

Continuity

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PREPARING FOR BREXIT

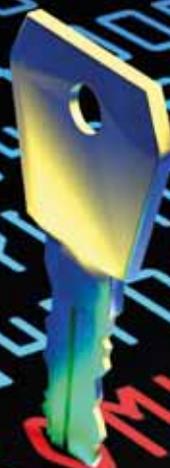
An organisational resilience perspective

CHECKING YOUR BLIND SPOT

Rooting out the unknown knowns

A PLAN FOR ATTACK

Risk of active shooter incidents



HOLDING DATA TO RANSOM

Responding to a cyber extortion incident



A question of balance

Following the release of “Organisational Resilience: A summary of academic evidence, business insights and new thinking”, a global study published by BSI in partnership with Cranfield School of Management, we discuss the findings with author Prof David Denyer



What were the primary reasons for carrying out the study?

Business leaders are recovering from a series of recent world-changing political, financial, social and technological changes that few saw coming. These changes are forcing leaders to review, rethink and redesign their businesses to respond to disruptions, as well as positively adapt in the face of challenging conditions, leveraging opportunities and delivering sustainable performance improvement.

Organisational resilience is a strategic imperative for any organisation to prosper in today's dynamic, interconnected world.

Identifying best practice in this field is a significant challenge, not least because of the conflicting guidance found across a variety of information sources. To address this, BSI teamed up with Cranfield School of Management to assess almost half a century's management thinking, from 1970 to the present day, on how organisations can become more resilient. Over 600 academic papers were initially screened, of which 181 were considered worthy of deeper analysis, together with a wealth of additional books and reports.

This report combines the findings from this study with practical insights from organisations across the globe that exhibit good practice in organisational resilience. The study's conclusion offers today's business leaders a clear framework to help them manage risk and adapt for future business success.

How disparate did you find the definitions of organisational resilience in the various information sources that you reviewed?

Research and thought leadership on organisational resilience has developed over the last 40 years in several different fields. Each of these schools of thought has defined it differently as approaches have matured. The most common definition is the ability to protect the organisation

from threats and 'bounce back' from disruptions to restore a stable state. Then the importance of noticing and reacting to threats and unfamiliar or challenging situations was recognised. Organisational resilience was later defined as the ability to grow and prosper in the future by either improving, refining or extending existing competencies, and more recently the ability to create, invent and explore unknown markets and new technologies.

The study reveals distinct drivers and approaches in the evolution of organisational resilience. Can you outline these?

The report describes how thinking on organisational resilience has been split by two core drivers: defensive (stopping bad things from happening) and progressive (making good things happen); as well as a division between approaches that call for consistency and those that are based on flexibility.

These approaches began with preventative control and have progressed through mindful action, performance optimisation and adaptive innovation. Importantly, the latest and final phase is paradoxical thinking. Paradoxical thinking helps leaders shift from 'either/or' to 'both/and' outcomes – both defensive and progressive; both consistent and flexible.

Together these form the 'Tension Quadrant' which illustrates the elasticity within organisational resilience. Can you summarise the dynamics within this quadrant?

These core drivers and approaches together make up the Tension Quadrant, which identifies four 'dynamics'.

The first of these is called 'preventative control' and is where organisational resilience is achieved by means of robust risk management, physical barriers, systems back-ups, safeguards and standards. These protect the organisation from threats and allow it to 'bounce back' from disruptions

to restore a stable state. Preventative control is essentially a defensive strategy based on consistency.

The second is 'mindful action' and is created by people who use their experience, expertise and teamwork to anticipate and adapt to threats, and respond effectively to unfamiliar or challenging situations. Mindful action is also defensive, but based on flexibility.

The third is 'performance optimisation' and is formed by process optimisation, continually improving, refining and extending existing competencies, and exploiting current technologies, to serve present customers and markets more efficiently and effectively. Performance optimisation is a progressive approach based on consistency.

Finally, 'adaptive innovation' is focussed on innovation, exploring unfamiliar markets and adopting new technologies. In this way, forward-thinking businesses can themselves embody the disruption in their environment. Adaptive innovation is progressive, based on flexibility.

The tensions within the Quadrant will vary according to the nature of the organisation and the environment and circumstances it faces. For example, a potentially high-risk nuclear power business is likely, as a matter of course, to 'skew' the Tension Quadrant towards defensive consistency. But in the light of a new requirement to be, say, more commercially competitive – perhaps because of a withdrawal of state subsidy – more progressive flexibility would be brought into play. In contrast, the nature of an entrepreneurial commercial enterprise would normally emphasise progressive flexibility. But a setback, such as a quality failure and product recall, might prompt increased defensive consistency.

Thus, leaders need to think about how these different elements of organisational resilience can be integrated into a holistic framework. Therefore, integration, balance and fit (for purpose) are essential.



“The tensions within the Quadrant will vary according to the nature of the organisation and the environment and circumstances it faces”

There is also the potential for conflict between these various drivers. How significant is this?

The drivers will, necessarily, be in conflict or increased tension at times; but what is important is that the business continues to respond to all the drivers and to balance out any extremes. Ultimately, there is no ‘right’ or ‘wrong’ shape for the Tension Quadrant, and for any given organisation its position will alter over time, as its goals and external factors dictate.

Once threatened with failure, most organisations respond by bolstering preventative control. This could mean adding new safeguards, reinforcing barriers, perhaps increasing training efforts to enforce compliance, but rarely showing the flexibility to make fundamental changes to mindful action and adaptive innovation.

Instead, paradoxical thinking is required to manage the tensions between defensive and progressive approaches. Integration of preventative control, mindful action, performance optimisation and adaptive innovation is essential where these distinct areas are not yet part of a holistic framework. Overemphasis on the defensive agenda impedes resilience because the organisation becomes inflexible and unproductive. Overemphasis on the progressive agenda impedes resilience because solely striving to achieve more from less can cause organisations to lose focus on their core business, sometimes resulting in failure.

Resilient organisations must be both highly adaptable to external market shifts, while simultaneously focused on their own coherent business strategy. Senior leaders must manage the tension between consistency and flexibility, finding the right balance needed between controlling risks and taking opportunities.

The report proposes that companies adopt a new approach described as 4Sight. What does this encompass?

4Sight describes a repeatable process consisting of four core processes: foresight, insight, oversight and hindsight.

Foresight is the ability to anticipate, predict and prepare for an organisation’s future. This will require constant surveillance for potential threats and possible opportunities. Foresight will help people in an organisation to be mentally prepared for uncertainty and change.

Insight means interpreting and responding to present conditions. This involves systematically gathering information and evidence from diverse sources, including first-hand observation of customers in the field or front-line staff, to create and continually update a shared understanding of the status of ongoing operations and the environment faced.

Oversight entails monitoring and reviewing what has happened, and assessing changes. This includes putting in place a robust process for identifying, managing and monitoring critical risks, and continuously refining the process as the business environment changes.

Hindsight means learning the right lessons from experience. This requires a ‘no blame’ culture and a willingness to learn from success as well as failure. Future performance can only be enhanced if the organisation is able to change behaviour as a result of experience.

4Sight is particularly useful for dealing with complex problems such as developing a new technology, planning a new infrastructure system, implementing a major change programme or dealing with a crisis. Such challenges are difficult to resolve because of incomplete or contradictory

knowledge, the number of stakeholders and opinions involved, the financial risk, and the interconnected nature of these issues with other problems. Mobilising people to meet these challenges is at the heart of organisational resilience.

How does such an approach fit with current approaches to resilience?

Solving complex problems often requires different concepts to be employed simultaneously, and 4Sight complements the well-established ‘Plan-Do-Check-Act’ (PDCA) methodology. While PDCA provides consistency, 4Sight provides the flexibility to deal with today’s big, complex issues. A blend of the two methodologies is key to success in achieving organisational resilience.

Implementing any framework for organisational resilience requires effort and effective leadership. In an increasingly complex and dynamic world, it calls for leaders who can direct and coordinate change; and do so collaboratively, not by alienating their people with ‘top down’ visions and targets, but by harnessing the talent of those who can develop solutions to emerging challenges.

Executives must manage the tension between the strong supportive leadership that their people want to see during times of change, and the more challenging collaborative leadership that will optimise talent. Echoing the report’s main themes, in leadership, as elsewhere, an increasingly uncertain, complex and ambiguous world calls for an appropriate balance between defence and progression, consistency and flexibility.

To read the full report, please visit: www.bsigroup.com/organisational-resilience.

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