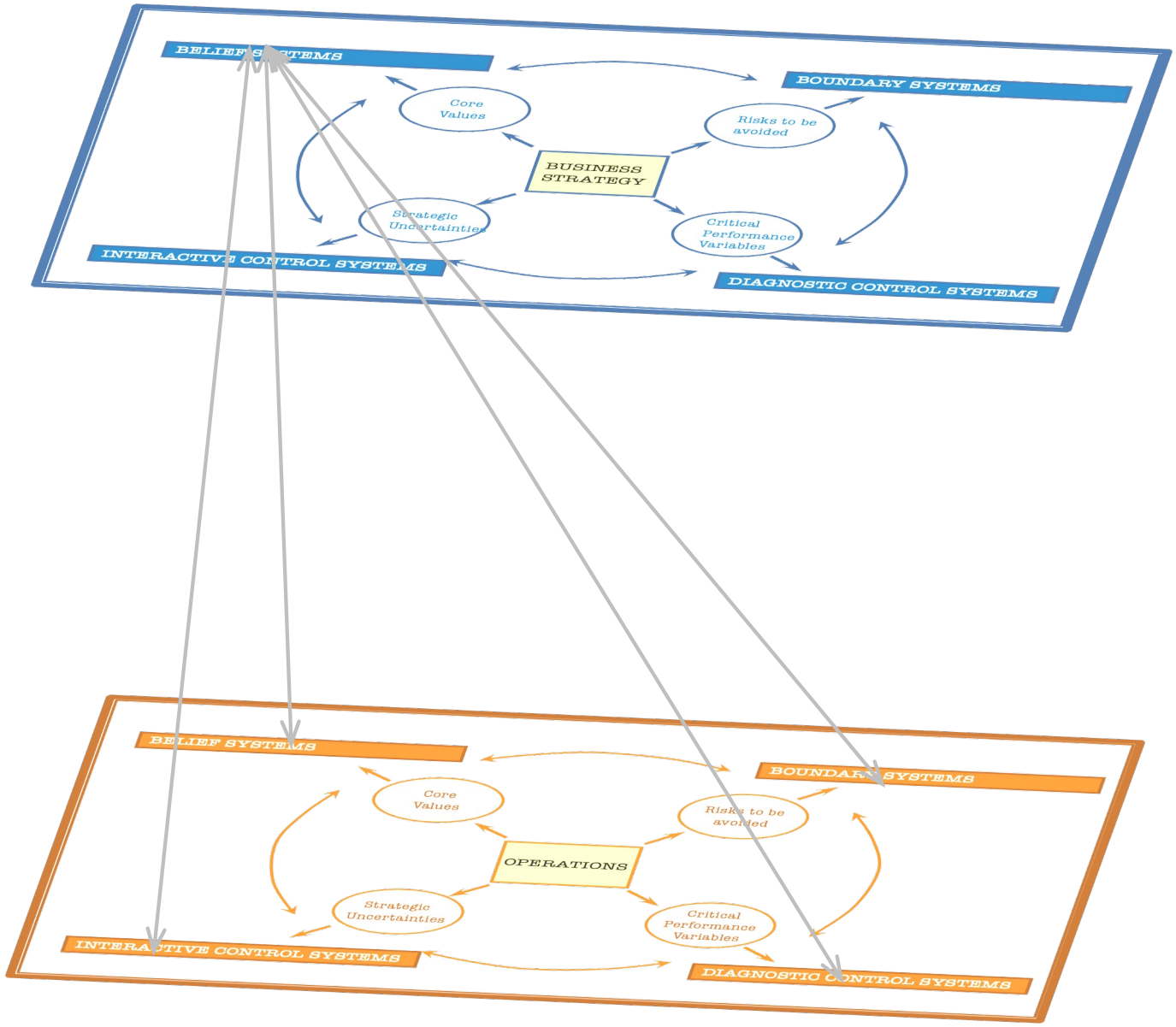
Power may be:

1. used in an overtly coercive way
2. Based on material persuasion, such as incentives for attaining certain target
3. exerted through the command of the means of ideological persuasion

Operational control, then, is a **realization of the potential offered by the possession of power within organizations**. While top management is likely to hold the largest share of such power because of its control over strategic resources, other groups will also possess some power to affect operations. Workers who have special skills required to carry out certain tasks, and who cannot readily be replaced, provide an example of a potentially powerful group.

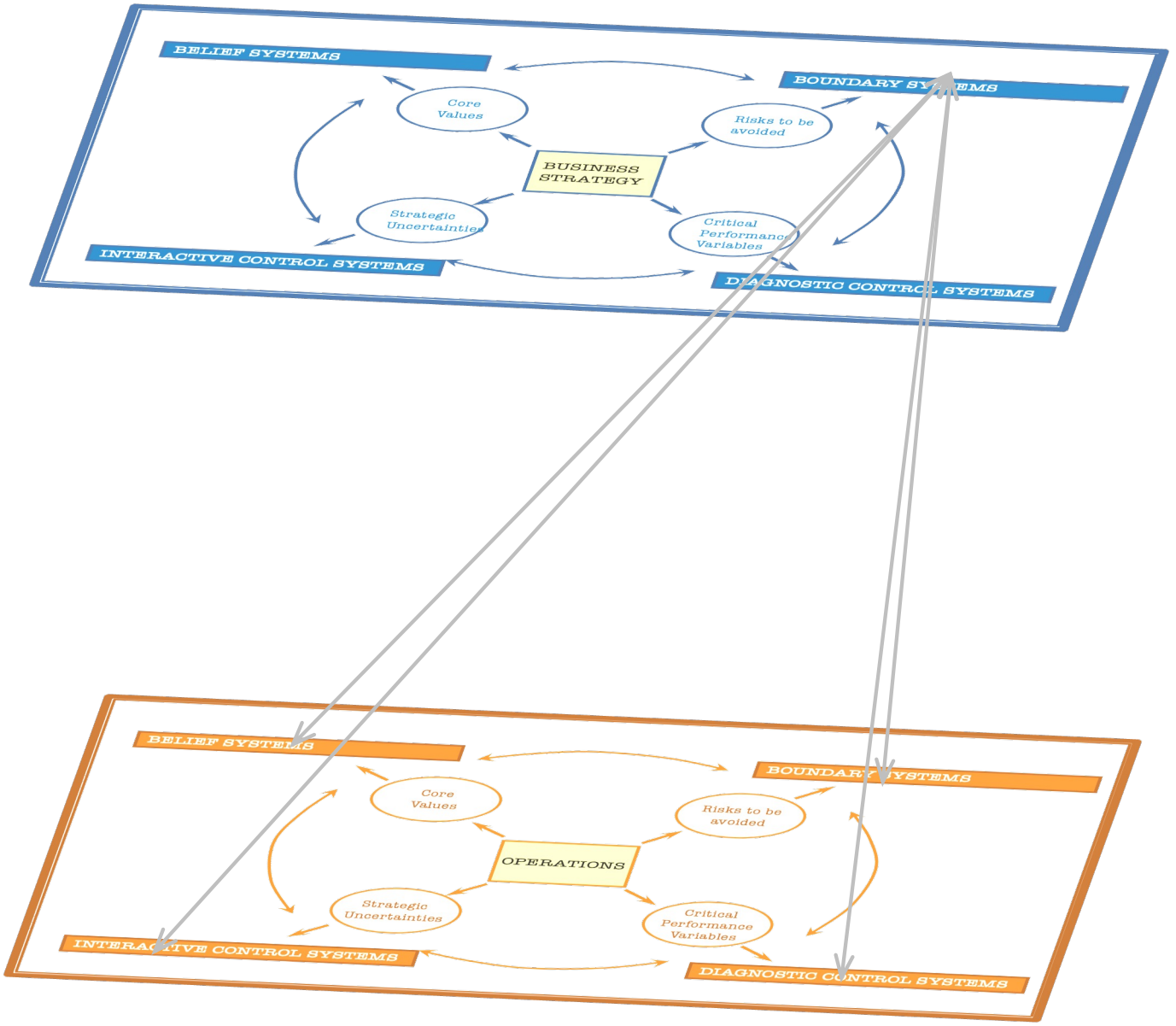
**STRATEGIC CONTROLS**

**OPERATIONAL CONTROLS**



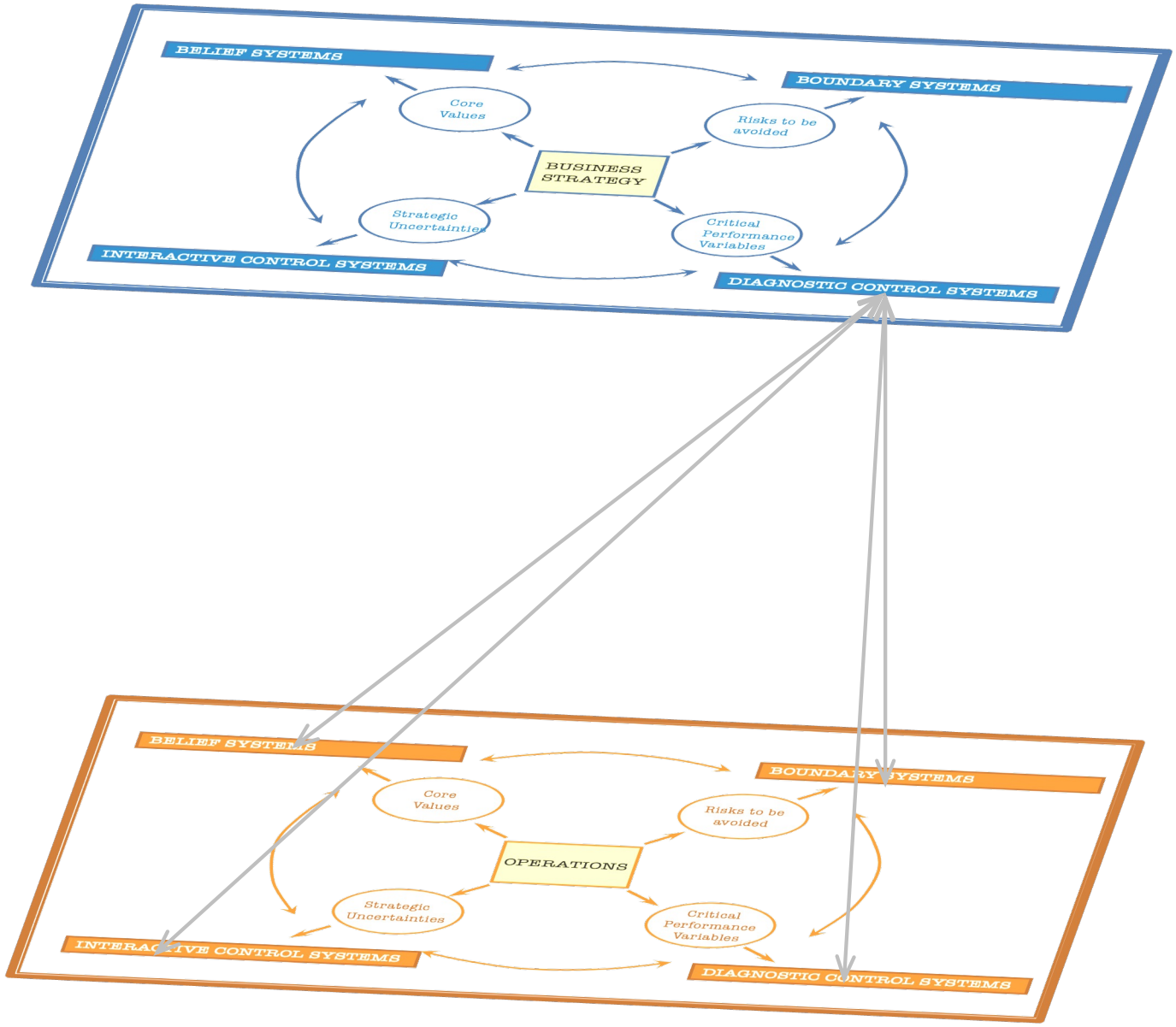
## STRATEGIC CONTROLS

## OPERATIONAL CONTROLS



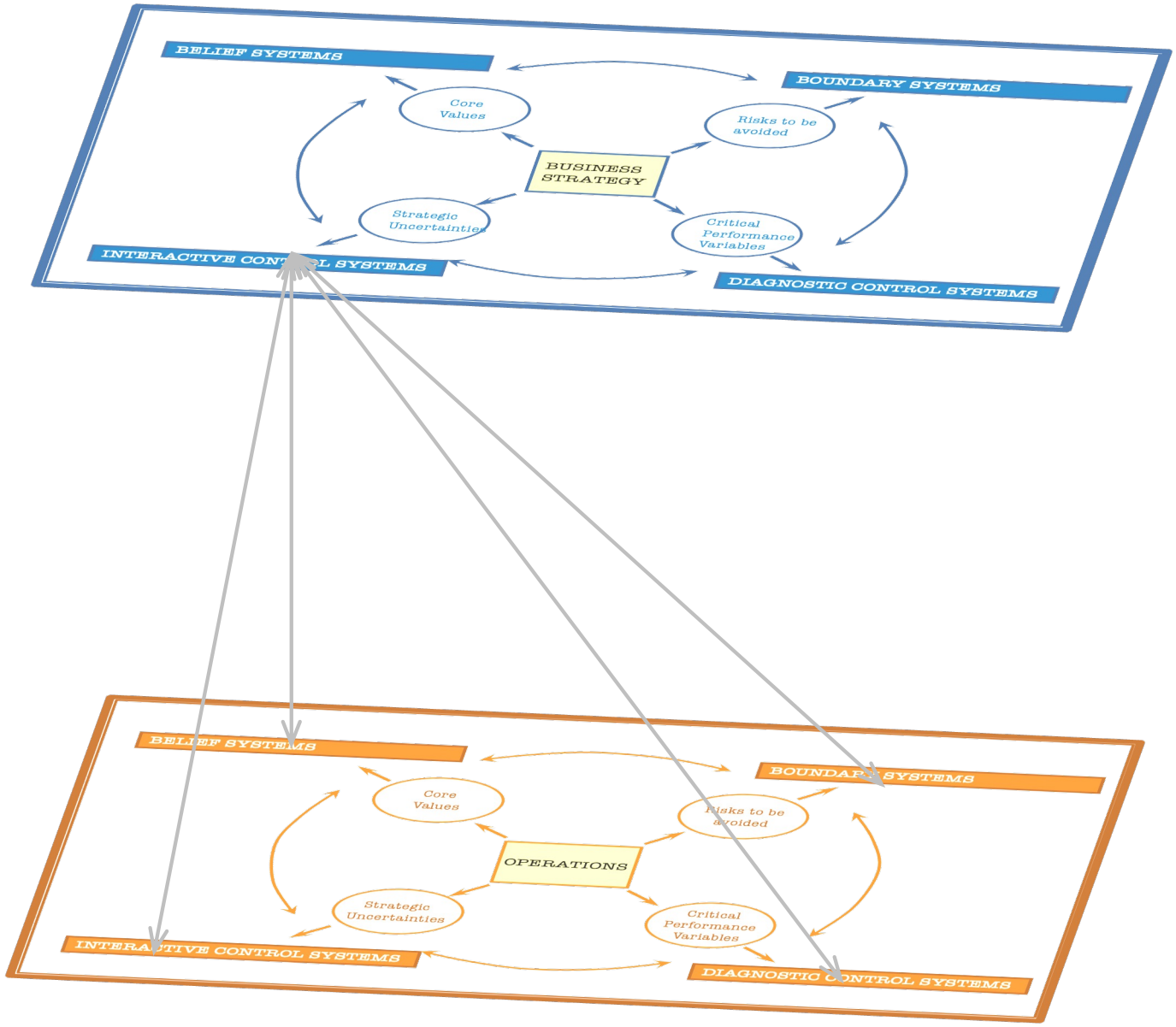
## STRATEGIC CONTROLS

## OPERATIONAL CONTROLS

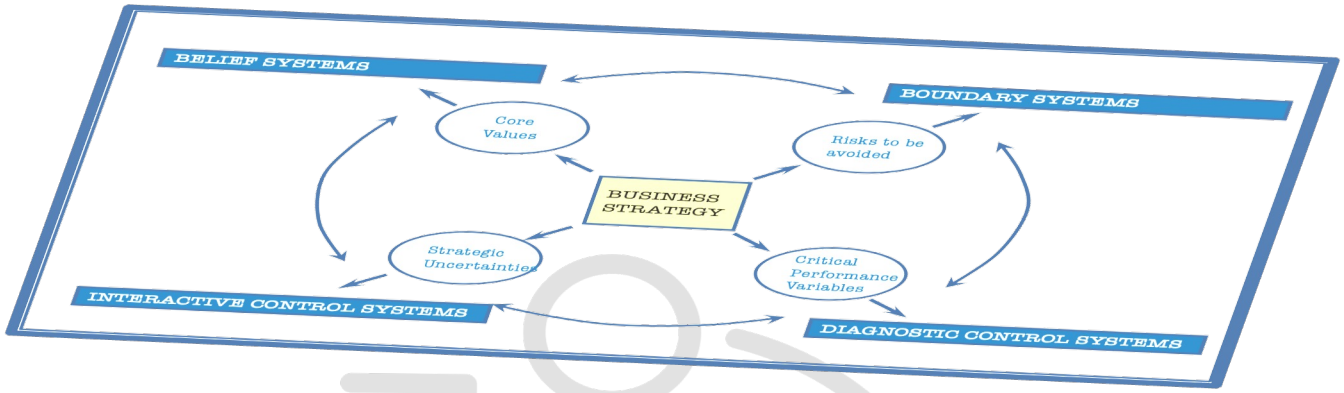


## STRATEGIC CONTROLS

## OPERATIONAL CONTROLS

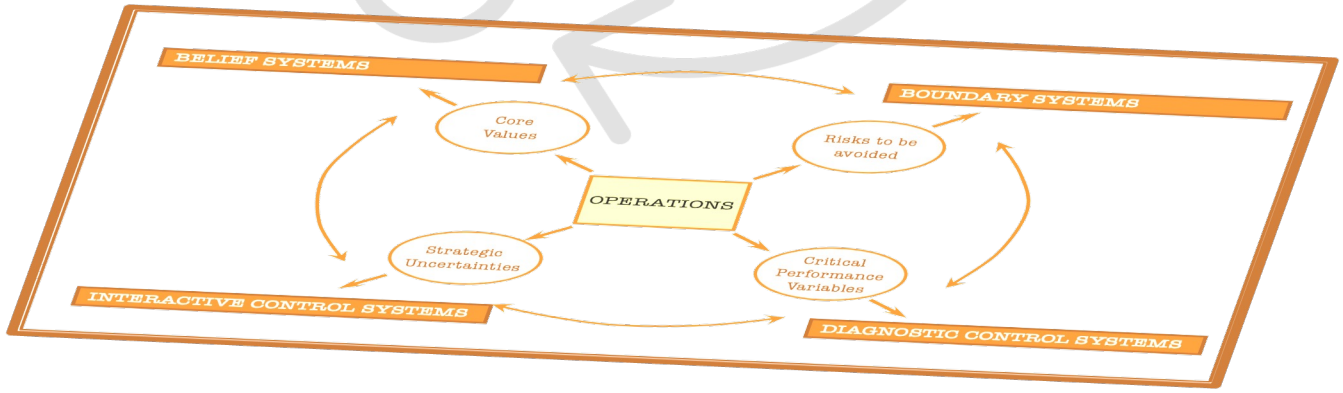


## STRATEGIC CONTROLS




## CONTROL PROCESS

## OPERATIONAL CONTROLS

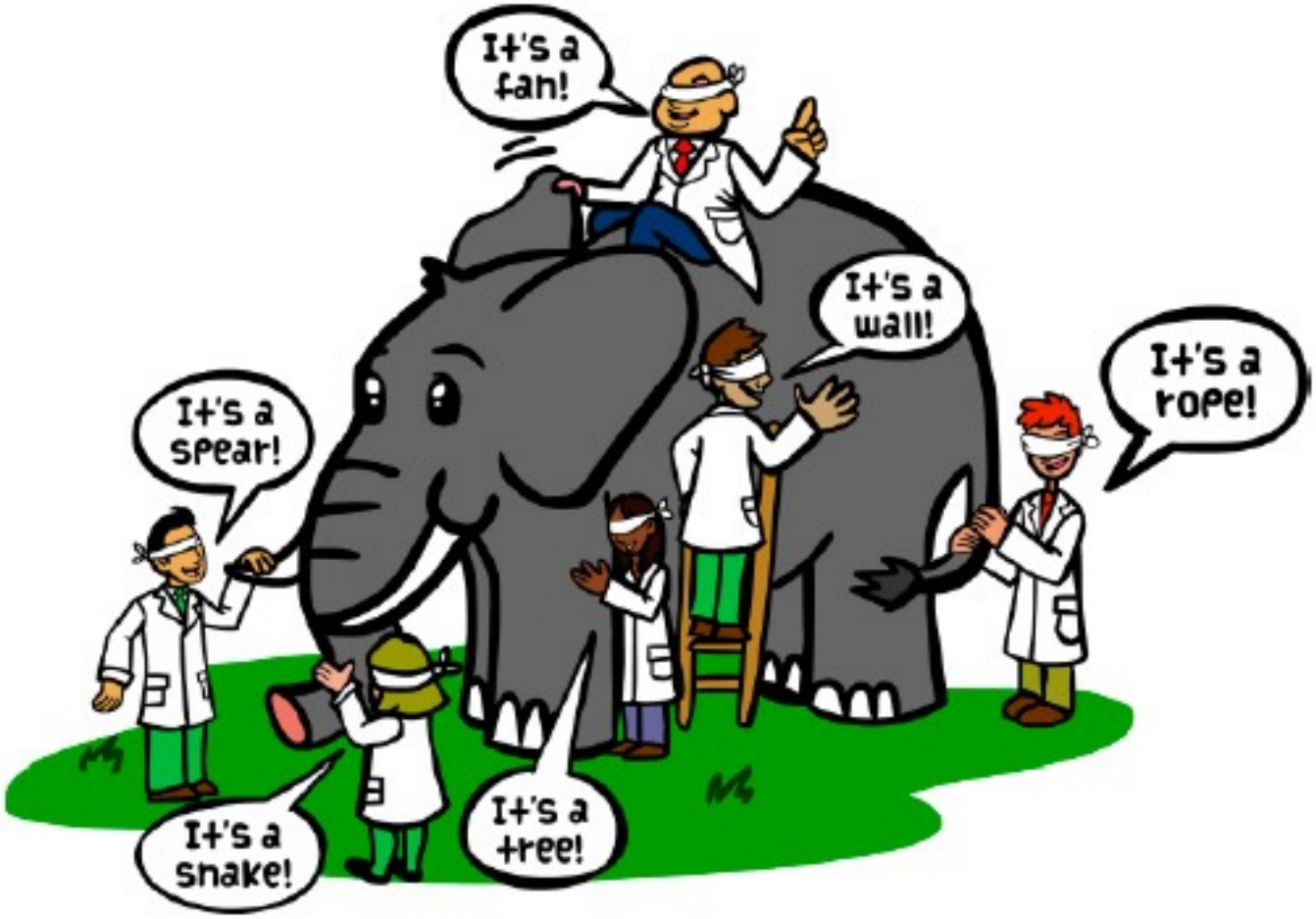


# LEVERS OF CONTROL

# THERE IS NO CONTROL WITHOUT STRATEGY

BUSINESS
STRATEGY

# THE CONCEPT OF STRATEGY IS MULTIFACED



# THE CONCEPT OF STRATEGY IS MULTIFACED

A group of blind men heard that a strange animal, called an elephant, had been brought to the town, but none of them were aware of its shape and form. Out of curiosity, they said: "We must inspect and know it by touch, of which we are capable". So, they sought it out, and when they found it they groped about it. In the case of the first person, whose hand landed on the trunk, said "This being is like a thick snake". For another one whose hand reached its ear, it seemed like a kind of fan. As for another person, whose hand was upon its leg, said, the elephant is a pillar like a tree-trunk. The blind man who placed his hand upon its side said the elephant, "is a wall". Another who felt its tail, described it as a rope. The last felt its tusk, stating the elephant is that which is hard, smooth and like a spear

We are the blind people and strategy formation is our elephant: Since non one has had the vision to see the entire beast, everyone had grabbed hold of some part or other and “railed on in utter ignorance” of the rest. We certainly do not get an elephant by adding up parts. An elephant is more than that. Yet to comprehend the whole we also need to understand the parts.

Human nature insists on a definition for every concept. The field of strategy management cannot afford to rely on a single definition of strategy, indeed the word has long been used implicitly in different ways even if it has traditionally been defined formally in only one. Explicit recognition of multiple definitions can help practitioners and researchers alike to maneuver through this difficult field. Accordingly, this article presents -five definitions of strategy as plan, ploy, pattern, position, and perspective - and considers some of their interrelationships.

# THE BLIND MEN AND THE ELEPHANT

**I.**
IT was six men of Indostan
To learning much inclined,
Who went to see the Elephant
(Though all of them were blind),
That each by observation
Might satisfy his mind.

**II.**
The *First* approached the Elephant,
And happening to fall
Against his broad and sturdy side,
At once began to bawl:
"God bless me!—but the Elephant
Is very like a wall!"

**III.**
The *Second*, feeling of the tusk,
Cried: "Ho!—what have we here
So very round and smooth and
sharp?
To me 't is mighty clear
This wonder of an Elephant
Is very like a spear!"

**IV.**
The *Third* approached the animal,
And happening to take
The squirming trunk within his
hands,
Thus boldly up and spake:
"I see," quoth he, "the Elephant
Is very like a snake!"

**V.**
The *Fourth* reached out his eager
hand,
And felt about the knee.
"What most this wondrous beast is
like
Is mighty plain," quoth he;
"'T is clear enough the Elephant
Is very like a tree!»

**VI.**
The *Fifth*, who chanced to touch the
ear,
Said: "E'en the blindest man
Can tell what this resembles most;
Deny the fact who can,
This marvel of an Elephant
Is very like a fan!"

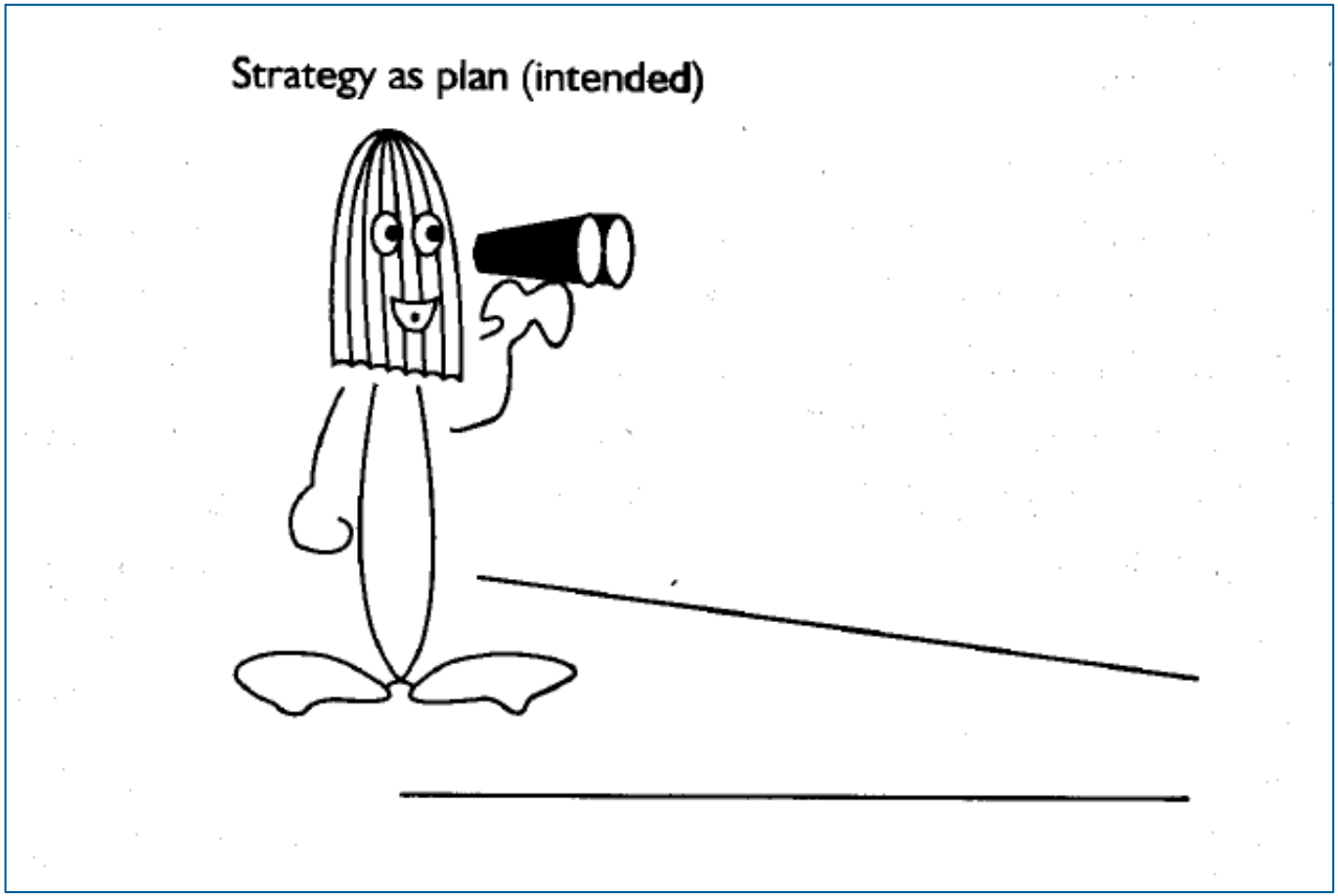
**VII.**
The *Sixth* no sooner had begun
About the beast to grope,
Than, seizing on the swinging tail
That fell within his scope,
"I see," quoth he, "the Elephant
Is very like a rope!"

**VIII.**
And so these men of Indostan
Disputed loud and long,
Each in his own opinion
Exceeding stiff and strong,
Though each was partly in the right,
And all were in the wrong!

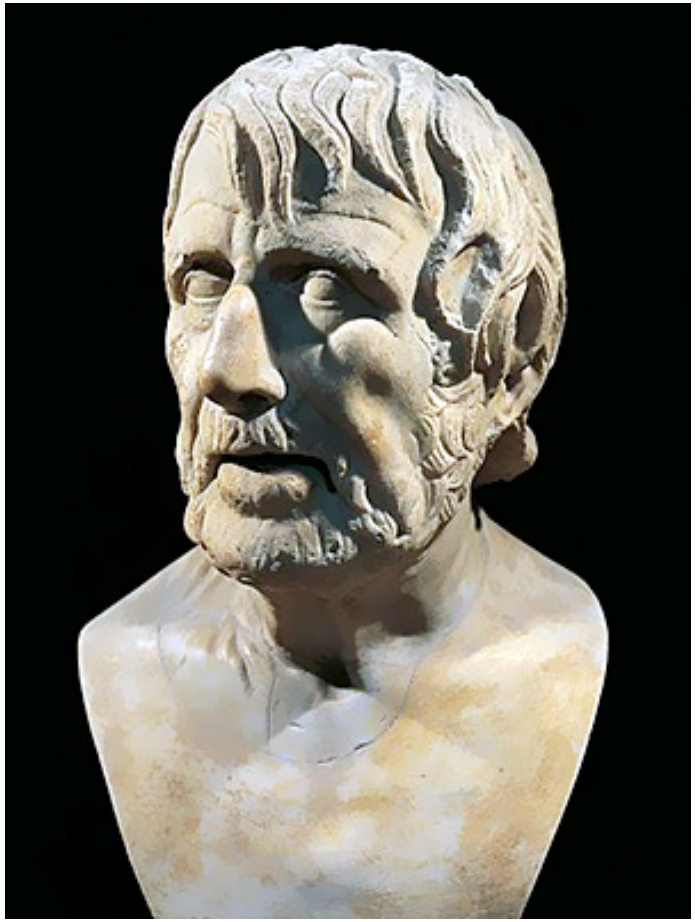
**MORAL.**
So, oft in theologic wars
The disputants, I ween,
Rail on in utter ignorance
Of what each other mean,
*And prate about an Elephant*
*Not one of them has seen!*

by John Godfrey Saxe (1872)

# STRATEGY AS PLAN



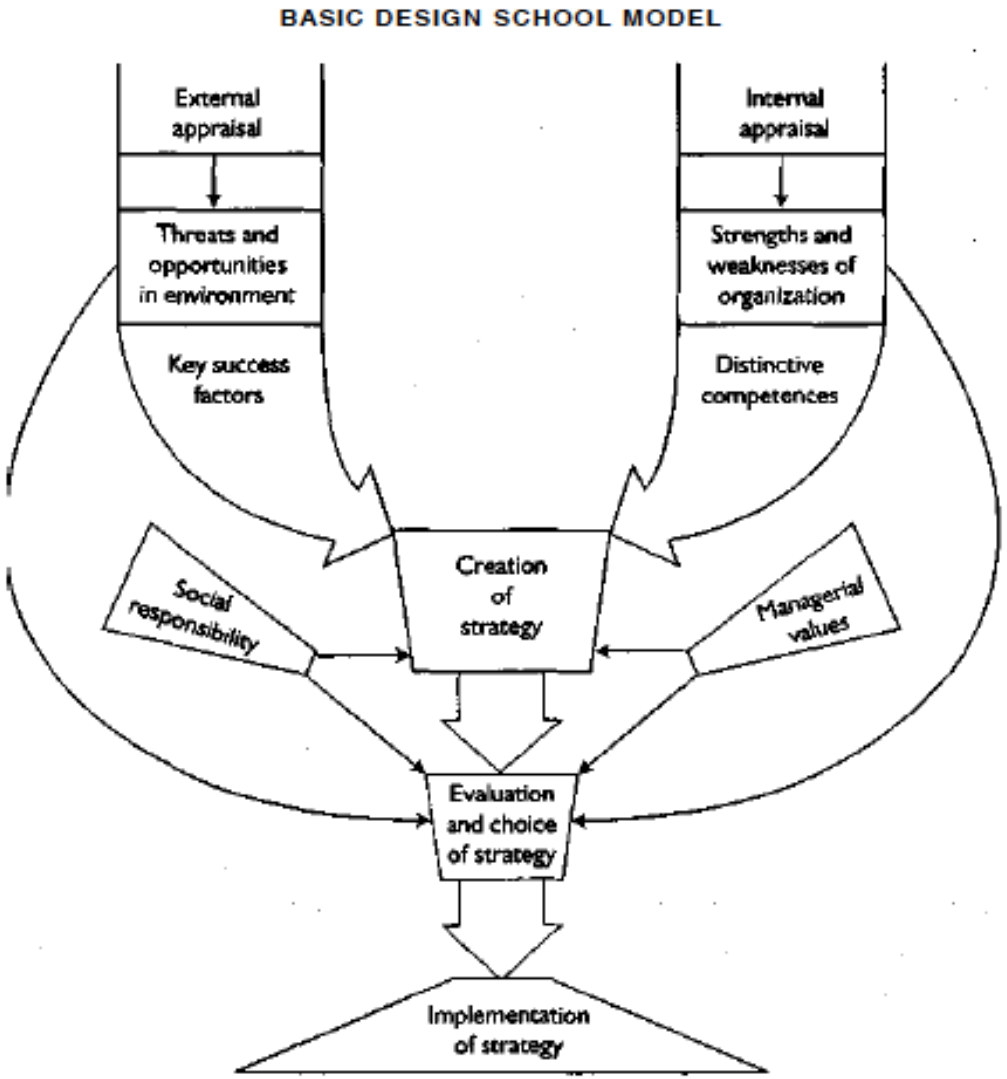
# THE IMPORTANCE OF SETTING A GOAL



"If one does not know to which port one is sailing, no wind is favourable."

**Lucius Annaeus Seneca the Younger**, Roman Stoic philosopher, statesman, dramatist.

# THE ORIGINAL FRAMEWORK



# WHAT A PLAN REALLY IS

A plan can be defined as a **set of guidelines**, established **in advance** by **the leader** (top-down strategy), regarding the **actions that team members should take, as a group**, in order to increase the likelihood of achieving a set of **collective goals** within a specified **time period.**

In order to properly outline the plan, the leader should first develop an **appropriate analysis.**

**ANALYSIS**

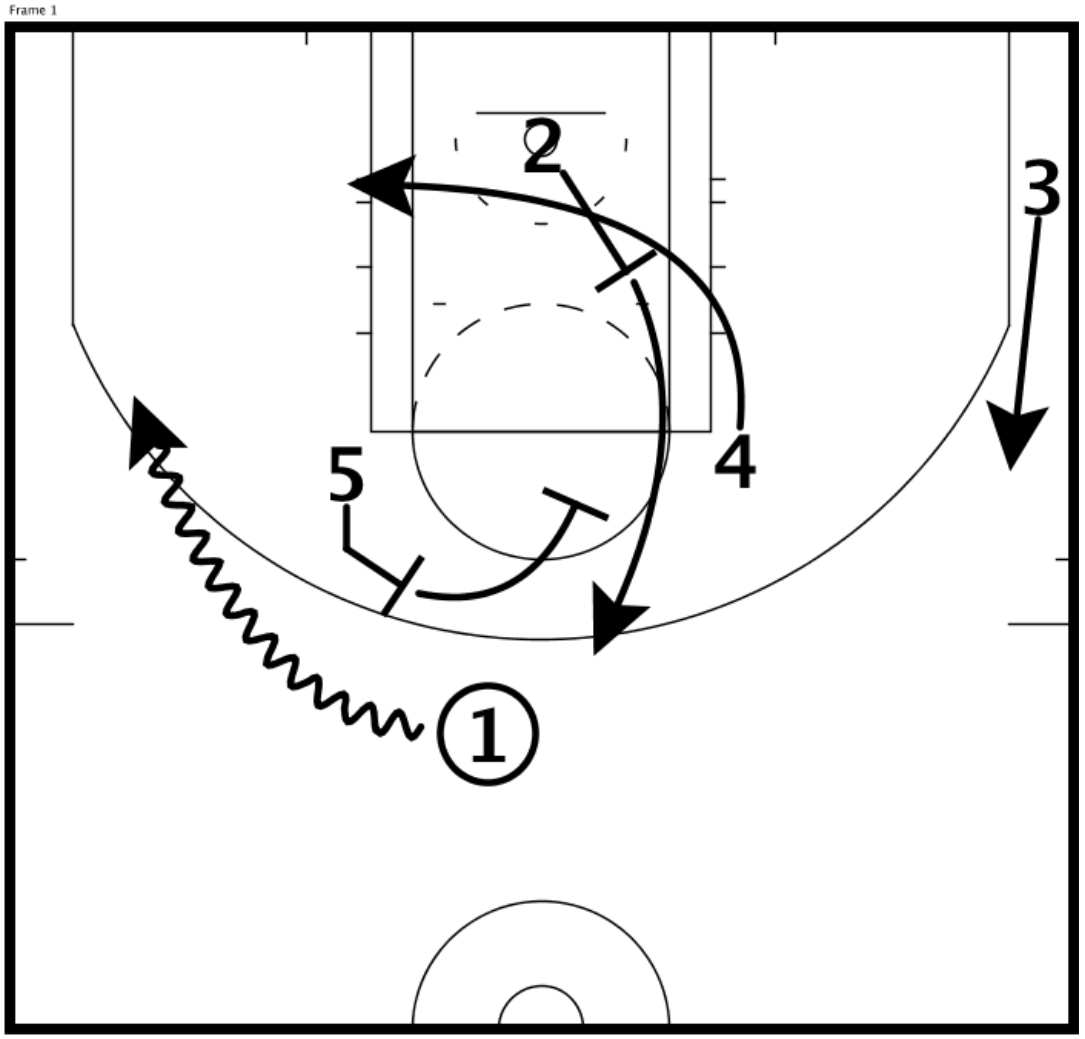
- **S**trengths
- **W**eaknesses

INTERNAL

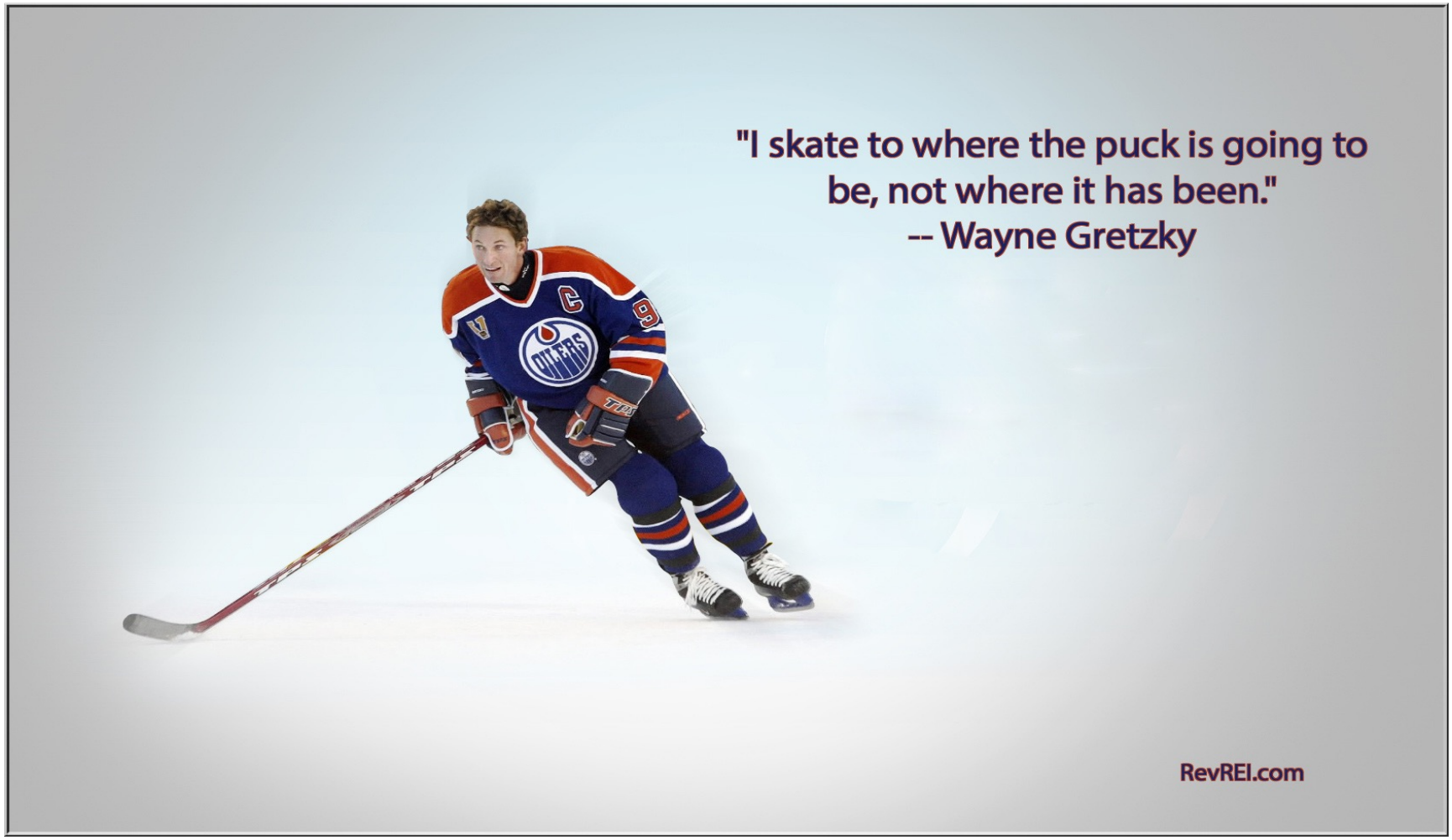
- **O**pportunities
- **T**hreats

EXTERNAL

# BASKETBALL PLAY DIAGRAM



# A PLAN IS FORWARD LOOKING

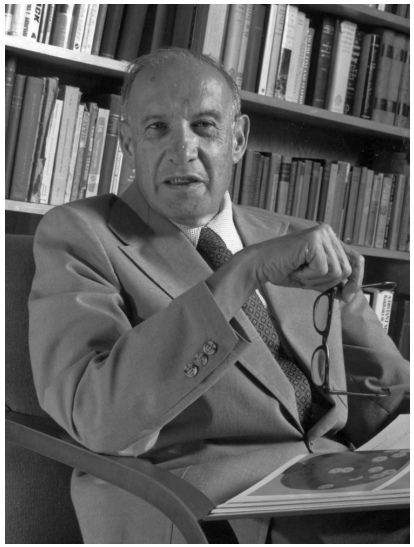


# … BUT IT IS NOT A DIVINATION OR A PROPHECY

# A RITUAL RAIN DANCE

<<A good deal of the corporate planning I have observed is like a ritual rain dance; it has no effect on the weather that follows, but those who engage in it think it does. Moreover, it seems to me that much of the advice and instruction related to corporate planning is directed at improving the dancing, not the weather>>.

# ON PREDICTIONS AND FORECASTING

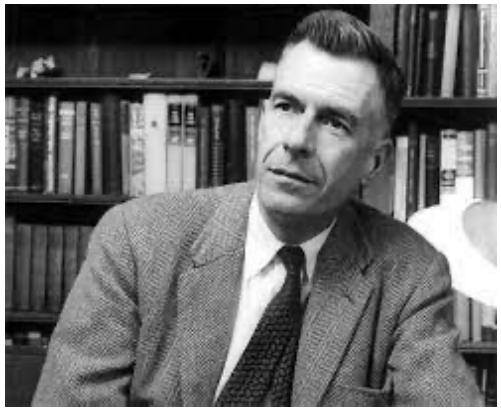


"Any attempt to base today's actions and commitments on predictions of future events is futile."

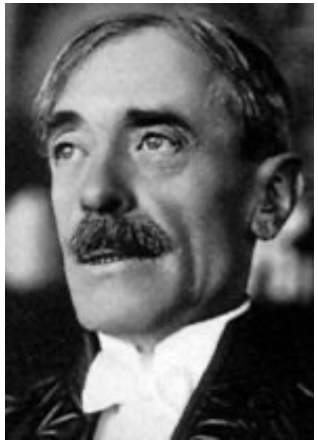
**Peter Ferdinand Drucker**, management consultant, educator, and author.

"The only function of economic forecasting is to make astrology look respectable."

**John Kenneth Galbraith**, economist, diplomat, public official, and intellectual.



# ON PREDICTIONS



"The trouble with our times is that the future is not what it used to be."

**Paul Valéry,** poet, essayist, and philosopher.

"Prediction is very difficult, especially if it's about the future."

**Niels Bohr**, physicist, Nobel laureate 1922.

# ON PLANS

"In preparing for battle, I have always found that plans are useless, but planning is indispensable"

**Dwight Eisenhower**, military officer, USA president

"Plans are of little importance, but planning is essential."

**Winston Churchill,** former British Prime Minister.

# PETER DRUCKER ON PREDICTIONS

We know only two things about the future:

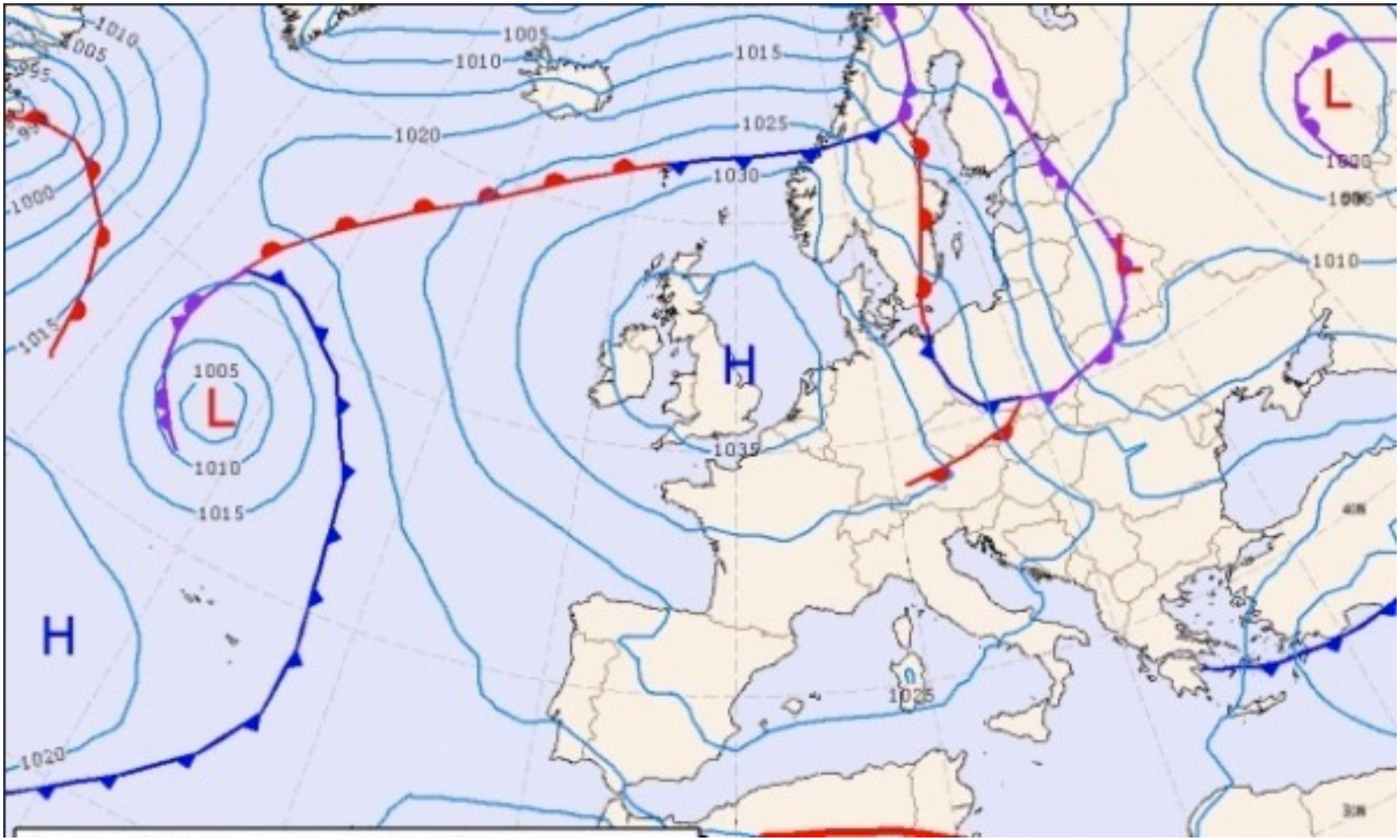
- It cannot be known.
- It will be different from what exists now and from what we now expect.

These assertions are not particularly new or particularly striking. But they have far-reaching implications.

1. Any attempt to base today's actions and commitments on predictions of future events is futile. The best we can hope to do is to anticipate the future effects of events that have already irrevocably happened.
2. But precisely because the future is going to be different and cannot be predicted, it is possible to make the unexpected and unpredicted come to pass. To try to make the future happen is risky; but it is a rational activity. And it is less risky than coasting along on the comfortable assumption that nothing is going to change, less risky than following a prediction as to what "must" happen or what is "most probable."

Managers must accept the need to work systematically on making the future. But this does not mean the manager can work for the elimination of risks and uncertainties. That power is not given to mortal man. The one thing he or she can try to do is to find, and occasionally to create, the right risk and to exploit uncertainty. The purpose of the work on making the future is not to decide what should be done tomorrow, but what should be done today to have a tomorrow.

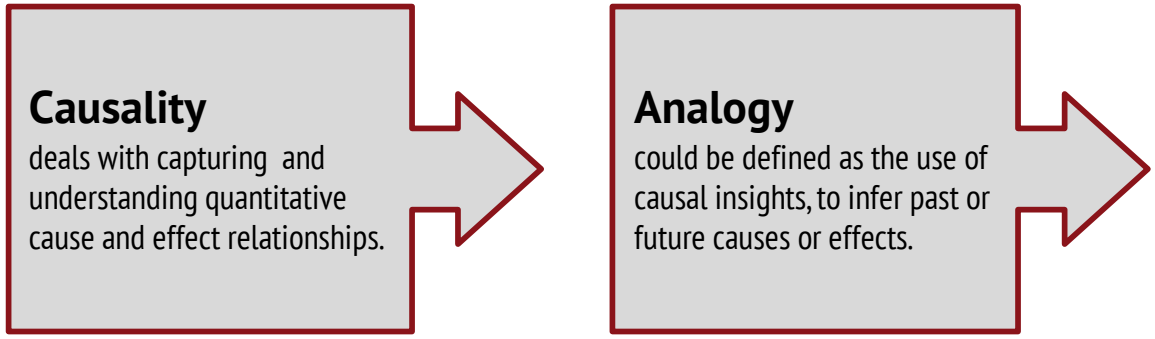
# RELATION BETWEEN A PLAN AND A FORECAST?



# PURPOSES OF MEASUREMENT APPLIED TO MANAGEMENT

What are the purposes of measurement applied to management?

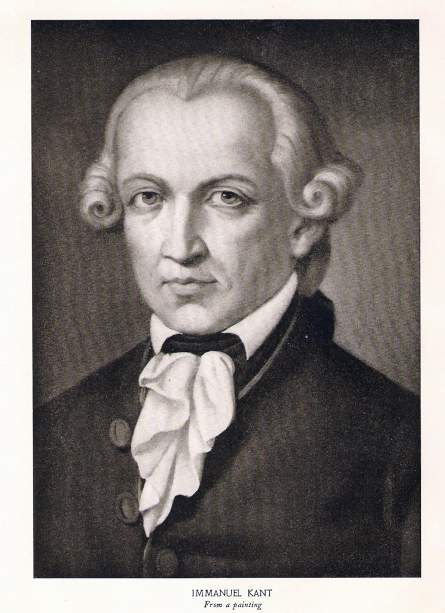
- To understand the **real causes** of the value creation process.




- To influence **behavior.**

> Human beings adjust behavior based on the metrics they're held against. Anything you measure will impel a person to optimize his score on that metric. What you measure is what you'll get. Period.
>
> Dan Ariel

# ON THEORY AND EXPERIENCE

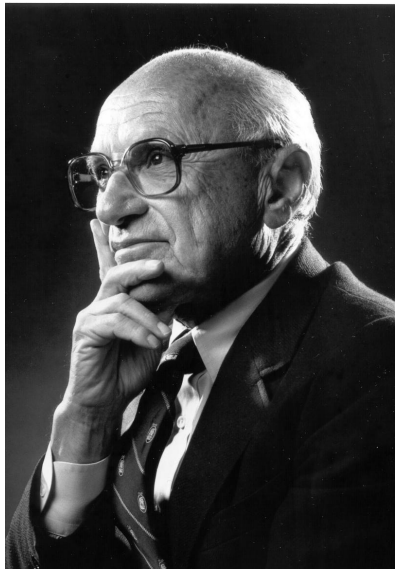



"Experience without theory is blind, but theory without experience is mere intellectual play."

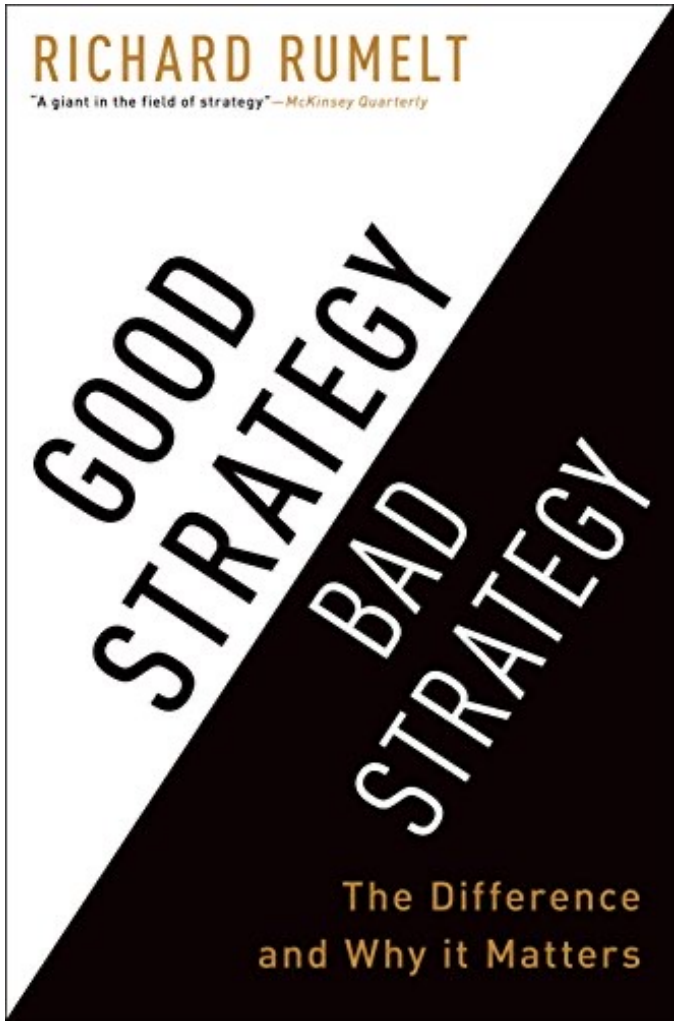
**Immanuel Kant,** philosopher

"The only relevant test of the validity of a hypothesis is comparison of prediction with experience."

**Milton Friedman**, economist and statistician, Nobel laureate 1976.



# COHERENT ACTION BACKED UP BY AN ARGUMENT




# THE SCIENCE OF STRATEGY

"A new strategy is, in the language of science, a hypothesis, and its implementation is an experiment. As results appear, good leaders learn more about what does and doesn't work and adjust their strategies accordingly." [...]

"A good business strategy deals with the edge between the known and the unknown. Again, it is competition with others that pushes us to edges of knowledge." [...]

"We test a new strategic insight against well-established principles and against our accumulated knowledge about the business. If it passes those hurdles, we are faced with trying it out and seeing what happens." [...]

"A good strategy is, in the end, a hypothesis about what will work. Not a wild theory, but an educated judgment. And there isn't anyone more educated about your businesses than the [managers]."

SOURCE: RICHARD P. RUMELT, "GOOD STRATEGY/BAD STRATEGY"

# GOOD STRATEGY

Good strategy is **coherent action backed up by an argument**, an effective **mixture of thought and action** with a basic underlying structure I call the kernel:

The kernel of a strategy contains three elements:

- A **diagnosis** that defines or explains the nature of the challenge. A good diagnosis simplifies the often overwhelming complexity of reality by identifying certain aspects of the situation as critical.
- A **guiding policy** for dealing with the challenge. This is an overall approach chosen to cope with or overcome the obstacles identified in the diagnosis.
- A **set of coherent actions** that are designed to carry out the guiding policy. These are steps that are coordinated with one another to work together in accomplishing the guiding policy.

SOURCE: RICHARD P. RUMELT, "GOOD STRATEGY/BAD STRATEGY"

# GUIDING POLICY

The guiding policy outlines an overall approach for overcoming the obstacles highlighted by the diagnosis. It is "guiding" because it channels action in certain directions without defining exactly what shall be done.

Like the guardrails on a highway, the guiding policy directs and constrains action without fully defining its content.

Good guiding policies are not goals or visions or images of desirable end states. Rather, they define a method of grappling with the situation and ruling out a vast array of possible actions.

SOURCE: RICHARD P. RUMELT, "GOOD STRATEGY/BAD STRATEGY"

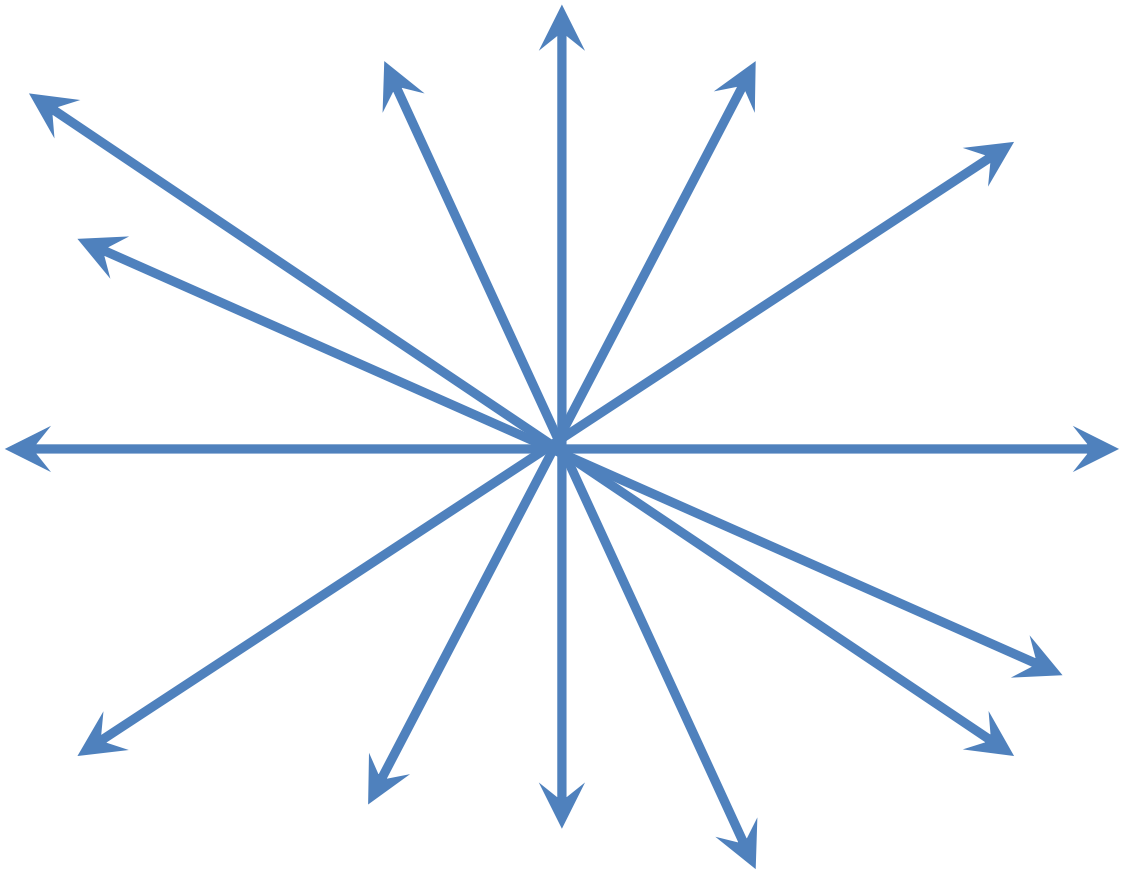
# ADVANTAGES PROVIDED BY GUIDING POLICY

A guiding policy creates advantage by:

1. **anticipating the actions** and reactions of others
2. **reducing the complexity and ambiguity** in the situation
3. exploiting the leverage inherent in **concentrating effort on a pivotal or decisive aspect of the situation**, and
4. creating **policies and actions that are coherent, each building on the other rather than canceling one another out.**

SOURCE: RICHARD P. RUMELT, "GOOD STRATEGY/BAD STRATEGY"

# WHAT IS THE EFFECT?



# ALLIGNMENT

# PLANS ARE BASED ON ASSUMPTIONS

<<A plan is typically any diagram or list of steps with timing and resources, used to achieve an objective. It is commonly understood as a temporal set of intended actions through which one expects to achieve a goal.>>

SOURCE: WIKIPEDIA

In order to be really effective a plan must be developed using as a starting point the knowledge achieved thanks to a deep analysis of internal strengths and weaknesses as well as of the opportunities and threats existing in the environment. The result of this structured form of investigation (often called SWOT analysis, even if other framework may be applied) establishes therefore the premises/assumptions upon which the plan is built.

# ALICE'S ADVENTURES IN WONDERLAND …

"Cheshire Puss," she began, rather timidly, as she did not at all know whether it would like the name: however, it only grinned a little wider. "Come, it's pleased so far," thought Alice, and she went on. "Would you tell me, please, which way I ought to go from here?"

"That depends a good deal on where you want to get to", said the Cat.

"I don't much care where—" said Alice.

"Then it doesn't matter which way you go," said the Cat.

"— so long as I get somewhere," Alice added as an explanation.

"Oh, you're sure to do that," said the Cat, "if you only walk long enough."

# PROCESS IS MORE IMPORTANT THAN THE PRODUCT

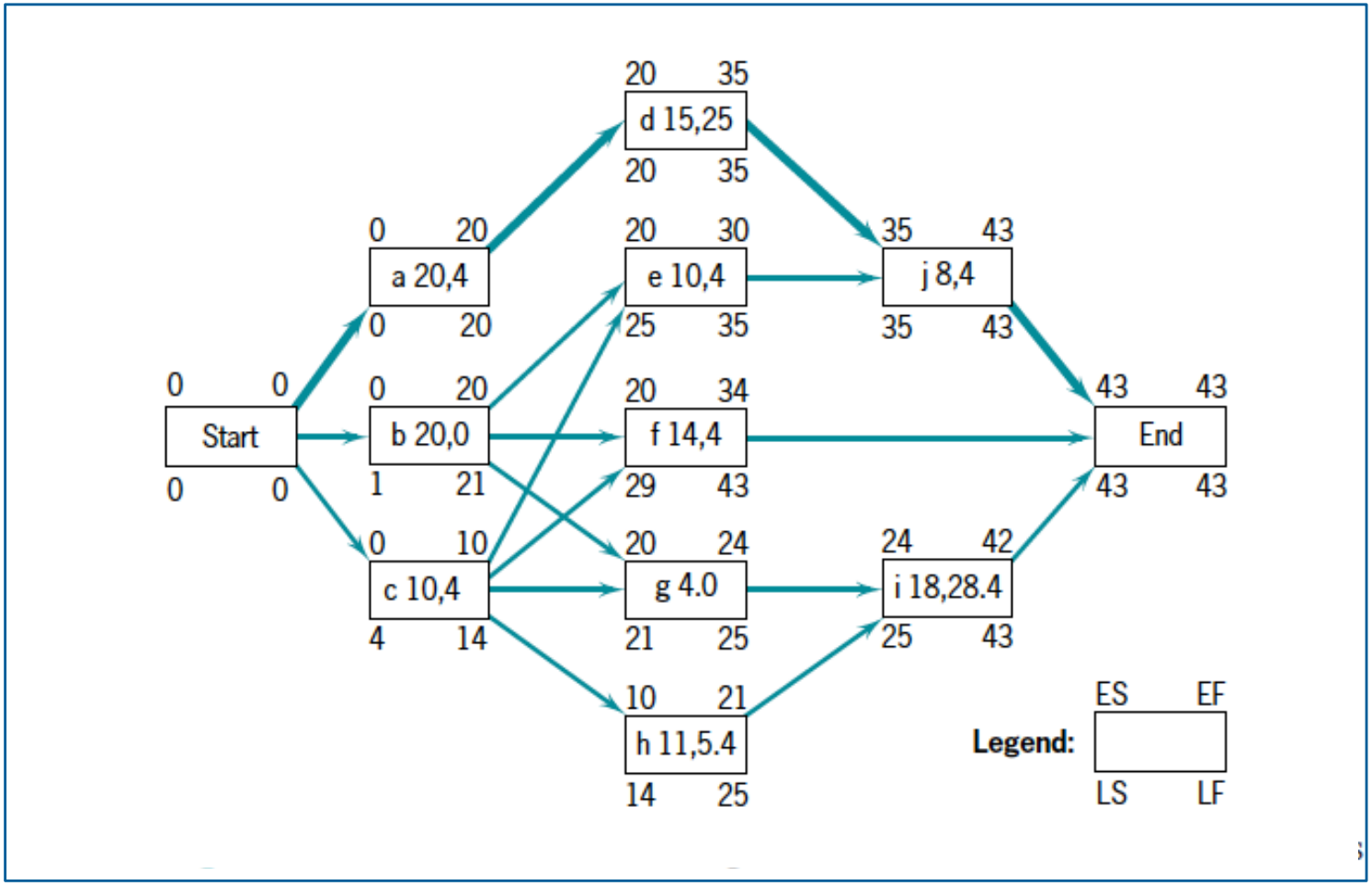
"... systematic analysis is a vital input into the strategy process. Without analysis, strategic decisions are susceptible to power battles, individual whims, fads and wishful thinking. Concepts, theories, and analytic tools are complements not substitutes for experience, commitment and creativity. Their role is to provide frameworks for organizing discussion, processing information and opinions and assisting consensus."

SOURCE: ROBERT M. GRANT, "CONTEMPORARY STRATEGY ANALYSIS"

"In preparing for battle, I have always found that plans are useless but planning is indispensable."

DWIGHT D. EISENHOWER

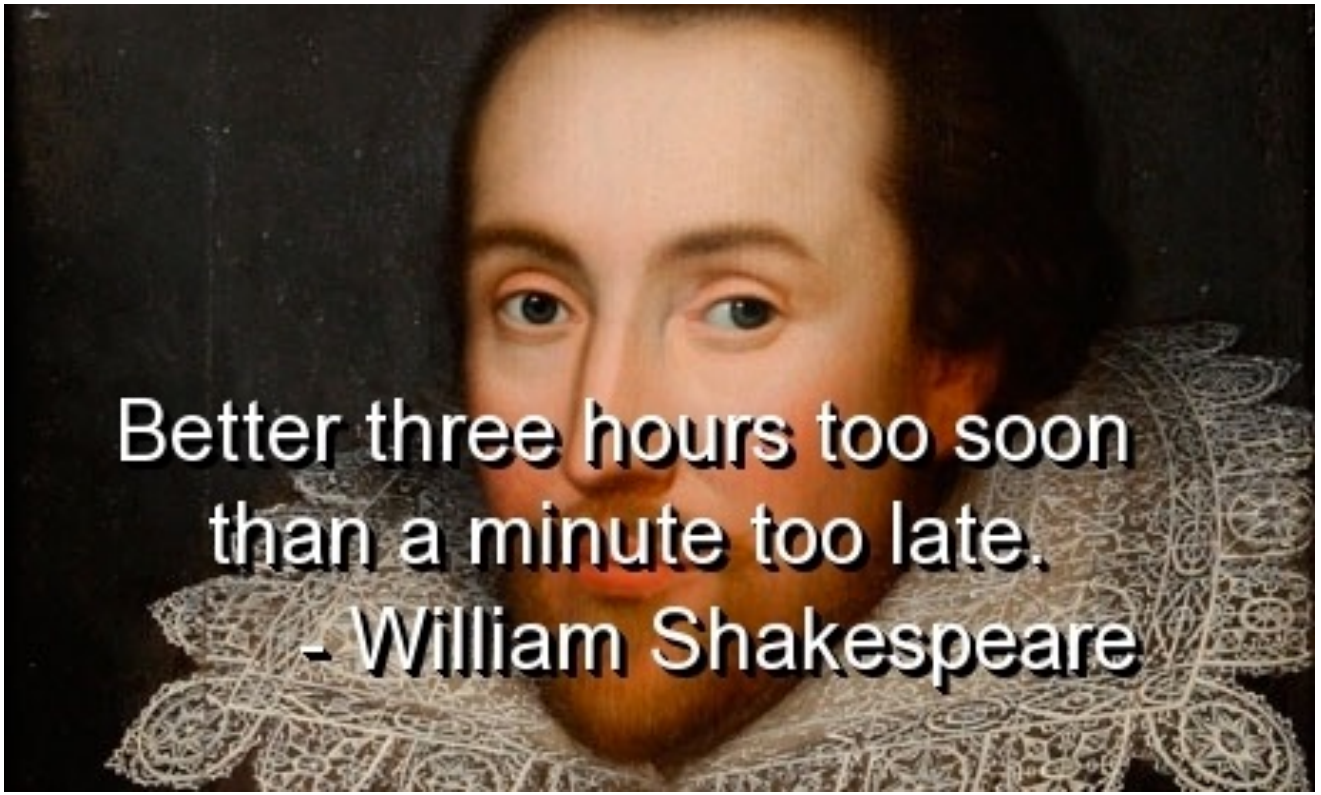
# TIME COORDINATION



# IMPORTANCE VERSUS URGENCY

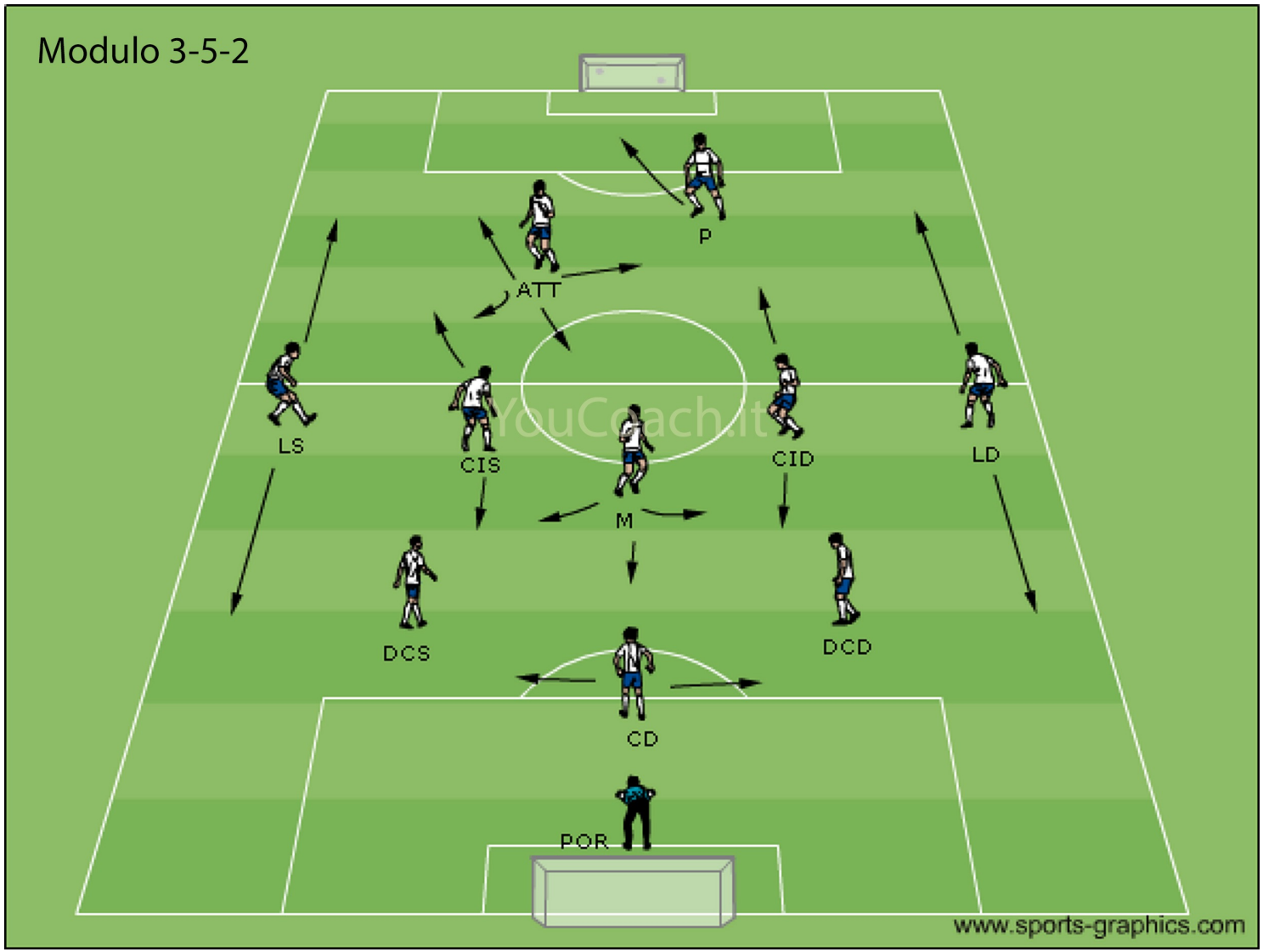

Adapted from Stephen Covey's "The 7 Habits of Highly Effective People"

# THE IMPORTANCE OF "TIME COORDINATION"

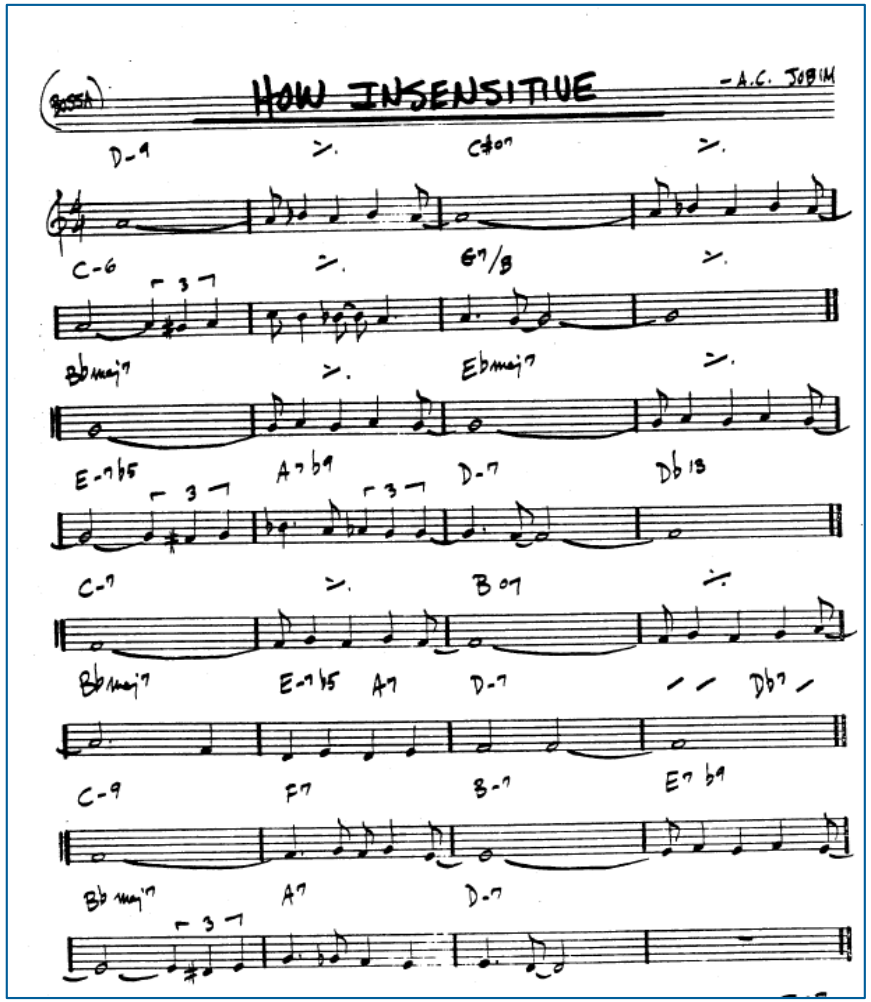


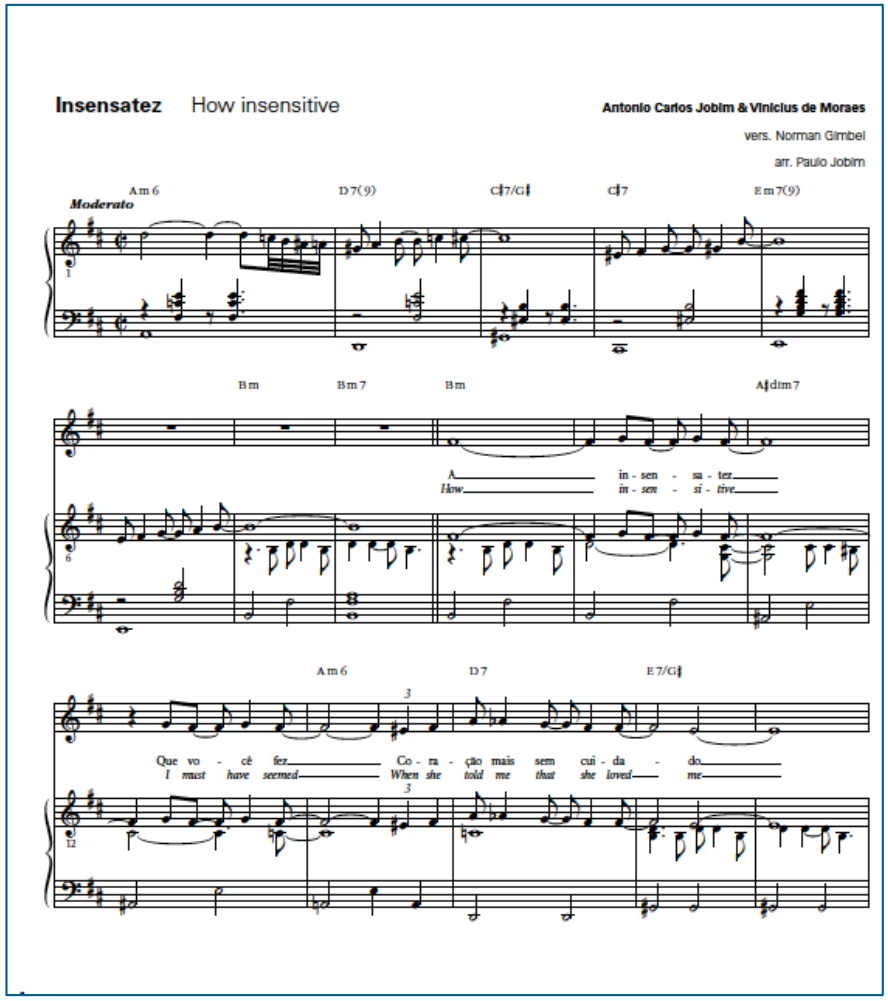
# COORDINATION AMONG DIFFERENT PLAYERS

# LINING UP: DEPLOYMENT OF RESOURCES

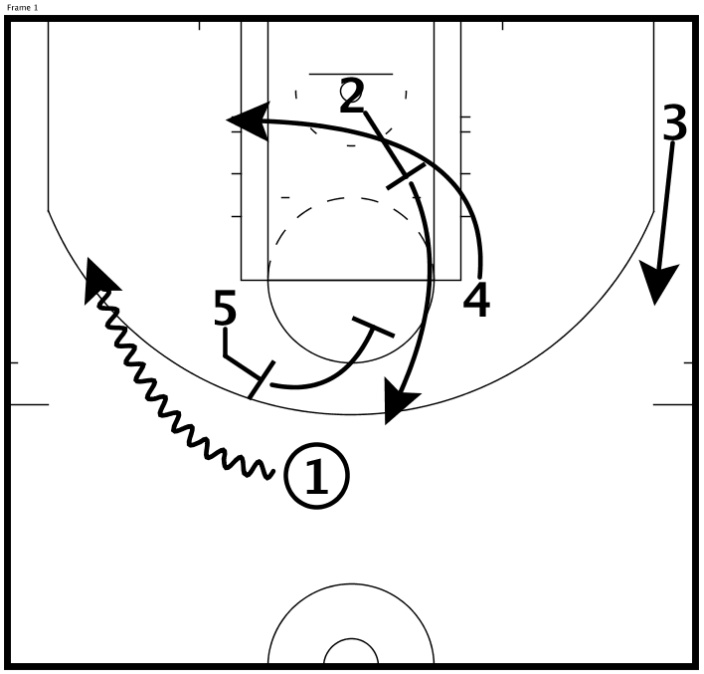


# A PLAN IS NOT A PROCEDURE

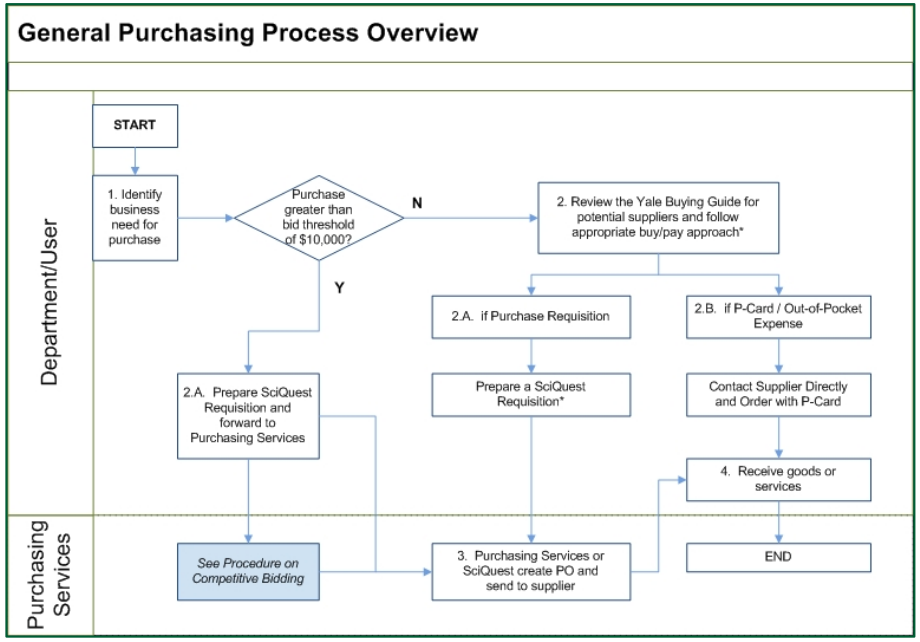


# WHAT ARE THE DIFFERENCES?




**PLAN**



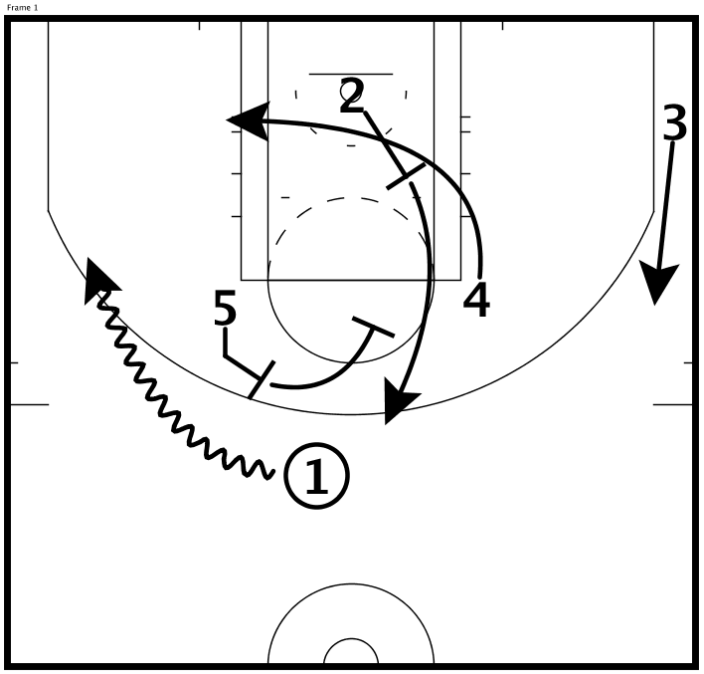

**PROCEDURE**

# WHAT ARE THE DIFFERENCES?

**OUTLINE:** channels action in certain directions without defining exactly what shall be done

Variability is necessary and required

Deviations are implicit, are full of value (they provide information) and **MUST BE ANALYZED** and must provide input to actions

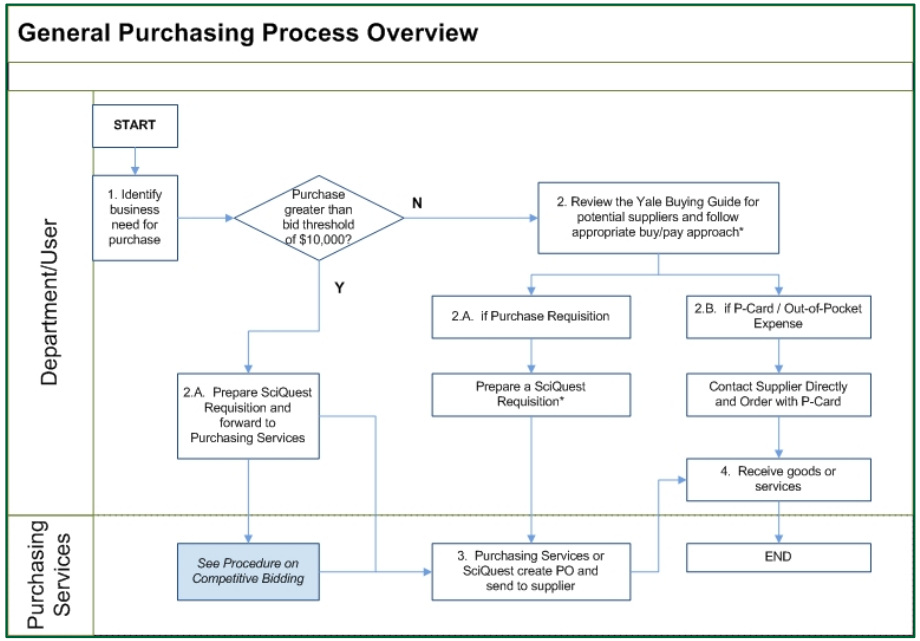



**PLAN**

**NORM:** it states as the activity must be preformed

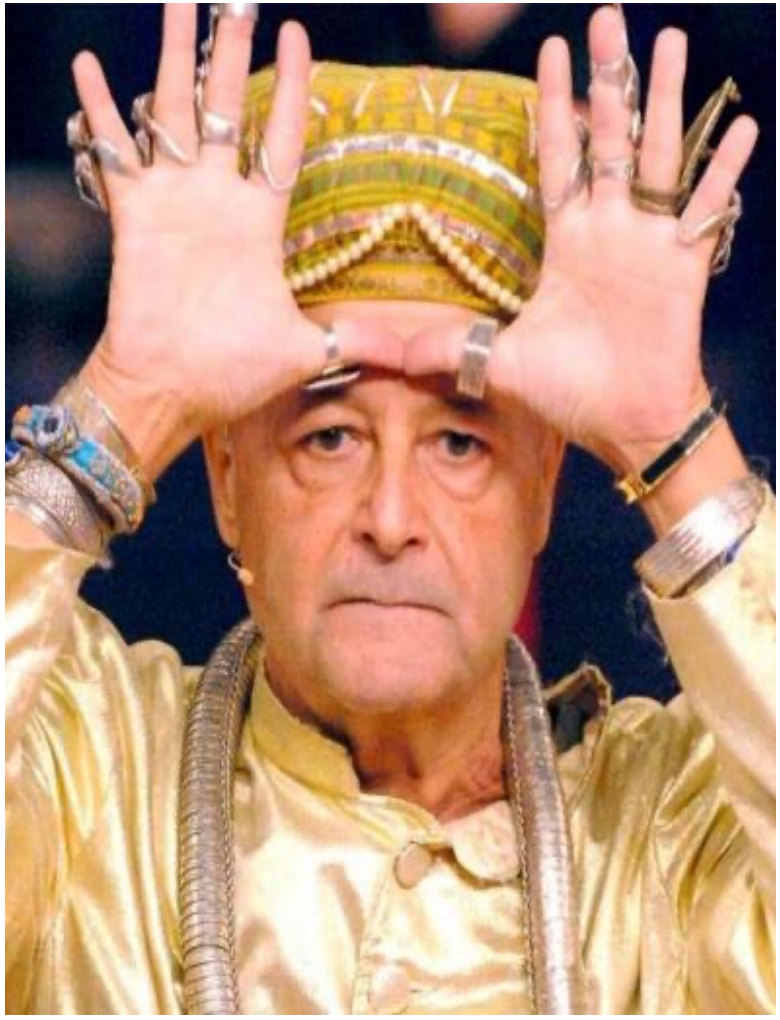
Variability is a problem, it has only unwanted consequences

No deviations are allowed, deviations **MUST BE REPRESSED**




**PROCEDURE**

# A PLAN IS NOT A PREDICTIONS

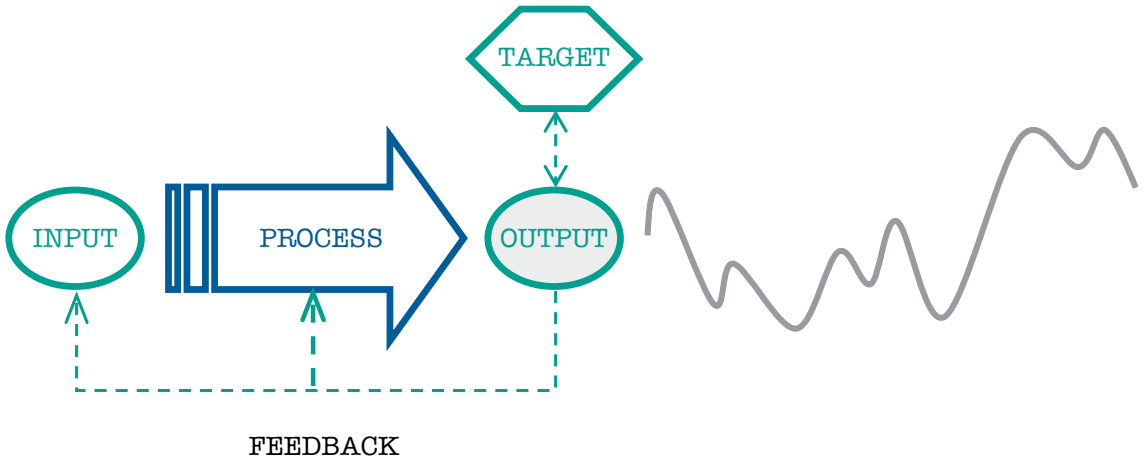


We can only say that a **PREDICTION** is **correct only if the future looks exactly the same as what we expected**. If there are **deviations** these represent **a problem.**

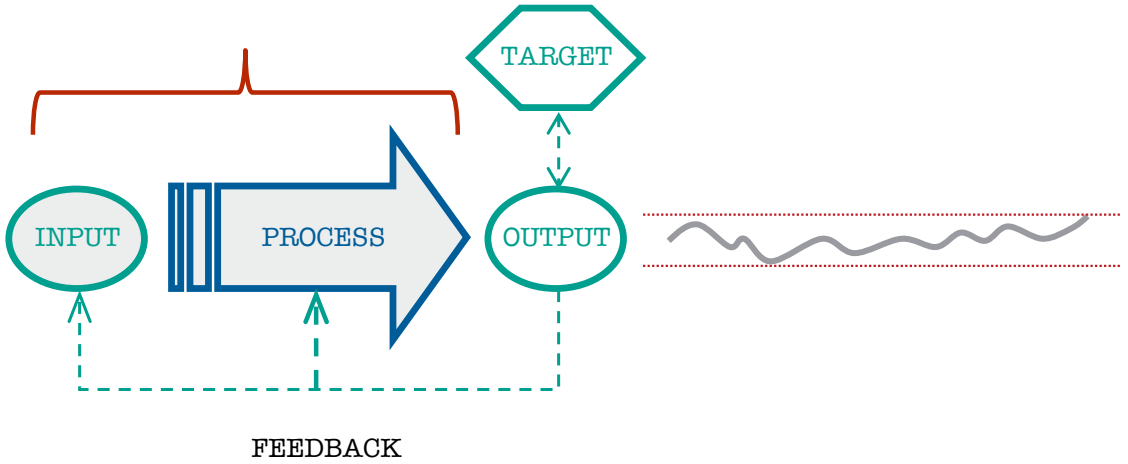
A **PLAN** works when it allows us to understand **what is happening that is different from what we initially imagined would happen**. In this context, **deviations** from what was planned represent **vital information.**

# DIFFERENT TYPES OF CONTROLS WITH DIFFERENT EFFECTS

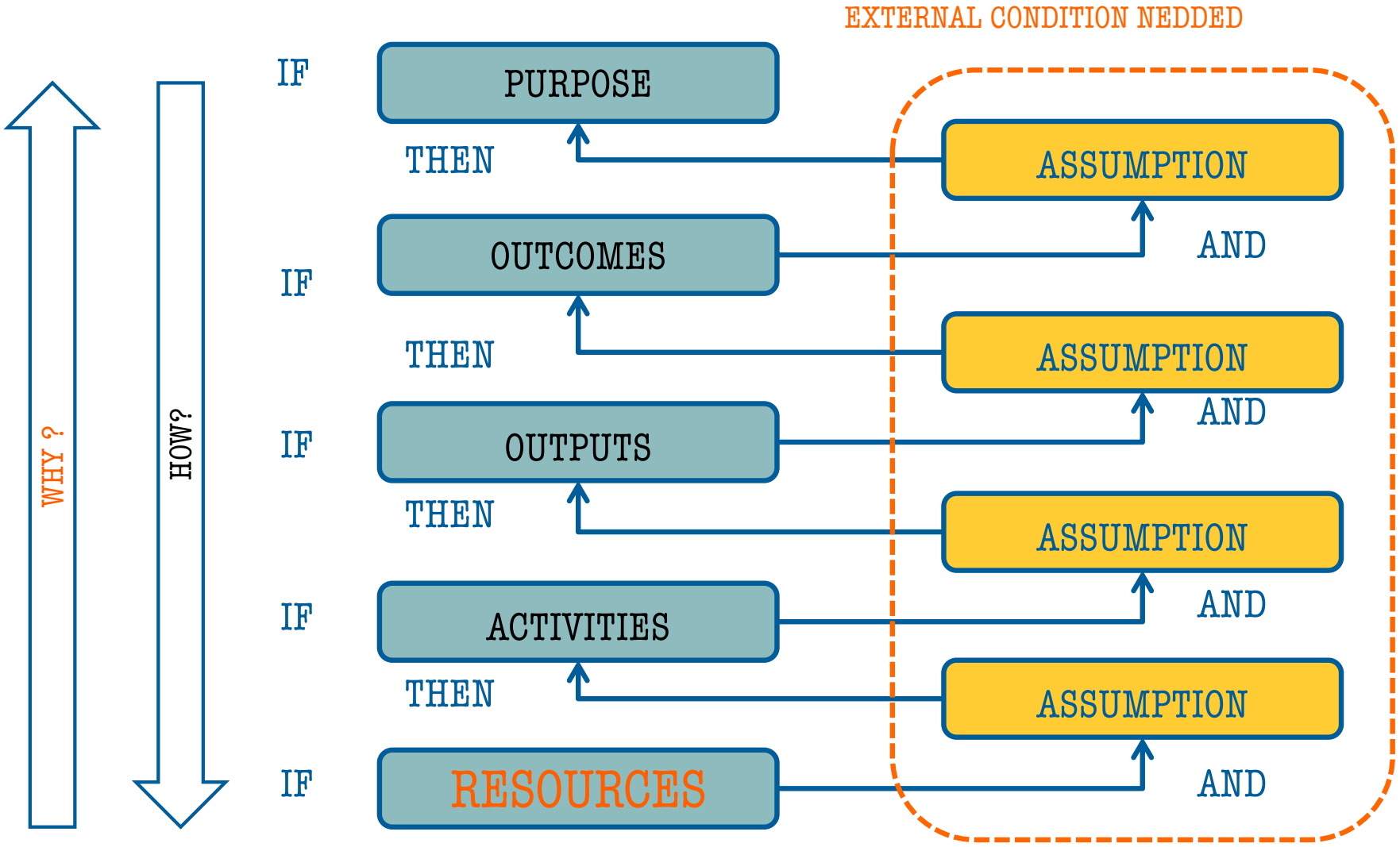
## ACCOUNTABILITY



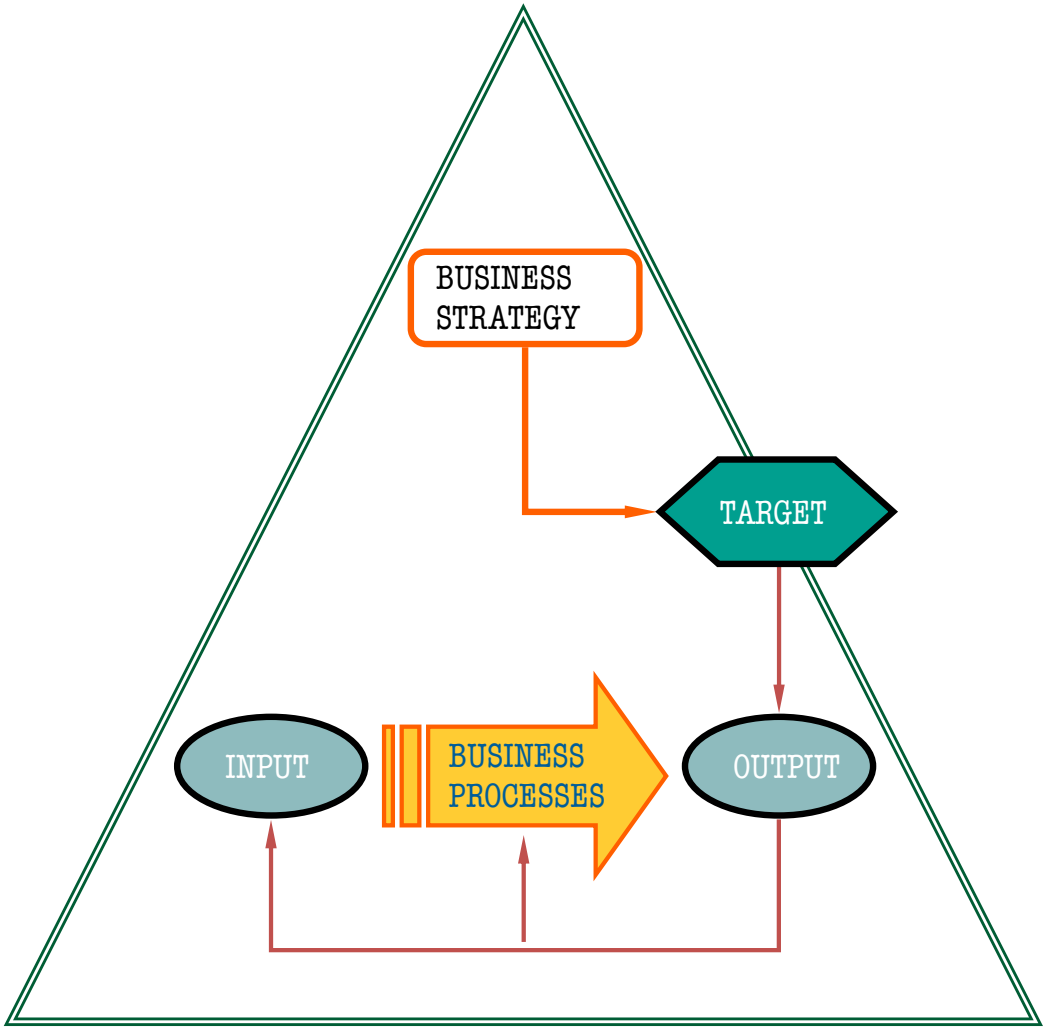

## STANDARDIZATION



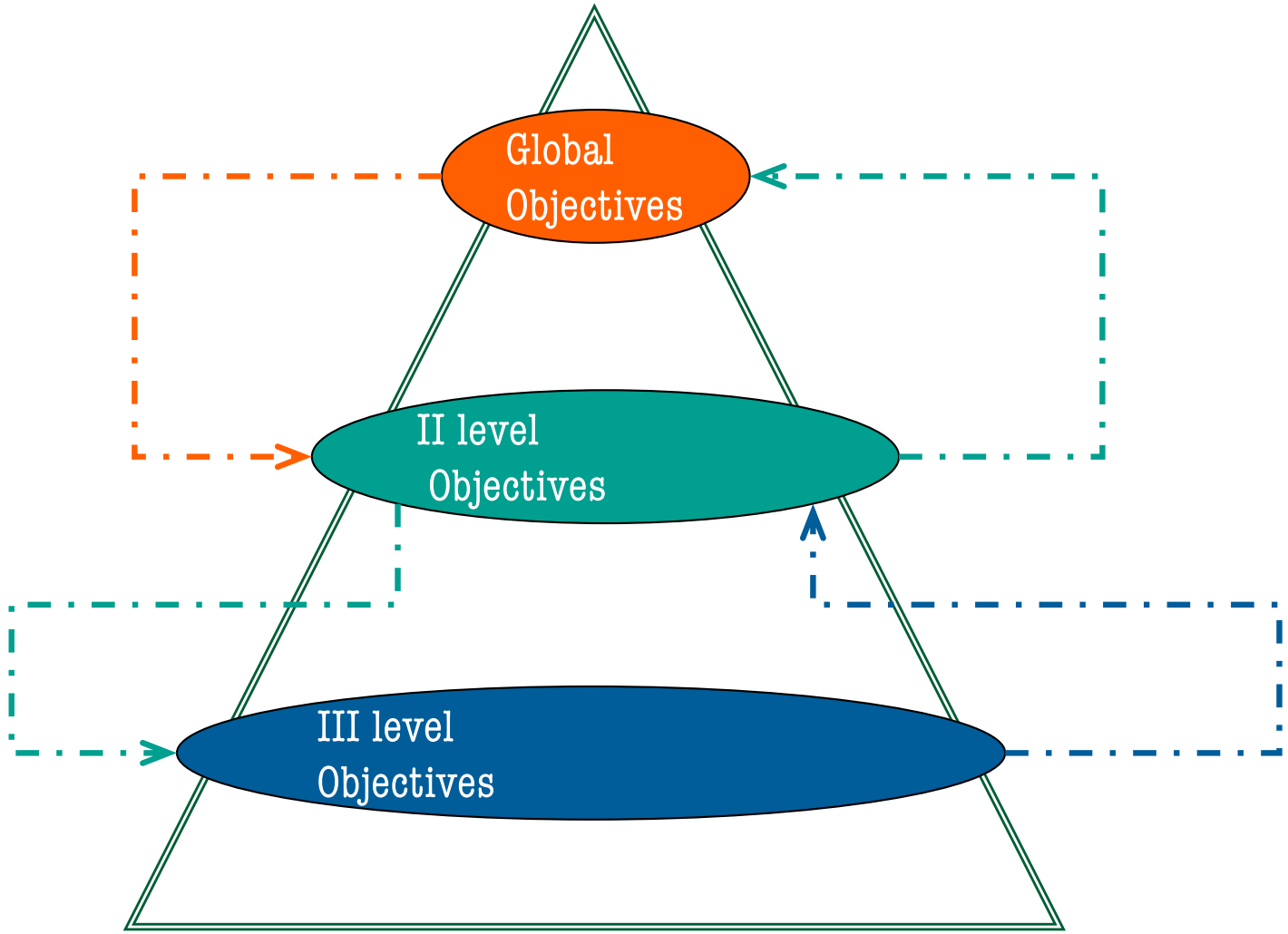
# THE LOGICAL FRAMEWORK (REVISED)



# TOP DOWN STRATEGY SETTING



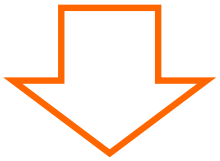
# IMPLEMENTING TOP DOWN STRATEGIES



# AN EXAMPLE

Company A

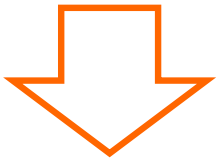
D = 140.000
K =150.000



?

Company B

D = 150.000
K =120.000

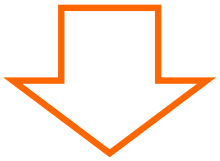


?

# AN EXAMPLE

Company A

D = 140.000
K =150.000



Q = 140.000

Company B

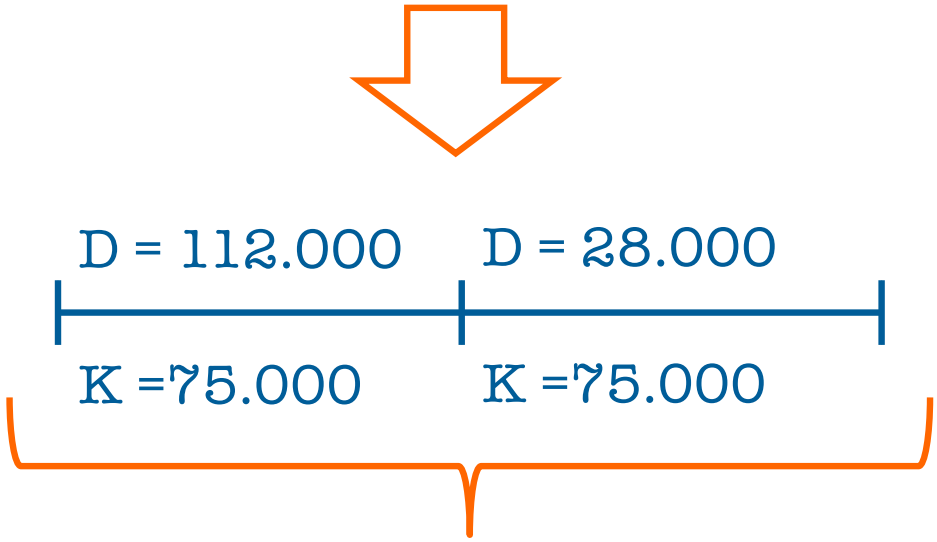
D = 150.000
K =120.000

Q = 120.000

# AN EXAMPLE

Company A

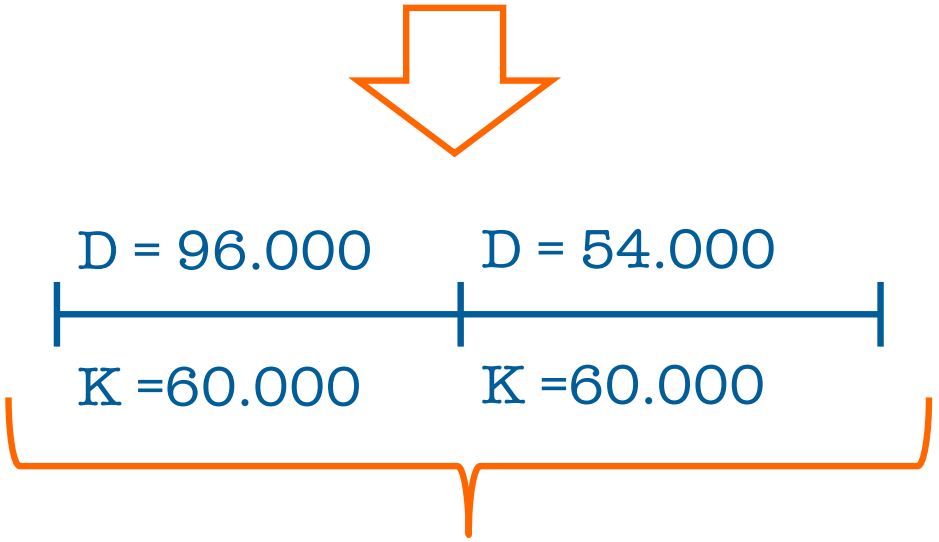
D = 140.000
K =150.000




Q = 103.000

Company B

D = 150.000
K =120.000




Q = 114.000

# PURPOSES OF PLANNING

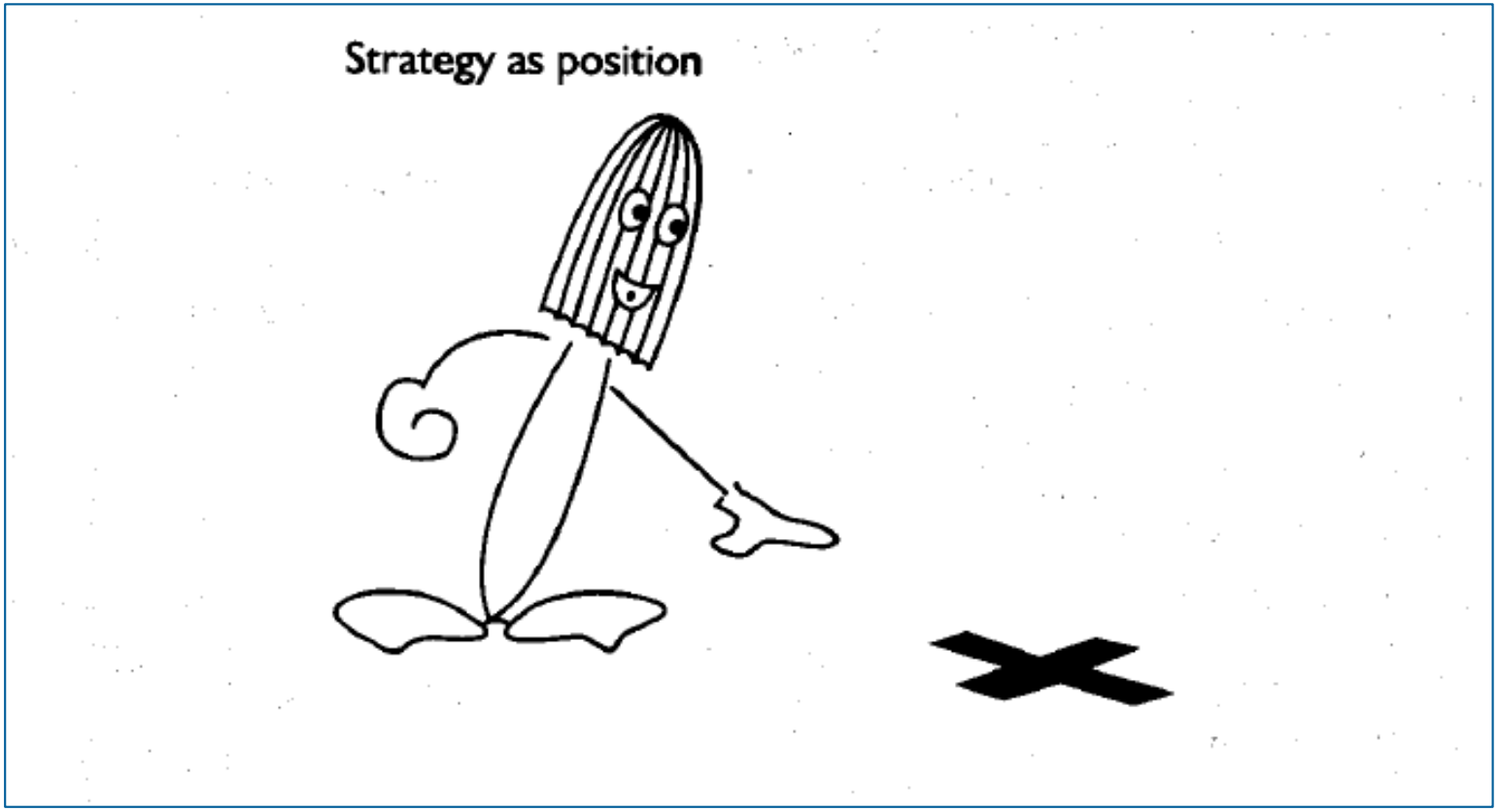
1. They focus attention and set priorities
2. They prompt adoption of an orientation toward the future
3. They measure progress toward established goals
4. They determine cause-and-effect relationships that are relevant to the success of corporate action
5. They make it possible to coordinate action over time and among different centres of responsibility, however these are defined
6. They focus attention on the constraints of the system by examining ways in which they can be eased or exploited to the fullest

# TIPICAL COMPONENTS

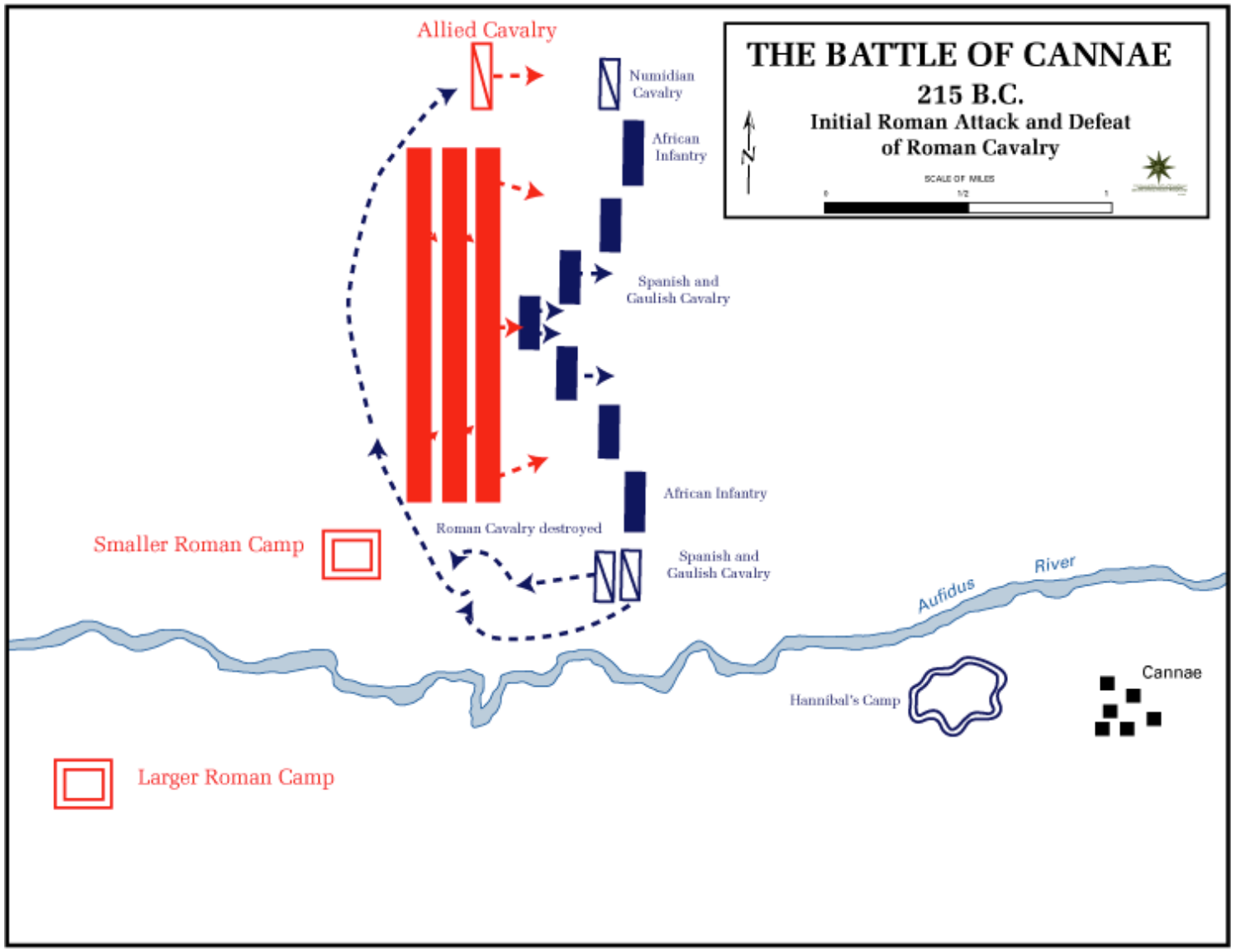
- Goals and objectives systems
- Business plans
- Profit plans
- Budgets (when used to establish priorities and set targets)
- Project monitoring systems
- Brand revenue/market share monitoring systems
- Human resource plans
- Standard cost accounting systems
- Management-by-objectives systems

- Material planning (MRP)
- Capacity planning
- Purchasing planning
- Maintenance planning

# STRATEGY AS POSITION



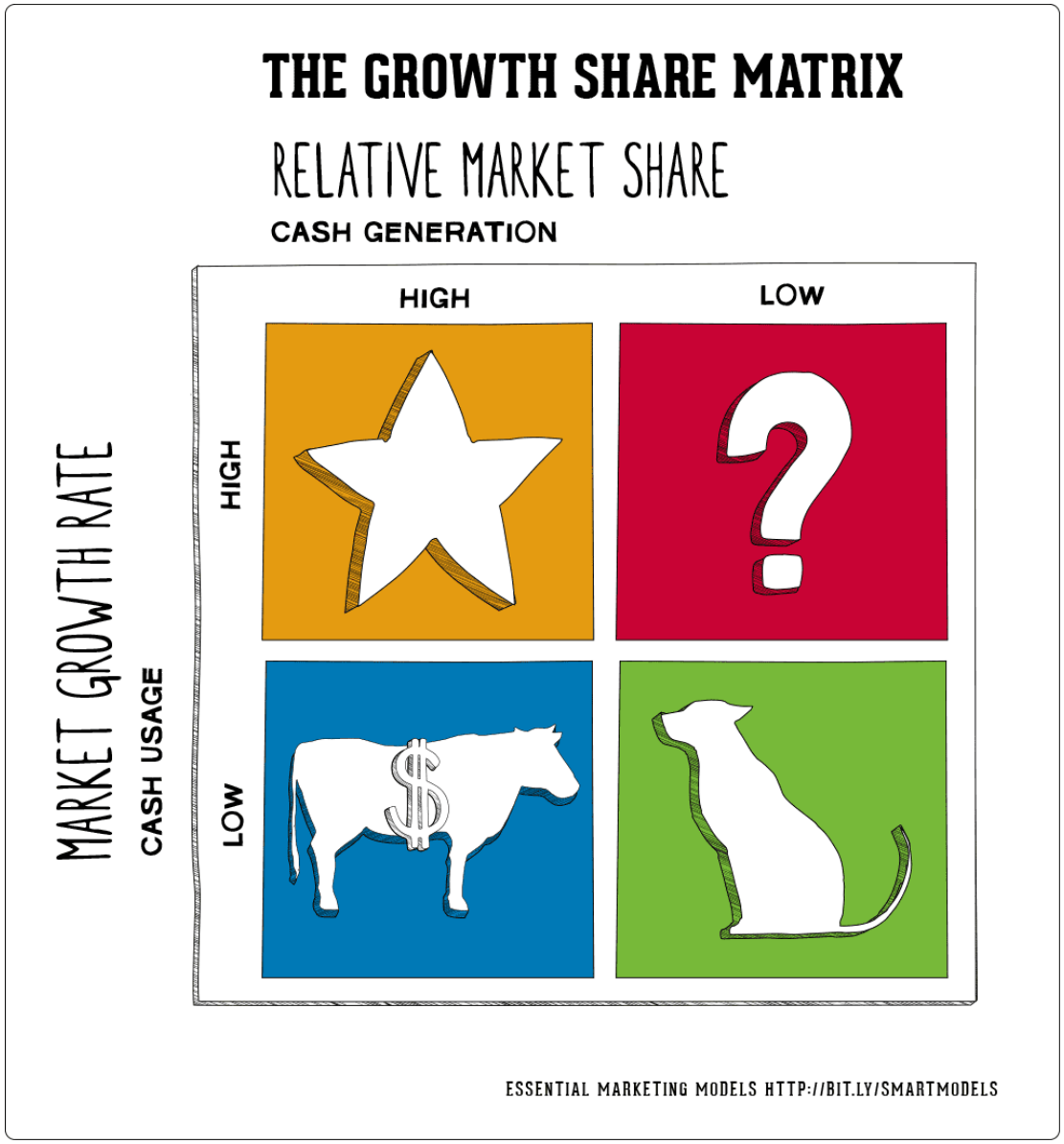
# DEPLOYMENT OF THE ARMIES



# CHESS PIECES POSITIONS

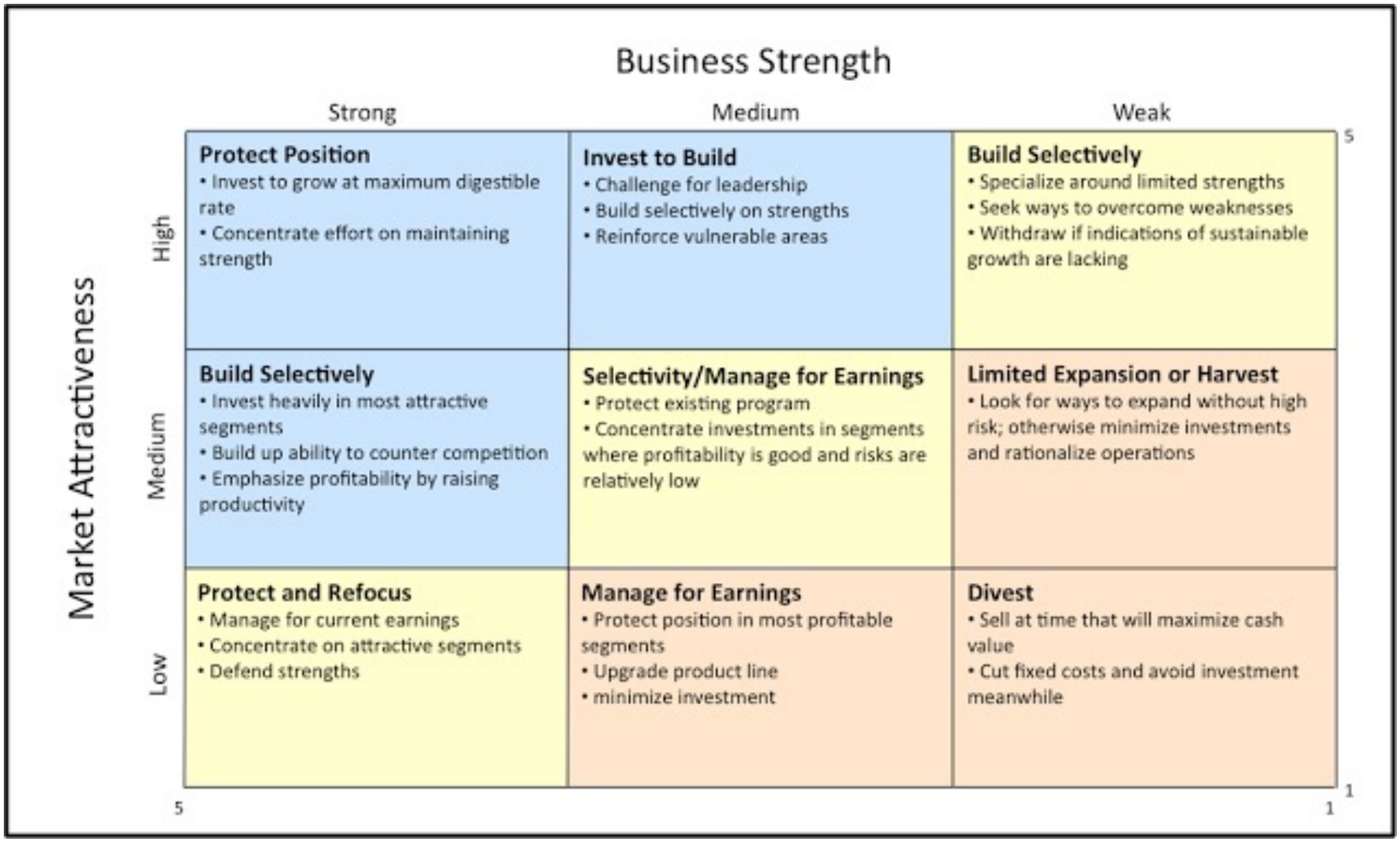
Chess strategy is the aspect of chess playing concerned with evaluation of chess positions and setting of goals and long-term plans for future play. While evaluating a position strategically, a player must take into account such factors as the relative value of the pieces on the board...

# THE BCG MATRIX

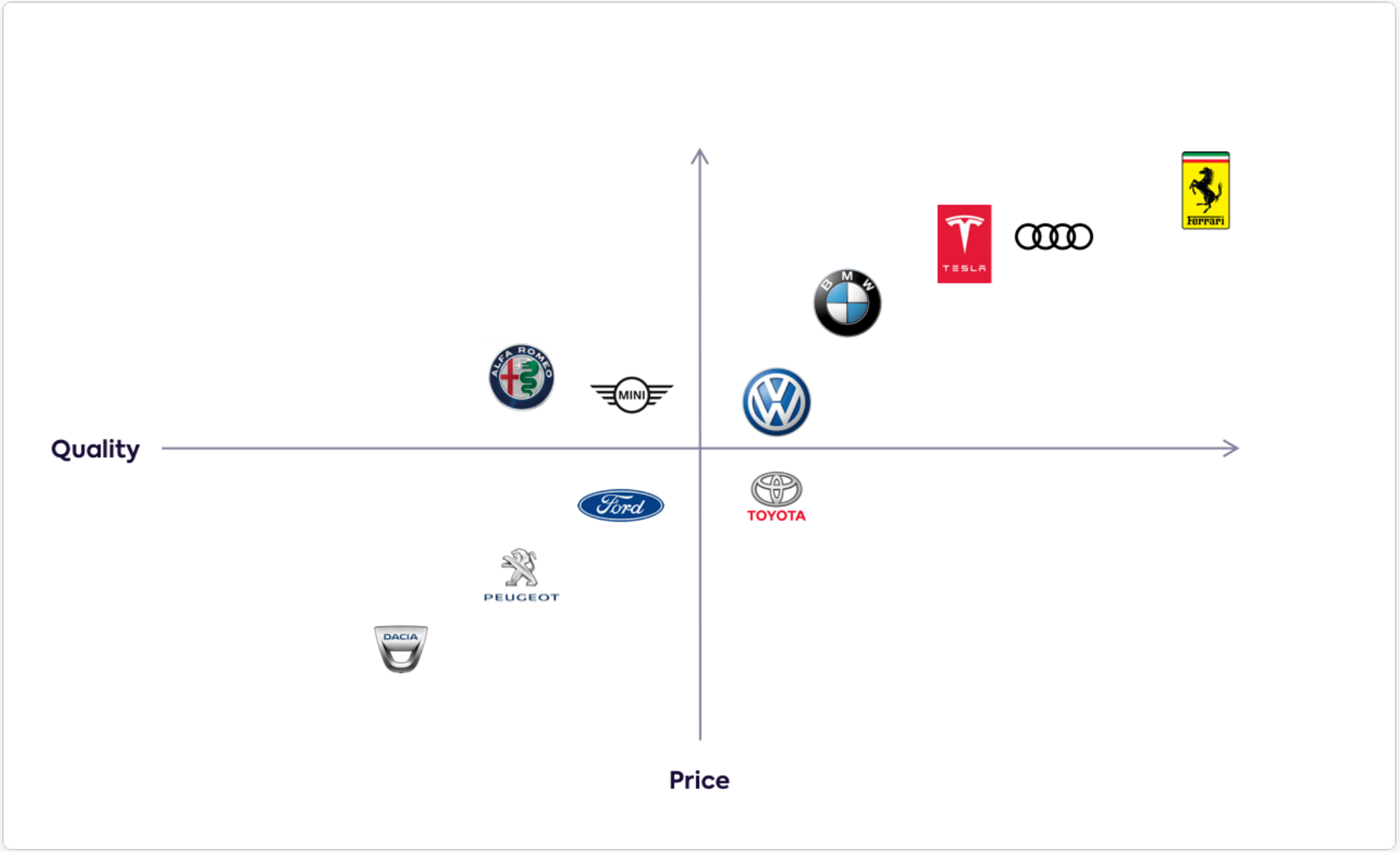


# ANSOFF MATRIX

# THE GE-MC KINSEY MATRIX

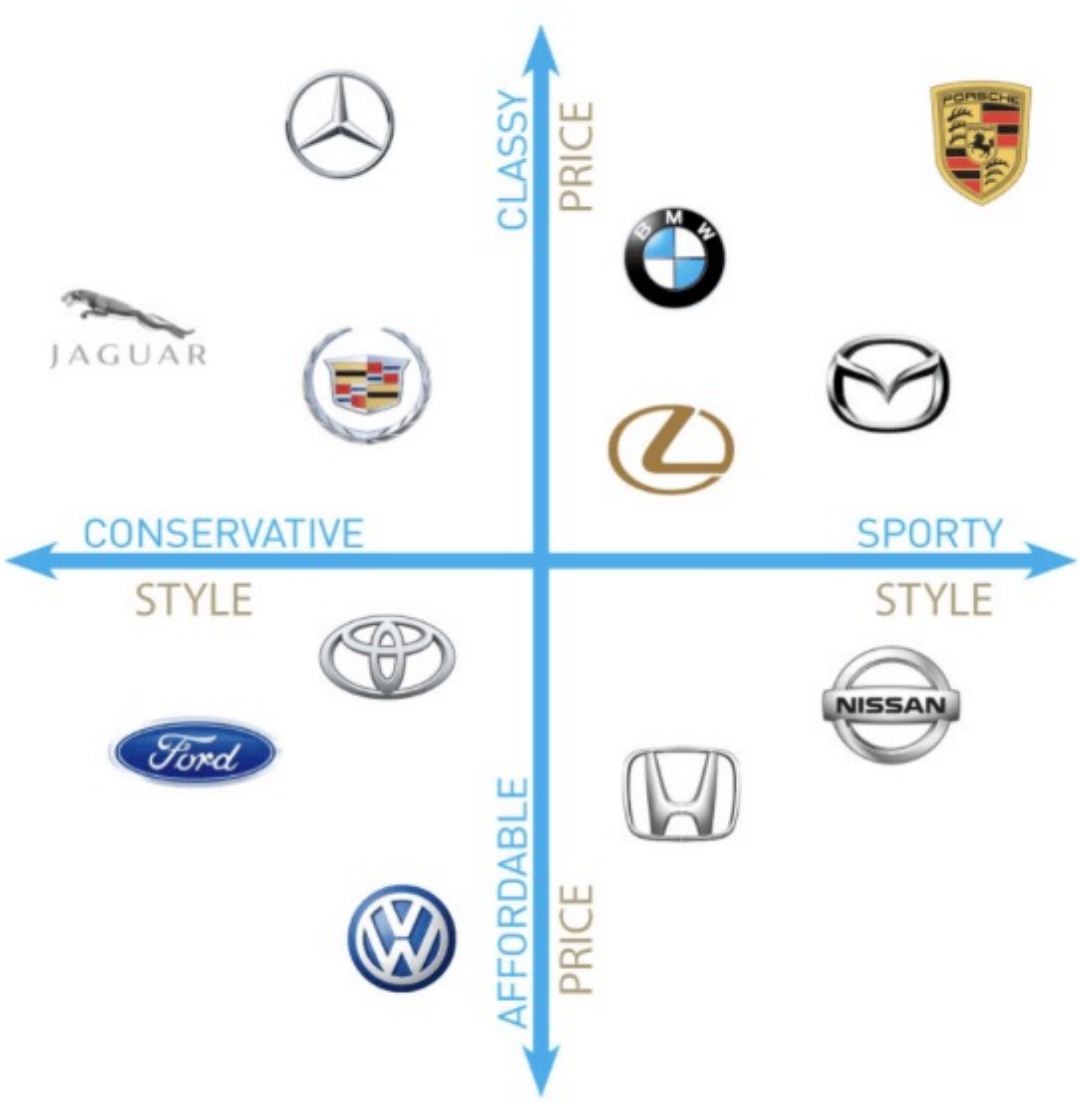


# CONSUMER PERCEPTION BY PRICE AND QUALITY

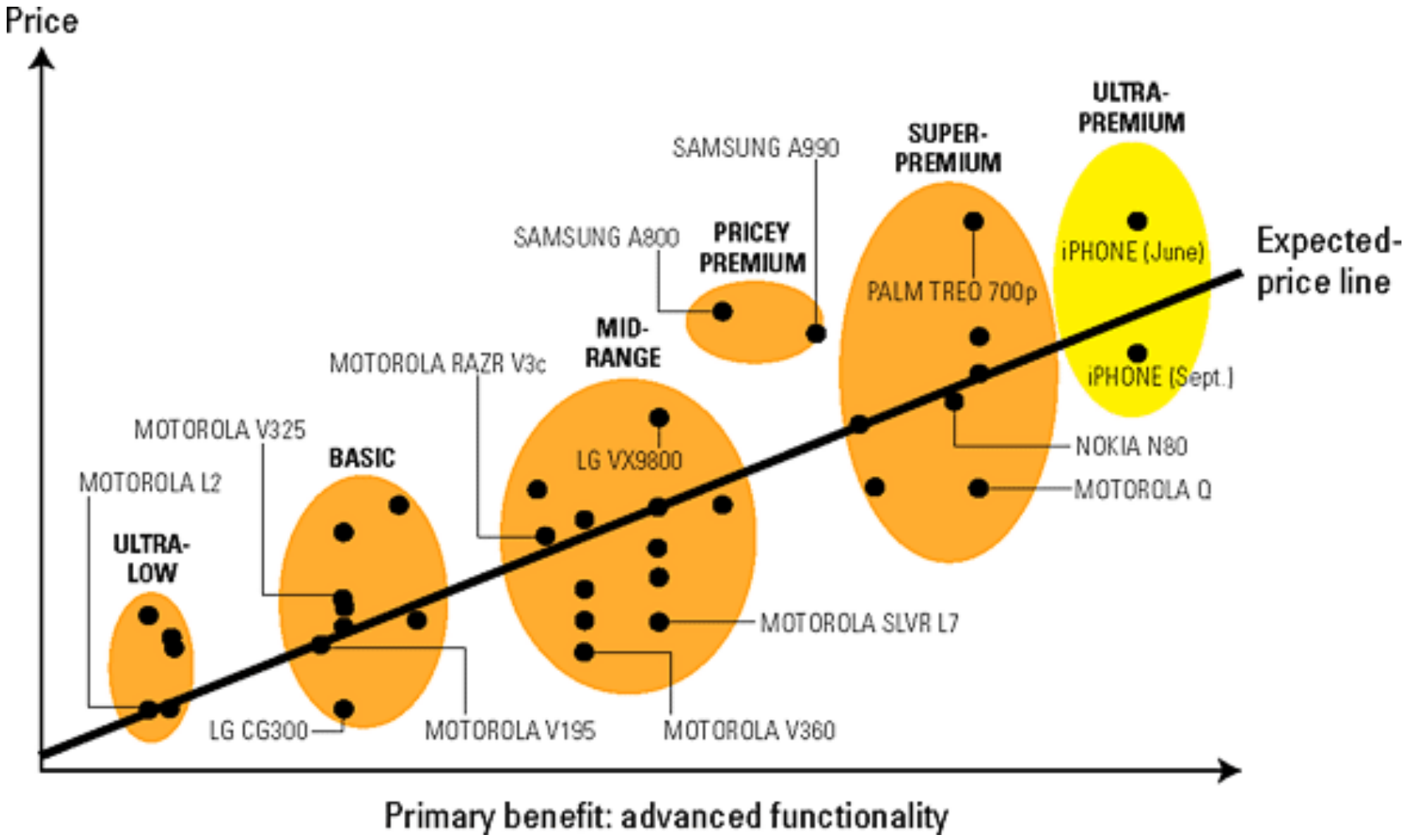


# PERCEPTUAL MAPPING FOR COMPETITIVE ANALYSIS

# PERCEPTUAL MAPPING FOR COMPETITIVE ANALYSIS



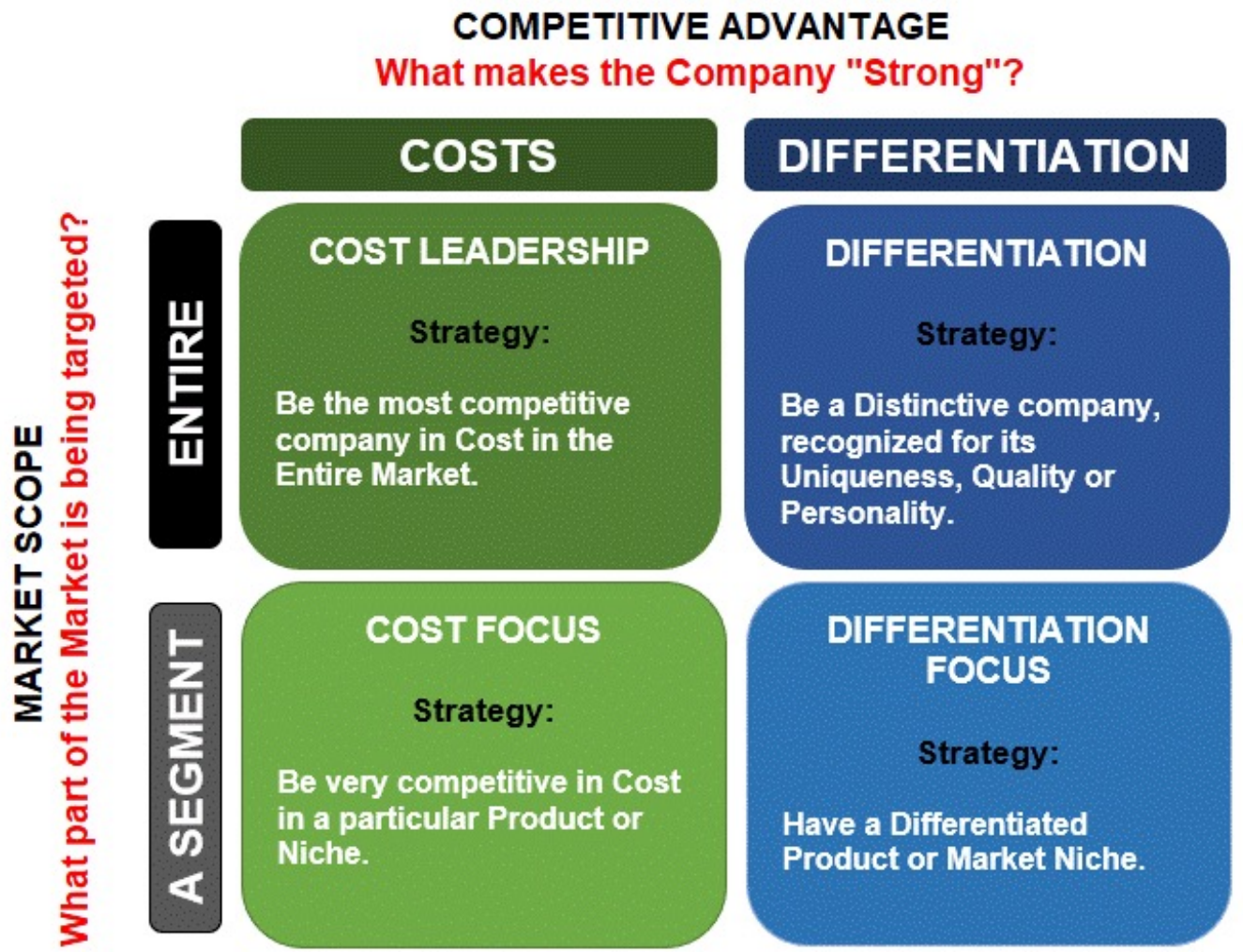
# MAPPING YOUR COMPETITIVE POSITION




SOURCE: Richard A. D'Aveni, "Mapping Your Competitive Position", HBR November 2007

# SETTING LIMITS

# PORTER'S GENERIC STRATEGIES



# CHOOSING WHAT "NOT" TO DO

HBR

NOVEMBER-DECEMBER 1996

## I. Operational Effectiveness Is Not Strategy

For almost two decades, managers have been learning to play by a new set of rules. Companies must be flexible to respond rapidly to competitive and market changes. They must benchmark continuously to achieve best practice. They must outsource aggressively to gain efficiencies. And they must nurture a few core competencies in the race to stay ahead of rivals.

Positioning—once the heart of strategy—is rejected as too static for today's dynamic markets and changing technologies. According to the new dogma, rivals can quickly copy any market position, and competitive advantage is, at best, temporary.

But those beliefs are dangerous half-truths, and they are leading more and more companies down the path of mutually destructive competition. True, some barriers to competition are falling as regulation eases and markets become global. True, companies have properly invested energy in becoming leaner and more nimble. In many industries, however, what some call *hypercompetition* is a self-inflicted wound, not the inevitable outcome of a changing paradigm of competition.

The root of the problem is the failure to distinguish between operational effectiveness and strategy. The quest for productivity, quality, and speed has spawned a remarkable number of management tools and techniques: total quality management, benchmarking, time-based competition, outsourcing, partnering, reengineering, change management. Although the resulting operational improvements have often been dramatic, many companies have been frustrated by their inability to translate those gains into sustainable profitability. And bit by bit, almost imperceptibly, management tools have taken the place of strategy. As managers push to improve on all fronts, they move farther away from viable competitive positions.

### Operational Effectiveness: Necessary but Not Sufficient

Operational effectiveness and strategy are both essential to superior performance, which, after all, is the primary goal of any enterprise. But they work in very different ways.

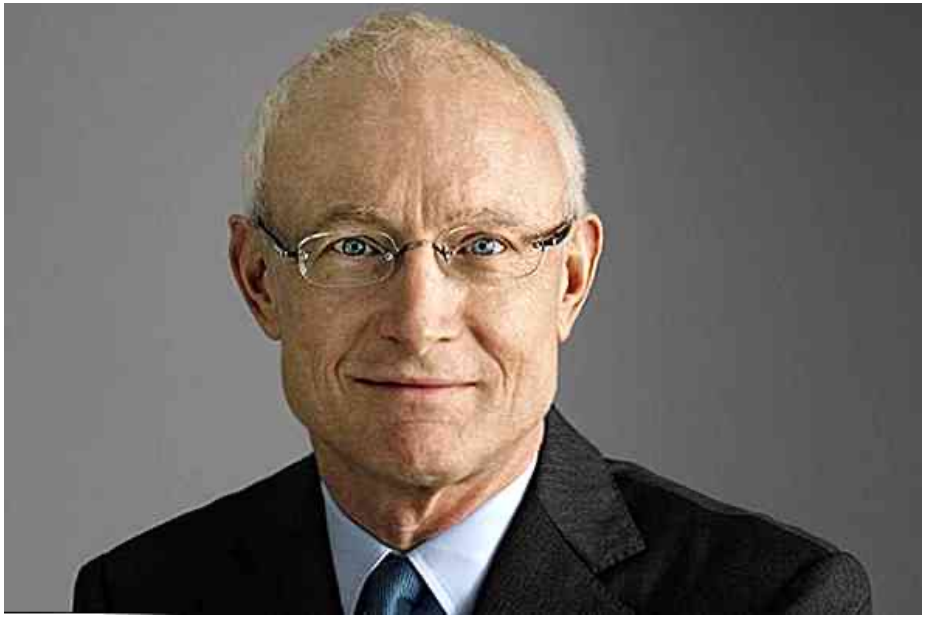
*Michael E. Porter is the C. Roland Christensen Professor of Business Administration at the Harvard Business School in Boston, Massachusetts.*

HARVARD BUSINESS REVIEW November-December 1996 61

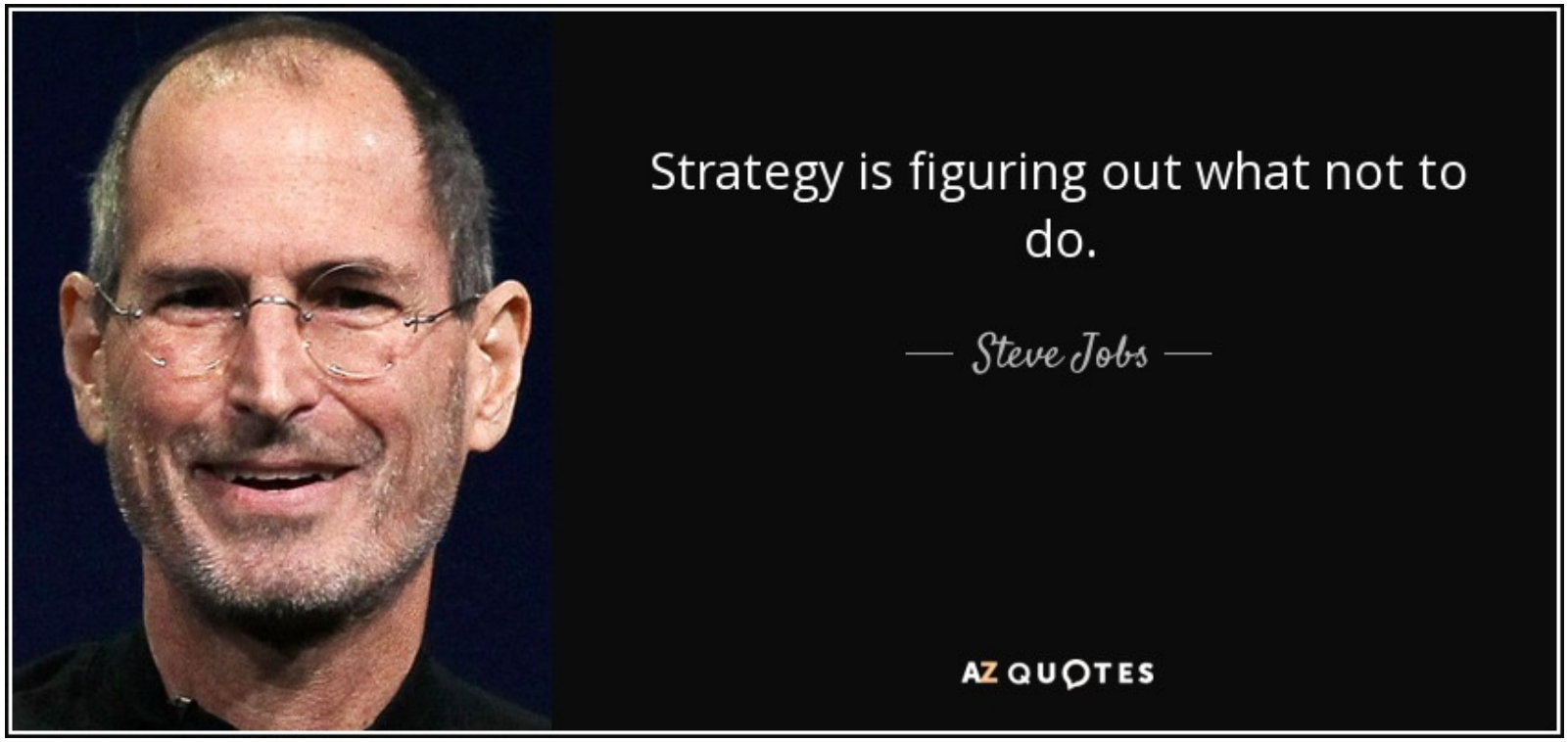
What Is Strategy?

by Michael E. Porter

As we return to the question, What is strategy? we see that trade-offs add a new dimension to the answer. Strategy is making trade-offs in competing. The essence of strategy is choosing what *not* to do. Without trade-offs, there would be no need for choice and thus no need for strategy. Any good idea could and would be quickly imitated. Again, performance would once again depend wholly on operational effectiveness.



# STATEGY IN NEGATIVE TERMS



# IN STEVE JOBS'S WORDS

One of Jobs's great strengths was knowing how to focus. "**Deciding what not to do is as important as deciding what to do,"** he said. "That's true for companies, and it's true for products."

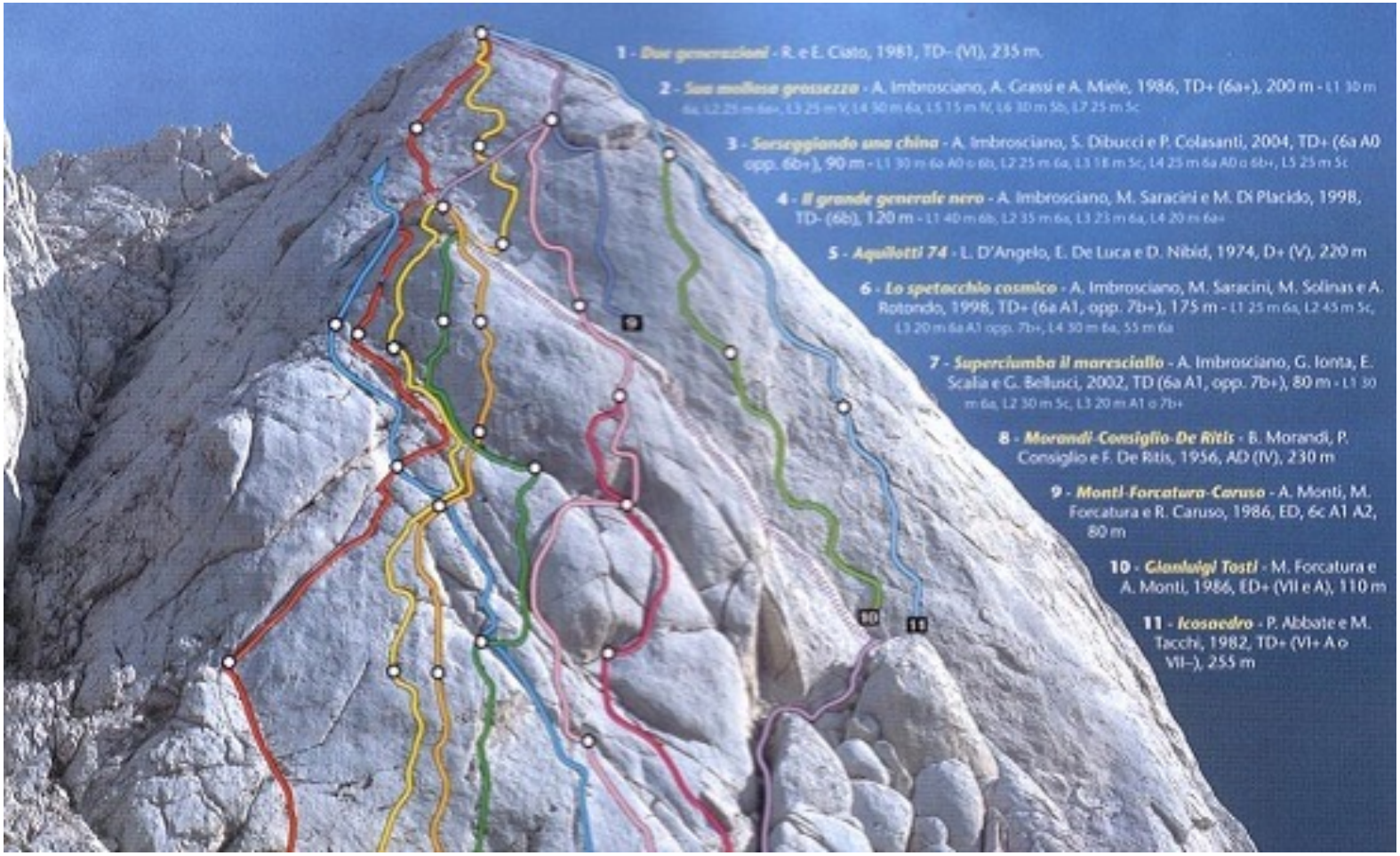
The product review revealed how unfocused Apple had become. The company was churning out multiple versions of each product because of bureaucratic momentum and to satisfy the whims of retailers. "It was insanity," Schiller recalled. "Tons of products, most of them crap, done by deluded teams." Apple had a dozen versions of the Macintosh, each with a different confusing number, ranging from 1400 to 9600. "I had people explaining this to me for three weeks," Jobs said. "I couldn't figure it out." He finally began asking simple questions, like, "Which ones do I tell my friends to buy?"

When he couldn't get simple answers, he began slashing away at models and products. Soon he had cut 70% of them. "You are bright people," he told one group. "You shouldn't be wasting your time on such crappy products." Many of the engineers were infuriated at his slash-and-burn tactics, which resulted in massive layoffs. But Jobs later claimed that the good engineers, including some whose projects were killed, were appreciative. He told one staff meeting in September 1997, "I came out of the meeting with people who had just gotten their products canceled and they were three feet off the ground with excitement because they finally understood where in the heck we were going."

After a few weeks Jobs finally had enough. "Stop!" he shouted at one big product strategy session. "This is crazy." He grabbed a magic marker, padded to a whiteboard, and drew a horizontal and vertical line to make a four-squared chart. "Here's what we need," he continued. Atop the two columns he wrote "Consumer" and "Pro"; he labeled the two rows "Desktop" and "Portable." Their job, he said, was to make four great products, one for each quadrant. "The room was in dumb silence," Schiller recalled.

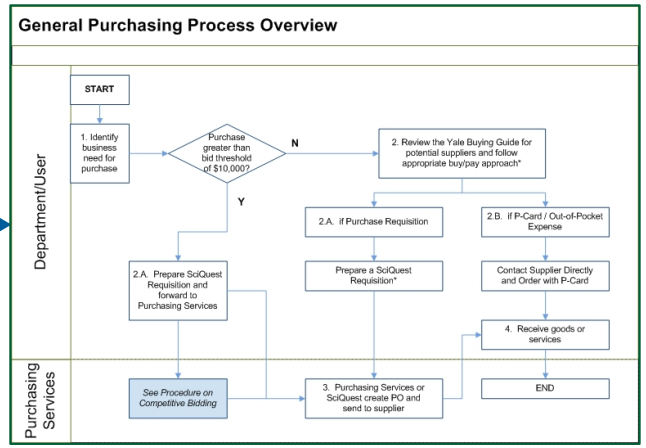
# RISK TO BE AVOIDED

# DIFFERENT LEVELS OF RISK



# … AND PROCEDURES

BOUNDARY SYSTEMS → SET LIMITS ON ACTIONS

# FLIGHT OPERATION PROCEDURES

## 1976 CESSNA C-150M CHECKLIST N-63365

### BEFORE STARTING

| | |
|---|---|
| PREFLIGHT INSPECTION | Complete |
| SEATS, SEATBELT, HARNESS | Adjust & lock |
| FUEL SHUTOFF VALVE | On |
| RADIOS, & ELECTRICAL EQUIP | Off |
| BRAKES | Test & set |

### STARTING ENGINE

| | |
|---|---|
| MIXTURE | Rich |
| CARBURETOR HEAT | Cold |
| MASTER SWITCH | On |
| PRIMER | As required, locked |
| THROTTLE | Open 1/4" |
| BEACON | On |
| PROPELLER AREA | Clear |
| IGNITION SWITCH | Start |
| OIL PRESSURE | Check |
| FLAPS | Up |
| MIXTURE | Lean 1" for taxi |
| RADIOS | On |

### DURING TAXI

| | |
|---|---|
| BRAKES/STEERING | Test |
| MAGNETIC COMPASS | Checked |
| GYRO INSTRUMENTS | Checked |

### BEFORE TAKE-OFF

| | |
|---|---|
| PARKING BRAKE | Set |
| DOORS & WINDOWS | Closed & locked |
| FLIGHT CONTROLS | Free and Correct |
| FUEL SELECTOR VALVE | Recheck - On |
| ELEVATOR TRIM | Take-off Setting |
| MIXTURE | Rich |
| THROTTLE SETTING | 1700 RPM |
| ENGINE INSTRUMENTS | Check |
| AMMETER | Check |
| SUCTION GUAGE | Check (4.6 to 5.4Hg) |
| MAGNETOS | Check (RPM drop should not exceed 150 RPM on either mag, or 75 RPM differential between mags) |
| CARBURETOR HEAT | Check operation |
| THROTTLE | 1000 RPM |
| FLIGHT INSTRUMENTS | Check & set |

### TAKE-OFF

| | |
|---|---|
| FUEL SELECTOR | On |
| FLAPS | Up |
| MIXTURE | Rich |

### TAKE-OFF Cont'd

| | |
|---|---|
| CARBURETOR HEAT | Cold |
| TRANSPONDER | Set on ALT |
| RUNWAY HEADING | Check Head Ind |
| THROTTLE | Full open |
| AILERONS | Into the wind |
| ROTATE | 50 KIAS |
| CLIMB SPEED | 60-70 KIAS |

### CLIMB-OUT

| | |
|---|---|
| THROTTLE | Full Open |
| MIXTURE | Full Rich |
| LIGHTS | As required |
| GAUGES | Check |

Vx = 56KIAS / Vy = 68KIAS / Enroute climb = 65-75KIAS

### CRUISE

| | |
|---|---|
| POWER | 2200 to 2750 RPM |
| ELEVATOR TRIM | Adjust |
| MIXTURE | Lean for max RPM |

### DESCENT

| | |
|---|---|
| MIXTURE | Rich |
| POWER | As Desired |
| CARBURETOR HEAT | As Required |

### BEFORE LANDING

| | |
|---|---|
| SEATS, BELTS, HARNESS | Adjust & lock |
| PRIMER | In & locked |
| FUEL SELECTOR VALVE | On |
| CARBURETOR HEAT | Apply full heat |
| MIXTURE | Rich |
| FLAPS | As Desired |
| AIRSPEED | 60 to 70 KIAS (clean) |

### AFTER LANDING

| | |
|---|---|
| CARBURETOR HEAT | Cold |
| FLAPS | Retract |
| STROBES & LANDING LIGHT | Off |
| TRANSPONDER | Standby |
| MIXTURE | Lean 1" for taxi |

### SHUTDOWN & PARKING

| | |
|---|---|
| RADIOS/ELECTRICAL | Off |
| MIXTURE | Idle Cut-off |
| IGNITION/MASTER SWITCH | Off |
| BEACON | Off |

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EG&G SPECIAL PROJECTS DIVISION

## B-737 Checklist
### Aircraft 290 Only

**BEFORE START - ORIGINATING FLIGHTS**

| | | | |
|---|---|---|---|
| C | F | OXY-INTERPHONE | CHECKED |
| C | F | CB's | SET |
| C | F | STATIC SOURCE | NORMAL |
| C | | BATTERY SWITCH/TR's | ON-CHECKED |
| C | | EMER EXIT LIGHTS | ARMED |
| C | | NO SMOKE/SEAT BELT | ON/OFF |
| | F | WINDOW HEAT | ON |
| | F | VOICE RECORDER | CHECKED |
| | F | AIRCON & BLEEDS | 1 PACK/ON |
| | F | RADAR/TRANSPONDER | STNDBY |
| C | | FIRE WARNING | CHECKED |
| C | | STAB TRIM SWITCHES | NORMAL |

**BEFORE START - THROUGH FLIGHTS**

| | | | |
|---|---|---|---|
| | F | LOG BOOK-FLT RELEASE | ABOARD |
| C | | GEAR PINS | 3 ABOARD |
| C | | BOOST PUMPS/CROSSFD | ON-CLOSED |
| | F | WING/ENG ANTI-ICE | OFF |
| | F | FLT RECORDER | TRIP-DATE-ENCODED |
| | F | PRESSURIZATION | SET |
| C | F | FLT INSTRUMENTS | CHECKED |
| C | F | ALTIMETER | CHECKED |
| | F | HYD QUANTITY & OIL | CHECKED |
| C | | RUD-AIL STAB TRIM | SET |
| C | F | RADIOS & DME | CHECKED |
| C | | FUEL QUANTITY | CHECKED-VERIFIED |

**STARTING ENGINES**

| | | | |
|---|---|---|---|
| C | | PARKING BRAKES | SET |
| | F | DOOR LIGHTS | OUT |
| C | | SEAT BELT SIGN | ON |
| | F | BEACON | ON |
| | F | HYD PUMPS | A OFF/B ON |
| | F | PACKS/BLEEDS & PRES | OFF/ON LBS |

**AFTER START - TAXI**

| | | | |
|---|---|---|---|
| C | | GENERATORS | ON BUS |
| C | | HYD A PUMPS | ON |
| C | | ENG ANTI-ICE | AS REQUIRED |
| C | | FUEL HEATERS | AS REQUIRED |
| | F | PACKS & BLEEDS | 1 PK ON/OFF |
| | F | FLT GRND SWITCH | FLIGHT |
| | F | MASTER CAUTION | RECALLED |
| C | F | FLT INSTRUMENTS | SET |
| | F | FLAPS | SET-GREEN |
| | F | COCKPIT DOOR | LOCKED |
| | F | ISO VALVE LIGHT | OFF |
| C | F | SHOULDER HARNESS | ON |
| C | F | FLT CONTROLS | CHECKED |

**BEFORE TAKE-OFF**

| | | | |
|---|---|---|---|
| C | F | TAKE-OFF DATA/BRF | SET-COMPL |
| C | F | FLAPS | GREEN |
| | F | PITOT HEAT | ON |
| | F | MASTER CAUTION | RECALL |
| | | **WHEN CLEARED ONTO RUNWAY** | |
| C | | ATTDT BUTTON | PUSH |
| C | | START SWITCHES | LOW IGN |
| | F | TRANSPONDER | CODE CHK/ON |
| C | | LANDING LIGHTS | ON |

**CLIMB**

| | | |
|---|---|---|
| PNF | GEAR & FLAPS | OFF-UP |
| PNF | START SWITCHES | AS REQUIRED |
| PNF | BLEEDS - APU | AS REQUIRED |
| C F | RADIO ALTIMETERS | AS REQUIRED |
| PNF | ISO VALVE LIGHT | OFF |
| PNF | LANDING LIGHTS | OFF |

# SURGICAL PROCEDURES

## Surgical Safety Checklist

World Health Organization | Patient Safety
A World Alliance for Safer Health Care

### Before induction of anaesthesia
(with at least nurse and anaesthetist)

**Has the patient confirmed his/her identity, site, procedure, and consent?**
- ☐ Yes

**Is the site marked?**
- ☐ Yes
- ☐ Not applicable

**Is the anaesthesia machine and medication check complete?**
- ☐ Yes

**Is the pulse oximeter on the patient and functioning?**
- ☐ Yes

**Does the patient have a:**

Known allergy?
- ☐ No
- ☐ Yes

Difficult airway or aspiration risk?
- ☐ No
- ☐ Yes, and equipment/assistance available

Risk of >500ml blood loss (7ml/kg in children)?
- ☐ No
- ☐ Yes, and two IVs/central access and fluids planned

### Before skin incision
(with nurse, anaesthetist and surgeon)

- ☐ **Confirm all team members have introduced themselves by name and role.**
- ☐ **Confirm the patient's name, procedure, and where the incision will be made.**

**Has antibiotic prophylaxis been given within the last 60 minutes?**
- ☐ Yes
- ☐ Not applicable

**Anticipated Critical Events**

To Surgeon:
- ☐ What are the critical or non-routine steps?
- ☐ How long will the case take?
- ☐ What is the anticipated blood loss?

To Anaesthetist:
- ☐ Are there any patient-specific concerns?

To Nursing Team:
- ☐ Has sterility (including indicator results) been confirmed?
- ☐ Are there equipment issues or any concerns?

**Is essential imaging displayed?**
- ☐ Yes
- ☐ Not applicable

### Before patient leaves operating room
(with nurse, anaesthetist and surgeon)

**Nurse Verbally Confirms:**
- ☐ The name of the procedure
- ☐ Completion of instrument, sponge and needle counts
- ☐ Specimen labelling (read specimen labels aloud, including patient name)
- ☐ Whether there are any equipment problems to be addressed

**To Surgeon, Anaesthetist and Nurse:**
- ☐ What are the key concerns for recovery and management of this patient?

This checklist is not intended to be comprehensive. Additions and modifications to fit local practice are encouraged.

Revised 1 / 2009

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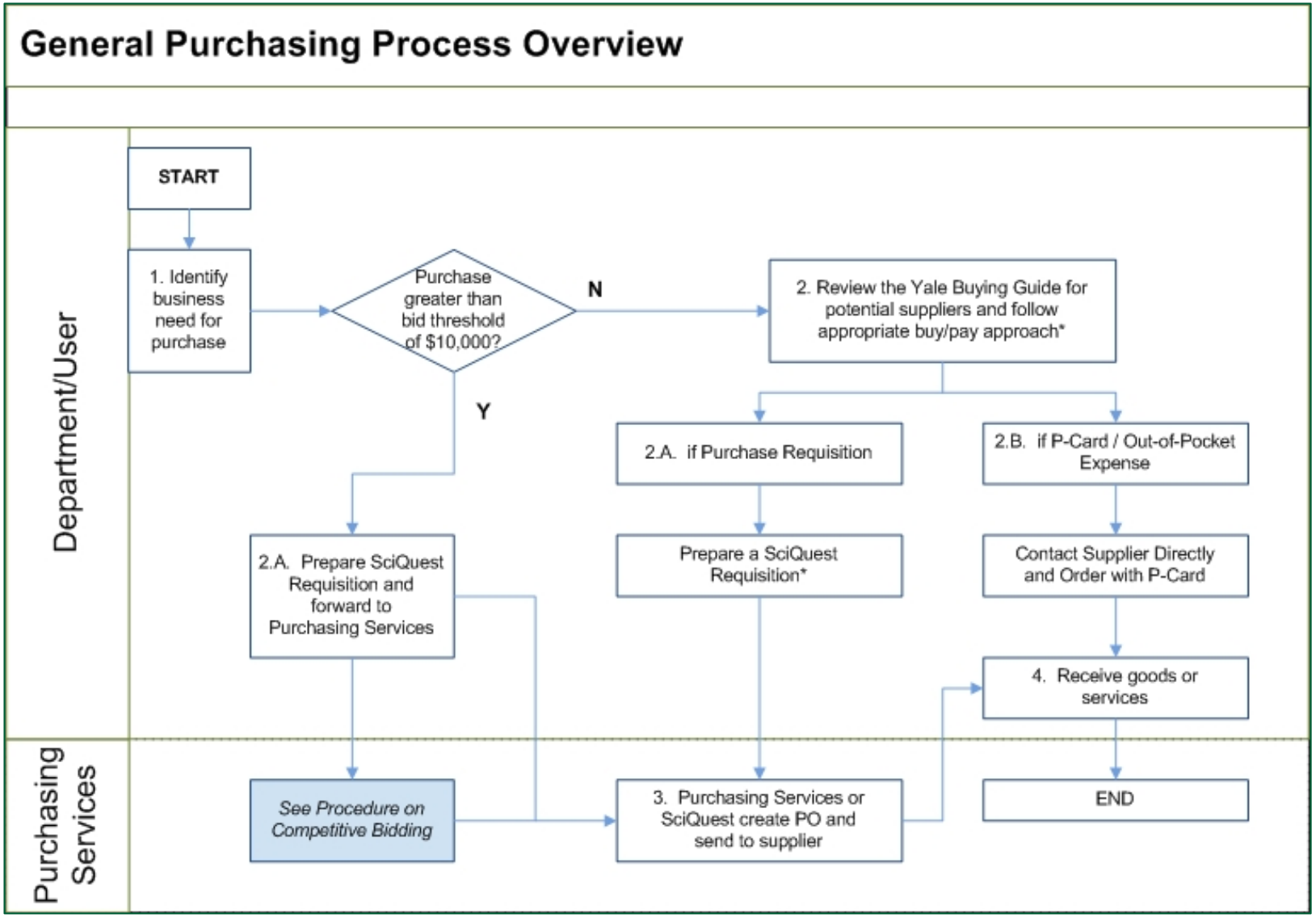
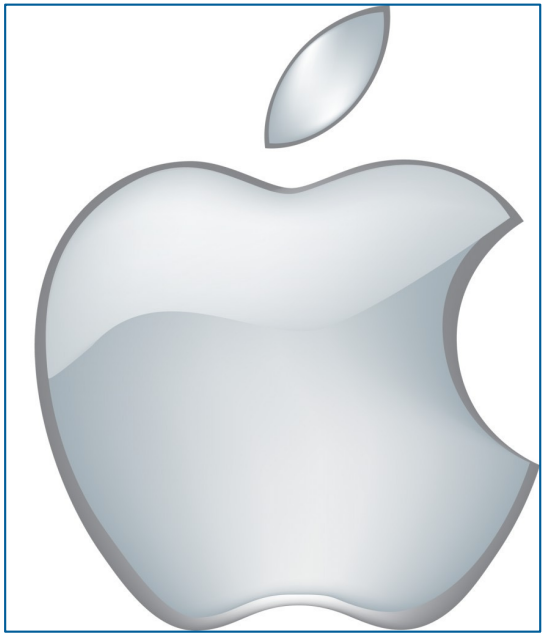
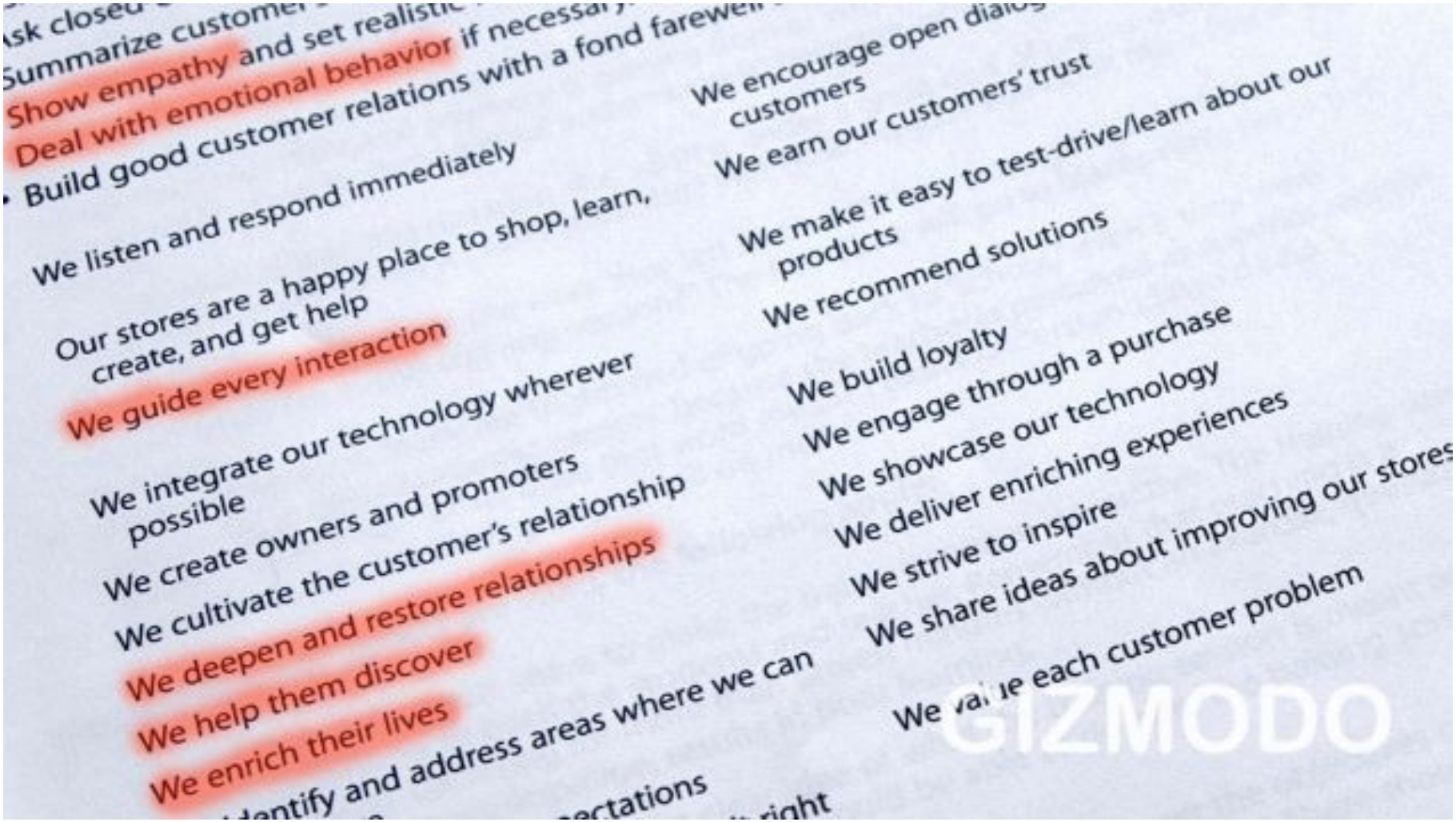
# ADMINISTRATIVE PROCEDURES



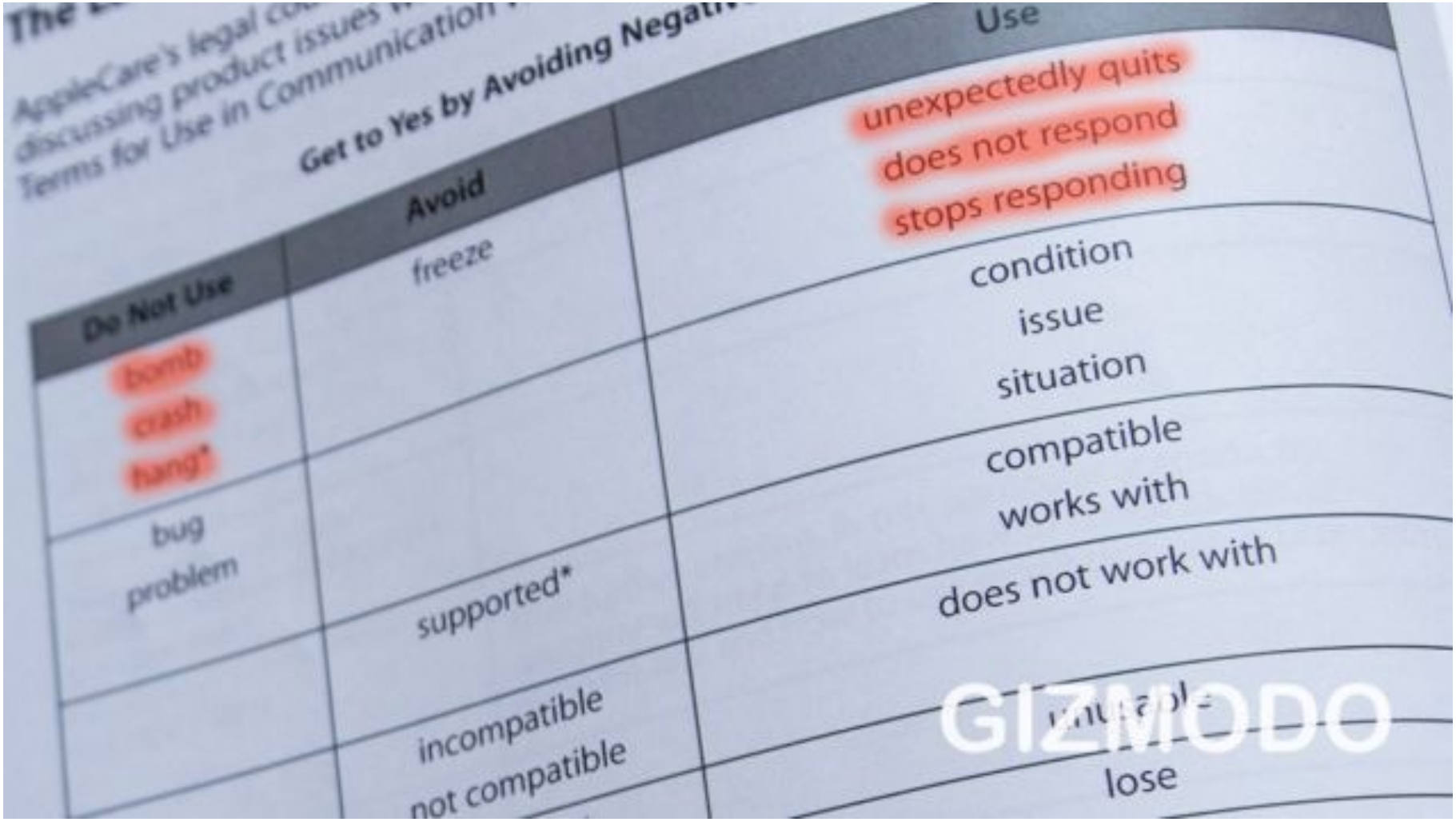
# SALES PROCEDURES?



# “ACTIVE BEHAVIOUR”



# “THINGS YOU'RE NOT ALLOWED TO SAY”



# WHAT IS THE PURPOUSE OF BRAKES?

Why are there brakes on a car?

# DOES IT NEED BRAKES?

# THE HIGHEST YOUR SPEED …


«Ask yourself why there are brakes in a car. Is their function to slow the car down or to allow it to go fast?
Boundary systems are like brakes on a car: without them, cars (or organizations) cannot operate at high speeds.»

# ORGANIZATIONAL FREEDOM

«Although boundary systems are essentially proscriptive or negative systems, they allow managers to delegate decision making and thereby allow the organization to achieve maximum flexibility and creativity.

In many ways, boundary systems are a prerequisite for organizational freedom and entrepreneurial behavior.

All systems that attempt to create accountability do so by delimiting organizational space for participants.

Beliefs about values and mission interact with rules and sanctions; commitment interacts with freedom within clearly stated boundaries.

In business organizations, boundary systems are used to specify both means and ends.»

SOURCE: SIMONS, LEVERS OF CONTROL

# HOW MUCH?

How much did you saved last time you put in action the brakes of your car?
Not approximately, exactly?

# “NONEVENTS”

How much did you saved last time you put in action the brakes of your car? Not approximately, exactly…
When this systems works properly, they imply the existence of what we may call “nonevents” (there wasn’t any accident)… it is therefore difficult and technically inappropriate to prize someone who simply complies with the rules…
“When it comes to compliance with standards of business conduct, there are no carrots only sticks.”

# CLEAR AND CREDIBLE SANCTIONS

Boundary system incentives are usually punitive sanctions. As a matter of fact like other norms of behavior, boundary systems cannot be effective without credible sanctions.

For sanctions to be effective, threats must be clear and credible. Therefore, managers use a "no exceptions" policy to send unambiguous signals that transgressors will be punished.

# SOURCE OF BUSINESS RISK

## OPERATION RISK

Results from the consequence of break down in a core operating manufacturing, or processing capability.

## ASSET IMPAIRMENT RISK

Loss of significant portion of the current value of an economic resource due to a reduction in the likelihood of receiving future cash flows from its use

## COMPETITIVE RISK

Results from changes in the competitive environment that could impair the ability of a business to create value and differentiate its product or services

## FRANCHISE RISK (REPUTATION RISK)

Occurs when the value of the entire business erode due to a loss in confidence by critical constituents

Franchise risk occurs when a problem or set of problems threaten the viability of the entire enterprise

# COMMON RISK INDICATOR

## OPERATION RISK

- System downtime
- Number of errors
- Unexplained variances
- Unreconciled accounts
- Defect rates – Quality standard
- Customer complaints

## ASSET IMPAIRMENT RISK

- Unhedged derivatives
- Unrealized holding losses
- Concentration of credit or counterparty exposure
- Default history
- Drop-off in product sales

## COMPETITIVE RISK

- Recent product introduction by competitors
- Recent regulatory changes
- Changes in consumer buying habits reported in trade journals
- Changes in distribution systems

## FRANCHISE RISK (REPUTATION RISK)

- Customers/bids lost to competitors
- Unfavorable news coverage
- Pending lawsuits – legal actions
- System Downtime
- Competitor business failure

# THE GLOOMY EFFECTS OF LACK OF CONTROL…

# VOLKSWAGEN EMISSIONS SCANDAL

# BENZENE FOUND IN PERRIER BOTTLES

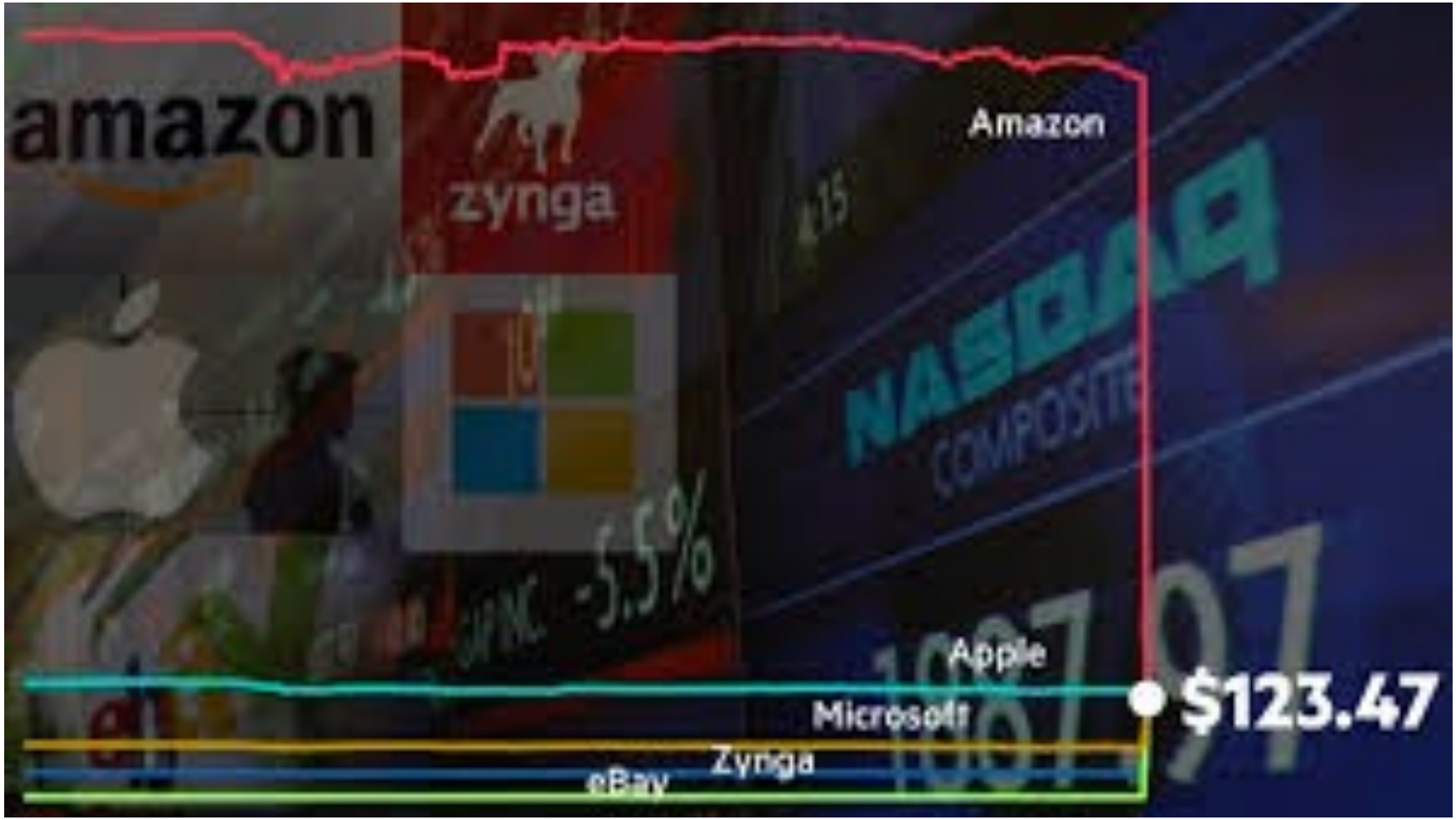

# WIRECARD ACCOUNTING SCANDALS (2019)

# WELLS FARGO ACCOUNT FRAUD SCANDAL (2016)

# FACEBOOK–CAMBRIDGE ANALYTICA DATA SCANDAL

# THE BOEING 737 MAX SCANDAL (2019)

# DATA GLITCH SEND AMAZON DOWN 87 PERCENT



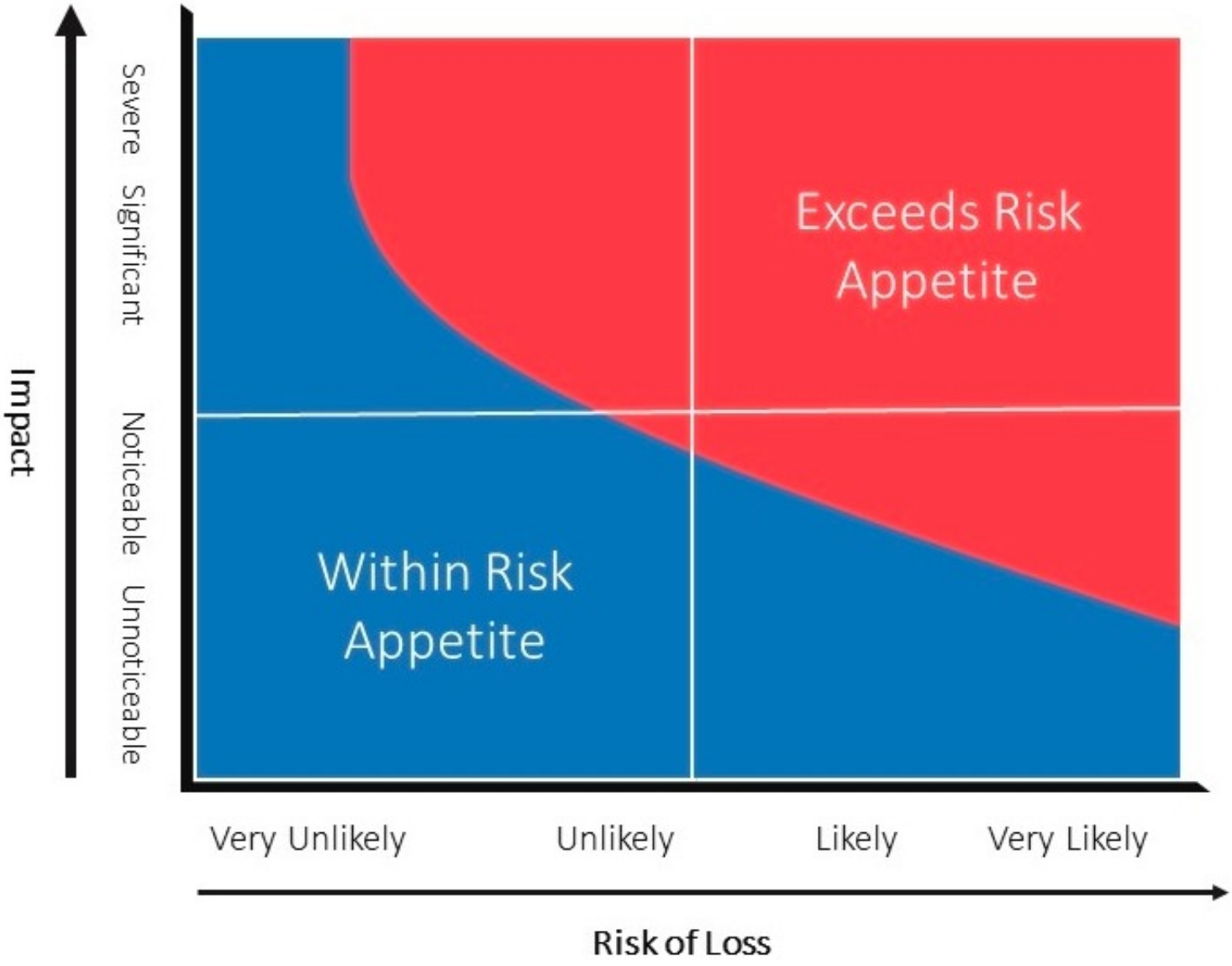
# TOKYO STOCK MARKET HALTS TRADING FOR A DAY

# DEEPWATER HORIZON OIL SPILL (2010)

# INPS (2020)

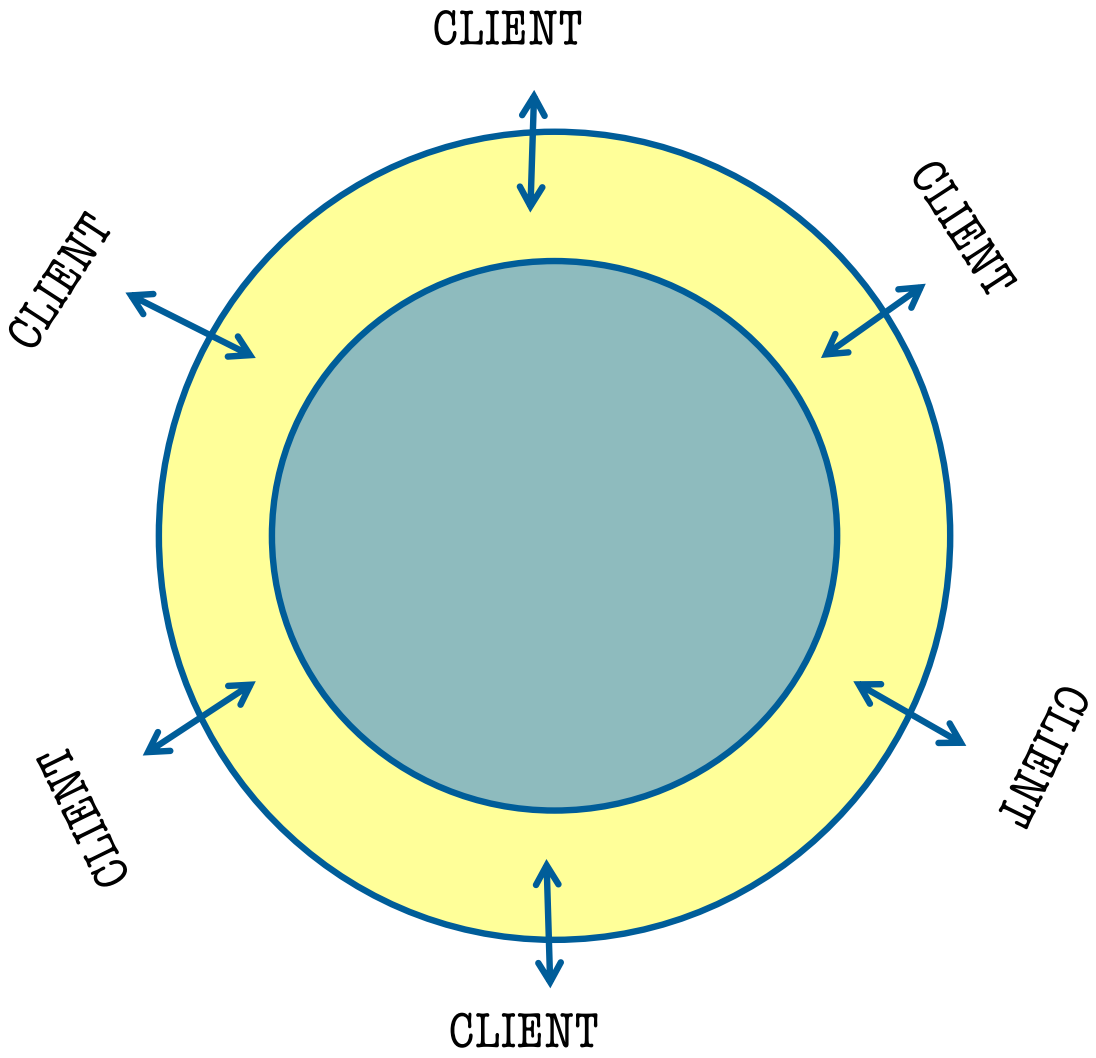
# RISK PROFILE, RISK APPETITE AND RISK CAPACITY

# RISK APPETITE = IMPACT * LIKELIHOOD

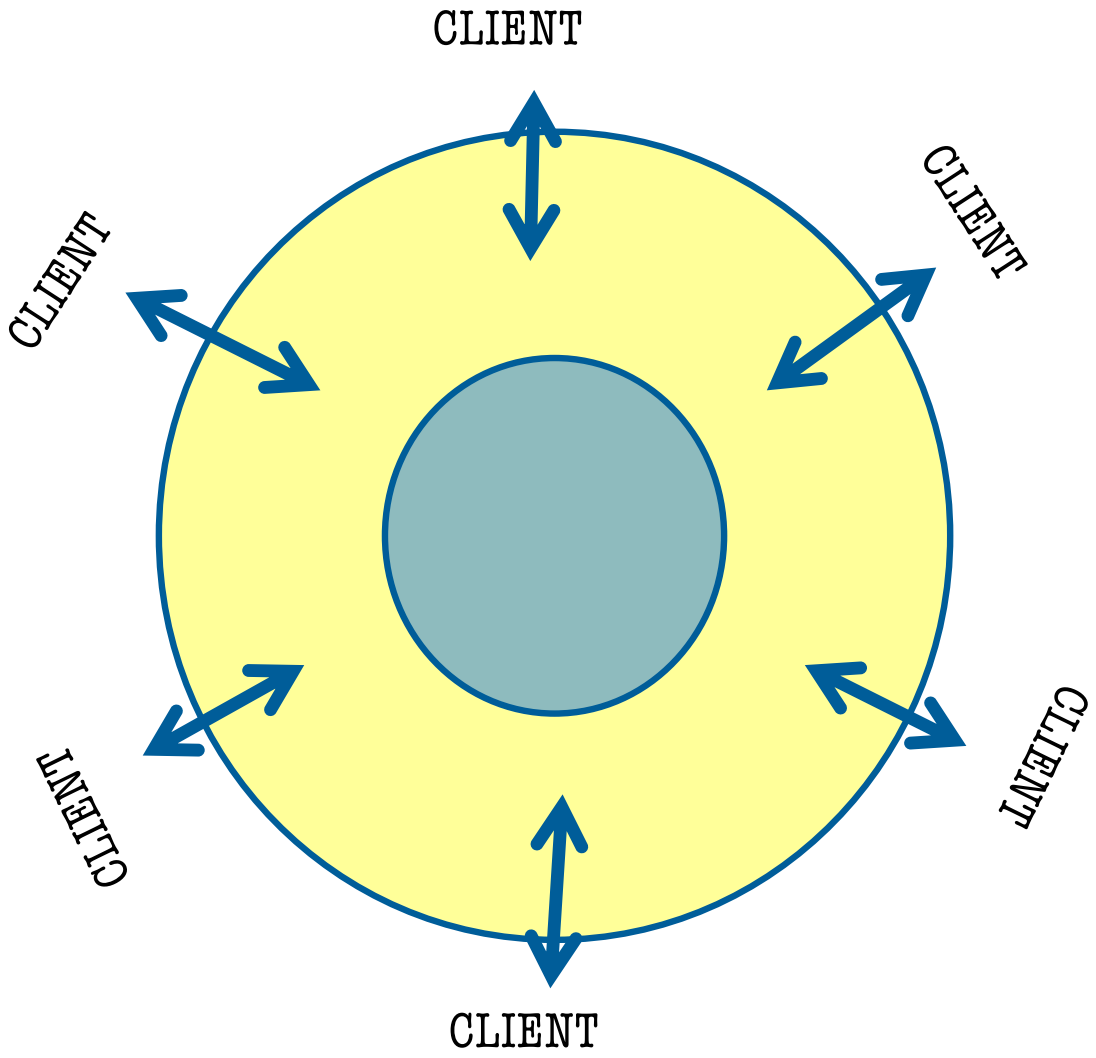



WE ARE
HIRING

# COST LEADERSHIP



# PRODUCT DIFFERENTIATION



# TIPICAL COMPONENTS

- Codes of Conduct
- Budgets (when used in order to assign resources and limit the level of expenses)
- Enterprise Risk Management Systems
- Assets Allocation  Systems
- Strategic Boundary Systems

- Quality controls procedures
- Safety protection and accident prevention systems
- Administrative controls
- Purchasing procedures
- Separation of duties
- Work rules and other operational guidelines
- Policies regarding limits in the amount of expenses admissible at different hierarchical levels