

Building Resilient Organisations

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Our Context

To **understand and reduce** the **impact** of hazard events, we need to be able to **evaluate** how **key organisations** are going to **perform** during and after these events.

Hmm...but how to judge this? Many paradoxes can be observed.

Resilient Organisations

6 year FRST funded research programme that continues until 2010.

www.resorgs.org.nz

The programme has three main objectives

1. Organizational planning for hazard events
2. Information sharing between organisations
3. Planning for post-disaster reconstruction

Overview

- Exploring the concept of organisational resilience
- Organisations on the brink – 2 case studies.
- Seeking the silver lining - out of crisis comes opportunity...
- Putting it into practice for your organisation.

A New Paradigm

- Resilience is not something you do...it is something you are.
- Waves of Adversity (Glavovic)
- Learning to Surf (van der Walt)

A Resilient Organisation is one that is not only able to survive, but also to thrive, in the face of adversity.

Predicting which Organisations will Stand or Fall..

- Risk intelligence
- Effective planning
- Leadership
- Trust and engagement
- Ingenuity under stress
- Ability to sense and anticipate environment changes

Just a new buzzword?

- Why a **new concept** and **new terminology**?
- Existing practices (Risk Management, Business Continuity Planning, Emergency Planning, Strategic Planning), tend to be practiced in silos and not cover the full spectrum of relevant issues.
- Resilience provides a **paradigm or framework** for thinking about an organisation survival potential
- RM, BCP, Strategic Planning etc are in the **toolkit** for achieving greater resilience.

How to Evaluate Resilience?

10 case studies of very different organisations

- Large primary producer
- Manufacturer and exporter
- Wholesale distributor
- Medium sized retailer
- Public utility provided
- Private utility provider
- Private nationwide contractor
- Small technology service provider
- Large education institution
- Small local government authority

Defining Resilience for Organisations

A Resilient Organisation is one that is not only able to survive, but also to thrive, in the face of adversity.

Key Qualities contributing to Resilience

- Organisational Ethos
- Situation Awareness
- Management of Keystone Vulnerabilities
- Adaptive Capacity

Factors contributing to these Resilience Qualities

- **Organisational Ethos**
 - Effective **leadership**
 - **Commitment** to resilience
 - A culture of **unbound communication**
 - **Collaborative** resilience planning with stakeholders

Resilient Organisations **Factors contributing to these Resilience Qualities**

■ **Situation Awareness**

- Staff understanding of **roles and responsibilities**
- Awareness of **connectivity** within an organisational network
- Understanding of **challenges and consequences**
- Clear and well communicated **recovery priorities**
- Monitoring of **strong and weak signals**
- Discipline of **well informed decision making**
- Understanding of **Insurance Provisions**

Resilient Organisations **Factors contributing to these Resilience Qualities**

■ **Management of Keystone Vulnerabilities**

- Quality of **planning strategies**
- Participation in **exercises**
- **Engagement** of staff
- Capability and capacity of internal & external **resources**
- **Strength of connectivity** with key organisations
- Effective identification and **analysis of vulnerabilities**
- Clear **ownership** for vulnerability management

Resilient Organisations **Factors contributing to these Resilience Qualities**

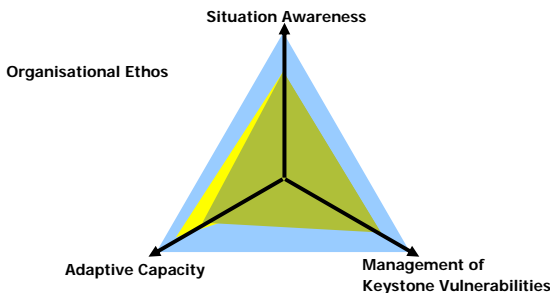
■ **Adaptive Capacity**

- Minimisation of **silos mentality**
- Proactive management of **communications and relationships**
- **Strategic vision** & a positive **outcome expectancy**
- **Information & knowledge** management
- Leadership, **management & governance structures**
- **Innovation & creativity**

Resilient Organisations **Your thoughts**

- Of the 24 factors identified, which factors do you think contribute most towards an organisations overall resilience?
- Please vote for your top 4.

Resilient Organisations **Resilience Profile**



Resilient Organisations **Resilience in the face of a risky world**

- The world is a risky place
- This same world is full of opportunities
- Crisis are often the confluence of risks and opportunities
- Organisational leadership and their approach to crisis are crucial to 'finding the silver lining'

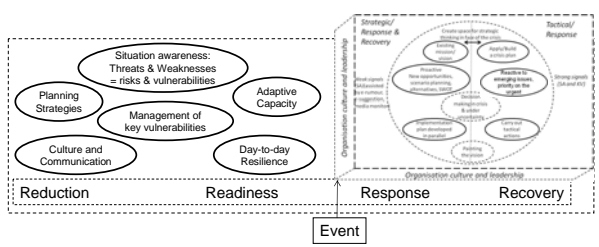
From Crisis Comes Opportunity to Change...

- When life is comfortable – change is hard to initiate:
 - No sense of urgency: “why fix what isn’t broken”?
 - Incremental rather than radical change.
 - Prevailing cultures can be very resilient!
- Creating the Crisis to Drive the Change
 - New CEO → Restructure to create culture change
 - Remove the comfort zone
 - Show them the light at the end of the tunnel...
- A disaster/crisis presents the same pre-conditions for change!

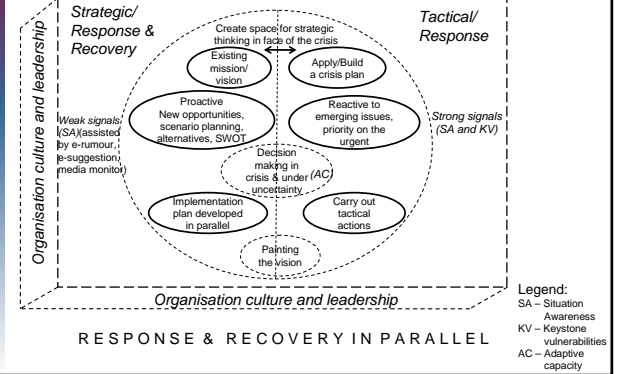
Crisis strategic planning defined

- Crisis management:
 - **Definition:** Crisis management is the systematic attempt to avoid organizational crises or to manage those events that do occur
- Strategic planning:
 - **Definition:** Strategic planning is the formal consideration of an organization’s future course
- Crisis strategic planning:
 - **Definition:** Crisis Strategic Planning is the process of searching out and developing opportunities in the midst of crisis. It is the integration of Crisis management and Strategic planning.
- Avoiding ‘crisis myopia’ and finding the silver lining

Crisis strategic planning in Context

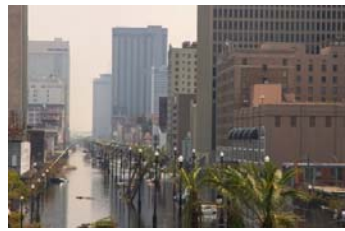


Crisis Strategic Planning: a model



Two case studies: a thumbnail sketch

- University of Loyola New Orleans:
 - Hurricane Katrina, August 2005
 - The diaspora
 - Regathering the scattered students and staff
 - 40% reduction in income is its own crisis!



Two case studies: a thumbnail sketch

- California State University, Northridge
 - The Northridge California earthquake of 1994
 - Camping out after the destruction
 - Local campus with local students



Resilient Organisations Existing Mission/Vision

- Organisations perform well when they have a **single unifying purpose** to work collectively towards...

- CSU Northridge**
 - Existing charter for the University provided a core framework for all response and recovery decision.
 - 'Classes must start again ASAP' - This was a non-negotiable baseline for all staff
- Loyola**
 - Had strategic plan but in need of revamping. Had begun process prior to Katrina

Resilient Organisations New Opportunities

- Organisations need to be **proactive** in seeking out new opportunities. It also requires a **realistic optimism** that the organisation can and will emerge from the crisis better than it was before.

- CSU Northridge**
 - Emerged as a modern campus (funded by others!)
 - More student focused institution
- Loyola**
 - Academically robust strategic plan.
 - Review all programmes in light of new reality
 - On-line learning initiative

Resilient Organisations Implementation Plans Developed in Parallel

- In rapidly changing environments, **Plans A, B, and C** should be developed simultaneously

- CSU Northridge**
 - 1 week lost...
 - All effort went into rehabilitating buildings until the realisation dawned that continuing aftershocks made this unrealistic.
- Loyola**
 - Campus on high ground, but...
 - Collaboration with AJCU
 - Law school moved to Houston temporarily

Resilient Organisations Decision Making in Crisis

- Aim for **group** decision making so all view points can be heard before moving towards more **unilateral** decision making. The value of a **'safe' sounding board** for leaders should not be underestimated.

- CSU Northridge**
 - 'Inner circle'
 - Predominantly command and control type decision making
 - Chancellor as 'off-campus' support for President
- Loyola**
 - Normally collegial decision making more autocratic during response phase
 - AJCU friends as sounding board
 - Decision to re-open in New Orleans! (January 2006)

Resilient Organisations Painting the Vision

- Staff need to believe** that the recovery of the organisation is not only possible, but could also be the catalyst for positive change.

- CSU Northridge**
 - "We will be back, and back better"
 - "Acting as if we could..."
- Loyola**
 - Pay the faculty and staff
 - Students in the diaspora: had to become more student focussed


Resilient Organisations Apply/Build the Crisis Plan

- Immediate application of an existing crisis plan creates **purpose** and fresh **hope**. It demonstrates forethought and creates **confidence in leadership**

- CSU Northridge**
 - Had a great plan, but it wasn't effective
- Loyola**
 - Existing crisis plan worked but weaknesses in face of Katrina...
 - Recovery phase improvements were made in crisis plan

Resilient Organisations **Reactive to emerging issues**

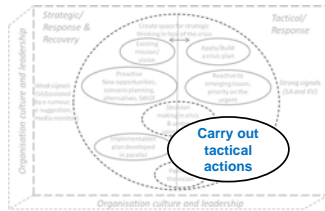
- **Good situation awareness and principles for setting priorities** required when facing a flood of urgent strong signals



- **CSU Northridge**
 - Ongoing aftershocks meant rethinking recovery strategies
- **Loyola**
 - Inability to occupy campus required admin relocation, but where?
 - Computing facilities, but no essential services...
 - Collaboration with AJCU and sister universities

Resilient Organisations **Carry out Tactical Actions**

- **Decisive action informed by group processes** for best solutions. Tactical actions should be aligned to **new opportunities** whenever possible



- **CSU Northridge**
 - Accessing a fleet of trailers
- **Loyola**
 - Mandatory evacuation of campus after consultation with crisis team.
 - Communication and computer issues required lateral thinking

Resilient Organisations **Strategic thinking in the face of crisis**

- **Create the space for strategic thinking**, by either using a different team (need to ensure they are **in touch with the tactical reality**) or refocusing the tactical team periodically on strategic issues (Need to **lower the adrenalin**)



- **CSU Northridge**
 - 'Inner Circle' all involved in both tactical and strategic management
 - Lots of 'hugging' and off-campus retreats
- **Loyola**
 - 3 VPs and the President in Alexandria (220 miles)
 - Sharing a meal
 - Stress relief at the gym

Resilient Organisations **Organisation Culture and Leadership**

- **The 'real' values of the leader and organisation reveal themselves in a crisis.** Sound planning will never substitute for **effective leadership.**



- **CSU Northridge**
 - Superb leadership
 - Flattening of the traditional hierarchy
 - Marked shift away from consultative environment
- **Loyola**
 - Leader was on 'the front'
 - Marked shift away from consultative environment
 - Communication for a diaspora
 - Mobilising faculty and staff to reach students

Resilient Organisations **Success & failure factors**

- **Success factors:**
 - Clear mission and focused goal: "We will re-open!"
 - Great leadership
 - Strong community engagement
 - Shared membership across strategic and crisis teams
- **Failure factors**
 - Didn't always do implementation plan in parallel
 - Lack of sound engagement with faculty
 - Prior planning too narrowly focussed

Resilient Organisations **Lessons learned: did they 'find the silver lining'?**

- Recovery is always possible
- Symbiotic relationship with wider community
- Interdependence with 'competitors'
- Importance of planning, but criticality of leadership
- Crisis is a great way of grounding strategic plan
- Change rarely occurs without some kind of crisis

Opportunity from Crisis – the upside of Resilience

- Resilience – in it for the long game
- Perception can become the reality: winning the hearts and minds
- Apollo 13: the framing of the problem can transform the atmosphere

Can you see any silver lining?

- Imagine you are the Managing Director of a major public hospital
- Pandemic is breaking out...it is expected to arrive in your region at any time
- You have management plans in place but fully expect them to prove ineffective
- With your neighbour, identify three benefits that could emerge from this crisis that could transform future healthcare?

Crises can take many forms...

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Localised Event	An organisation specific incident resulting in loss of life, severe disruption to normal operations and reputation impacts.
Distal Event	Impacts business flow through key suppliers or customers.



The End Goal...

Resilience as the 4th bottom line?

How do the Resilience Qualities for YOUR organisation measure up?

