A Primer in Resiliency: Seven Principles for Managing the Unexpected

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For business organizations, the ability to manage volatility is a crucial strategic competency, one of the pillars of competitiveness. Contrary to conventional perception, resilience is not just about minimizing and managing the impact of natural disasters. It is about creating the agility needed to adapt to unexpected challenges—whatever they may be — and the capacity to seize opportunity from adversity. This analysis of seven principles of resiliency includes practical suggestions for implementing each one, along with examples of companies that have managed to improve their operational effectiveness, even in time of crisis, by putting these precepts into practice.©2015 Wiley Periodicals, Inc.

> When preparing for turbulence, it is instructive to recall that Noah started building the ark before it began to rain. —*Norman R. Augustine (1995), former chairman and CEO, Lockheed Martin*

Globalization, technological complexity, interdependence, and speed are fundamentally changing the kinds of risks and competitive challenges that every organization faces. The frequency, intensity, diversity, and speed of onset of new risks make accurate prediction virtually impossible. Climate volatility creates unprecedented weather risks—from crippling storms to rising tides and flooding, to droughts and extreme heat. Access to critical resources—water, energy, critical minerals, and arable land—is a potential choke point. Fast-paced innovation and market shifts can upset successful business models seemingly overnight. Computerized systems increasingly put company and customer information at risk. Cascading failures across infrastructures can bring down complex transportation, communications, and information systems—by accident, attack, or natural disaster.

Welcome to the Age of Turbulence, where change and unpredictability constitute the new normal. Resilience is not just about minimizing and managing risk exposure. It is about having the agility to adapt to unexpected challenges—and the capacity to seize opportunity from adversity. The ability to manage the impact of volatility is now a strategic imperative.

Resilient organizations are positioned to both survive and thrive. An aggressive resilience development program, aligned with the seven principles presented in **Exhibit 1** (page 7), can mean the difference between sustainable competitive advantage and being forced out of business.

Make Adaptive Capacity a Core Competency

> It is not the strongest of the species that survives, nor the most intelligent. It is the one that is most adaptable to change. —*Professor Leon C.* Megginson (1963, p. 4), *Louisiana State University at Baton Rouge, paraphrasing Charles Darwin*

If change is the new normal, then adaptive capacity is the requisite for dealing with this reality. Competitive advantage rests with organizations that have the capacity to manage disruption—whether unforeseeable or merely unforeseen. Adaptive

Exhibit 1. The Seven Principles of a Resilient Organization

capacity is built from an organization's risk intelligence, flexibility, and readiness to change.

Volatility has dimensions of both risk and opportunity. Risk-intelligent organizations are able to look outside their boundaries, continually scanning for weak signals or shifting trends that could challenge their business model. They look at the total universe of risk, identify strategic options, and find competitive advantage. Flexible organizations can adjust and redesign as conditions change. Change-ready organizations foster a culture of responsiveness and are proactive in responding to subtle changes in their operating environment.

Adaptive capacity—which enables organizations to manage the impacts of disruption and seize new opportunities in a volatile global marketplace—will be a defining feature of successful organizations in the twenty-first century. Unfortunately, this is not a new app that can be easily downloaded. It takes time to create the infrastructure and culture that gives an organization the ability to flex. Organizational leaders must not put off tackling this challenge.

There are four key steps that leaders should take when seeking to improve the adaptability of their organization:

1. *Test risk assumptions continually.* Risk-intelligent enterprises look for evidence that their assumptions are wrong. Employees are encouraged to network outside the organization, including with customers, other stakeholders, industry experts, and even competitors to spot long-range signals that the organization's environment is changing in ways that could threaten its operations or growth.
2. *Reinvent organizational structures to be porous silos.* Resilient organizations build bridges between operational silos to increase connectivity, communication, and collaboration. Information and resources must easily cross boundaries to enhance awareness of issues that could affect operations and to ensure that resources are allocated where they are needed, either just-in-time or just-in-case.
3. *Increase responsiveness.* Disruptions often seem to unfold at light speed. The speed with which decisions are made needs to keep up. Leaders must create clear crisis management processes and devolve decision-making authority to the front lines, allowing the people most likely to detect changes in the environment to respond quickly and proactively.
4. *Encourage continuous experimentation.* Resilient organizations encourage continuous innovation, not only in products and services, but also in business processes and strategies.

Adapting to Supply Chain Volatility at Cisco

Adaptive capacity gives Cisco's supply chain the ability to manage unpredicted disruptions with unknown durations and impacts, regardless of risk type and trigger.

For example, when one of the largest supply chain disruptions in modern history, the Fukushima earthquake and tidal wave and resulting nuclear crisis,

took place in 2011, there was minimal impact on Cisco's revenues—even though the company had more than 300 Tier I suppliers and 7,000 part numbers manufactured in Japan. How did Cisco do it?

> Resilient organizations focus on building leaders with a portfolio of leadership styles to draw on, coupled with the emotional intelligence to know when each is needed.

Cisco's supply chain program gathers a variety of information from its key partners through a survey process that occurs several times per year. The survey collects information on partners' business continuity practices, time to recover (TTR) in the event of a disruption, and key emergency contact information, as well as financial information. With this data, Cisco can define the recovery profile of a product as characterized by the resilience of all component supplier factories, inventory hubs, partner (or internal) production facilities, and logistics centers within that product's value chain. Within 12 hours of the initial earthquake in 2011, Cisco had identified all direct suppliers, their associated sites and components, and other critical supply chain nodes in the affected area. This experience highlights the following key practices for ensuring supply chain resiliency:

- Map critical components to key hubs, nodes, and suppliers to create situational awareness.
- Conduct annual assessment of supply chain risks: key sources, nodal vulnerabilities, and single points of failure.
- Identify second- and third-tier suppliers and assess their financial health and business continuity plans.
- Deploy visualization tools/heat maps.
- Maintain a playbook of deliberative rather than reactive responses.
- Validate continuity plans through audits and drills.

Develop Leaders That People Want to Follow

> The greatest leader is not necessarily the one who does the greatest things. He is the one that gets people to do the greatest things. —*Ronald Reagan (1975)*

The ability to take decisive action in a crisis–to unite and inspire people to work toward a common purpose–requires trusted leadership that is highly attuned to the needs of the situation.

Every leadership style has its pros and cons, depending on the context. Resilient organizations focus on building leaders with a portfolio of leadership styles to draw on, coupled with the emotional intelligence to know when each is needed. At times, a command-and-control style of leadership is needed to get action going. This style is effective only in very small doses, however, and needs to be tempered with people-focused leadership that demonstrates empathy for others and an ability to elicit their ideas and views. The foundation of resilient leadership is a "come with me" approach that encourages the participation of everyone in the organization in creating a vision for a better tomorrow.

The way in which people throughout an organization—from the CEO to call center employees—demonstrate leadership influences resilience. To encourage the development of leaders that people will want to follow in times of crisis, invest in building leadership skills throughout the organization in times of relative calm. There is little downside to doing so. Leadership is not only important during times of crisis; it also directly affects business performance (Goleman, 2000). To foster great leadership:

- *Focus on values*. To be a great leader, it is just as important to focus on "doing what is right" as much as it is on "getting it right." For people to want to follow, they need to have a sense of connection to what is trying to be achieved.

Therefore, it is essential that leaders not only ensure that organizational values are well articulated, but also that they embody them in everything they do.

- *Ensure leaders are accessible and visible.* Leadership needs to be provided to internal as well as external stakeholders of the organization. Every organization is made up of people. Face-to-face contact with those people will provide a much better diagnostic of the organization's health than any KPI scorecard.
- *Inspire good leadership from others.* Improving leadership skills throughout your organization should be a daily priority. Staff engagement can depend far more on the leadership of employees' one-up manager than on decisions made at the top of the organization.
- *Make resilience everyone's responsibility.* Although management must set resilience goals, implementation must be everyone's responsibility so that resilience becomes part of the organizational DNA. Do not underestimate the value of getting people involved, inspired, and empowered by being part of the solution.

> To be effective and inspire others to achieve organizational objectives, leaders need to find ways to engage those around them in the resilience conversation.

CEO Inspires "Come With Me" Leadership
"Our mission is to not get MOCHED." This is the message that the CEO of a critical infrastructure provider gives to every new recruit when he or she starts working for the company. Pronounced *mocked*, the acronym stands for Major Outage Causing Huge Economic Disruption.

This simple exchange between the CEO and his company's new recruits has a powerful effect, laying the groundwork for the development over time of an organizational culture focused on resilience.

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Become a Learning Organization

> An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage. —*Jack Welch, former chairman and CEO, GE, quoted by Bill Gates* (1999, p. 237)

Learning goes in tandem with leadership. In an environment of ever increasing competition, rapid market shifts, operational volatility, and technology disruption, a culture of learning is one of the underpinnings of resilience. A learning enterprise is able to evolve with continuously—and sometimes rapidly—changing risk environments. Learning organizations value listening more than talking. They bridge operational silos to co-create solutions that address complex challenges. Employees believe that they are an integral part of the enterprise's success and accept their role as both contributors and change agents.

While management drives the vision and strategy, in resilient organizations learning happens at every level and function, generating a host of benefits. Although products, services, and processes can be imitated, an organizational structure that encourages new ideas, spreads them across the organization, and embeds them in business strategies is not easily reverse-engineered. To create a culture of continuous learning:

- *Create concrete learning processes.* Resilient organizations make knowledge sharing and knowledge management available on an ongoing basis, both internally and externally—for new as well as long-time employees and for customers and suppliers.
- *Enable an environment of trust.* Learning organizations create a safe "high-trust" environment

that encourages staff to speak up and propose new ideas, supports a diversity of viewpoints, and provides for blameless reporting. In such organizations, managers conduct assessments, not investigations. Postevent reviews should include just as many lessons for leaders as they do for those at the operational frontline of the organization.

- *Seek out a diversity of ideas.* Learning organizations establish programs that bring together intergenerational employees—seasoned veterans, midlevel managers, and new hires—to capture a diversity of perspectives that push boundaries, challenge conventional wisdom, and encourage innovative solutions.

Gravity-Free Thinking in the Water Sector

How can an organization's leaders promote fresh thinking when they are under the pressure of an unfolding crisis? The Australian water sector has come up with a simple yet highly effective technique: activating a national phone link-up that reaches beyond its member enterprises to tap into gravity-free thinking—that is, input from people who are not emotionally invested in managing the crisis at hand. The people on call include young professionals just starting out in their careers, people who had recently come to the water sector from different industries, and some who had worked in the sector for many years. Regardless of their background, everyone has an equal voice. Since they are not part of the organizational hierarchy, they are able to ask questions that people working within the organization might not pose and, therefore, often come up with completely new perspectives on how to manage the crisis. The people on call are fresh: They have not been working in the emergency operations center and are not sleep-deprived or under pressure; therefore, they are able to think clearly and bring a diversity of experience and expertise to the table. The Australian water sector has successfully used these national phone link-ups to provide support during many national crises, including the Brisbane floods of 2011 and the Victoria bushfires of 2009. They have also been activated to help organizations in other countries. This simple initiative proves that improving resilience does not have to cost a lot, but it does require being open to learning from others outside the organization.

Build Social Capital

> The last thing you want to do is call someone you don't know when a crisis occurs. —*PricewaterhouseCoopers (PWC) and United Nations International Strategy for Disaster Reduction (UNISDR) (2013)*

Together with financial capital, social capital—the networks and resources available to people through their connections to others (Aldrich, 2012)—is essential to a successful venture. And this relational resilience is a critical feature of the truly successful and resilient organization. The high-trust relationships typical of effective social capital tend to produce "thicker" information exchange between staff, yielding strengthened staff engagement, improved process and product innovation, enhanced resource sharing, and 20/20-level situation awareness.

A social capital "dividend" results from prioritizing the people who make up an organization and connecting them to others in formal and informal ways. This not only makes the company a preferred employer for attracting top talent, but also strengthens customer loyalty, builds the bottom line, and ensures better connectedness and higher reputation in the surrounding communities. To build social capital:

- *Treat employee engagement as a people process, not as a human resources initiative.* Make employee engagement about building friendships and not about being an "employee retention strategy." For example, use mentoring programs and move new staff between departments to foster personal connections across the organization, and not just to broaden skills and institutional understanding.

- *Leverage co-creation processes*. Such processes solve problems and supercharge innovation while connecting people in dynamic ways. Getting the most of these processes requires engaging everyone who is affected by a problem in the process of solving it. It is also important to work with employees and customers to develop new products and processes while strengthening social capital, team learning, and innovation.
- *Reach into community organizations*. Supporting local initiatives and community-based organizations—with both staff and funding—strengthens the two-way bonds with the community. This is good for community cohesion and for the organization's bottom line.

Resilience Through Social Capital at True Grit

In the wee hours of September 4, 2010, Jacqui Victor, the owner of True Grit, a popular hair salon in Christchurch, New Zealand, was awakened by a phone call while on vacation and learned that Christchurch had been hit by a magnitude 7.1 earthquake. Fearing the worst, Jacquie quickly returned to Christchurch. Not only was the old brick building housing her salon badly shaken—requiring her to move her business to a temporary location—but so were her employees and clients.

A few years earlier, as part of increasing her leadership capability with a business mentor, Jacqui had decided that people—her employees and clients—were at the heart of her business. She also considered her local competitors part of that "people landscape," for many of them were friends that she had advised as they set up or grew their own businesses. She had learned that social capital was critical to any business, but especially to a service firm. She had purposefully grown her business culture to be warm and friendly, treated her staff like family, and trained them to give clients the special "True Grit" treatment. That treatment brought her clients back after the earthquake when it would have been easier for them to go elsewhere rather than drive across town on devastated roads.

When a second big quake hit nearly six months later, and her damaged premises collapsed, unrepairable, Jacqui said, "I will just take my insurance payout and go!" But then she thought about her staff of 19, and her commitment to her "family" led her to another course of action. She made yet another move to another temporary location and rebooked all her clients.

This recurring theme of temporary locations became part of the True Grit recovery story. How do you find an effective temporary space? With a competitor, of course. After each big earthquake, or when notified by authorities that her location was no longer safe to occupy, Jacqui made a couple of phone calls to those whose shops were still functional. Because she had so many friends in the industry, it did not take long to find someone with spare space and a willingness to share that space with a competitor—their friend Jacqui. Four years later, True Grit is doing better than ever as it recovers with the city its owner and staff members love.

Such relational resilience proved to be invaluable, not only to Jacqui but to hundreds of businesses, large and small, that had been caught unprepared for the devastation in Christchurch. Social capital—entailing staff and clients, supply chain partners, and competitors—underlines the importance of any organization's most valuable resource, especially in times when it seems as though the world is falling apart. True Grit and Jacqui Victor are practical examples of the truth that relational resilience is critical to bouncing back from adversity and, even better, bouncing forward.

> Organizations cannot be resilient if the communities in which they operate and the workers they employ are not also resilient. Resilient supply chains depend on both resilient suppliers and resilient customers.

Training often gives people solutions to problems already solved. Collaboration addresses challenges no one has overcome before. —*Marcia Conner, executive adviser (Conner & Bingham, 2010, p. 8)*

Volatility creates new and often unanticipated challenges, and these typically extend across organizational silos and over most departmental boundaries. Organizations cannot be resilient if the communities in which they operate and the workers they employ are not also resilient. Resilient supply chains depend on both resilient suppliers and resilient customers.

Although resilience often confers competitive benefits, it is not a race with just one winner. Great teams are built not only around talented individuals playing well, but also on talented teammates supporting one another, using the others' strengths and capabilities to assure success for the whole team. Classic economics assumes competition is a driving force for innovation, capital allocation, and efficiency. In the Age of Turbulence, cooperation cohabits with competition. To practice resilience as a team sport:

- *Create a culture of resilience activism.* Facilitate team resilience discussions, ideas, and initiatives and high-level acknowledgment for participation, best ideas, and most successful resilience projects.
- *Connect resilience to supplier and customer networks.* Work with key customers and suppliers to strengthen your joint resilience profile and encourage them to replicate that in other parts of their networks.
- *Leverage existing relationships.* Partner with organizations you already work with to create an industry resilience initiative, including cross-regional mutual aid processes.
- *Collaborate for economic resiliency.* Economic vitality depends on the resilience of the whole community, not just the company. Resilient organizations work with local businesses, educational institutions, and governments to create mutually beneficial partnerships that raise readiness across the local value chain.

Embedding Resilience Into Orion Electric

Orion is an electricity distribution company based in Christchurch, New Zealand, which was badly damaged by a series of earthquakes in 2010 and 2011. For decades, the company has been focused on what electrical engineers call HILP (high impact–low probability) events, with the management of these events defining the organization's reputation.

Orion's approach to enhancing the resiliency of its network can be traced to the release of a study, "Risks and Realities" (CAE, 1998), that identified a number of critical infrastructure elements that were vulnerable to natural hazards. Orion's leaders took the report seriously, and over the next two decades they progressively implemented a comprehensive, and affordable, range of changes to the company's assets and its practices to improve resilience. Addressing natural hazard risks became embedded into the corporate planning processes, asset management plans, budgets, forecasts, and reporting.

Orion's leaders also recognized that disaster preparedness is more than building a robust network; it is about ensuring an effective response to disasters. The company's managers were assigned responsibilities for risk reduction and disaster readiness, response, and recovery planning, and the organization regularly practiced its systems with simulated scenarios. Engagement with staff on the importance of preparing for the unexpected became a key part of the Orion culture.

Throughout Christchurch's recovery from the earthquakes, Orion has been recognized as a standout organization. In restoring power to affected communities with unprecedented speed, the company came to be seen as competent, committed, and able to communicate extremely well. In 2013, the Orion team received the Gold Award for outstanding

contributions to civil defense and emergency management from New Zealand's Minister for Civil Defence. The award recognized that leadership is about sound timely actions and investments. Through their performance, the leaders and staff members of Orion established a reputation that will stand the organization in good stead for many years to come.

Design Resilience into Operational Excellence

> Resilience can be baked into the DNA of a company, a university, or a governmental organization. And when you bake that in with fundamentally solid, powerful processes, training of your people, and systems that can respond, you are indeed putting together what you need for whatever kind of threat you face. —*Charles Holliday (2007), former chairman and CEO, DuPont*

Events unfold so rapidly that organizations can be out of business in a heartbeat, with little or no warning. Simple, standardized, and sustainable operating disciplines greatly increase the chances of surviving and thriving in times of disruption.

> Incorrect or missing data, gaps in process knowledge by workers, and inconsistent operating discipline are the genesis of hazards and incidents—potentially turning disruption into disaster.

Operational discipline has always been a critical component of day-to-day business success, but it is also a critical component of resilience. Incorrect or missing data, gaps in process knowledge by workers, and inconsistent operating discipline are the genesis of hazards and incidents—potentially turning disruption into disaster. They lead to at-risk decisions and ad-hoc actions and behaviors that result in errors and failures and contribute to poor performance.

The massive 2010 BP oil spill in the Gulf of Mexico that occurred when the oil rig *Deepwater Horizon* sank as a result of an explosion is a case in point. Modifications made by workers to the blowout preventer were extensive, but not formally recorded and communicated, with the result that the drawings no longer matched the actual structure. This mismatch, or gap in knowledge, put a series of events in motion and rapidly escalated into human casualties and one of the largest environmental crises in the past 100 years, affecting thousands of businesses and millions of people.

To design resilience into operational excellence:

- *Provide sufficient resources to support operational discipline.* The lack of operational discipline may be rooted in inadequate resources, planning, procedures, training, preventative maintenance, or other support.
- *Communicate up, down, and across the organization.* If the enterprise lacks a common vision, keeps bad news from traveling fast, or fails to share lessons that have been learned, risk intelligence, teamwork, and coherent responses become difficult or impossible.
- *Identify commonalities of solution.* Managing risks in traditional silos often leads to missed synergies of solution—and opportunities to eliminate redundancy and increase efficiency.
- *Practice what you preach.* Make sure that your practice is consistent with operating disciplines. Shortcuts can lead to breakdowns, accidents, waste, and rework.

Resilience DuPont Style
DuPont began operations in the nineteenth century as a gunpowder manufacturer – arguably the highest risk industry of the era. One of its earliest operating disciplines was to require that a senior executive or member of the family would always be present when a new mill went into production. That culture of safety management, reinforced when Pierre DuPont, the financial founder of

the company, died in 1817 after working all night to help fight a fire in the mill, has lasted nearly two centuries.

Today, DuPont leverages operating disciplines to simultaneously achieve its productivity, quality management, environmental protection, resilience, and health and safety goals. The secret sauce, according to Don Wirth, DuPont's former vice president for supply chain and head of the company's Center for Operational Excellence, is threefold (see **Exhibit 2** on page 15):

- Standardize across all business units and enable the functional experts to identify and manage best practices.
- Ensure that metrics and incentives are aligned with these practices.
- Create the key competencies and skills that support best practices.

DuPont executives maintain that when companies employ operational discipline as a means of providing more predictability across their organizations, they also reach higher levels of efficiency, experience fewer mistakes, and improve quality. Operational discipline creates a ripple effect of benefits, each having the power to unleash rapid and continuous improvement, as well as waves of innovation.

Look Beyond Risks to See Opportunities

I always tried to turn every disaster into an opportunity. —*Attributed to John D. Rockefeller by Collier and Horowitz (1976, p. 59)*

Organizations that actively manage their capability to deal with disruption, forearm themselves with the capability to be future-ready. The same systems that enable organizations to flex in times of crisis to meet unexpected disruptions also allow them to take on

new risks deliberately, with confidence in their ability to manage those risks and create new business opportunities. As **Exhibit 3** on page 15 shows, there are a host of benefits to be captured from such resilience.

Research in the early 2000s found that over a five-year period, 40 percent of Global 1000 organizations experienced crises severe enough to make their share price plummet by 30 percent (Pretty, 2002). Studies conducted by the Resilient Organisations Research Programme in New Zealand found similar percentages of organizations reporting that they had experienced a recent crisis (Stevenson, 2011). Although these statistics sound dire, the news is not all bad. Organizations that manage their crisis well often emerge from the crisis stronger than before, thanks to shareholders' confidence in the organization's management team (Knight & Pretty, 2001).

The value of resilience also extends beyond times of crisis. Many of the qualities that support resilience offer tangible benefits to the way organizations operate day-to-day—strengthening shareholder value, customer satisfaction, and brand reputation. Resilient processes encourage the flow of information and ideas across the organization, reinforce innovation capacity and creativity, and create employee engagement in an environment of trust and with a clear sense of purpose. To capture the opportunities that come from resilience:

- *Link resilience to day-to-day operations.* Leverage the value of resilience by infiltrating resilience thinking and practice into every aspect of your organization.
- *Choose in advance whether to preempt, mitigate, or respond to disruptions.* This entails weighing in the potential productivity and innovation gains. The business case for resilience initiatives involves much more than the benefit of preventing or mitigating crises; therefore, it is essential to include the business-as-usual improvements that will accompany them.
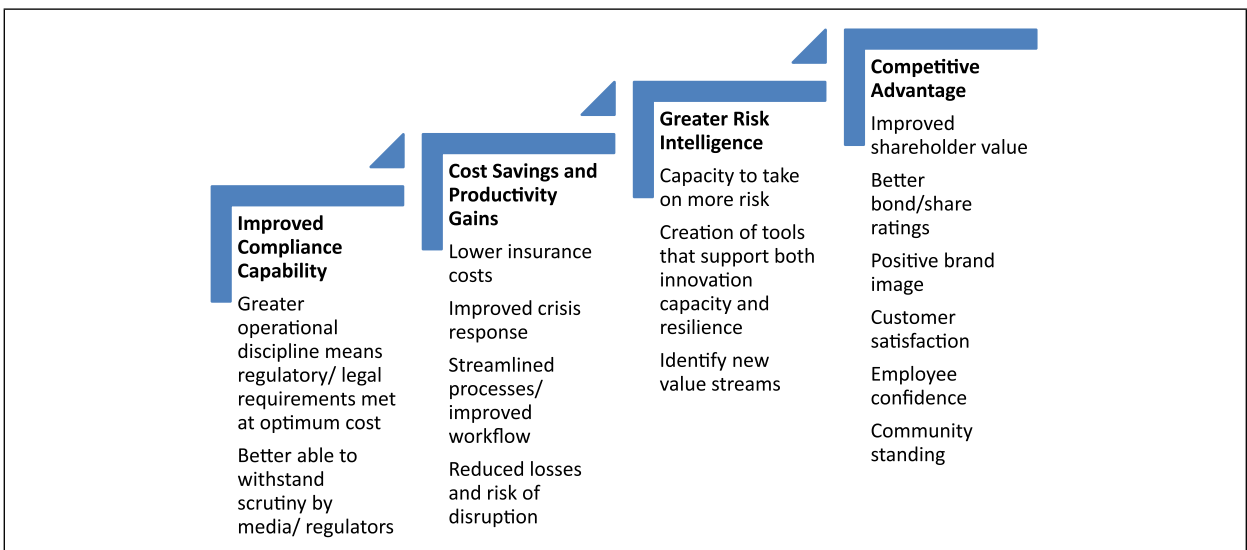
Exhibit 2. DuPont's Threefold Approach to Resiliency		
Leverage Scale and Skill	**Align Management Practices**	**Create Culture and Capabilities**
• Standardization and simplification • Enable functional experts to manage practices • Institutionalize best practices	• Consistent and aligned metrics and incentives • Enterprise approach for risk management • Oversight with impact focus	• Build key competencies and skills • Assign responsibility and accountability • Engage employees from top leaders to frontlines • Visible leadership

- *Put on "thrive glasses" when dealing with potential or real disruptions.* When looking for solutions, resist the inclination to find one that "solves" the short-term problem you are facing. Look for solutions that provide long-term benefits.
- *Pull out your strategic plan when crisis strikes.* Disruption creates a brief window of opportunity to fast-track change. When disruption strikes, see what you wanted to achieve over the next five years and explore whether and how you can now do it more quickly.

Seizing Opportunity From Disaster at Hancock Bank

With $6.5 billion in assets, the Hancock Bank, headquartered in downtown Gulfport, Mississippi, operates 160 branches in southern Mississippi, Southern Louisiana, Southern Alabama, and the Florida Panhandle. Hurricane Katrina's destruction of the bank's 300,000-square-foot, 17-story headquarters in downtown Gulfport presented an enormous set of problems. Corporate computer operations, the technology hub, check-processing, loan servicing, and other critical elements of banking operations across four states were located in the destroyed building,

Exhibit 3. Business Benefits of Resilience

Improved Compliance Capability

Greater operational discipline means regulatory/ legal requirements met at optimum cost

Better able to withstand scrutiny by media/ regulators

Cost Savings and Productivity Gains

Lower insurance costs

Improved crisis response

Streamlined processes/ improved workflow

Reduced losses and risk of disruption

Greater Risk Intelligence

Capacity to take on more risk

Creation of tools that support both innovation capacity and resilience

Identify new value streams

Competitive Advantage

Improved shareholder value

Better bond/share ratings

Positive brand image

Customer satisfaction

Employee confidence

Community standing

yet Hancock Bank was the first bank to reopen on the Mississippi Coast after Katrina—in many cases without benefit of lights or phones.

> Resilience is about creating organizations with a built-in capacity to not only weather the storms of change, but also to be able to thrive in such environments.

In a gutsy move, bank officers decided to allow people—regardless of whether they were Hancock customers or not—to withdraw up to $200 in cash if they could simply write out their name, address, and Social Security number on a scrap of paper. Because of this decision, tens of millions of dollars flowed into the community, much of it literally washed, dried, and ironed after having been salvaged from waterlogged casinos, bank vaults, and ATMs.

Hancock's mission-driven response put more than $42 million in cash into the community in the first week after the storm. Three years later, CEO George Schloegel reported that of the millions of dollars given to people in exchange for a name and address on a Post-It note, all but $200,000 had come back to the bank. But in the five months following the storm, Hancock Bank opened 13,000 new accounts. According to Schloegel, many people said, "You were there when I needed you. You're going to be my bank." Overall deposits grew by $1.5 billion (Smith, n.d.).

Embarking on the Rough Road to Resilience

The road to resilience is not an easy one, but as the pace of change keeps accelerating, organizations that can become masters of resilience will find a world of opportunity before them. It is time for organizations to shift from seeing resilience as just another strategy for managing downside risk, and instead grasp its potential to "future-ready" their organization. Resilience is about creating organizations with a built-in capacity to not only weather the storms of change, but also to be able to thrive in such environments.

Resilient organizations understand the need to be able to change and adapt quickly, not just to crises, but to any form of change happening in their world. Therefore, they foster innovation and creativity within their teams and encourage information and ideas to flow across the organization. They work hard to ensure that they have highly engaged and networked staff, and foster an environment of trust. They invest in leadership throughout the organization and channel people's efforts toward a clear purpose. They actively develop partnerships and networks that they can both leverage in day-to-day operations and tap under extraordinary circumstances.

Resilience does not just happen; it is a capability that must be proactively nurtured and maintained over time. So what does the resilience road map look like? Like any journey, embarking on the path to resilience begins with a decision to take a first step. Implementing even one of the principles outlined above would be a prudent way to begin.

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