



# Focus

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## Surviving Disaster

Snow covered the charred skeleton of Factory #1 at the Claus Manufacturing production complex. Of the adjacent toy warehouse there was no trace. Yet Santa and Bernard, Santa's Chief of Toy Manufacturing, were remarkably upbeat this morning of December 27<sup>th</sup>. They had, against all odds, overcome a disastrous fire just three weeks earlier and successfully delivered Christmas toys around the globe. How they accomplished this heroic effort would become legend in North Pole elfdom, and can serve as a lesson to us in lower latitudes.

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As is often the case, the "secret" to overcoming the December 7<sup>th</sup> inferno began many years earlier. You see, over many years Santa had built in Claus Manufacturing a culture of discipline, creativity, and paranoia.

Santa first incorporated disciplined thought and behavior within his organization. In practice this looked like systematic thinking, carefully choosing among alternatives, and relentlessly focusing on reaching mileposts and meeting goals. It also meant *always* honoring go/no-go decision points and maintaining a steady pace through good times and bad. Holding back production on sunny days was often harder than keeping it up during stormy times, but the result – a well-rested production team – yielded big benefits during traumatic events.

The second secret to the resilience of Santa's team was creativity based on empirical evidence from marketing and production trials. New toy ideas were tested and ranked against historical Baby Toy Acceptance Factors. Even when an

idea didn't make the cut, Elf Bushy kept careful records and saved ideas that might prove useful later. Likewise, Elf Bernard carried out production trials to ensure hit toys could be produced in the necessary quantities, and for good reason. No elf wanted to be criticized by Elf Baggalutur ("Baggy" to his friends) because of disappointed children!

The final, and crucial, element of Santa's culture was planning for the worst. [As an aside, Santa got a chuckle when leaders (re)discovered his age-old idea. Contemporary examples include Andrew Grove's book *Only the Paranoid Survive* and the productive paranoia concept in *Great by Choice* by Jim Collins and Morten Hansen.] We'll call this last element paranoia.

Santa's version of paranoia involved planning for unforeseen setbacks by developing a "Plan B" in advance, allocating standby reserves, diversification of production and storage facilities, and training elves to deal with challenges. Coupled with conscientious discipline, this contingency planning had proved over the years to be very effective at dealing with setbacks.

Now, one might think all this discipline and paranoia would cripple the joy and creativity essential to developing great toys. No so. For example, surveys after one Christmas revealed Baby Toy Acceptance Factors sunk to an historic low. Moreover, Elf Baggy reported, "Our time-to-closet intervals clearly show the children don't like our new toys!" Change was needed, and fast. Elf Baxter, leader of Santa's Kinetic Interface Design Studio, met the challenge and was able to create the runaway success Baby Ball™ toy in just three months because his team had confidence based on experience and used a disciplined approach to focus their resources when it really mattered.

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All the North Pole elves mobilized before the flames of the December 7<sup>th</sup> fire were fully extinguished, working to increase production at Factory #2. Fortunately, two other toy warehouses – spaced widely apart – were unaffected by the fire. Elves were shocked, to be sure, but they rallied under Santa's call to action because they had met challenges before. All the paranoid preparation and contingency plans paid dividends when, as Elf Sledda so eloquently put it, "The reindeer poop was in the pudding."

Elf Bernard and Elf Bushy used their knowledge of production and marketing to produce a line of toys that were both easy to manufacture and attractive to kids. Punishing short-term production schedules were possible since elves were in top physical shape because they had not been overworked during the busy toy production season. Stockpiles of spare parts and common toy sub-assemblies allowed uncommon production volumes. Trust based on years of teamwork shrunk decision cycles. To adopt the new culture that supported healthy operations during

decision cycles. In short, the very culture that supported healthy operations during good times was Santa's savior during the catastrophe.

Merry Christmas to all.

*Tom Wagner*

May your Christmas be merry and bright

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