



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 496H1S

Catastrophic Failure in Organizations

Winter 2018

Course Meets: Tuesday 10-12, WO 20

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Office Hours: Tuesdays 1:30-2:30 p.m. (and by appointment), Rotman 7068

Course Scope and Mission

Addressing the risk of catastrophic failure is a critical strategic challenge for business organizations. From Knight Capital's trading meltdown to the collapse of Lehman Brothers to BP's Gulf of Mexico oil spill and the Fukushima Daiichi nuclear disaster, numerous events in recent years have exposed the vulnerabilities of firms to catastrophic failure. Rooted in complex human, organizational, and systemic factors, such failures have the potential to severely disrupt and even bankrupt firms. Thus, business continuity planning and the protection of critical company assets from such failures are now seen as a vital part of any enterprise.

This course seeks to train students to recognize the inherent vulnerabilities of business organizations to catastrophic failure, to understand why the risk of such failure represents both a profound challenge and a potential opportunity, and to become more effective decision-makers in general. To do so, we examine biases in human cognition that prevent managers from thinking effectively about the risk of catastrophic failure; consider why even small errors can have devastating consequences in complex systems; and examine how organizational barriers to learning and communication can set firms up for catastrophic failure. Throughout the course, we will consider opportunities for managers and consultants to address these challenges.

Course Prerequisites

Prerequisite: RSM260H1 or RSM270H1 or RSM392H1

Exclusion: RSM418H1

Required Readings

There is no required textbook or course package for this course. Required readings include (a) the lecture notes and slides covered in class; (b) academic journal articles and newspaper reports studies that will be handed out in class or posted on the course website throughout the semester; (c) two case studies (listed at the end of this course outline) under Electronic Resources.

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials.

<u>Work</u>		<u>Due Date</u>
Class Participation/Attendance	15%	Ongoing
Short Paper	15%	February 13
Research Participation	10%	Ongoing
Final Paper	25%	April 3
Open-book Final Exam	35%	During Faculty of Arts & Science Final Examination period

1. Class Participation/Attendance (15%)

You are expected to attend and actively participate in each class session. I expect you to arrive on time, stay for the entire session, and actively contribute to class discussion.

2. Short Paper (15%)

Specific details of this assignment will be announced in advance. This is a case-based individual assignment that allows you to learn from your own analysis of a catastrophic failure.

3. Research Participation (10%)

During the term, you will receive three online surveys (by email) that focus on various issues related to the topic of this course. By completing these surveys, you will help researchers at the school gather important data about the causes and prevention of catastrophic failure, and you will receive the results of this research at the end of the course. You will normally have one week (or more) to complete each of the surveys, and you will receive an email with instructions when a survey is available. If you consciously and completely fill out all three surveys by the deadline, you will be given full marks.

4. Final Paper (25%). Specific details of this assignment will be announced in advance. This is a longer case-based individual assignment that allows you to learn from your own analysis of catastrophic failures and to identify hidden organizational vulnerabilities and propose concrete, actionable steps to address these risks.

5. Final Exam (35%). An open-book cumulative final exam focusing on applications of course materials.

COURSE FORMAT AND EXPECTATIONS

Please note that clear, concise, and correct writing will be considered in the evaluation of both the Short Paper and the Final Paper. That is, you may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (www.asc.utoronto.ca) or one of the College Writing Centres (www.writing.utoronto.ca/writing-centres). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Electronic Course Materials

This course will be using the following electronic course materials:

Mount Everest—1996 (303061-PDF-ENG), HBS

BP and the Gulf of Mexico Oil Spill (W11366-PDF-ENG), Ivey

You can access these materials in an electronic course pack:

<http://cb.hbsp.harvard.edu/cbmp/access/72328079>.

These materials will cost a total of \$8.50 (USD). The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Weekly Schedule

Session	Date	Topic	Readings
FOUNDATIONS			
1	Jan 9	Introduction	Posted on Portal
2	Jan 16	Small Errors, Big Failures	Posted on Portal
3	Jan 23	Complexity, Coupling, Catastrophe	Posted on Portal
4	Jan 30	Meltdowns: Improbable but Frequent	Posted on Portal
APPLICATIONS & INTERVENTIONS			
5	Feb 6	Systems, Groups, Biases	Posted on Portal
6	Feb 13	Learning and Decision Tools	Posted on Portal
-	<i>Feb 20</i>	<i>No Class (Reading Week)</i>	<i>No Class (Reading Week)</i>
7	Feb 27	Dissent and Voice	Posted on Portal
8	Mar 6	Culture, Redundancy, and Regulation	Posted on Portal
9	Mar 13	Hubris and Wrongdoing I	Posted on Portal
10	Mar 20	Hubris and Wrongdoing II	Posted on Portal
11	Mar 27	Diversity and Disaster	Posted on Portal
12	April 3	Conclusion	Posted on Portal
Final exam, date TBA by FAS			

POLICY AND PROCEDURE

Missed Tests and Assignments (including midterm examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted

Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a later report of illness made by the student to a physician.

Late Assignments

All assignments are due at the beginning of class on the date specified in the course outline. Late submissions will normally be penalized by 10% if the assignment is not received on the specified date, at the specified time. A further penalty of 10% will be applied to each subsequent day.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible:

accessibility.services@utoronto.ca or <http://www.studentlife.utoronto.ca/as>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Blackboard and the Course Page

The online course page for this course is accessed through Blackboard. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore additional Portal Information for Students at <http://portalinfo.utoronto.ca/content/information-students>.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of

course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.