

# Resilience of Organisations

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# The Resilient Organisations Research Group

- ***“Building more resilient organisations, able to survive and thrive in a world of uncertainty, through research and practice”***
- A multi-disciplinary team of 17 researchers and practitioners from around New Zealand
- A synthesis of engineering and business disciplines



# Defining Organisational Resilience

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**A Resilient Organisation is one that is not only able to survive but to thrive, still achieving it's core objectives, even in the face of adversity.**



# Why Resilience is Important

- Increasing complexity
  - Increasing frequency of crises
  - Unpredictable outcomes



- In the battle for just-in-time and high efficiency, resilience can become a casualty
- Yet none of us want to just ‘survive’ the crisis, but rather we desire to thrive!



# How do you Judge Resilience?

- You can't just wait for the disaster to happen to find out
- Want a tool that is relevant for all types of organisations and for any crisis
- Can't just look at inputs....
  - ❑ Some organisations that don't plan, actually perform very well during a crisis...
  - ❑ Some organisations that plan extensively, perform poorly when the actual crisis doesn't align with planning assumptions!



- Be **pre-planned** wherever possible and yet fluid enough to **adapt** to changing circumstances.
- Have leaders able to **inspire** their people with a sense of hope and direction, whilst also being **grounded** with realism about the situation they are faced with.
- Have an organisational culture that values **disciplined** planning whilst fostering an ability to also be **creative and innovate**.



## Resilience Paradoxes (2)

- Plan and make decisions carefully and in a **structured** way, yet be **responsive** and able to move quickly and boldly.
- Have teams able to recognise patterns and **integrate** disparate information in order to make sense of a chaotic situation, while being **sensitive and alert** to subtle changes to the environment as the situation evolves.

Vargo and Seville (2010)

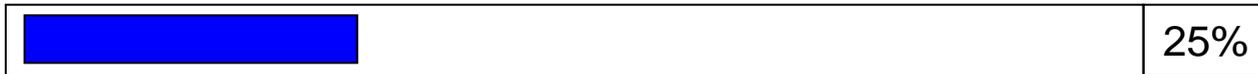


# An early model of Organisational Resilience

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- Resilience is typified by:
  - Ethos of resilience
  - Situation awareness
  - Managing keystone vulnerabilities
  - Adaptive Capacity
  
- Auckland Benchmark Resilience study





To what extent do you agree or disagree with the following statement:

Strongly  
Agree

Agree

Disagree

Strongly  
Disagree

Don't  
Know

Our organisation is focused on being able to respond to the unexpected



- 63 questions measuring organisational resilience
- 18 reflective questions – financial and management questions
- 2 versions of the tool – senior manager and all-staff

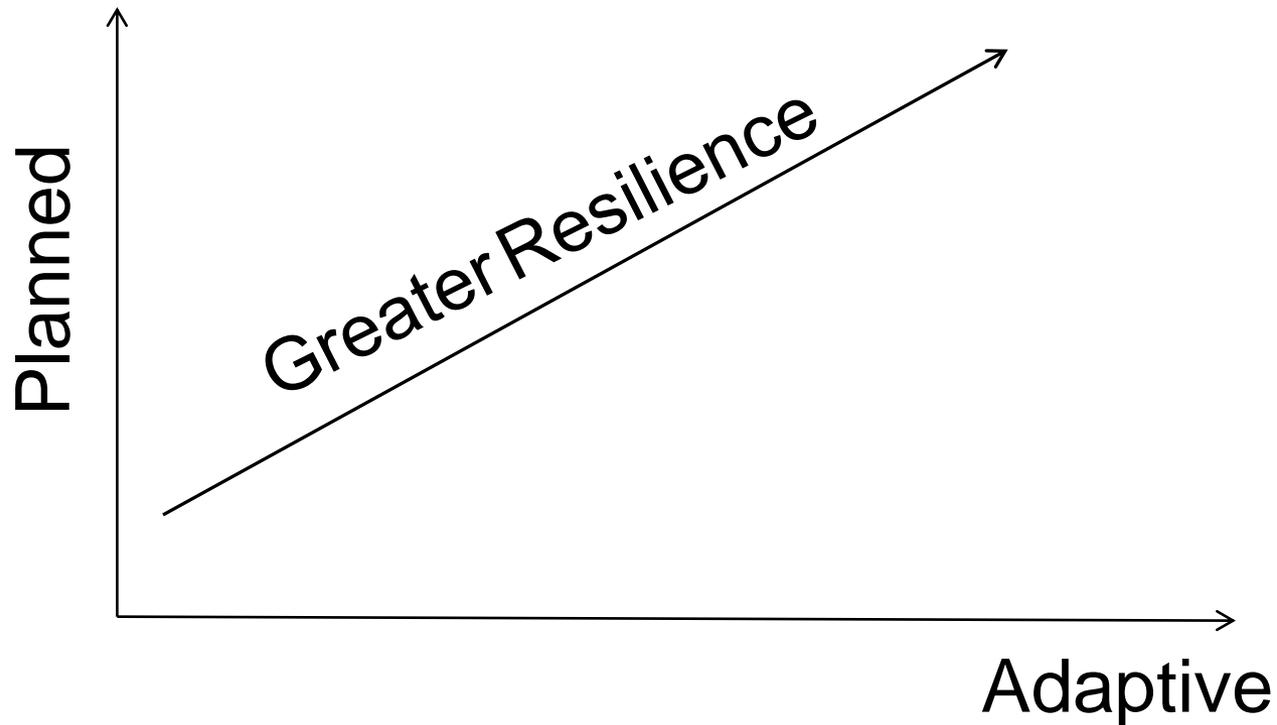


- Original model based on:
  - Research literature
  - Detailed case studies
  - Practitioner input
  
- Survey enabled us to (statistically):
  - Identify dimensions of resilience (seeking parsimony)
  - Validate relevance of individual indicators
  - Compare with 'reflective' measures of business performance



# New Model of Organisational Resilience

- Planned and Adaptive, this is the key



Planning Dimension	Adaptive Capacity Dimension
Proactive posture	Leadership
Recovery priorities	Decision making
Planning strategies	Innovation and creativity
Participation in exercises	Situation monitoring and reporting
External resources	Information and knowledge
	Staff involvement
	Minimisation of silos
	Internal resources

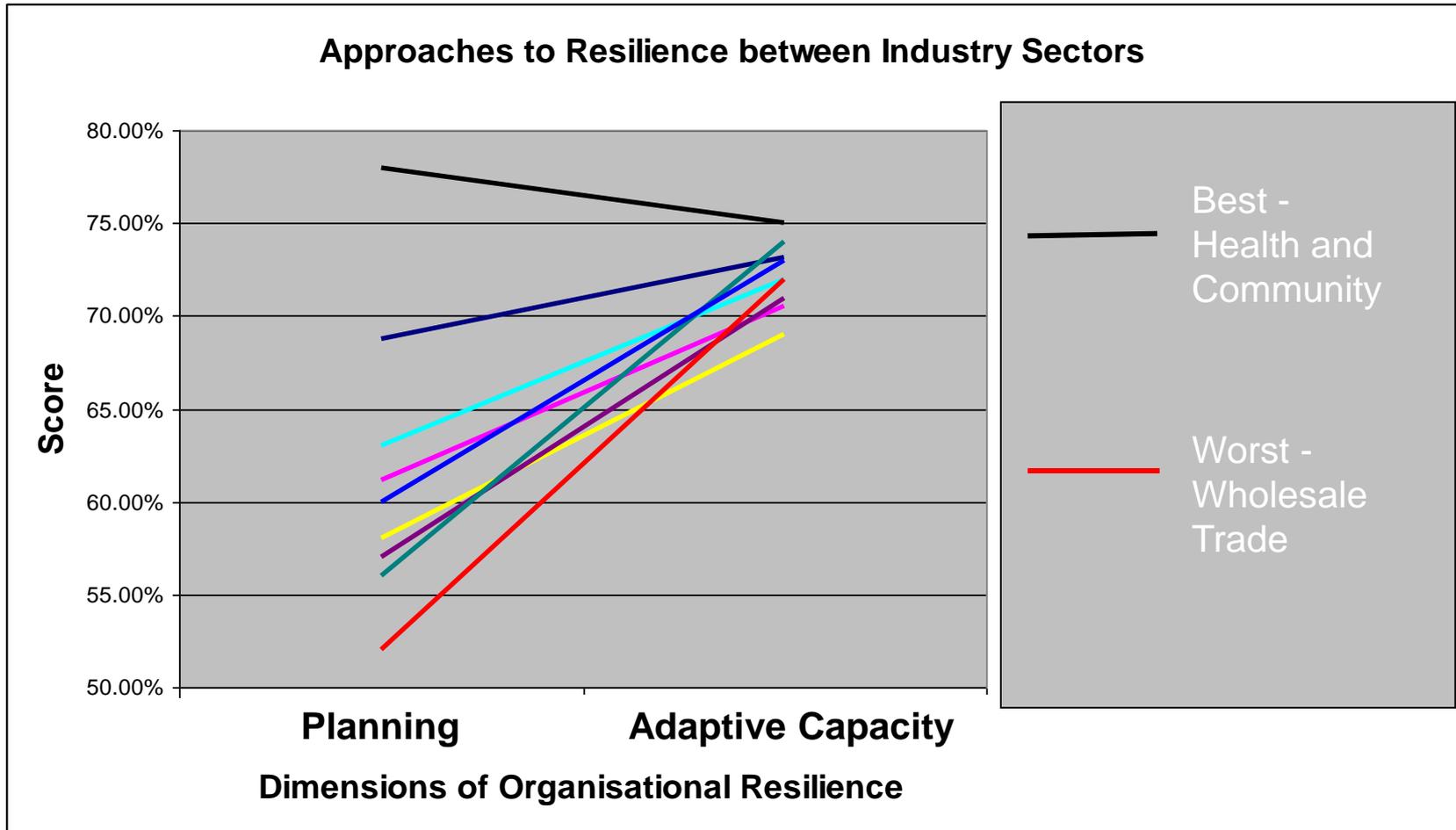
# Results of the Auckland Study

- Participants:
  - Random sample of organisations in the Auckland Region
  - 249 individuals from 68 organisations took part
  
- Strengths identified:
  - Situation monitoring and reporting
  - Decision making
  
- Weaknesses identified:
  - Planning strategies
  - External resources

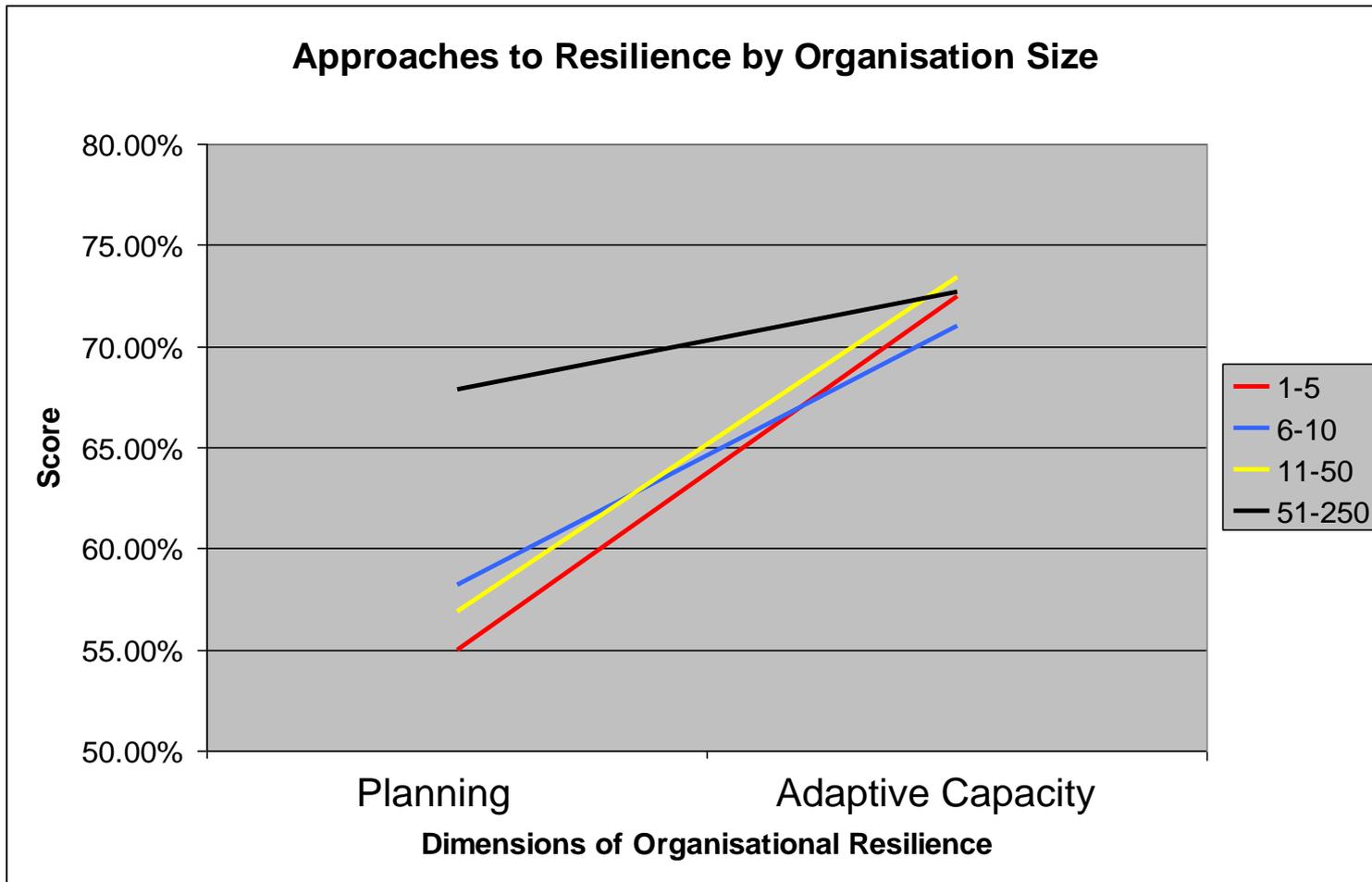
Organisational Resilience Score Boundary	Number of Organisations
Excellent (81-100%)	1
Good (73-80%)	11
Fair (57-72%)	46
Poor (49-56%)	7
Very Poor (0-48%)	3



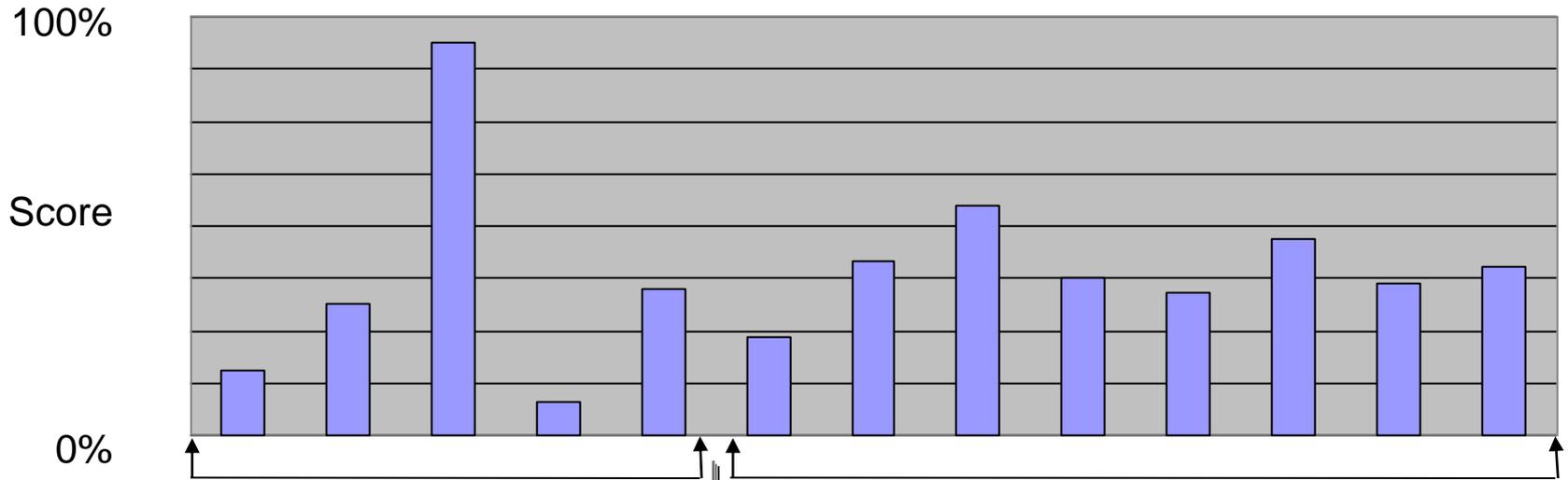
# Approaches to Resilience – Industry Sectors



# Approaches to Resilience – Organisation Size



# The Least Resilient Organisation



## Planning

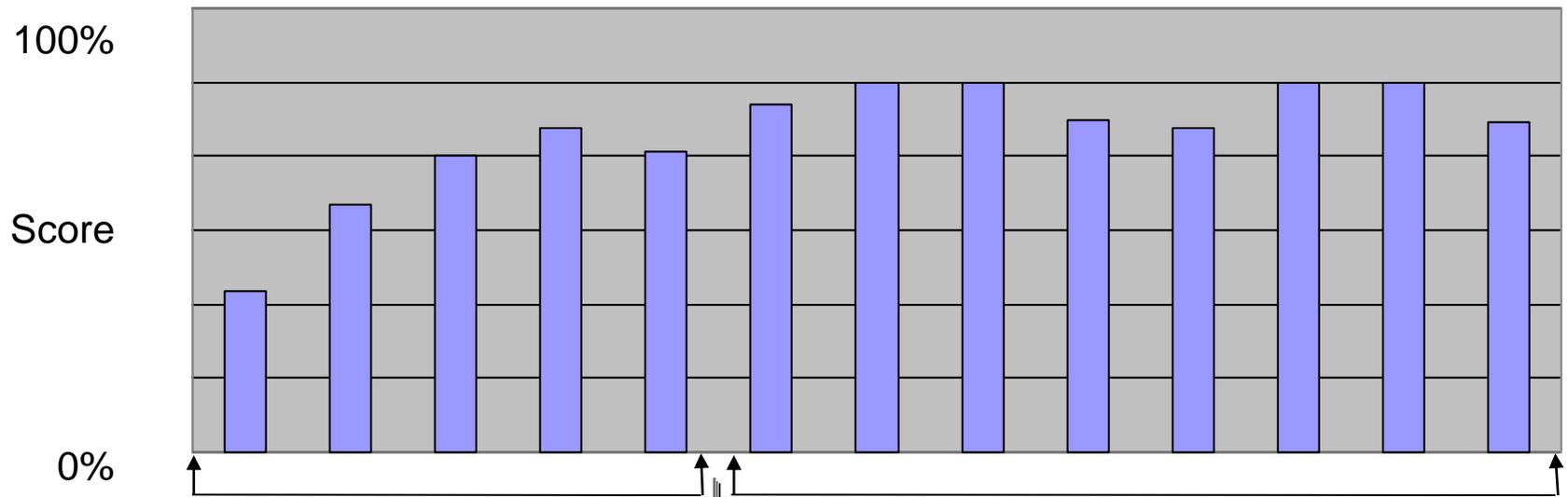
- Planning strategies
- Simulations and exercises
- Proactive posture
- External resources
- Recovery priorities

## Adaptive Capacity

- Silos
- Internal resources
- Staff involvement
- Information and knowledge
- Crisis leadership
- Innovation and creativity
- Decision making
- Situation monitoring and reporting



# The Most Resilient Organisation



## Planning

- Planning strategies
- Simulations and exercises
- Proactive posture
- External resources
- Recovery priorities

## Adaptive Capacity

- Silos
- Internal resources
- Staff involvement
- Information and knowledge
- Crisis leadership
- Innovation and creativity
- Decision making
- Situation monitoring and reporting



# Reflective Measures

Reflective Measure	Significance# with Organisational Resilience
Debt to equity ratio	22.10%
Number of locations or sites	28.20%
Average annual staff turnover	42.80%
External directors on governing board	50.30%
Relocation in a crisis if building was inaccessible	65.70%
Back-up IT facilities	66.20%
Average annual sales growth rate	77.20%
Use of a staff satisfaction survey	97.00%
Number of full time staff	97.80%
Average annual profit-to-sales ratio	98.80%
Average annual return on investment	99.70%
Cash flow	99.80%

# A score above 95% is considered significant, the closer to 100% the more significant



- These are early days...
- Repeat survey for confirmatory analysis
- Sector based assessments
- Offer the tool online for organisations to use
- Longitudinal studies



# BLOOD BANK

THE HEATING SYSTEM  
FAILED IN THE NIGHT.  
THE WHOLE PLACE HAS  
SCABBED UP.



*aweldon*

**When the crisis comes...  
....will your organisation be resilient enough?**

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