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THE SIGNIFICANCE OF BLIND SPOTS WITHIN ORGANIZATIONS



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WHY SHOULD INDUSTRY LEADERS CONTINUALLY SEEK OUT BLIND SPOTS?

by Mike McCandless

Many organizations, even those with robust management systems, unfortunately believe they have very few or inconsequential Blind Spots, discovering later that performance-affecting gaps developed over time and degraded results.

This Grey Paper aims to shed light on the operational and organizational factors contributing to Blind Spots and failure points, emphasizing the importance of continuous vigilance.

What is the Compelling Reason to Relentlessly Search for Blind Spots?

Pilko has found that executive perceptions are consistently different and more optimistic than front-line perceptions, even in companies considered to be Operationally Excellent.

These perceived gaps or “Blind Spots” are typically the barriers to achieving corporate goals and expected performance.

If performance outcomes don't match your expectation of results (safe, reliable, profitable, etc.), **Blind Spots are likely plaguing your organization.**

What Are Typical Blind Spots?

Blind Spots are highly dependent upon the operational and corporate culture of organizations and some common gaps include the following:

Misaligned Culture

Misaligned culture can occur any time changes occur. People have an innate tendency to resist any change that is not their idea. Such resistance to change is frequently passive and very difficult to identify. In other cases, active resistance can build a coalition that is effective in deterring progress.

When organizations grow by acquisition, or when leadership changes occur, or suffer a loss of institutional knowledge, the potential for misalignment is very high. Strategic initiatives will fail with misaligned culture as noted by Peter Drucker: **“Culture eats strategy for breakfast.”**

“Blind Spots” are Typically the Barriers to Achieving Corporate Goals and Expected Performance...

Ineffective Leaders

Ineffective leaders may be poor communicators, authoritarians, or political animals, or are learning leadership skills on the job. **Misintended actions and words create barriers to open discussion** with employees, preventing employees from voicing knowledge of Blind Spots.

Communication Blocks

Communication blocks occur when bad or questionable news does not flow freely up and down the chain of command. This intended or unintended failure to share information can result in Blind Spots.

Systemic Issues

Systemic issues, specifically misaligned risk management systems, occur when corporate leadership, site leadership, and front-line employees are not aligned on what constitutes acceptable risk.

If your employees take risks based on what they believe leadership wants (i.e., profit vs reliability and safety), the result can potentially impact Blind Spots.

What Contributes to Blind Spots?

Gaps occur and grow over time with the natural human tendency toward personal bias and organizational momentum. Leadership vigilance is required to recognize the following tendencies:

Director and Executive Information Bias

Director and executive information bias can lead to (over) confidence and diminished vigilance of weak signals, creating Blind Spots at the very top of the organization.

Routine and Repetitive Audits

Routine and repetitive audits may lose effectiveness as they become focused on fulfilling requirements rather than genuinely identifying and addressing risks; and operations leaders become more adept at “managing” defects that are typically identified in compliance audits.

Budget-driven Actions

Budget-driven actions and redirection of capital can hinder process safety and reliability improvements, increasing risk.

Competing Priorities and Distractions

Leadership, including front-line leaders, constantly confronts competing priorities and distractions, which can overwhelm and undermine existing processes.

Searching for Blind Spots may become a secondary priority during organizational restructuring, acquisitions, and reactions to outside forces.

“Encourage Employees to Share their Observations and Blind Spots.”

So, What Prevents Organizations from Continually Searching for Blind Spots?

Given that Blind Spots result in degraded organizational performance and correction of Blind Spots will more effectively align the organization with corporate strategic goals, what stands in the way of a programmatic search for gaps in your organization?

Many organizations have **robust management systems in place** and rely on these written guidelines and procedures to guide corporate behavior. However, this expectation of compliance is a false sense of security unless challenged through regular auditing to confirm, “**How do you know it’s working?**”

Executives are industry experts and, by nature, are leaders who are responsible for solving big problems. Typically, these leaders attempt to control and solve problems until they’ve exhausted their own institutional knowledge. Reluctance to recognize the value of other perspectives, including third parties, in a timely manner can lead to Blind Spots.

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This process **requires continuous management attention**, including the time required to search, understand and develop corrective and sustainable action. With management time at a premium, Blind Spot searching can become a distraction from other corporate needs.

Superior performance can mask underlying issues. Good economic conditions naturally tend to bias organizations toward growth initiatives and relentless Blind Spot searching may compete with the positive-leaning attention of the organization.

Despite the knowledge that more challenging times will come, some organizations are “blinded” by good economics and drop their guard.



What Should Leaders Do?

The first step in building a continuous process is to enable and ensure the performance of **regular management system audits**, utilizing sufficiently senior and experienced personnel who know “where to look.”

Inform, train, and **expect leaders to engage** at all levels of the organization. Leadership visibility, town halls, and open sessions for questions and answers encourage employees to share their observations and Blind Spots.

To the best of its ability, leadership must **manage organizational distractions** or guide leaders and managers to maintain a critical focus on Blind Spot discovery.

Finally, to obtain a clear-eyed view of potential Blind Spots, **retain a third-party** to engage with employees at all levels of the organization to obtain a view of alignment, engagement, and exposure of Blind Spots and build a *fit-for-purpose* system to sustain performance.

Conclusion

Blind Spots complicate and impede effective communication between the board room and control room, leading to corporate misalignment and failure to meet expectations.

Continuous searching for Blind Spots requires leaders to balance their energy and attention, engage with their front-line leaders and workforce, and maintain a clear view of the management processes that are **essential to operating in a safe and reliable manner** and discovering Blind Spots.

Through effective leadership, and/or third-party guidance, organizations can avoid unexpected outcomes, better connect with employees, and build a culture of searching for Blind Spots.

“**Numerous and Changing Corporate Priorities Distract Leaders from Blind Spot Searches.**”

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ABOUT PILKO & ASSOCIATES

Pilko is the Leading Advisor to Corporate Officers and Boards on Operational and EHS Risks in the energy, chemical and related industries, with a vision of transforming operations to be the safest, most reliable, and sustainable.

We help Clients solve their toughest challenges by identifying and mitigating Operational and EHS risk. We advise Clients on Driving Rapid, Dramatic and Sustainable Improvement in Operational and EHS performance, as well as advise on mergers, acquisitions, divestitures, and major projects. Pilko Advisors are always brutally honest but respectful.

To learn more about developing a world class approach to managing risks, email us at greypaper@pilko.com or contact us at www.pilko.com.

ABOUT THE AUTHOR - Mike McCandless



Mike McCandless is a transformative executive with foresight and vision. Mike has over three decades of experience surpassing ambitious goals, helping manufacturing and mid-stream leaders unlock latent potential in operations, and marrying creativity and pragmatism to

devise innovative solutions that minimize risk and optimize performance for clients.

His expertise in operational excellence and risk management enables him to deliver immediate impact in every role. As the Managing Partner and Pilko Fellow, Mike has been instrumental in Pilko's growth and continued reputation for excellence and efficacy in project management, strategy development, and operational improvement for industry dominators.

One of Mike's notable achievements is his contribution to the development of the revolutionary program **8IGHT DRIVERS**[®]. Mike led a large-scale operational excellence

project for Williams, introducing a new approach to defining and implementing operational best practices and game-changing process improvements, leading to the widespread adoption and utilization of the **8IGHT DRIVERS**[®] methodology in Williams and other Pilko clients.

Before joining Pilko, Mike gained expertise and operational experience in leadership roles at Union Carbide, Dow, and Hexion Specialty Chemicals, retiring as Vice President of Manufacturing. His authority and accountability spanned 30 sites, and he was responsible for continuously improving multiple process technologies. Mike has extensive experience with Six Sigma and other structured problem-solving methodologies, enabling him to provide several options for clients ready to scale and improve processes in multiple verticals.

Mike has an innate talent pinpointing untapped opportunities for improvement and presenting easily understood operational analyses and recommendations that help companies reduce on-site injury rates up to 50%, major process safety events by 50%, and reliability metrics up to 40%.

As a leader, Mike is known for his hands-on approach and ability to eliminate silos and unify teams. With powerful problem-solving capabilities, Mike inspires teams to work together to deliver business as usual through extensive change initiatives, organizational readiness projects, and culture change efforts.

Mike helps company leaders cultivate safety-focused cultures with real-world impact on worker safety and compliance with life-critical procedures.

Mike earned a Bachelor of Science in Chemical Engineering from Penn State University and is dedicated to continuously developing and expanding his expertise in Six Sigma and other problem-solving frameworks.

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