An OAD LLC Article
How Resilient Is Your Company?

Most resilient organizations share these 10 qualities. How does your company measure up?

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OVER THE PAST DECADE, the concept of "resiliency" has gained a great deal of momentum in management circles. Depending on who is doing the describing, a "resilient" organization is one that is steadfast enough to weather turbulent times yet flexible enough to change when change is necessary. Indeed, by some definitions, resilient organizations are characterized by their ability to change before change becomes crucial. Flexible enough to adapt quickly to external market shifts, the resilient organization remains steadfastly focused on and aligned behind a coherent business strategy This forward looking and self correcting type of organization anticipates changes routinely and addresses them proactively when it does hit a bump in the road as all corn panics do the Resilient organization distinguishes itself in its response, which is immediate, thorough, and constructive.

Understanding where your organization is or is not living up to the standards of resiliency may be an essential first step toward building a healthier company.

Ten traits of the resilient organization

The hallmark of the resilient organization is the seamless manner in which decisions, exchange of information, motivators, and the organization's structure integrate with one another to drive performance. The following 10 winning behaviors are:

1. Entertaining the inconceivable.

Resilient companies benchmark themselves not against others in their industry, but against the theoretical limits of the human imagination. They take the view that anything that can be conceived can be done. These organizations reach beyond best in class in looking for role models. They look past their market, the next five years, and the status quo in preparing their organizations to compete.

They imagine bogeymen around every corner. Resilient organizations are the first to recognize a burning platform; in fact, they often light the match. They see the handwriting on the wall and anticipate and adapt their organizations to change, always with a focused and productive sense of urgency. They break the mold, so they can be the first to cast the next one.

2. Building a culture of commitment and accountability.

All organizations make commitments. It's how they define these commitments, translate them into decisions, and measure performance against them that distinguishes resilient organizations. Commitments and the decisions that result are not soft or subject to interpretation; they are etched in stone and obvious to all, particularly to the individuals held accountable. In fact, a resilient organization's commitments are hard currency backed by the "gold standard" of full accountability.

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Just as people accept paper money in a gold backed monetary system, the market invests on the mere promises of a resilient company, because they know that promises made by this firm are as good as results. They are backed by appropriate and unambiguous decisions that are transparent, both internally and externally. There's nothing to hide and nowhere to hide it. Therefore, shifting blame is a futile exercise. Welcome to a true meritocracy; this is an organization that extracts the best from its people because it expects and rewards no less.

Nissan Motor Co. Ltd. distributes a "Values Reference Manual" to all new managers in which 32 key words are explicitly defined. Commitment is defined as "taking responsibility for accomplishing the objective. The objective to be accomplished is expressed by numerical values, and pledged. Once individuals have committed, they must achieve the objective except under extraordinary circumstances. When they do not accomplish the objective, individuals must be prepared to accept the consequences." In October of 1999, then COO (now President and CEO) Carlos Ghosn defined "consequences" in vivid terms when he put his own job on the line if the company failed to accomplish the three objectives of Nissan's Revival Plan within three years.

"I said that if any one of the three main commitments - any one of them was missed, I would resign and, with me, all the members of the executive committee," recalls Ghosn. "And this helped a lot in communicating the sense and meaning of commitment within the organization"

3. Moving the goal posts every three years.

Most resilient companies, like Nissan, are known for their rolling and continuous transformations. To motivate employees and move the organization forward, management moves out the goalposts, typically every few years...whether or not they feel the hot breath of competition on their necks. These transformation agendas are grounded in the foundation values and principles of the organization and have clearly defined end states; everyone understands the destination and the guideposts they must pass along the way. But the route is not mapped. Each unit, team, and individual must define the journey and chart a course.

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The organizational building blocks are designed and aligned to facilitate their progress, so everyone has the right information, incentives, and authority to be effective. The objectives to be achieved are ambitious; they are designed to stretch the organization and the people who populate it, but not until they break. Senior management needs to exercise its best judgment and intuition in setting goals that are challenging but manageable.

4. Showing the courage of your convictions.

Resilient companies do not follow fashion. They do not succumb to the latest business fads, nor do they court the fancy of Wall Street. By the same token, resilient companies do not accept the status quo as an article of faith simply because that's the way it's always been done. They chart a strategic course based on their best instincts and information, and they stay the course as long as their own market intelligence validates it. The same holds true for organizational changes. They shake up things as necessary that's part of being resilient but they don't change for change's sake or to curry favor with the board, analysts, or shareholders. Resilient organizations have faith in their people and their capacity to make effective decisions and execute them even as strategic objectives change. Therefore, they are more sure-footed in pursuing these objectives and in dealing with temporary setbacks.

They don't collect "Flavor of the Month" organization improvements that others are implementing and try to shoehorn them into their model, but they also don't look the other way when the need for improvement is apparent. They have a solid foundation built around core values that not only guide decision making but also inspire and motivate employees at all levels.

5. Bouncing back from adversity.

Even the most resilient organizations encounter set-backs. Healthy DNA does not protect a system from all external risk factors. It does, however, facilitate a quick internal reaction. When resilient organizations suffer a discontinuity in their market place be it technological innovation, economic downturn, or competitive challenge they detect it early and mobilize a response quickly. They don't waste time and resources assigning blame. They confront the enemy head on. They cauterize wounds and defend core market positions. More important, they seize offensive opportunities to pursue growth aggressively. Resilience is defined as the ability to recover strength and spirit, quickly.

6. Thinking horizontal.

When you think of most organizations you think of a hierarchy, a structure that operates from top to bottom. In business, we are conditioned to think in vertical terms. The chain of command runs up and down; you are generally promoted up a level. Resilient organizations, however, manage to introduce a second dimension to their world view. They capture human capital value by flattening their organizations and working across vertical boundaries, breaking down silos, transferring best practices, collaborating cross-functionally, and promoting laterally. They think horizontal and reap the benefits of a more coordinated, efficient, and broadly competent organization.

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The flow of information up and down and across organizational boundaries is critical to maintaining a resilient organization. If someone in another business unit or function can serve a customer better with information you have, you give it to her. You do so because you recognize that a greater good is served and because you are motivated through shared objectives, common metrics, or outright bonuses for working collaboratively. Silo walls and NIH ("not invented here") thinking fade into oblivion in the resilient organization. Instead, it's "How do we get ahead... so I get ahead?"

7. Self-correcting.
Resilient organizations have developed and institutionalized internal mechanisms for finding and correcting problems before they reach task force or profit warning proportions. Information is timely, robust, and accessible to those who need it, and systems and processes have feedback loops that are automatic; they don't have to be triggered from the outside. In short, resilient companies are self-correcting organisms that learn as they grow. As the DNA building blocks are refined over time, the overall organization becomes more intelligent and agile. It moves up step by step until it reaches a whole new level of performance. The organizational characteristic we're describing here is more than an early warning light; it's a self generating remedial system that fixes problems before they even reach the radar screen.

8. Listening to the complainers.
Resilient organizations do not ignore squeaky wheels; they listen and learn. Complaints are, by their very nature, unpleasant. No one likes to hear what he is doing wrong, but resilient companies understand that complaints are also opportunities invitations to improve what isn't working smoothly. Therefore, resilient companies institutionalize mechanisms for surfacing and addressing dissatisfaction not only among customers but also among employees.

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These are the individuals who really understand how the business operates, or doesn't. To enhance performance, you must find ways to solicit their input town hall meetings, ethics hot lines, interviews with customers and customers' customers. Employees, in particular, need to feel free to air substantive grievances without fear of retribution. All of this is so much posturing, however, if the organization does not do anything to acknowledge and address the behavior being questioned. Resilient organizations act on complaints and end up making positive changes to the organization that accrue to the benefit of everyone, not just the original complainer.

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9. Putting your motivators where your mouth is.
The resilient organization does not pay you for one behavior and promote you for another. All oars both financial (e.g., raises, bonuses, benefits) and non financial (e.g., promotions, transfers, exposure) pull in the same direction. It's not "Yes, I know we should do the right thing for the company, but that's not the signal I'm getting from my boss". Another trademark of the resilient organization is a performance appraisal system that clearly differentiates between above average and sub par performers.

Delivering a negative review is a difficult, often uncomfortable experience, but the alternative is an organization overrun by mediocrity. Not just because poor performers stay and fail to improve but also because strong performers witness this lack of consequence and become disillusioned. A resilient organization avoids this dilemma by being straight with employees and by linking motivators to what matters.

10. Refusing to rest on your laurels.
Resilient organizations are not complacent. In fact, they take the view that a little paranoia is good for you. Despite irrefutable success, resilient companies never gloat or take satisfaction in their victories. They reward their people for a job well done and then move the finish line. To maintain their market leadership, they need to spend more time fine tuning their organization and less time publicizing their successes. In fact, quite a few resilient companies have an active aversion to media exposure, however fawning. It demotivates employees and takes the organization's focus off the ball. What matters is what's measured: results.