

ORGANISATIONAL RESILIENCE: A CORE CAPABILITY OF HIGH PERFORMANCE

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OVERVIEW

MANY OF US ARE FAMILIAR WITH THE CONCEPT OF RESILIENCE ON A PERSONAL LEVEL, AS A MEANS OF SUCCESSFULLY COPING WITH STRESSFUL LIFE EVENTS. WE EXPLORE HOW RESILIENCE IS APPLIED IN AN ORGANISATIONAL CONTEXT AND WHY IT IS A VITAL TRAIT OF HIGH PERFORMANCE.

Resilience is a topic that is gaining more focus as the pace of change and levels of stress in the modern world increase. Resilience programmes are being introduced in companies to help individual employees develop and strengthen their skills to cope with these strains. In the last year or so we have seen several clients introduce employee welfare programmes designed to address this explicitly. However, few if any programmes focus on developing resilience at an organisational level. Yet our research shows that the capability of the organisation to be resilient is a critical defining characteristic of a high performance organisation.

Understanding what we mean by organisational resilience is a good starting point. For most it boils down to the company's ability to 'bounce back' when things don't go as planned. We prefer to adopt a broader working definition – one which addresses the organisational capability to firstly anticipate (and prevent, if possible) negative events, secondly to adapt to circumstances as they develop, and thirdly to emerge stronger from whatever events unfold. The resilient organisations are the ones that build sustainable, long-term futures and don't allow themselves be victims of circumstances.

GETTING AHEAD OF THE CURVE

Corporate history is full of stories of once-great companies that were blindsided by the events leading to their downfall. Jim Collins, author of business best-sellers 'Good to Great' and 'Built to Last', gave us many examples of businesses that were at the top of their game at the time of writing. However, many subsequently failed. For example, electronics retailer Circuit City went bankrupt, while mortgage lender Fannie Mae almost brought the global financial system down with its implosion. Their decline led Collins to write a follow-up book entitled 'How the Mighty Fall'. His findings pointed to hubris born of success, lack of discipline, and denial of risk and peril as some of the root causes of the failure of once-great enterprises.

Resilient organisations proactively guard against dangers. They have developed the capability to re-invent themselves as circumstances demand. To flex their strategies or core business models before they become obsolete. To ride the wave of change continually rather than react to it when they are already under water when they simply didn't see it coming. To ask themselves testing questions about how they stay at ahead of the competition.

In this way they don't need to develop the skill to 'bounce back' as they have been busy driving forward.

THINGS GO WRONG, COPE WITH IT!

No matter how well any business plans ahead or anticipates negative events, they will still occur. It is how they deal with these events that defines the resilient organisation. A world-class sports coach once told me how he interprets this message: "We might lose a game now and then, but as long we never lose our collective spirit we will come back." It is the same within organisations. The ability to recover rapidly from setbacks is critical.

This is achieved by keeping focus on the bigger picture and, where required, adapting the plan to reflect changed circumstances. In a previous article, 'Defining the Prize' we discussed the importance of ambition as a starting point for high performance. Resilient organisations don't allow that sense of ambition to be diminished in the wake of setbacks. Quite the opposite, they use the setback as a prompt to re-commit to the journey to achieving it. In essence, they don't allow themselves be knocked off course to their ultimate destination. In tandem, they are not afraid to alter the pathway to getting there. Typically, they are not overly prescriptive on the means of arriving at that destination. In doing so they maintain the ability to innovate or flex their approach (new ideas, behaviours, paradigms) that will help them realise the overall ambition. Therefore, when something doesn't go to plan, as inevitably happens, it is not a cataclysmic or fatal event. The organisation is already conditioned to challenge the best path from now to our ultimate goal. The setback merely reinforces this discipline.

WHAT DOESN'T KILL ME MAKES ME STRONGER

Martin Seligman is a founding father of the principle of positive psychology. His belief is that those who thrive in personal (and business) dimensions are people who possess an optimistic outlook on life and the events that befall them. In some cases this is innate; in others it is a learnt skill. The critical distinction in his view is centred on one's beliefs about adversity. By quickly and decisively dealing with the emotional consequences of adversity and dispelling unrealistic beliefs, one is capable of responding to the setback in a positive manner.

The same is true of organisations. By acknowledging the negative event – i.e. not stubbornly being in denial – but then quickly moving to a positive mind-set the organisation recovers rapidly and emerges as a stronger entity on the other side. We recently returned from a research visit to Toyota in Japan. Some five years ago Toyota suffered significant reputational damage on the back of quality issues leading to the recall of some 9 million vehicles worldwide. By dealing with the crisis as a mechanism for developing a positive mind-set – and reenergising and recommitting to the high performance model that underpinned its success prior to that –



Toyota has recovered its brand capital and business performance. Toyota President, Akio Toyoda's response to the crisis was to deal with the short-term fallout of the recalls and simultaneously gather the entire global executive team to re-focus on driving towards their vision. The core pillars of ambition, purpose, commitment to quality and constant innovation lay at the heart of what had made Toyota great in the first instance and would lead them on the road to recovery now. It is a great example of organisational resilience in action.

Focusing on developing resilience as a core organisational strength should be on the agenda for any aspiring high performance operation.



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