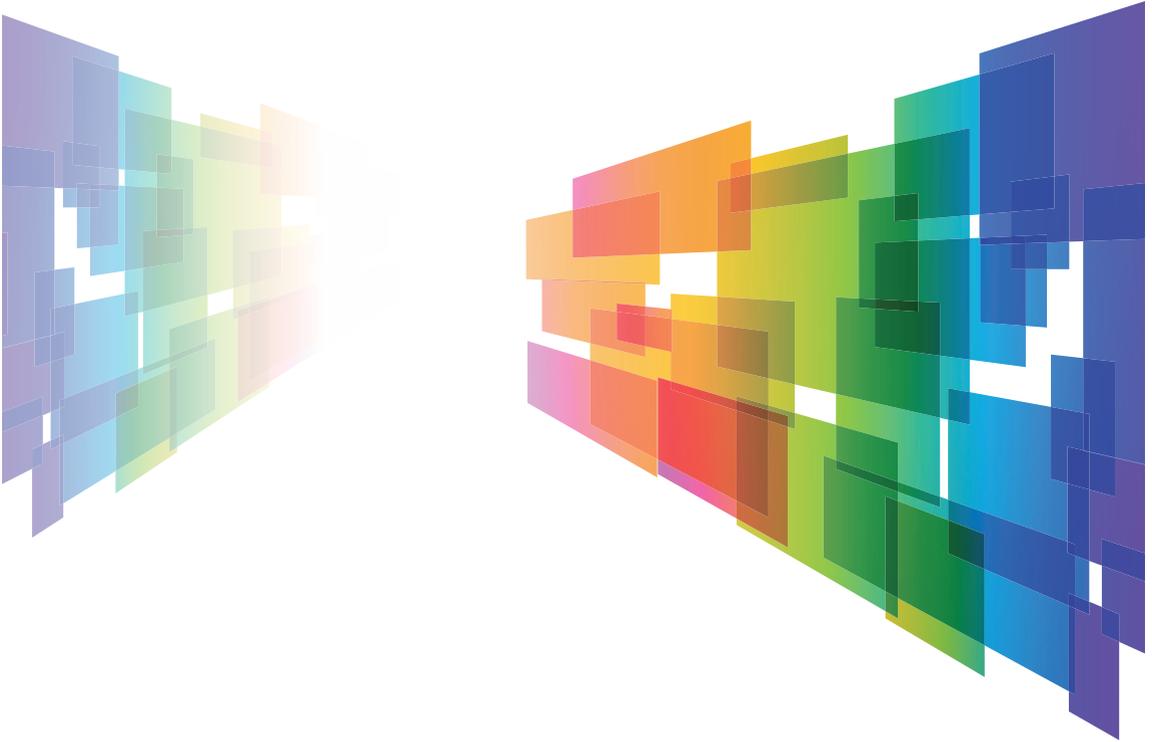


BUILDING ADAPTIVE RESILIENCE

High-performing today, agile tomorrow, thriving in the future



KEY FINDINGS FROM THE BUILDING RESILIENT INFRASTRUCTURE ORGANISATIONS PROJECT



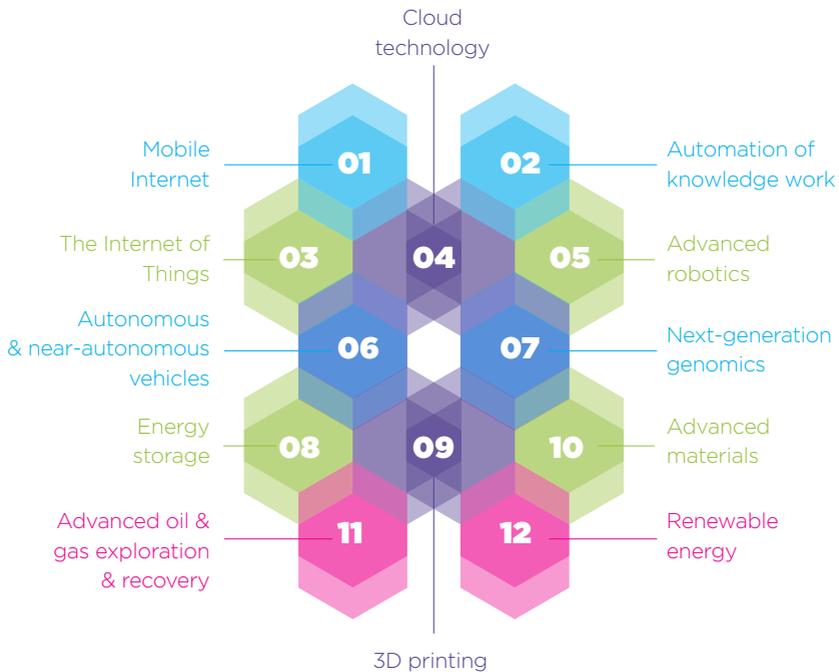
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12 technologies that spell the end of business as usual



Source: McKinsey Global Institute Report, 2013.

ARE YOU READY?

Management experts agree that business environments around the world are likely to become more volatile, uncertain and complex in coming years. New Zealand organisations are no exception.

Sudden market shifts, turmoil in international politics, rapid technological advances, and climate change all combine to create a turbulent and unpredictable business environment.

The strategies and practices that have made organisations successful until now probably will not be effective in the future.

What does your organisation need to be successful in a volatile, unsettled environment?

This booklet gives findings from a major, three-year study of New Zealand organisations that have had to cope with major change. It presents a framework for the future that can help your organisation to adapt, survive, and thrive in turbulent environments.

This approach is based on developing a critically important attribute – adaptive resilience. 



OUR RESEARCH

Our research investigated the factors that helped lifeline organisations to operate more effectively in the context of the Christchurch earthquakes of 2010-2011.*

The organisations were drawn from the electricity, horizontal infrastructure, communication, transportation, and banking sectors.

This was a very complex, challenging time for these organisations, with ongoing aftershocks, stressed staff, a changing physical landscape, and numerous business challenges.

We listened to more than 200 senior managers and staff reflecting on their experiences. We also surveyed staff in these organisations.

The project was not about natural disasters though. More fundamentally, it was about understanding organisational resilience – identifying what it takes for an organisation to cope and even flourish when it encounters major turbulence and uncertainty. [EB](#)

Resilience is perhaps the most important positive resource in turbulent contemporary settings. AVEY, LUTHANS & JENSEN 2009

* The project was funded by the New Zealand Ministry of Business, Innovation, and Employment (MBIE).

ADAPTIVE RESILIENCE

In our study, the researchers encountered a puzzle. Despite an enormously challenging situation, some groups survived and even thrived. They adapted quickly, and discovered new opportunities amid the turmoil. They began to perform even better than before. They became more co-ordinated, and were faster and more confident in responding to changes.



The traditional approaches of risk management, business continuity planning, and emergency management were all important. But they did not really explain why some groups performed exceptionally well.

This research showed that adaptive resilience was the key to this success. This type of resilience is about what an organisation actually does during a sudden upheaval. It involves adapting to a situation that is outside your experience, and often outside your plans.

Adaptive resilience involves the whole organisation being agile, co-ordinated, and learning rapidly. This type of resilience is dynamic. It continues to respond to unpredictable developments as they unfold. It is much more than just the personal resilience of individual employees. [B](#)

MODEL OF ADAPTIVE RESILIENCE

Our research identified critical factors that influenced how well organisations were able to adapt. Four of these are particularly important - these are areas that managers can readily identify with.

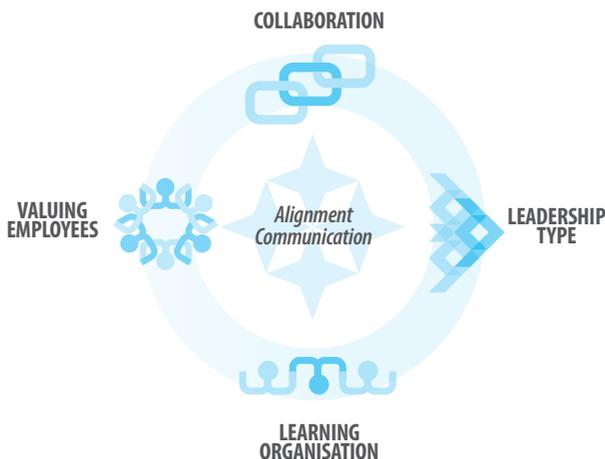
These core factors of adaptive resilience are:

- (a) the type of leadership, at senior and middle levels
- (b) the extent to which the organisation values its employees
- (c) the extent of collaboration through internal and external networks, and
- (d) the extent of collective organisational learning.

Together these factors form a framework that can be used for developing adaptive resilience. They are important in normal times; they are absolutely crucial during a time of upheaval. The more an organisation has these qualities, the more it is likely to be resilient.

Developing adaptive resilience requires a change of thinking. Often managers view the four factors separately, but resilience requires integrated thinking, so that the four factors reinforce one other. Just improving one or two areas won't deliver high levels of adaptive resilience.

Leaders need to ensure that all four factors are aligned with one other, and that this is communicated through the whole organisation. 



WHY IS ADAPTIVE RESILIENCE IMPORTANT?

Developing adaptive resilience is a long-term process. It involves competencies that have to be built over time. Leaders need to intentionally create a culture that values employees, and fosters collaboration and learning. Leaders need to develop these specific competencies in their own lives. These organisational behaviours have to become interwoven, established ways of functioning.

If you invest in building adaptive resilience, your organisation and your people will:

- avoid getting bogged down in constant crisis management
- be more flexible and able to adapt to changing circumstances
- perform well under pressure
- respond swiftly to a disruptive environment
- recover quickly, and even bounce forward, from upheavals
- find the environment friendly and fun
- be more focused on things that matter.

The elements of adaptive resilience are not complicated, “extra” competencies for an emergency. They are elements that raise day-to-day performance, and contribute to a more energised and effective workplace. 

A successful company must be focused, fast, flexible, friendly and fun.

ROSABETH MOSS KANTER

VALUING EMPLOYEES



An organisation needs resilient employees. It wants its employees to be well, and to be engaged, enthusiastic and committed. But the organisation itself has a large influence on whether this happens – the work environment is a key determinant. A positive environment that values and supports employees, helping them to be resilient, contributes to a resilient organisation. It is a worldview that sees employees as important and shows this in how it acts. This requires:

- supportive leaders who are emotionally-intelligent and show genuine interest
- making physical, emotional, and social well-being a priority
- actively managing workload stress and providing adequate resourcing
- communicating openly, letting workers identify work issues and constructively express their views
- empowering staff and developing their work-interests
- having a culture that supports learning, where employees are genuinely involved
- acknowledging outside-of-work stresses
- being clear about roles and avoiding conflicting expectations
- being prepared to adapt and modify HR practices.

When employees feel strongly supported by an organisation, they are more likely to be resilient, to trust their leaders, to be engaged, and be loyal. 





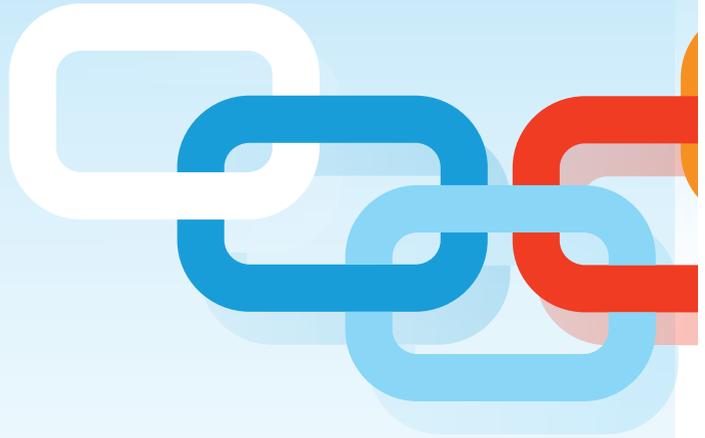
Valuing employees

Even before the quakes, Michelle's company was known for the way it invested in staff and focused on staff engagement. Managers were trained to be leaders who communicated with employees, were open to their suggestions, and supported their development. Workers talked about how they really put effort into their work, and how they felt valued.

When the earthquake struck, those values guided everything the company did. The CEO gave the local manager one key guideline – to do anything needed to look after their staff, and their customers. Managers worked at being people leaders. The company kept investing in people even though this was expensive. It did things differently compared to other companies. They realised how much the stress

was affecting staff, so they tried to minimise other pressures. They gave workers an assurance that, for 12 months, their employment was safe from restructure. Knowing that the standard performance indicators wouldn't be fair measures in the post-quake scene, they changed the appraisal system. The company offered a personal resilience programme that went further than usual, offering regular personal follow-up, and including workers' families. With this kind of long-term support from their employer, staff found the post-quake stress more manageable.

That sense of being valued was also reflected in the relationship with their clients. The organisation significantly increased its market share, growing their business in a relatively short time. They found that trusting and valuing their employees does boost the company's adaptive resilience.



COLLABORATION

In a fast-changing, disruptive environment, collaboration is critical. Collaboration with others brings new ideas, new approaches and information. It can also involve sharing physical resources.

Collaboration has two dimensions:

- internal collaboration, in team work
- external collaboration, through networks.

Surviving and thriving in a turbulent environment involves breaking down internal silos, and developing outside networks of co-operation. When organisations have silos, staff tend to think only in terms of their own area. They are not familiar with other areas, and they are less likely to see solutions for the whole organisation. Without good external connections, they are less able to think of possibilities from those extra resources.

A fast-changing environment requires speed and flexibility,

in making decisions and implementing them. Collaboration ensures that decisions can be made quickly, and implemented swiftly.

Collaborating is a competency, which can't be developed instantly. Networks and connections take time to develop too. To be resilient requires an established culture of internal and external collaboration.

Linking, and building relationships with other organisations develops networks. Building closer relationships within an organisation, through options such as shared projects, physical proximity and greater interactions between sections within an organisation, fosters a culture of collaboration. 

Committed to collaborate

In the past, David's company had been very fragmented, with sections working on their own, and splits between management and workers. A new CEO changed this, forming a new leadership team with people who worked much more closely together. They worked on building trust and a sense of teamwork throughout the organisation. People gradually began working together and thinking in terms of the whole organisation, not just their part. Externally, the company began working more closely with others in the industry.

When the quakes happened, staff already knew how other sections worked and were ready to step outside their roles. Groups came up with valuable ideas to keep the whole organisation functioning. All the leadership team shared the operation-management roles. The staff all shared a clear goal of helping the community. When major crisis-events happened, without having to be asked, everyone from accountants to tradespeople put

on hi-viz vests and helped in front-line areas. Throughout the recovery, the infrastructure repair teams and customer teams worked in shared offices, to ensure close collaboration, sharing of ideas, and coordination between the teams. Staff understood what was happening in the other groups, and they could work together in a way that made the company perform better, and gave better service to their clients.

Externally, the company took the lead in the industry, bringing together the other agencies, offering them a base to work from, and planning together.

In earlier years, the organisation had struggled to respond to major disruptions. But when the quake happened, the staff had already learned to work together and be flexible. The organisation set new records for how quickly and how effectively it recovered. With their new internal and external collaboration they earned high levels of trust and confidence from the community, insurers, media, and government. 

LEARNING ORIENTATION

Organisations can function well in familiar settings. But a sudden disruption brings a new, very unfamiliar situation. Leaders have to make decisions quickly, with little information. At those times, organisations with a learning culture are faster at understanding the new situation – they can make better-informed decisions, and can adapt more rapidly.

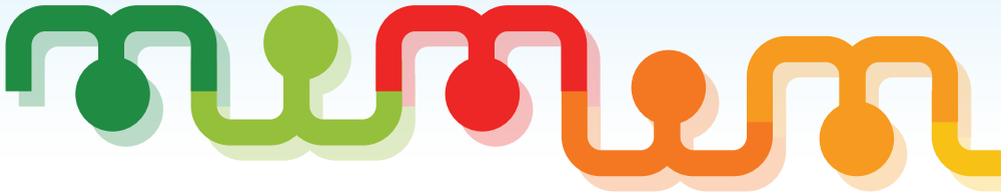
Creating a learning culture requires leaders who are open to learning and change in their own lives. Those leaders also champion organisational learning; they set the overall environment, and take a strong interest in the processes for developing new skills and ideas. They ensure that insights from across the organisation are pooled together as common knowledge, and then translated into new ways of thinking and acting.

Collective learning and continuous improvement are central elements of adaptive resilience. Organisations that do these well can read new situations more accurately, and keep adjusting their responses. But this doesn't happen naturally. For collective learning to continue long-term, it has to be intentional – otherwise learning doesn't occur, or insights

are only held by individuals. Organisational learning is a sophisticated competency. It is powerful, but it may also be the most difficult element to develop.

Specific elements that promote a learning orientation include:

- an openness to learning, feedback and ongoing improvement
- an environment that encourages problem-solving, not blaming
- a 'safe' culture, where it's ok to admit mistakes, and jointly learn from them
- an ability to pause and reflect, as individuals and as a group
- an ability to listen to others, and consider alternative options
- a willingness to take risks, and explore untested new ideas 



The power of learning

For several years Sarah's company had become more intentional about learning, exploring philosophies for continuous improvement. But the earthquakes threw them into a totally foreign situation.

At first, every time there was a major aftershock they closed their operations. They soon realised this wasn't sustainable and they had to gather everyone's input to figure out new ways of working. Together they devised strategies that included classifying quakes and creating action-plans for each type of shock. They set up a new, ongoing process of debriefing after each major incident to get new ways of thinking and operating.

They developed a new attitude to learning and tackling challenges together. Instead of blaming each other when problems happened, members used language like "what's missing, and what will we need for that to work better?" They also used

this learning approach with other challenges like snowstorms, and became skilled at rapidly forming new plans.

Their new disaster strategies were then used nationwide. Worksites were changed across the country and work-teams were trained for new processes.

Their ongoing day-to-day functioning changed too. Their motto was "we'll be better than before". They incorporated what they'd learned from the crisis into their business as usual. They continued their group debriefing. They rewrote systems and drastically shortened processes. They kept experimenting with a range of new innovations. Some worked and some didn't – but most importantly, they had discovered the power of keeping on learning. 



TYPE OF LEADERSHIP

Leadership has many elements. In more resilient organisations, effective leaders deal with the standard, functional issues well. They plan and delegate, they have effective structures, they are good at using resources. But really what sets effective leaders apart are their personal attributes, the way they relate to staff, and intentionally create a culture that fosters the other three factors – valuing, collaboration and learning.

Resilient organisations have empowering leaders who respect their staff and earn their trust. Senior leaders create a culture that values staff, and they model this in their own behaviour. They coach and empower middle managers. All managers show EQ (emotional intelligence) in their self-management and in dealing with others. Leaders build resilience by:

- cultivating ‘situational awareness’; being attentive to evolving situations, and prompt to adapt
 - balancing day-to-day management with strategic direction-setting
 - proactively identifying new business opportunities
 - providing clear goals, a sense of purpose and belonging
 - being accessible and in-touch with what’s happening
 - communicating often, in a genuine, honest way
 - being genuinely appreciative, and affirming employees
 - being ready to take risks
 - being humble, open to feedback, and wanting to learn
 - listening to workers, understanding their situations
 - building a learning culture, and a culture of collaboration. 
- 

Leading

Angela, the CEO, brought a new style to the company. She selected leaders with initiative who could work closely together. The leaders knew she was 'on their side', and they could talk honestly. Angela wanted everyone to learn together, to keep on improving. The frontline staff knew that she listened and understood what people were trying to say.

When the quakes happened, Angela didn't try to micro-manage. She stepped back and let her management team work through the details, using the guidelines she had set out. They knew she trusted them, and she was available when needed. Angela protected them by dealing with government, media, and the public. She monitored the 'big picture', checking on frontline managers, listening to how staff were coping, talking with the community and business leaders, with a focus on planning ahead. She stressed the importance of caring for staff and sent a senior manager to be alongside the frontline workers.

Personally, Angela enjoyed learning, and putting knowledge into practice. She had good mentors, and kept a good balance in her feelings and thinking. She was good at noticing abilities in her management team and other staff, then developing those people. She encouraged contributions from right across the company, and she set a clear direction. While everyone worked long hours, Angela tried to purposely set an example of self-care. Angela understood people, what they needed, what motivated them, and how to genuinely relate with them.

Angela was also good at seeing new business opportunities. With major decisions, Angela involved her leadership team in carefully debating all the risks and gains. Together they checked how everything they did fitted with their core purpose, values and vision. The results were impressive; the business steadily expanded, their work was good, turnover was low. Staff were engaged and committed to the company. 

SUMMARY AND NEXT STEPS

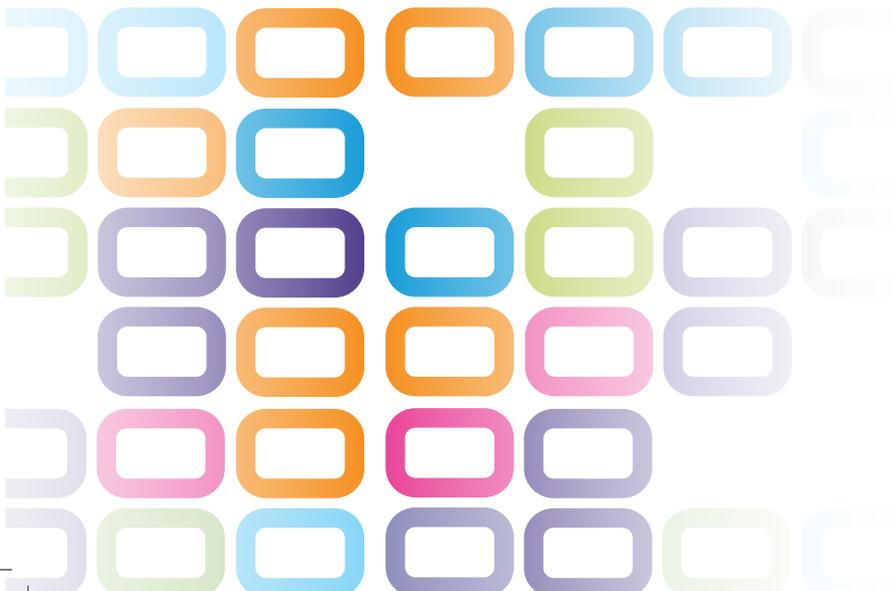
Our research identified a cluster of factors that produce adaptive resilience. Four of these are particularly important – effective leadership, a culture of valuing employees, established ways of collaborating and a genuine commitment to collective learning.

These elements can appear deceptively simple. In reality, making significant gains in developing adaptive resilience within an organisation requires a very intentional process. It involves building greater-than-ordinary strengths in all four areas, aligning and integrating them, and continuing to monitor their functioning.

Creating adaptive resilience is not about developing routines

and procedures. Instead it involves social processes, establishing cultures and competencies that can be used in dealing with sudden, unexpected major changes.

For further information or advice on how to build adaptive resilience, contact Bernard Walker or Venkataraman Nilakant, see contact details. [B](#)



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Resilient ORGANISATIONS



A collaboration between research & industry

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