



Havenshire Limited Newsletter

June 2010 From Our Founder

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Accidents versus Incidents

A personal note from our founder

If you have ever read the Jules Verne classic *Twenty Thousand Leagues Under the Sea*, you might remember Captain Nemo drawing a distinction between accidents and incidents. The distinction is a matter of intent. When a ship inadvertently hits a rock and sinks, that is an accident. When Nemo's submarine intentionally rams a ship to make it sink, that is an incident.

Like everyone else, we can scarcely believe what is unfolding along much of the Gulf Coast as oil spreads farther and wider from the broken remains of BP's Deepwater Horizon drilling rig. Investigations are uncovering signs that BP knew its equipment was not operating properly and chose to press on with high risk decisions instead of pausing to repair its equipment. Seeing that, Captain Nemo would say the BP disaster was an incident, not an accident.

If BP had fixed the blowout preventer when it realized the equipment wasn't working correctly—more basically, if BP had used standard industry practices—the entire catastrophe unfolding off the Gulf Coast need not have occurred.

Learning from Experience

In my youth, I worked on a wireline service truck for a little while. When someone thought they had drilled far enough, they called us to run tests in the borehole. Our tests would show whether they had struck oil or gas, how much, and at what depths.

One of our clients drilled more wells than anybody else we dealt with. We made a lot of money testing wells for them—but we hated going to their rigs. They weren't safe. People died there.

Whose rigs did we like best? It was a company that required ten times as much paperwork as everyone else. They were meticulous about all their work procedures, so it took longer to test their wells. We got paid by the job, not by the hour, so you might have expected us to hate that because we didn't make as much money for our time. But their equipment was always in good working order, they never cut corners, and we knew we were safer on their rigs.

A few years later, while I was visiting my father's ship at a dock operated by the same company, a valve failed and caused a few barrels of oil to spill. I got to witness how they handled it. Within half an hour, the valve was stopped, the

spill was contained, cleanup was underway, all relevant authorities had been notified, and my father was being debriefed.

You may be surprised by the name of the company—Exxon.

Accidents happen, even to the careful. But both accidents and incidents happen, more often, to those who are not careful.

Bungling the response to an accident just once can destroy a reputation that took years to build. Exxon learned from what happened at Valdez when its tanker ran aground. BP has accumulated 760 fines from OSHA in recent years. Their Texas City refinery alone suffered three explosions in as many years. As with the Deepwater Horizon rig, safety procedure violations were found to be involved. During the same period, how many OSHA fines did Exxon get? One.

When accidents do happen, it's important to learn from them. The world is now watching what happens when someone doesn't.

What Does That Have to Do with Information Technology?

So-called "bugs" in software are flaws. When they are in critical systems, they can cause major upsets. Once upon a time, a single wrong character in 368,000 lines of source code caused a high temperature chlorine reactor to eat a hole in itself, release chlorine and evacuate a town.

In a course on software maintenance, I learned that statistically, if you write a software program containing just 12 lines of source code, there is a 75% probability it will have at least one bug. When you consider the amount of source code necessary for a program that does anything useful, it's obvious that some bugs will sneak through even the most thorough quality assurance. The 368,000 line program had been passing its tests and running without trouble at about 60 sites for about 20 years.

Realistically, you cannot demand bug-free software. But you can demand reasonably good effort to minimize the incidence of bugs and reasonably quick response when a bug turns up, particularly for a serious flaw. You can also demand consistently attentive, diligent response.

Working Effectively with Vendors

Companies often act a lot like people. That's no great surprise, since they are made of people.

Think back to how friends behave when they are not faring well. Do you know any who withdraw instead of letting you know what's wrong and giving you a chance to help?

One of our clients in particular is behaving that way. They used to talk with us about strategy and tactics, about conditions in their business and what they projected for the next year or two.

We had a collaborative business relationship. We achieved yield improvements and delay reductions that have turned out to be essential for keeping the factory open during this economic downturn.

As the downturn deepened, they stopped talking with us. For a while, they promised to talk with us about strategy, but simply never made time for the conversation. Then they quit making any pretense of keeping up a collaborative relationship.

We aren't the only ones to get this treatment from them, so we know this isn't a specific rejection of us. They are treating other vendors the same way. In fact, management no longer talks with its own employees either. Everyone working with the company is doing so blindly.

Like a friend who is in a bad way, they may get through these bad times well enough while freezing out people who would like to help them. But letting vendors know their situation would open the door to any help we can offer. Keeping their situation secret from partner companies guarantees that they have to sink or swim on their own ideas without help from anyone else.

When you have the good fortune to find a vendor who is willing to do business collaboratively with you, wasting that opportunity is a shame. Cold dark times are a little less miserable when you can go through them with friends—and sometimes your friends can help you climb out a little sooner.