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CULTIVATING A CULTURE OF SECURITY

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Organizational Culture and Risk Hurricanes

Joseph W. Mayo
J. W. Mayo Consulting, LLC



What is Culture?

- Values, beliefs, norms, rationalizations, symbols, and ideologies exhibited by organizations or groups of people

- Organizational culture is an amorphous element of an organization that drives people to exhibit behaviors, both good and bad, which inevitably overpowers their own personal belief system.



Organizational Culture

- HP was founded in 1939 and went public in 1957
  - David Packard wrote down the management beliefs he and co-founder Bill Hewlett shared
  - Became known as “The HP Way”
  - Bill Hewlett retired from HP in 1987
  - David Packard retired from HP in 1993
- In January 1998 HP was listed as #10 in FORTUNE Magazine’s inaugural feature entitled “100 Best Companies to Work for in America”
- FORTUNE Magazine lauded HP as “a trailblazer in people practices.”
- In 1999, HP replaced retiring CEO Lewis Platt with Carly Fiorina



Organizational Culture

- Ms. Fiorina stated on her first day that HP needed to be reinvented
- Less than six months later HP dropped from #10 to #43
- Less than a year later HP dropped even further from #43 to #63
- By February 2002 HP dropped completely off the list, never to return
- Mark Anderson said it best in 1999 when he said, “Picking her is not about technology or strategy. It’s about culture.”



Organizational Culture

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- Mark Anderson s "Pr is not about technology or s gy. It' cultur

It takes 20 years to build a reputation and 5 minutes to ruin it. If you think about that you'll do things differently.

Warren Buffet

Risk Management Disasters

- In 1932 Lowell Carr examined hundreds of disasters from 1881 to 1928

- Disasters have a sequence pattern
  - A state of equilibrium
  - Precipitating event
  - Adjustment period
  - Renewed equilibrium

- Carr's research focused on culture traits and the deep-rooted beliefs that develop in people, organizations, and populations
  - Allows them to survive and re-establish themselves after a disaster

Carr, L. J. (1932, September). Disaster and the Sequence-Pattern Concept of Social Change. *American Journal of Sociology*, *38*(2), 207-218.

Risk Management Disasters

- In 1976 Barry Turner research three disasters in Great Britain that resulted in loss of life and significant property damage
  - Rigidities in perception / collective blindness
  - Decoy problems
  - Disregard for nonmembers
  - Information difficulties
  - Involvement of strangers
  - Regulation non-compliance
  - Minimizing emergent danger

- Disaster or cultural collapse occurs because of an inaccuracy or inadequacy in accepted norms and beliefs

Turner, B. A. (1976). The Organizational and Interorganizational Development of Disasters. Administrative Science Quarterly, 21(3), 378-397.

Risk Hurricanes

- Hurricanes occur in nature every year
- Hurricanes are predicable
- Hurricanes make a mess of everything and no good comes from a hurricane that makes landfall
- Even though hurricanes occur on a regular basis, damage can largely be avoided through effective planning and preparation
- Risk hurricanes are:
  - Predictable
  - Extremely costly if ignored
  - Avoidable with planning and preparation



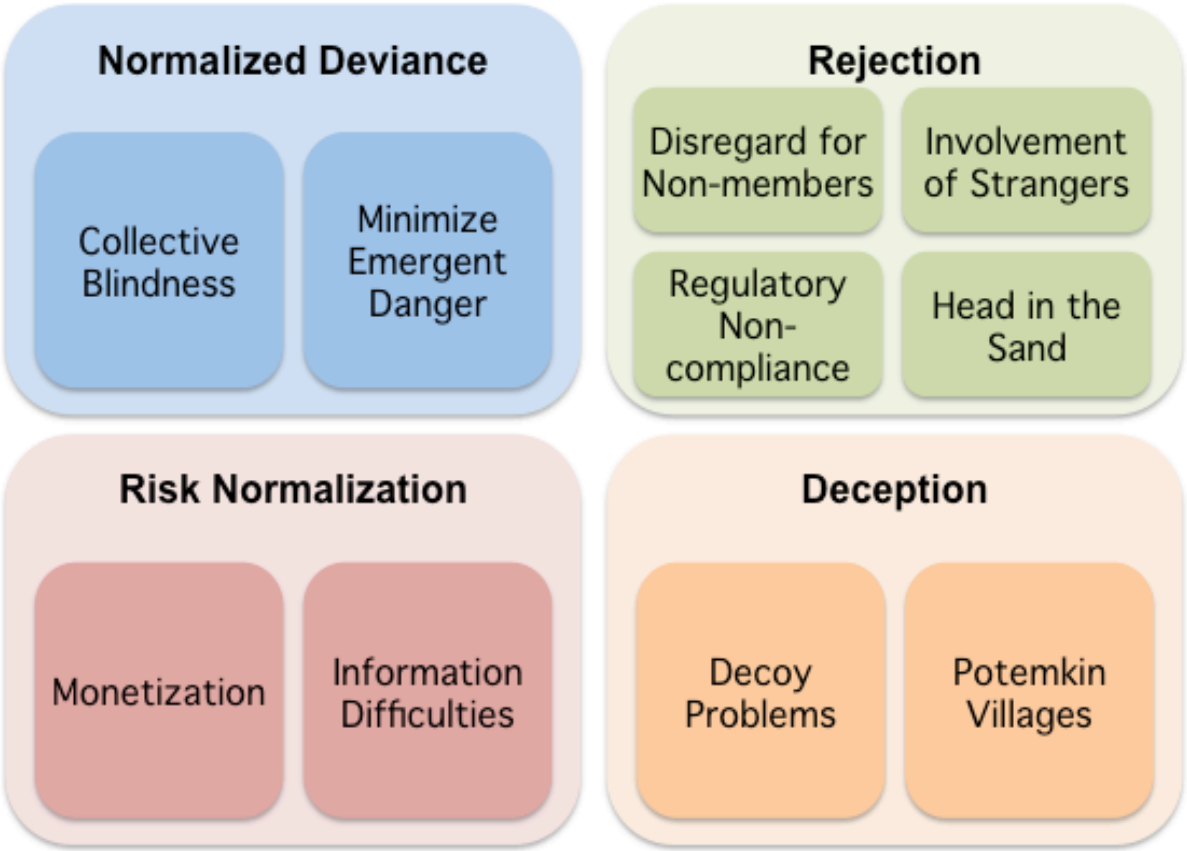
Risk Hurricane Warning Signs

- Four categories of cultural behavior
  - Normalized deviance
  - Rejection
  - Risk normalization
  - Deception

- Turner's seven cultural patterns (collective blindness, decoy problems, disregard for non-members, information difficulties, involvement of strangers, regulatory non-compliance, and minimize emergent danger)

- Three additional culture traits (head in the sand, monetization, and Potemkin Village)

Risk Hurricane





Build a Culture

- According to ISACA, management should pursue the development and maturity of risk management processes and culture with careful attention
- Organizational culture can't be legislated or dictated
- Organizational culture is a reflection of the deep-rooted beliefs of senior management
- Senior management must unequivocally instill and reinforce their beliefs every day
  - Even a single lapse can open a hairline crack that quickly becomes a chasm impossible to bridge.

Information Systems Audit and Control Association (ISACA). (2015). *CRISC Review Manual* (6th ed.). Rolling Meadows, IL: Information Systems Audit and Control Association (ISACA).



Build a Culture

- Culture must be integrated into every aspect of the business
  - Keane Productivity Management
  - Border Patrol Agent Safety
- "Don't touch that button, we are not authorized…"
- Beware of Risk Hurricanes

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Thank You!

Joseph W. Mayo
joseph.mayo@jwmc-llc.com
@TaoOfRisk

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