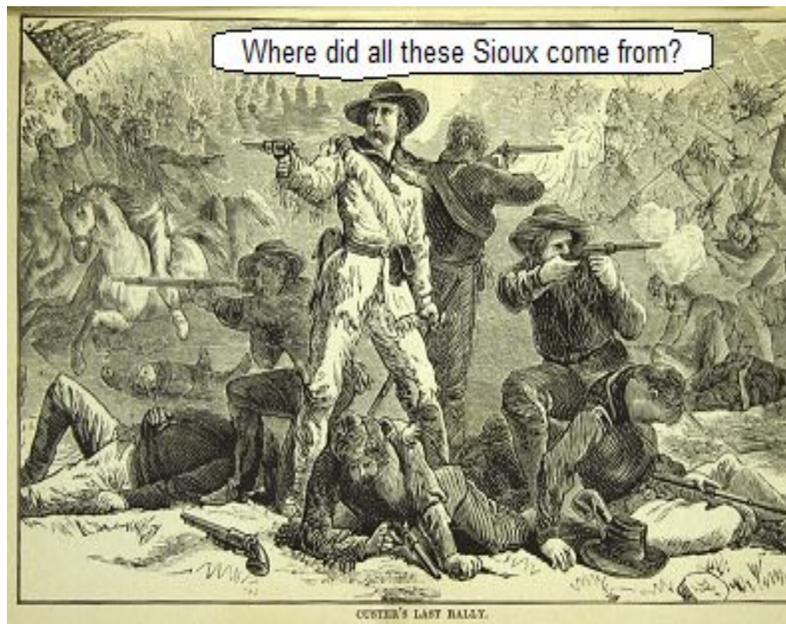


The ISO 9000:2015 Risk Management Connection

*A Risk-Based Thinking Perspective for the
Implementation of ISO 9001:2015*



Abstract: Over 60% of respondents of an Ad Council survey reported that they do not have an emergency plan in place for their business, and 40% of businesses affected by a natural or human-caused disaster never reopen (Source: Insurance Information Institute). Also, some of history's greatest military commanders won simply because of their anticipation and mitigation of risks, while 'natural selection' culled out the commanders like General Armstrong Custer who did not.

The Risk Management Connection

THE CONNECTION ► THRIVE CHAIN



In a Nutshell: A Risk-Based Management *connection culture* is a culture that embraces the necessary beliefs and behaviors that enhance connection among people, and meet the universal human needs, in a way that helps people and organizations thrive. The elements in a connection culture that meet these basic human psychological needs can be summarized as *vision*, *value*, and *voice*. Connection is made by implementing a Risk Management culture as part of the ISO 9001: 2015 version of the standard.

Provision 6.1 of ISO 9001:2015, "Actions to address risks and opportunities," is perhaps the biggest change in the standard. This provision is admittedly vague as of the first half of 2015. This book's purpose is to equip the reader to anticipate the potential requirements, as well as to act beyond the requirements to ensure the competitiveness of his or her organization. Compliance with the letter of the standard is of little comfort if a competitor exceeds the requirements by, for example, cutting its cycle time 50 percent or more. **Among this book's most important takeaways is that a risk or opportunity can hide in plain view unless our workforce knows how to identify it.**

Overview

In the book by Henry Levinson called **Risk Based Thinking Handbook: Perfect Companion for ISO 9001:2015**, the author makes the connection between Risk Based Thinking and the Connection-Thrive Chain = America's race to make an atomic bomb before the Nazis during World War II. The Manhattan Project, as it was called, represented one of the most challenging and significant scientific accomplishments in history.

On December 2, 1942, a team led by Enrico Fermi, a brilliant physicist, successfully created a self-sustaining nuclear reaction in an unused squash court under the University of Chicago's football stadium. It was a pivotal moment that meant the project could shift to producing an atomic bomb since the concept had been proven. A scientist on the Manhattan Project was a genius from Princeton named Richard Feynman who was to supervise technicians supporting the project. For security reasons, the army did not want the technicians to know the purpose of the project. As a result, it was difficult for them to put their hearts into their work. Their productivity was lackluster, and the quality of their work was disappointing.

Feynman asked Robert Oppenheimer, the technical leader of the scientists and engineers working on the project, to let him inform the technicians about the project's purpose. His request approved, Feynman explained to the technicians what they were working on, its importance to the war effort, and the value of their contribution to the overall project. After the technicians understood the meaning of their work, Feynman said he witnessed the following:

"Complete transformation! They began to invent ways of doing it better. They improved the scheme. They worked at night. They didn't need supervising in the night; they didn't need anything. They understood everything; they invented several of the programs that we used . . . my boys really came through, and all that had to be done was to tell them what it was, that's all. As a result, although it took them nine months to do three problems before, we did nine problems in three months, which is nearly ten times as fast."

The Manhattan Project technicians' improved their productivity and innovation, which in turn helped the Allies beat Hitler in the race to make an atomic bomb. On the morning of July 16, 1945, the *Manhattan Project team watched as the first atomic bomb was exploded in the New Mexico desert. Their efforts gave the Allies a decisive edge in the war.* Regardless of your personal feelings about the development and use of the atomic bomb, this bit of history is one clear example of the power in helping people find identities and meaning in their work.

Vision, Values and Voice

A *connection culture*, as previously mentioned, is a culture that embraces the necessary beliefs and behaviors that enhance connection among people and meet the universal human needs. The elements in a connection culture that meet these basic human psychological needs can be summarized as *vision, value, and voice*.

Connection Culture Element #1: Vision. It exists in an organization when everyone is *motivated* by the organization's mission, *united* by its values, and *proud* of its reputation.

Connection Culture Element #2: Value. The second element of a connection culture is value. Value exists in an organization when everyone *understands* the basic psychological needs of people, *appreciates* their positive, unique contributions, and *helps* them achieve their potential.

Connection Culture Element #3: Voice. The third element of a connection culture is voice. It exists in an organization when everyone *seeks* the ideas of others, *shares* ideas and opinions honestly, and *safeguards* relational connections.

Seeking and considering people's ideas and opinions help meet the human needs for respect, recognition, and belonging. "Being in the loop," so to speak, makes people see the vision and feel connected to their colleagues, just as "being out of the loop" makes people feel disconnected. Vision, Values, and Voice also requires communicating in a way that is sensitive to the emotions of others. Being sensitive to people's feelings safeguards connections just as insensitivity destroys them.

The Connection Formula

A good way to remember the elements in a connection culture is to remember the following formula:

$$\text{Connection} = \text{Vision} \times \text{Value} \times \text{Voice}$$

When these elements of a connection culture are in place, it's a win-win for individuals and organizations. The following diagram maps the rationale that supports connection: the connection culture meets basic human psychological needs that help individuals and organizations thrive.

The Risk-Based Management (RBM) Handbook

(3) Chapter 3 covers internal risks, which are largely addressed by the provisions of ISO 9001:2008. That is, organizations that are registered to ISO 9001:2008 already practice many forms of risk-based thinking. The chapter also addresses the danger of dysfunctional performance measurements, which can easily be as destructive as poor quality. Dysfunctional performance measurements can also undermine the organization's integrity, and with catastrophic consequences.

(7) Chapter 7 covers opportunities to remove waste (muda), which is essentially an application of Lean Distribution Centers. A vital take-away for ISO 9001 is that most forms of waste are asymptomatic in that they do nothing to trigger closed-loop corrective action. These wastes often hide in plain view unless the workers know how to identify them, which was one of Ford's principle success secrets. Included are techniques for identifying wastes of time, material, and energy that hide in plain view

(4) Chapter 4 covers an overview of well-established techniques with which to identify internal risks.

(5) Chapters 5 & 6 present two excellent tools -- discussion of (a) FMEA: Failure Effects Mode Analysis and (b) Poka Yoke, Henry Ford's 'Can't-rather-than-Don't principle to avoid accidents.

(8) Chapters 8 & 9 cover supply chain risks which are partially under the organization's control, and external risks which include economic conditions, cultural differences, changes in technology, changes in customer demand and so forth.

Summary: The ISO 9001:2015 definition of risk is 'the effect of uncertainty upon an expected result.' In decision theory and actuarial practice, risk = the probability of occurrence multiplied by the consequences. This is called the RPN in Failure Mode Effects Analysis (FMEA).