

"The Resilient Organization integrates the two domains by actively and consciously creating two subsystems: The Performance System and the Adaptation System..."

Building Resilient Organizations

By Dean Robb

WE ARE IN the most amazing period of transformational change the world has ever seen. The business and social environment is complex, dynamic and turbulent, which means that today's success formula can become tomorrow's liability nearly overnight. Thriving or even surviving in this context requires a fundamental re-thinking of the meaning and application of our most basic assumptions about leading, and managing, business growth and survival. Our companies and organizations must become capable of living in a state of near-continuous flow. Every element of business must continuously change in response to ever-changing demands.

THE RESILIENT ORGANIZATION

I have developed a framework for understanding and working with organizations that addresses this issue. The framework is a creative synthesis of ideas and approaches drawn from organization psychodynamics and the new sciences, particularly the area of complex adaptive systems. Framework emphasis is on how to develop what I call "Resilient Organizations." I will share this framework with you, some work I have done with companies using it, and some ideas about how you might use it in your own work.

Let me start with a definition. A **Resilient Organization** is able to sustain competitive

advantage over time through its capability to do two things simultaneously:

- deliver excellent performance against current goals.
- effectively innovate and adapt to rapid, turbulent changes in markets and technologies.

A Resilient Organization exhibits certain broad characteristics. It is able to:

- *create* structure, and to *dissolve* it;
- provide *safety* (not necessarily security or stability) in the midst of change;
- manage the emotional consequences of continuous transformation and change: anxiety and grief;
- learn, develop and grow.

How can such organizations be built? A great deal of research has taken place over the last fifteen years or so on "complex adaptive systems", or learning systems, which are able to successfully adapt to changing environmental conditions. These learning systems are comprised of two interpenetrating sub-systems with complementary domains of activity. The first of these subsystems might be called the *Performance System*, which is responsible for performance of current goals and tasks in the interest of immediate survival. It is focused on the first goal in the above definition.

The complementary sub-system might be called the *Adaptation System*, which is responsible for long-term sustainability via generation of alternative paths, ideas, modes of operating and behavioral norms. It constantly generates possible futures

for the total system, in service of the second definitional goal. Successful adaptive/learning systems are characterized by robustness in both subsystems, and by strong linkages between them. However, in my work I have found that companies presently tend to be overly adapted toward one direction or the other.

tion, innovation and change were difficult propositions indeed in this traditional, bureaucratic company. Getting the changes implemented required a significant change management track built into the project, to build support, work organizational politics, and deal with entrenched resistance at various management levels.

PERFORMANCE-DRIVEN ORGANIZATIONS

Performance-Driven Organizations are mostly a legacy of the Industrial Revolution and the history of scientific management launched by Frederick Taylor (among others). They tend to be excellent at repetitive tasks, and delivering results

against current goals. They are generally bureaucratic, and are based on underlying assumptions of task and environmental stability. Their bureaucratic, political structures serve to cope with anxiety and stress primarily by controlling it or suppressing it in the interests of preserving order and the status quo. The price is that they tend to have great difficulty with innovation and change.

AN EXAMPLE: A PERFORMANCE-DRIVEN ORGANIZATION

I did some consulting work with a long-standing telecommunications company that had a set of concerns common to Performance-Driven organizations. Their service installation processes were heavily documented and measured, and deeply embedded in their organizational structures, systems and culture. Employees performing the work were well trained and generally had been doing their jobs for a long time.

The issue in this project was a lack of process flexibility, with an attendant difficulty in responding to changing customer requirements. Adapta-

ADAPTATION-DRIVEN ORGANIZATIONS

The second type is what I call the Adaptation-Driven Organization. Characteristically, this type is a start-up or relatively new, growing company focused around responsiveness, innovation, and change. Their processes and organizational structures are fluid and dynamic. They are extremely responsive, but often have difficulties with inconsistent performance, unstable processes, and creating stable formulas for success. They can flounder on their difficulty in forming the structures necessary to deliver consistent, repeatable, excellent performance.

AN EXAMPLE: AN ADAPTATION-DRIVEN ORGANIZATION

I consulted to a relatively new, fast-growing high tech company that provides integrated messaging services, which provide capability to send and access voice messages, emails and faxes through a single access point via a telephone or computer. The company and its environment were characterized by rapid, dynamic change in product capabilities, enabling technologies, markets, and competitors. This company was strongly Adaptation-Driven.

At the start of the project, new service installation was a complex, dynamic project management exercise requiring the ability to deal with ongoing changes in technologies, customer requirements, and project scope throughout the duration of the project. Process documentation was scant or inadequate, and there was a heavy reliance on a small set of highly experienced project managers, continuous heroics, and a monumental effort at the very end to pull everything together. Relationships among team members

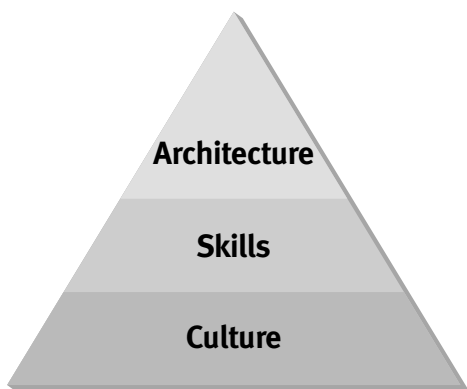
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could become conflicted, and people were starting to feel burned out. Customers did not feel entirely secure. The project focus was to “rationalize” the process and make it more “turnkey”, because the company desired to outsource installation so they could focus more heavily on product innovation.

THE RESILIENT ORGANIZATION: THE BUILDING BLOCKS

The Resilient Organization is a hybrid entity. The Resilient Organization integrates the two domains by actively and consciously creating two subsystems: The Performance System and the Adaptation System, which are linked together through a foundation of:



Each of these foundational elements has two complementary “domains” that correspond to the Performance and Adaptation sides of the Resilience equation. Let’s look a bit more deeply into each of these.

ARCHITECTURE

The Resilient Organization links together two architectures, each of which is focused on one of the two complementary domains of activity. The Performance System is comprised of those company structures focused on current performance, which include:

- Effective, efficient business processes, tightly aligned with customer needs

- Clear boundaries, goals and performance measures for functions, teams and individuals
- Clear relationships between individuals, managers, teams and organizations
- An effective performance management system.

From the perspective of the Resilient Organization, these elements serve one purpose only: they are a *temporary* means of delivering value to customers, stockholders, employees, and perhaps the surrounding community. They are not permanent aspects of the organization; they must be continually created, modified, dissolved and re-created. How does that happen? That is the function of the Adaptation System Architecture.

The Adaptation System’s function is to generate new life for the total organization. It generates new solutions that must be integrated into the Performance System in order to meet emerging challenges. This may require innovations in strategy, products and services, markets, processes, technologies, stakeholder relationships, behaviors, cultural characteristics, leadership and management styles, organizational forms, or anything else that will contribute to the ability of the total organization to meet adaptive challenges. As such, its charge is incredibly diverse, which is why it is difficult to exhaustively characterize its exact forms. Examples of architectures include, but are not limited to, structures such as:

- New business cells
- New product teams
- Process improvement and redesign teams
- Knowledge management architectures
- Learning organization architectures
- Strategy retreats

Many large, long-standing companies utilize some or all of these structures in their formal organizational design and activities. However, innovations generated by such processes often fail to become integrated successfully into the Performance Architecture, and the organization continues to function in a rigid, resistant mode, rather than in a resilient, adaptive mode. Why?

These Adaptation Architectures are often grafted onto a foundation that is overwhelmingly Performance-Driven. The complementary set of skills and cultural characteristics that foster the ability to effectively adapt are often not addressed or even perceived. Let’s look a bit deeper.

SKILLS

The Resilient Organization actively builds and integrates two complementary sets of fundamental skills that foster excellence in the domains of performance and adaptation. *Table 1* sketches out these two skill sets.

These two skill sets are not only complementary; they are roughly antithetical to each other, which creates a tension or energy that must be managed. Performance-oriented skills are all about maintaining equilibrium, focus and action within the current system, while adaptation skills are all about creating *dis*-equilibrium, exploration of new systems, and creating the safety and support needed for change.

Very few organizations have learned how to

integrate these two poles of functioning. All too often, the need to maintain equilibrium, which (in many of today’s organizations) is all about protecting current success formulas, and to provide order, and thus safety, overwhelms the other side of the equation. The difficulty with *dis*-equilibrium and change is that they unavoidably create anxiety and potential loss. The ability to live in a state of ongoing innovation and change requires that the system be able to “dance at the edge of chaos”—a kind of intentional flirtation with *dis*-equilibrium that allows new life to emerge and take root. This requires the ability to manage anxiety and potential (or actual) loss.

In many of today’s traditional organizations, anxiety and loss (or more properly, the *emotions* associated with loss) are not actually managed *per se*; rather, they are defended against through a performance-driven architecture and culture. A rigid organizational structure and control-oriented mentality are used to protect organizational members from uncomfortable feelings associated with disorientation and loss. Unfortunately, such rigid structures, while providing some sense of order and safety, also tend to kill off spirit, passion, creativity and change.

In a Resilient Organization, uncomfortable feelings are not suppressed, denied or controlled, rather, they are accepted and managed openly. Also, in a Resilient Organization, safety and security cannot come entirely from role, or from rigid organizational structures, because roles and structures must be much more fluid than has been true in the past. This ability requires new kinds of supports, and a very large part of this support is the culture.

CULTURE

Like the list of skills above, a resilient culture is rooted in a complementary set of characteristics (*see Table 2*).

Generally, performance driven organizations have viewed themselves purely as abstract economic/task “entities”, focused exclusively on achievement of economic ends, with concomitant values of efficiency and control of resources. As a result, people have often been viewed inadver-

Table 1

PERFORMANCE SKILLS	ADAPTATION SKILLS
<ul style="list-style-type: none"> ▪ Task performance & operational execution 	<ul style="list-style-type: none"> ▪ Visioning
<ul style="list-style-type: none"> ▪ Performance management: focusing behaviors and goals within a narrow range 	<ul style="list-style-type: none"> ▪ Diversity and individuality in generating a wide range of possible viewpoints, goals, perceptions and behaviors
<ul style="list-style-type: none"> ▪ Organizational alignment & coordination (internal focus) 	<ul style="list-style-type: none"> ▪ Exploration of environmental change and its implications for organizational focus, structure and potential diversification (external focus)
<ul style="list-style-type: none"> ▪ Problem-solving 	<ul style="list-style-type: none"> ▪ Creativity, experimentation, learning & inquiry
<ul style="list-style-type: none"> ▪ Rational, analytical, linear thought 	<ul style="list-style-type: none"> ▪ Emotional competency, intuition, “soul” work
<ul style="list-style-type: none"> ▪ Convergent thinking: closure and focus 	<ul style="list-style-type: none"> ▪ Divergent thinking: opening up options; resisting early closure; tolerance of ambiguity
<ul style="list-style-type: none"> ▪ Focus on the concrete & specific 	<ul style="list-style-type: none"> ▪ Focus on the system, its organizing principles, structures, values, assumptions
<ul style="list-style-type: none"> ▪ Action 	<ul style="list-style-type: none"> ▪ Self-reflection, humility (remaining “teachable”)

tently as “resources” toward an end, and not as valuable in-and-of themselves. This perspective often unconsciously underlies performance management systems, which are all about focusing and aligning resources (i.e., narrowing the range of rewarded behaviors). This approach often creates a compliance and conformity-oriented culture. Compliance and conformity, left unchecked, are death to innovation and change.

A performance-driven culture tends toward perfectionism. Because the emphasis is on sustaining a narrow range of behaviors that are associated with current success, departures from these behaviors are viewed as errors or deficiencies to be corrected, rather than as experiments or opportunities for learning or innovation. It is well known, for instance that in the field of music, new innovations often begin with “mistakes” – things that were not aligned with existing modes of musical syntax and expression. Perfectionism left unchecked is also death to innovation and change.

Resilient Organizations, on the other hand, see themselves as *living communities with an economic/task responsibility*, a subtle but profound shift in emphasis. The focus is on sustaining the community, rather than any particular organizational arrangement. This helps to foster the ability to let go of outmoded structures, perspectives, strategies or behavioral styles. The creation of profound safety, room for genuine expression of differences and of emotion, and room for experimentation and learning (“mistakes”), help create a safe container for managing the difficult emotions associated with change and moving out of our comfort zones into the unknown worlds evoked by disequilibrium.

USING THE FRAMEWORK

In the case of the Performance-Driven telecommunications company, the consulting work was split into two separate projects: The first one focused on identifying and implementing the changes needed to reach the short-term project goals. As mentioned, this required a significant change management effort focused on building support and overcoming inbred resistance factors. Such change management efforts, while necessary

to the success of a particular change effort, do not generally deal with the underlying fabric of a performance-driven culture, nor do they build fundamental competencies for dealing with change and innovation on an ongoing basis. In short, they do not help in building a resilient company or organization.

So, the second project focused on using the framework described above (architecture, skill and cultural factors) to do an organizational assessment and develop interventions to address gaps uncovered in that assessment. Due to limitations of space, I will cover only the highlights of that project. Based

Table 2	
PERFORMANCE CULTURE	ADAPTATION CULTURE
<ul style="list-style-type: none"> ▪ Production-oriented ▪ Perfection: “get it right the first time” ▪ Error detection & correction ▪ Evaluative ▪ Tends toward unsafe, unemotional, protective concealment ▪ Task orientation ▪ Alignment of people (can also manifest in a conformist culture) ▪ Tends toward exclusivity (high & low performers, strongly differentiated “in-group” and “out-group”) ▪ Conformance to standards ▪ Planning & control: plan your work & work your plan ▪ Compliance-oriented ▪ Tendency toward dependency (parent-child) relationships 	<ul style="list-style-type: none"> ▪ Innovation-oriented ▪ Experimentation & learning ▪ Appreciating, wondering, speculating, creating, trying ▪ Accepting; non-judgmental ▪ Safe: to speak up, to be authentic, to express emotions appropriately ▪ Relationships, meaning & play orientation ▪ Diversity & individuality (multiple perspectives to widen options) ▪ Inclusive ▪ Questioning standards ▪ Emergence: letting things unfold & develop ▪ Commitment-oriented ▪ Adult, responsible relationships: mutual autonomy & inter-dependence

on the Resilient Organization framework, a survey was developed and administered across the organizations involved. Focus groups and some individual interviews were conducted to probe more deeply into key gaps uncovered in the survey.

The findings were analyzed, synthesized and presented to the senior team in an off-site retreat. The team grappled with a range of issues:

- How they functioned as a team in connection with the issues of building a resilient team climate and culture, and what changes they would be required to make.
- Identification of gaps in their Adaptation Architecture, and assignment of key executives who would take responsibility for creating them.
- Identification of skill and culture gaps, and development of strategies for addressing them. This was viewed as a long-term intervention centered on changing the culture, and on developing the leadership and management skills needed to develop a learning community within the organization.

In the case of the adaptation-driven integrated messaging company, the project was more focused on the issue of how to create the structure needed to deliver consistent, repeatable results for customers. This led into a series of workshops focused on clarification of organizational and positional roles and responsibilities, identification of “process owners” for key business processes, development of customer-focused process goals, formation of teams charged with simplification and clarification of those processes, and on the need to implement project-management training on a more widespread basis.

Neither of these two projects was comprehensive, and did not address every dimension of the Resilient Organization framework. I didn’t expect them to, nor did I push for that. The development of a Resilient Organization occurs at its own pace, and over an extended period of time. The framework I have presented here is a kind of idealized template that may never be achieved in its fullness. The world remains stubbornly imperfect. Yet, I see it as a journey that must be undertaken in order for our companies to improve their ability to sustain themselves in the new world that is unfolding before us.

THE KEY: INTEGRATION OF OPPOSITES

The domains of performance and adaptation are poles on the underlying continuum of life itself. The task of immediate survival of a living system requires the ability to effectively focus energies and align resources within a current adaptive arrangement struck between the system and its environment. At the same time, long-term sustainability requires that it must be in intimate contact with its environment, be able to sense the need to change, and move through the pain of restructuring itself, sometimes at deep levels. This ability requires a movement toward “wholeness” — toward integration of opposites: reason and emotion, holding on and letting go, closure and openness, planning and emergence. It also requires the development of human community that becomes a matrix through which change can occur. This competency has become central to both personal and organizational resilience. ■

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