

WHY RESILIENCE IS THE KEY TO SUCCESS

In today's fast-moving world, the ability for businesses to anticipate, prepare for and adapt to change is more important than ever if they are to survive and prosper. *MT* in association with BSI put together a panel to discuss the nature of organisational resilience and how to encourage and develop it

Matthew Gwyther, editor, *Management Today*: Resilience is about more than personal toughness and true grit, or what the most resilient of Brits, Winston Churchill, said during the Dunkirk years 'keep bugging on'. In 2015 it's about change, disruption and being prepared. How does this affect your organisation?

Howard Kerr, chief executive, BSI: As a society, we're still raw from the scars of a recession. Companies' and individuals' reputations have been in some cases terminally damaged, and then they're very hard to revive. For me, organisational resilience is about making the processes and people aligned not only to the strategy of the organisation, but also its values and culture. As the chief executive of a people business, frankly that's all I have. If those values aren't well-defined and understood, then you're at risk but you're also missing an opportunity to protect your reputation and compete with confidence.

Kai Peters, chief executive, Ashridge: I look at it as bouncing backwards, both from bad things that happen or changes in the market. Change hurts. It consumes sugar, it takes up energy. My car drives itself to Ashridge, but if I have to find somewhere in Reading I get stressed out because I don't know where I'm going. How does an individual or organisation get more capable of dealing with change? It comes down to practice. As an individual you have a responsibility to try and find out what's going on. That makes you more resilient because the bus doesn't hit you in the back of the head. You turned around and know it's coming so you get out the way.

Gwyther: Richard, you were group talent director at Lloyds. Could the financial services industry have been ready for the bus that hit it in the back of the head in 2008?

Richard Buxton, HR director, Brewin Dolphin: Well, certainly they weren't ready. They were too busy speeding away in

their Ferraris and the bus wasn't even in the rear-view mirror.

Patricia Hamzahee, founder, Integriti Capital: The seeds of destruction at my previous firm Lehman Brothers were sown well before it exploded. It tried to be this giant, all-singing, all-dancing machine like Goldman Sachs and lost connection with what it was really good at, which was fixed income. The business grew beyond the capacity of the management to understand it, yet they didn't recognise that weakness in themselves and were unable to call on a broader cadre of experts to help them. If it's the same people asking the same questions, you'll get the same answers. If you don't bring in more diverse views that can offer a second opinion and some challenge, you will really face a lack of resilience.

Paul Morrell, deputy chairman, Garden Bridge Trust and former senior partner, Davis Langdon: It's worth looking at why we find it easy to see things so clearly in retrospect, and probably in prospect, but still don't act upon them. I think risk number 147 of the Millennium Bridge was the possibility of excessive oscillation, and it sits there on the risk register unacted upon. I think that's when it gets to the personal level. There are so many reasons people don't want to know about the possibility of failing. In my earlier career, I remember a client who banned the word 'problem'. Everything had to be an opportunity. So you got minutes that said there's a massive opportunity with a cladding that doesn't fit. But you don't want to be the negative person in the room. So we tried to develop systems where you put the reality of the project in front of managers or politicians and they have to make a very positive decision to carry on and run the risk. You then create some pressure for taking a realistic look at the proposition you've been given.

Gwyther: How do you encourage people to be resilient while avoiding that negativity? ▶



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In association with **bsi.**



Rebecca Alexander, founder, The Coaching Studio



Howard Kerr, chief executive, BSI



Richard Buxton, HR director, Brewin Dolphin

Rebecca Alexander, founder, The Coaching Studio: It's a paradox really. You need to be a pragmatic, realistic person in order to take on challenges, but if you looked at every risk factor you'd probably never leave the house in the morning. Once you start expanding out of your comfort zone, you see how much further you can go and what you can do. The trick then is to find the time as an organisation, a team, an individual to be reflective and learn from those mistakes and from what you did well. Of course, that sounds great on paper, but people's emotions get involved. They think they're at fault if it's a team exercise, so you have to be alive to those sorts of sensitivities too.

Peters: We don't always get the progress we hoped for. If there's one thing we should learn as kids, it's that we should be reflective about that because that's the only way we're going to be able to change. But it's always rear-view mirror – shoulda, woulda, coulda. If you could just go, Zen-like, 'we are what we are, what are we going to do now?' life seems easier.

Kerr: There's resistance to change when it's done to you. If you feel in control and have some stake in the destiny of the organisation, that makes change a whole lot easier. It gives you the confidence to be adaptive and agile.

Buxton: In financial services, there is the temptation in times of change for senior management to pull the reins in very tight. I don't think people perform at the best in those circumstances. They end up saying, 'I've got no authority, so who gives a damn?' You've got to give control to people and allow them to make the odd mistake, or you're not going to move quickly. You'll get stuck, because people will rebel against it.

Gwyther: Describe the Lloyds journey. How with such a huge, diversified workforce, do you gather them together and try to help them?

Buxton: You've got to put yourself in the shoes of the ordinary employee, who's relatively lowly paid. All of a sudden the world changed and the organisation they'd been proud of was seen as something different. They lost their purpose and their pride. You've got to give them something back to work for. I think Horta Osório has done very well at saying actually we're in the community and the things we will do will affect it positively, and trying to rebuild that sense of pride for those ordinary people just doing their job.

Morrell: Do you find that it's a problem that people who are genuinely resilient have a lack of sensitivity for those that aren't? I'm tough, you should be tough too?

Alexander: I think that would be true of a personality trait like mental toughness, but resilience is a collection of different abilities and facilities. One is the ability to have perspective and to be aware and alive to what's going on around you.

Hamzahee: The best leaders I've seen are those who can combine mental toughness with emotional intelligence. It's not something that's either/or.

Buxton: The world is so unforgiving now of CEOs – media, regulators, the government. One of my concerns is that we're only encouraging super-tough people to get to the top.

Kerr: I believe the legacy of a CEO should be determined not so much by what they've achieved today but by what their organisation achieves in the future – and whether it passes the test of time. The challenge is the life expectancy of a CEO today is only three years, where it used to be six years a decade ago. It's all very well to say look beyond the horizon and build a long-term business, but frankly when you're only one board meeting away from being fired, you're not going to make balanced decisions that are proportionate to the whole organisation.

Gwyther: We've been talking about larger organisations, but what about smaller ones and start-ups?

Hamzahee: I think they're more resilient. They don't have the luxury of resources, so they have to be creative, innovative, agile and flexible all the time just to stay in the game. Sometimes they crash and burn, but then they're really able to get back up again and do something else. They don't sit there and think I'm a big failure. They say I learn my lessons and do something else. The least well off are the most entrepreneurial because they have no choice.

Alexander: Entrepreneurs tend by their very nature to be very adaptive and fleet of foot, which are qualities associated with great resilience as well. But there's a point when a small, fast-growing company takes on staff at an inordinate rate and suddenly finds itself having to put in place those HR, PR and other functions. That's when a lack of resilience can really undermine what the company's trying to do. The entrepreneur themselves might be fine. They might be able to sell out and start another business, but other people who've joined it may be left with a rather less secure footing.

Kerr: Established industries and organisations are not prepared to create their own destruction. Why didn't the hotel industry anticipate a digital marketplace for hotel rooms like Airbnb? Can established players reinvent themselves successfully or is it inevitable that they will be superseded?

Peters: Many of the new start-ups that are disrupting industries are working outside of those industries, whereas established players are more under the cosh of the system.

Gwyther: The civil service is an important part of the working world in this country. Give me some of your thoughts about them and their relationship with politicians, who probably have to be the most resilient of them all.

Morrell: Resilience is quite different things depending on where you're working and the motivation of the people there. Civil servants aren't free to do things the way they think they should be done, and have to be prepared to turn on a sixpence the day after an election and back a completely different set of propositions. I think there's a huge value in

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people who aren't particularly motivated by profit motive, but are interested in service. The civil service can't be managed like a business because it's not a business. If you do that, you undermine people's ability to be resilient and motivated.

Peters: The public sector is much harder to exist in than the private. You have many more actors throwing things at you and desires from society that are irreconcilable. With the NHS, we'd like immortality, on a small budget please. You're trying to deliver something that's unrealistic, in a political environment, with the red tops screaming at you whenever something goes wrong, so it's pretty thankless. The BBC was interesting because it moved from Greg Dyke's desire to really involve everyone to Mark Thompson, who was much more directive. We were basically doing group therapy there for many years, with people breaking down and crying that their institution had been taken away from them.

Morrell: I think the other big difference between public and private sector is the short-term interest of politicians. It's endearing that public sector workers do genuinely react to what a minister sets as priorities. But that minister's probably there for 18 months and will knowingly do silly things to get attention. It's the unhappy natural history of a minister: the ability not to have a plan or be prepared because you won't be here when it comes home to roost.

Gwyther: Let's take it back to the individuals again, and the softer side. Rebecca, tell us about the issues you come across.

Alexander: We work a lot with how you cope and recover from bad times. There was a fascinating study on children in American sink estates, with severe poverty and chaotic family backgrounds. About a third managed to get themselves into a better place without any intervention. It was all to do with having a bigger goal, a wider perspective and being connected with others. They'd find some safe place they could go, and they'd deliberately cultivate those relationships. It was about humour, creativity, and having a sense of initiative. The great thing about all of those abilities is that you can learn them. For these children, they were obviously innate things, but it's not magic. It's something we can all adopt and use in our workspace if you find yourself in that position.

Gwyther: I'm glad you brought in humour. You should never underestimate the value of shared amusement when things aren't going well. If you're really going through it, one of the places you can find solace is with people who are going through the same thing, and cheered with fellow feelings. **mr**

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