

Organisational Resilience

Parsons argues that a modern organisation's ability to survive and prosper against the flow-on effects of natural disasters will depend on its resilience capacity.

ABSTRACT

Traditional risk management and business continuity management practices are well suited to meeting the challenges of foreseeable risk. In a rapidly changing world, organisations may be subject to natural disasters, widespread and sustained critical infrastructure disruptions and the impacts of international supply chain disruptions. These threats can exceed the scale foreseen and planned for by an organisation. The ability to survive and take advantage of these events depends on the resilience capacity of the organisation. An organisation wishing to survive and prosper from adversity could optimise its opportunity by enhancing its resilience attributes in preparation for such events.

Introduction

Resilience is often described as the capability of an organisation to minimise the impact of severe disruption events on the organisation's objectives, the ability to "bounce back". However there are many organisations that have experienced adversity and used the event as an opportunity to improve the organisation's prospects. This could mean improving market share, reputation or staff morale and reducing the requirement for government intervention and increased regulation. A highly resilient organisation could use severe disruptive events as an opportunity to slingshot the organisation forward. This was demonstrated by Nokia in March 2000 when they experienced a supply chain disruption. The supply chain also provided product to their competitor Ericsson. Nokia effectively used the event to significantly increase their share of the mobile telephone market. (Sheffi 2005). The US Competitiveness Council describes resilience as "the capacity for complex systems to survive, adapt, evolve and grow in the face of turbulent change. The resilient organisation is risk intelligent flexible and agile". (Opstal 2007).

The report from a workshop conducted by the Trusted Information Sharing Network's Community of Interest describes eight key attributes of resilient organisations.

(Parsons 2007). These attributes are awareness, agility and flexibility, change readiness, interdependency knowledge, integration, culture and values, leadership and communications. In times of adversity these attributes enable an organisation to effectively:

- anticipate and understand emerging threats
- understand the impact of threats on the organisation, supply chain, the community in which it operates and upon the lives of staff
- develop and maintain supportive partnerships with critical stakeholders in their supply chain, sector and community
- respond, recover and grow from disruptions as a unified whole of organisation team
- adapt to disruption and react flexibly to restore and improve functioning and strengthen the organisation
- ensure staff are willing and able to support the organisation to achieve organisational objectives
- articulate clear organisational objectives and establish a strong sense of purpose in response to, recovery and growth from a disruption
- lead with clear direction while enabling devolved problem solving.

The resilience attributes identified by the Trusted Information Sharing Network's Community of Interest in their 2007 report are described below.

The awareness attribute enables anticipation and understanding of emerging threats, enables organisations to know their own, their staff and their supply chain's vulnerabilities and the tipping points that would be irreversible if they were reached. An aware organisation would consider severe case disruption scenarios stretching the imagination of staff. An aware organisation has the knowledge to identify and interpret weak signals that enable the early identification of developing risks. The development of sentinel capabilities in an organisation is critical for effective awareness.

Agility and flexibility would be built through considering 'what if' scenarios, learning from events experienced by other organisations, preparing and practicing response and recovery strategies as well as developing problem solving skills, adaptive thinking and work a rounds.

Change readiness in organisations can be increased by considering what their future business may look like and considering how events could be used to enable change. To be ready for change research is needed to investigate new technologies and approaches. There needs to be a level of opportunistic readiness.

Interdependency knowledge ensures the organisation has trusted relationships with stakeholders, regulators and suppliers. Organisations strong in this attribute develop mutual aid arrangements with industry peers and neighbours. The dependency on staff is clearly understood and arrangements are in place to ensure all staff can support the organisation achieve its objectives during adversity.

Teamwork and the avoidance of silo-ism is important in an organisation trying to ensure an integrated and seamless response, recovery and growth operation. Information and resources need to flow across the organisation, suppliers and contractors. The organisation needs to work together before the event achieving awareness and effective preparedness.

Culture and values is one of the most important organisational attributes in achieving resilience. An organisation under great stress needs to have a strong unity of purpose. Staff need to have a "one in all in" approach with a strong team spirit and will to succeed and beat the odds. A resilient organisation would have an enthusiasm for challenge and see a crisis as an opportunity. The staff would have high levels of morale and personal resilience. The importance of shared beliefs and values would be critical.

Leadership during complex times of uncertainty is required to set clear goals and enable devolved decision making and problem solving. To achieve this goal staff must feel empowered to make the required decisions by

having clear delegation and objectives to be achieved. Leaders need to be able to adapt leadership styles to the situation at hand. A core role of leadership is to build hope and optimism amongst staff.

Last but not least is the need for the communication of information between all stakeholders. Information needs to be communicated rapidly and accurately. Communication channels need to be accessible by all those involved in the operation as required and understood by all participants.

All the above attributes in turn need to be applied to an organisation's policies, procedures, people, assets and infrastructure, contractors and technology systems.

Fiksel (2003) talks of creating "inherent resilience by designing in diversity, efficiency, adaptability and cohesion." While Starr, Newfrock & Delaney. (2007) state "a resilient organisation effectively aligns its strategy, operations, management systems, governance structure and decision support capabilities so that it can uncover and adjust to continually changing risks, endure disruptions to its primary earnings drivers, and create advantages over less adaptive competitors"

The concept of resilience is very difficult to incorporate into a plan or checklist. Resilience is the outcome from undertaking many activities in an organisation. These activities can include human resource practices, business continuity planning, strategic planning, risk management, asset design, internal communications and relationship management to name just a few. Resilience is the output from the combination of all this efforts and should be seen as an underpinning objective similar to sustainability and corporate social responsibility. Dr Erica Seville (2008) states "Resilience is not something you doit is something you are."





Mississippi Power is an example of the level of resilience an organisation can achieve.

An example of the level of resilience an organisation can achieve is that of Mississippi Power. Mississippi Power supplies electricity to the Gulf Coast and was severely impacted by Hurricane Katrina. Mississippi's Power's corporate motto is "Always on" a simple statement they practice everyday that is well known to staff. Mississippi Power had a workforce of 1,250 employees at the time of Hurricane Katrina. After the hurricane Mississippi Power deployed 11,000 additional workers from across North America. This enabled them to repair their severely damaged system and restore services to all customers in 12 days. All staff returned to work even though many had no homes to return to. Mississippi Power had a "one in all in" culture with strong family support. Even though many staff had lost their homes they returned to work to be part of the team. Existing plans were well rehearsed and flexible enough to stretch to double their planned levels. Staff were empowered to make decisions and lead at all levels within the organisation. Strong community links were in place.

Starr, Newfrock, Delaney (2007) say that "resilient organisations are sensing, agile, networked, prepared, consider outrageous possibilities, learning how to survive before the fact". The challenge is building this capability within our organisations.

Charles Darwin said, "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change." He also said, "In the long history of humankind (and animal kind too) it is those who have learned to collaborate and improvise most effectively that have prevailed."

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www.weforum.org

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