

Resilience - Building Robust and Healthy Businesses (Part 1)

“The concept of resilience is often linked with notion of sustainability, which refers to the ability to continue forward and maintain equilibrium in the face of chronic adversity.” (Meichenbaum, 2011)

All businesses face challenges during their life cycles. The latest major challenge, the COVID-19 pandemic, has disrupted economies and businesses across the globe. This crisis, including the emergence of numerous variants, has led to a necessity for reinvention and innovation.

Companies and individuals have had to rely on their inherent uniqueness and creativity to cope during this extended crisis at both business and personal levels. As small businesses dealt with the realities of the pandemic and the economic conditions it brought about, resilient companies took identifiable steps to remain viable and, in some cases, to thrive.

Although there is no standard “formula” for reinvention, company transformation starts with leadership. With a clear vision, leaders can guide their organisations in cultivating a people-centric, inclusive, and creative culture, where a company can achieve goals and profitability, even during economic disruption.



The Business Resilience Model – Source: IMA – Guide to Small Business Resilience

Visionary Leadership

Visionary leaders possess a gritty, determined mindset. Additionally, visionary leaders are determined not to be derailed, even during times of disruption. They understand the importance of using technology, streamlining processes, and improving productivity.

Business Focus

During the pandemic, many companies had to re-evaluate their market positions, offerings, and products to determine the best steps forward. COVID-19 served as an external shock, exposing areas for improvement, thereby presenting new growth opportunities.

The management team is responsible for establishing the flow of information through the organisation. Businesses, especially smaller ones, benefit from close and effective communication across the whole team.

One key aspect of success is raising the level of customers' trust in the business. Bain & Company said this could be achieved by increasing the number of customer interactions, proactively seeking customer feedback, and leveraging these insights to improve service. The pandemic allowed many companies to reconnect with their customer base. Bain recommends reaching customers through multiple channels of communication, developing deliberate marketing efforts, and investing in enhancing customer experiences within the company.

As leaders develop and implement strategic management systems and processes, those in resilient SBEs often scan environmental factors and analyse market trends.

People-Centric Culture

One source of competitive advantage is positive organisational culture, which others cannot easily replicate.

A people-centric culture can give an SBE a competitive advantage over larger companies. Leaders within SBEs often have greater access to employees and more frequent interaction with teams than leaders in larger enterprises. Resilient SBEs fostered a people-centric culture during the pandemic by providing a supportive environment where employees can engage in a learning culture and creativity is encouraged.

The number-one concern of resilient companies is getting and retaining good employees. Resilient SBEs promoted a "family" environment with everyone contributing to ensuring the company remained viable. The visionary leaders supported not only the employees, but also their families and surrounding communities.

McKinsey & Company reported that the hardest hit by the pandemic is Generation Z, including young adults ages 18 to 24 years old. 4 New and younger staff members did not have opportunities to assimilate into the firm culture, often feeling isolated.



Resilience Indicators Explained

The core platforms required to build a robust, healthy and decisive (resilient) business shown in the diagram above are:

Leveraging Knowledge: Critical business knowledge is stored in a number of formats and locations so staff has ready access to expert opinions when required. Roles are shared and staff trained so that someone can always be available to cover key positions.

Breaking Silos: A high level of effective communication and collaboration within and between teams is required within the business. This then enables more effective innovation, shared understanding and a common purpose in the organisation as a whole.

Unity of Purpose: This requires an organisation awareness of what the priorities are for the business. These priorities – aligned to the core business purpose – need to be clearly defined and shared with the team, so there is strong accountability by all to that objective, in normal or crisis operational times.

Planning Strategies: Requires the development and implementation of plans and strategies; this is to manage key possible vulnerabilities in the business environment. Ideally these vulnerabilities should be identified by undertaking regular scenario planning in the business.

Now to elaborate on the requirements to be in place for the other resilience indicators shown in the diagram (above) to be effective for a business:

Leadership: This requires strong crisis leadership to provide good management and decision making during times of crisis, together with continuous evaluation of strategies and plans against organisational goals.

Staff Engagement: It is critical there are engaged staff - who understand the link between their own work and the organisation's purpose and the requirements for long-term success, in a changing business operating environment.

Situational Awareness: Staff must be encouraged to be vigilant about the organisational performance and any problems. They are rewarded for reporting good and bad news about the operational aspects of the business, including any early warning indicators to management.

Decision Making: Employees have the appropriate authority to make decisions related to their work role and that authority is clearly delegated to enable an effective crisis response. Highly skilled employees can make decisions where their specific knowledge adds significant value or where their involvement will assist with timely implementation.

Innovation and Creativity: Staff are encouraged and rewarded for using their knowledge in novel ways to solve new and existing problems and for adopting creative approaches to developing effective solutions.

Effective Partnerships: Having a clear understanding of the relationships and resources the business may need to access from other organisations during a crisis.

Proactive Posture: This requires strategic and behavioural readiness in place, to respond to early warning signals of changes in the internal and external operating environment, before they escalate to a full crisis situation.

Internal Resources: This requires the management and mobilisation of business resources, to ensure its ability to operate in normal times - as well as being able to adapt to provide the appropriate additional resources required in times of crisis.

Stress Testing Plans: Requires the participation of staff in simulations or scenarios designed to practice response arrangements and validate plans are effective. Sometimes this will result in a business continuity plan being produced.

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