



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב

שיטות קבלת החלטות מרובות
קריטריונים ואלטרנטיבות בתחום הנדסת וניהול איכות

Methods for strategic decisions

Professor Gilles Barouch

Consultant

Quality Management – Sustainable development

Strategic decisions in the context of crisis
How Quality Management can help



9 serious international crises in the last 15 years

Date	Crisis
2007	Financial crisis
2008	Economic crisis
2009	Euro crisis – Greece bankrupted
2010	Arab countries crisis
2013/2022	Ukrainian crisis
2015	Security crisis – Islamic State terrorism
2015	Migrants' crisis in the EU (European Union)
2016	European Union crisis (EU) – Brexit vote
2020	Covid-19 crisis

These crises seem very different from one another.



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב

References

Gilles Barouch, G., & Frederic Ponsignon (2021)
« La pandémie du Covid-19: Analyse de la crise et
choix de politiques publiques favorisant la sortie
de cette crise systémique »
Gestion et management public, 94(4), 179-184.

Gilles Barouch, Frédéric Ponsignon
“**The Covid-19 pandemic: Crisis analysis and review**
public policies facilitating an exit from this systemic c
Politique et Management Public, to be published

Gilles Barouch

Vive les crises contemporaines !

L'occasion de changer de modes de
pensée et d'action

*Sortir du cercle vicieux des crises et recréer
des systèmes vertueux*





הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב

Sum up of my presentation

1/ The international crises 5 common points

2/ A systemic strategy based on Quality Management could help prevent and solve crises



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב

1/ The international crises 5 common points



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב

Crises common points

1/They are all systemic crises

Definition

- The term "systemic crisis" appeared in the wake of the 2007 financial crisis
- The choice of this new concept express the failure of usual conception
- **A systemic crisis is:**
 - A disturbance
 - Producing chain or contagion effects
 - Which may cause the system to fracture or collapse
- **All these crises are systemic**
 - The systems concerned were deeply fractured or at risk to collapse
 - These crises produced chain effect and spread to other sectors



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיורד אינטרקונטיננטל, תל אביב

Crises common points

1/They are all systemic crises (2)

The systems concerned were deeply fractured or at risk to collapse

Peak of the crisis	Crisis	Consequences
2007	Financial crisis	Financial system at risk of collapsing
2008	Economic crisis	Worst worldwide recession since 1929
2009	Euro crisis	Greece bankrupted
2010	Arab countries crisis	Syria, Libya, Yemen are broken up
2013 2022	Ukrainian crisis	Civil war – Ukraine loses Crimea to Russia War between Ukraine and Russia
2015	Security crisis – Islamic State terrorism	Suicide terrorist attacks for the first time in Europe
2015	Migrants' crisis in the UE	Worst migrant crisis since WWII
2016	European Union crisis (UE) – Brexit vote	First country to leave EU
2020	Covid-19 crisis	Worst sanitary crisis since the Spanish flu (1918-20)



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב

Crises common points

1/ They are all systemic crisis (3)

These crises produce chain effect and spread to other sectors

Initial crisis	Resulting crisis
Financial crisis	Economic crisis
Economic crisis	Eurozone crisis
Arab countries crises	Migrant and security crises in Europe
Ukranian crisis	Cold war back in Europe Energy crisis in Europe
Economic, migrant, security crises	Crisis in the European Union – Brexit Rise of the far right in Europe
Covid 19 crisis	Economical and social crises

Crises common points

2/ Leadership taken by surprise

Peak of the crisis	Crisis	Authorities' wrong predictions
2007	Financial crisis	International Monetary Fund and financial markets' optimistic predictions concerning 2007 growth
2008	Economic crisis	Experts' predictions that the crisis would be confined to the US economy
2009	Euro crisis	The euro zone has a stability that makes it more resistant to external shocks (EU commission, 2010)
2010	Arab countries crisis	"Arab Spring"
2013	Ukrainian crisis	Took the EU leadership by surprise
2015	Security crisis/Terrorist attacks	Emergency situation (France)
2015	Migrants' crisis in the UE	Took UE authorities by surprise
2016	European Union crisis (UE) – Brexit Vote	Leaders and mainstream medias' conviction <i>Stay</i> will prevail
2020	Covid-19 crisis	Most countries' lack of preparation

Crises common causes

Failed strategies

3/ Solutions (curative) did not solve or even worsened the crisis

Peak of the crisis	Crisis	<u>Ineffective and aggravating (curative) solutions</u> Crisis deepening
2007	Financial crisis	<u>The non-rescue of the Lehman-Brothers bank</u> International financial crisis
2008	Economic crisis	<u>€ EU 200bn stimulus plan</u> 6 years' recession and then stagnation in the eurozone
2009	Euro crisis	<u>4 aid plans and 9 austerity plans for Greece</u> 2018 : Greece debts: 181,2%/GDP more than 2011
2010	Arab countries crisis	<u>Violent manifestant repressions</u> Civils wars. Hundred thousand deaths. Millions refugees.
2013 then 2022	Ukrainian crisis	<u>Ukrainian president repudiation following his refusal to sign the EU treaty</u> Civil war. Partition of Ukraine
2015	Migrants' crisis in Europe	<u>Germany opens its frontiers to Syrian migrants</u> Migrants' flow multiplied by five
2016	European Union crisis (UE) – Brexit Vote	<u>Denial of Brexit causes</u> Deep divisions in the EU; Extremist parties on the rise
2020	Covid-19 crisis	<u>Sanitary confinement</u> 3 /4 more Corona waves

Crises common causes

Failed strategies

4/ The systems borders opening was poorly managed

Peak of the crisis	Crisis	<u>Systems frontier fast opening to the external environment</u> Poor anticipation or failure of controls
2007	Financial crisis	<u>Loans to poor families – Financial globalization – Interconnected computer systems</u> AAA rating given by rating agencies to the ‘junk bonds’
2009	Euro crisis	<u>Eurozone creation</u> Members’ failure to meet the criteria of the stability and growth plan – No sanctions
2010	Arab countries crisis	<u>Internet and social media</u> External military interventions
2013 2022	Ukrainian crisis	<u>E.U association project with Ukraine</u> Russian military intervention in Georgia not considered Ukrainian inscription in Russian zone of influence not taken into account
2015	Migrants’ crisis in Europe	<u>Schengen treaty</u> Lack of EU external borders control Rules for migrants welcome inadequate and not respected
2016	European Union crisis (UE) – Brexit Vote	<u>EU treaties</u> Lack of respect of EU countries negative answers to referendums
2020	Covid-19 crisis	<u>Economic globalization</u> WHO wrong predictions



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דייוויד אינטרקונטיננטל, תל אביב

Crises common points

5/ Crises predicted by systemic thinkers who identified their root cause

Alvin Toffler Prospectivist *The Third Wave* (1980)

“The discovery of Newton's laws and the tremendous advances made by machines convinced the West that the universe could be understood and mastered by reasoning of mechanics”

(Example : the “logic” behind the curative solutions $1 + - 1 = 0$)

“We will have to face crises that will not come under the cause-effect analysis but an analysis of interactions and systems”



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דייוויד אינטרקונטיננטל, תל אביב

Crises common points

5/ Crises predicted by systemic thinkers (2)

Edwards Deming

- The main founder of quality management – 2 main books
 - *Out of Crisis* (1982)
 - *The new economics for industry, government and education* (1993)
- According to Deming, **85% of dysfunctions are caused by failing organizational systems**
- Therefore, **organizations need to be managed as systems**
- When solutions focus only on separated elements (i.e curative solutions), **one creates the conditions to destroy the system**



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב

2/ A systemic strategy based
on Quality Management could help



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב

“ •

We cannot solve our problems with the same thinking
we used when we created them”
(Albert Einstein)



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיויד אינטרקונטיננטל, תל אביב



Systemic crises require systemic solutions



A systemic strategy based on Quality Management could help
Best practices in Quality Management confronted to failed strategies

Failed strategies	Best practice In Quality Management (ISO 9001: 2015)	Type of strategies
Poorly managed frontiers opening	<u>§ 4.1 – Organisation context</u> Analyse organisation along with its external and internal contexts	Prevention
Leaders taken by surprise	<u>§ 6.1 – Actions addressing risks and opportunities</u>	Prevention
Control failures	<u>§ 9 – Performance evaluation</u> Systems monitoring, audits and reviews	System Controls
Curative actions	<u>§ 10.2 – Nonconformities and corrective actions</u>	Problems tackling

Conclusion

- **Systemic crises threaten organizations or countries cohesion**
- **Cautious system borders management and corrective solutions are strategic** to preserve an organization or a country balance
- **Quality management provides useful strategies** to prevent and manage systemic crises efficiently
- **Training leaders in system analysis and quality management should be a requirement**



הכנס השנתי ה-39 של האיגוד הישראלי לאיכות

29-30 בנובמבר 2022, מלון דיורד אינטרקונטיננטל, תל אביב

THANK YOU FOR YOUR ATTENTION

More on this topic

ז'יל ברוך ניהול איכות, שיטה מותאמת לניהול של משברים מערכתיים

איכות, גיליון 62, אפריל-מאי

2021

Jerusalem Post <https://www.jpost.com/opinion/could-corona-evolve-into-a-strategic-threat-637626> 5 August 2020

<https://blogs.timesofisrael.com/the-risk-of-seeing-the-ukrainian-crisis-spiral-out-of-control/> 5 April 2022

Professor Gilles Barouch

Consultant

gilles@barouch.com

0508807892