

# How to Avoid Catastrophe

Most business failures--such as engineering disasters, product malfunctions, and PR crises--are foreshadowed by near misses, close calls that, had luck not intervened, would have had far worse consequences.

The space shuttle Columbia's fatal reentry, BP's Gulf oil rig disaster, Toyota's stuck accelerators, even the iPhone 4's antenna failures--all were preceded by near-miss events that should have tipped off managers to impending crises.

The problem is that near misses are often overlooked--or, perversely, viewed as a sign that systems are resilient and working well. That's because managers are blinded by cognitive biases, argue Georgetown professors Tinsley and Dillon, and Brigham Young University's Madsen.

Six strategies can help managers recognize and learn from near misses:

- 1 - They should be on increased alert when time or cost pressures are high
- 2 - Watch for deviations in operations from the norm and uncover their root causes
- 3 - Make decision makers accountable for near misses
- 4 - Envision worst-case scenarios
- 5 - Be on the lookout for near-misses masquerading as successes
- 6 - Reward individuals for exposing near misses.