Resilience of Organisations

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Resilient 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
A Resilient Organisation is one that is not only able to survive but to thrive, still achieving its 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!
Resilience Paradoxes

- 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**.
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)
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:

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Don’t Know</th>
</tr>
</thead>
</table>

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
Analysis of the Results

- 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

Planned

Adaptive

Greater Resilience
<table>
<thead>
<tr>
<th>Planning Dimension</th>
<th>Adaptive Capacity Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactive posture</td>
<td>Leadership</td>
</tr>
<tr>
<td>Recovery priorities</td>
<td>Decision making</td>
</tr>
<tr>
<td>Planning strategies</td>
<td>Innovation and creativity</td>
</tr>
<tr>
<td>Participation in exercises</td>
<td>Situation monitoring and reporting</td>
</tr>
<tr>
<td>External resources</td>
<td>Information and knowledge</td>
</tr>
<tr>
<td></td>
<td>Staff involvement</td>
</tr>
<tr>
<td></td>
<td>Minimisation of silos</td>
</tr>
<tr>
<td></td>
<td>Internal resources</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Organisational Resilience Score Boundary</th>
<th>Number of Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent (81-100%)</td>
<td>1</td>
</tr>
<tr>
<td>Good (73-80%)</td>
<td>11</td>
</tr>
<tr>
<td>Fair (57-72%)</td>
<td>46</td>
</tr>
<tr>
<td>Poor (49-56%)</td>
<td>7</td>
</tr>
<tr>
<td>Very Poor (0-48%)</td>
<td>3</td>
</tr>
</tbody>
</table>
Approaches to Resilience – Industry Sectors

Dimensions of Organisational Resilience

Score

Planning

Adaptive Capacity

Best - Health and Community

Worst - Wholesale Trade
Approaches to Resilience – Organisation Size

Approaches to Resilience by Organisation Size

Planning  Adaptive Capacity

Dimensions of Organisational Resilience
The Least Resilient Organisation

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

- Silos
- Internal resources
- Staff involvement
- Information and knowledge
- Crisis leadership

- Innovation and creativity
- Decision making
- Situation monitoring and reporting
## Reflective Measures

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

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

- These are early days...
- Repeat survey for confirmatory analysis
- Sector based assessments
- Offer the tool online for organisations to use
- Longitudinal studies
When the crisis comes...
....will your organisation be resilient enough?

www.resorgs.org.nz