



Another great tool from the

## ... 'Developing organisational resilience – in a sea of change'

A 21<sup>st</sup> century challenge for organisations is how to stay in control of their destiny in a turbulent world. The concept of the resilient organisation evolved as one way of handling this challenge. In essence, the resilient organisation is one that constantly adapts to a changing environment - and that means both the external and internal environments. The stimuli for constant adaptation may be changes in technology, regulations, buying patterns, competitor behaviour, political systems - and issues like current and predicted changes to global climate.

An even bigger challenge is to achieve a good balance between the needs of constant adaptation - related to securing the long term future of the organisation - and delivering strong organisational performance in the short term - often expressed as shareholder value. This conflict between two, often opposing business objectives is sometimes expressed as the difference between 'executing' and 'adapting'.

### **The resilient organisation versus the high-performing organisation**

Two recent studies have shown that while some companies can deliver high levels of results in the short term, few can keep it going for more than a few years. In those studies only 5% of the sampled companies were able to sustain superior performance for 10 years or more. The authors<sup>1</sup> concluded that most of the 'good executors' lost their way when the environment changed. They also pointed out that fewer than 0.5% sustained high performance for more than 20 years and only three companies (0.04%) made it to the 50-year mark.

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Part of the problem is that meeting the demands of high performance can create severe barriers to adaptation. One illustration is the way that feedback on results impacts on the mental models we use to make decisions and other aspects of managing behaviour. The very fact that results are good must mean that the way we produced them is the way to go - or does it? If success freezes our mental models, and the environment keeps on changing, then short term success starts to look like a guarantee of long term failure. Which is just another way of saying that experience is not always a good guide for future-oriented behaviour.

There are equally serious risks in untrammelled adaptation. However valuable in the longer term, experimentation with novel ways of delivering value to customers may be, a risk remains. If the eye is taken off the ball of delivering value today, and doing it better, faster and cheaper than competing organisations, then there may not be a long term future to invest in.

So the trick is one of balance. How to deliver excellent customer value today, while, at the same time, ensuring that the value delivered and the way that is accomplished is constantly at the forefront of meeting customers' changing needs - and those of changing customers as well.

<sup>1</sup> Robert Wiggins of the University of Memphis, and Tim Ruefli of the University of Texas at Austin ~ 2002 and 2005

## Balancing execution and adaptation

Fortunately, much has been learned in recent times about how to establish and manage that balance. There are many keys, but a few will suffice here to illustrate the underlying theme:

- Everyone, including operational people, needs to participate in sensing incoming signals about the need for change. Everyone needs to contribute to the interpretation of the signals.
- At the very least, operational people should be able to get issues on the strategic agenda. Mostly, they should be able to action them without waiting for instructions to do so.
- Metrics should reflect the need for balance between today's delivery and development for tomorrow. Performance management models should reflect the same balance.
- Simple principles, (which are known to generate complex adaptive strategies), should operate instead of complex rules, procedures and structures.
- Cross-functional working, especially for resource sharing and problem resolution, must be the norm and not the exception.
- Decisions of all employees involved in delivering value to customers TODAY, (be they external or internal customers), must be informed by the longer term needs of the organisation.

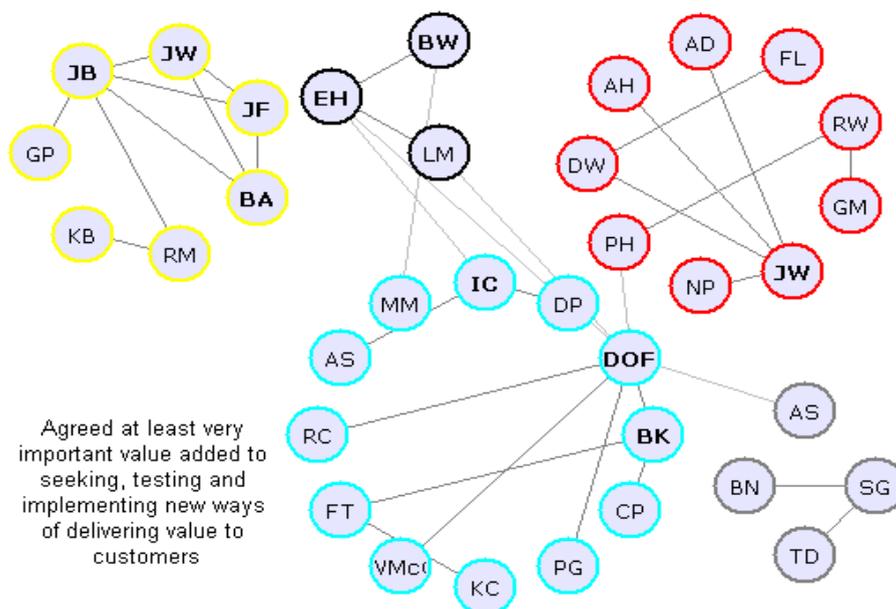
## Magus Networker and Organisational Resilience

This new application in Magus Networker captures all of the key lessons about developing a balanced model of organisational management, that will deliver both high performance in the current environment and ongoing adaptive processes that will keep on delivering value to customers in a constantly changing environment.

Many of the lessons learned have been acquired through a series of Magus Indexer applications. This tool in the Magus Toolbox targets the issue of developing organisational resilience with an emphasis on engaging operational employees as well as management. This new Magus Networker application focus more on the management of the organisation, and the management systems and policies that can either enable or disable the development of a truly resilient and high performing organisation.

The design itself can be adapted to specific organisational or business conditions. As a necessity, the Networker process is very fast, so that interventions managed will generate change processes before the intervention has reached its 'sell-by-date'. Implicit in the design is the ability to reach and engage large numbers of people in the design and implementation of the change process, all without resistance to change.

The nature of Magus Networker charts is such as to facilitate a processes of interpretation, and identification of the underlying causes of both performance problems and lack of adaptation, all in the same precisely targeted model.



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