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prepare for the worst ...



THE RESILIENT
ENTERPRISE
Yossi Sheffi
The MIT Press,
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THE AFTERSHOCKS OF THE SEPT. 11, 2001, TERRORIST attacks on the World Trade Center continue to reverberate throughout the world and in just about all walks of life. Business has certainly not been immune, as shown by the vast amounts of time and money spent to enhance security within corporations and to comply with government and other security mandates. It's doubtful that a warehouse, factory or office exists that hasn't examined its security procedures in the past four years.

Yet the prospect of a major disruption, either intentional or as a result of acts of nature or accidents, remains a potential threat to business. In this new book, *The Resilient Enterprise*, author Yossi Sheffi points out that in large organizations with operations around the nation or the world, the odds of disruption somewhere within the enterprise are high. And developing an organization capable of rebounding from whatever disruption it experiences is an imperative for today's business manager.

Sheffi is professor of engineering systems at the Massachusetts Institute of Technology (MIT) and director of MIT's Center for Transportation and Logistics. But he doesn't view supply chain and logistics issues from an ivory tower: he has started and sold several technology companies during his career, he has developed systems that have become embedded in countless logistics operations, and he continues to work closely with businesses around the world on logistics issues.

In *The Resilient Enterprise*, Sheffi builds on three years of research at MIT aimed at understanding the effects of disruptions on supply chain operations. He demonstrates in numerous case studies throughout the book just how vulnerable supply chains can be, often as a result of events far removed from a business's operations. But as the title suggests, the idea is not only to provide a warning, but also to suggest ways to build resiliency into business operations without breaking the bank.

In particular, Sheffi sets out to address what he calls low probability/high impact events—those that are hard to predict with any certainty, but that can have a devastating effect on a business.

Though the book grew out of conversations over concerns about terrorist attacks, the research's scope soon expanded to encompass other types of disruptions, such as hurricanes, earthquakes and accidents. But the threat of intentional harm, especially terrorist attacks, remains at the heart of Sheffi's text. The reason, he explains: Intentional attacks—whether union strikes, computer viruses or terrorist assaults—are what he calls adaptive. That is, those responsible for the attacks will seek to strike at the worst possible place at the worst possible time.

Sheffi argues that building resiliency into a business is the flip side of improving security. He examines the effects of disruptions and looks at both ways to assess and reduce vulnerability and ways to build flexibility and resilience into business operations. He takes readers beyond some of the obvious solutions—safety stocks, extra production capacity—to more innovative concepts that require careful planning and broad collaboration. Along the way, he provides a primer on supply chain management that could stand on its own.

What the book does not do is write a prescription, recognizing that the vast variability of business operations and potential vulnerabilities would make that impossible. Instead, Sheffi delves into the issue, looks at how many companies have responded, and offers a thought-provoking analysis that should provide a wakeup call to those managers who have not recognized the potential for disaster in their supply chains or, for those who have heeded the alarm, a way to think about the issues that can lead to effective business planning.

It may not be possible to predict the next big disruption to any business supply chain, but as Sheffi asserts and his research demonstrates, you can be ready for it.

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