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***The resilient organisation* - a book by Liisa Välikangas: we are in greatest danger when we are most successful**

Against a less predictable future, business success will not be driven by strategy, planning and a focus on short-term performance, but by agility, responsiveness and resilience.

This book is the latest work from the Californian-Finnish professor and occasional collaborator with strategy guru Gary Hamel. *The Resilient Organisation* is flawed (it loses its focus in places), but at its heart is a powerful idea. Today, business success will not be driven by strategy, planning and a focus on short term performance, but by the capability to respond and adapt fast to events and opportunities.

She repeats the military lesson that no plan survives contact with the enemy, and it is not the plan, but the planning, which prepares you to win.

Välikangas describes 'strategic resilience' as the ability to be aware and adapt before a crisis is upon you: to take advantage of unpredictable events. It is being able to thrive in the long term in an unpredictable world (not sacrifice survival for short term gains, which some of the banks did).

She has long been an advocate of this way of thinking and so, in this case, this is not a boo designed to simply cash in on the recent banking-led recession

Absolute wisdom from the past is no longer true

She argues that we need resilience in a world of 'fallen eagles', which she defines as absolute wisdom from the past which we now understand is not always true. Her list of 'fallen eagles' includes:

"Planning is sufficient preparation for the future."

"Good strategy is the key to success."

"Copying best practice is always a good idea."

"The art of management is about executing against pre-agreed goals and optimising short term performance."

"We are masters of our ideas."

Välikangas describes why each is no longer valid (or if indeed it ever was).

The traps that prevent resilience

Välikangas outlines the 'traps' that prevent resilience in a business:

- **The success trap – or Icarus paradox:** failure often comes from being unable to stop pursuing a long-successful strategy. We are at our most dangerous point, in terms of resilience, when we are at our most successful. It is when we stop thinking as hard. Välikangas describes the 'Icarus Paradox': a company is so good at something it survives well beyond the point when the strategy for success has lost all vitality. It may soar for longer, but when it crashes it will be fatal. A classic example is Polaroid whose reliance on instant chemical-based imaging went far beyond what should have been possible in a newly digital world.

Välikangas says that the plans of companies often reflect an in-between state when they are aware that past successes will not be future ones and that they need to adapt, but they are not yet fully in the new state. Nokia has struggled as it needed to become more focused on services and software and less reliant on handsets alone. Microsoft has long-known it needs to make more money from internet-related services and less on PC-based ones – and yet continues to make most of its money in the 'old' areas.

- **The failure trap:** a business can be so scarred by past innovation failure that new strategies are never given a chance to succeed and are changed at the first sign of trouble. Välikangas refers to the example of the IT giant Sun, who developed the 'Sun Ray', an internet-based PC that could have revolutionised the PC market 10 years ago and transformed Sun's business. But Sun had been burnt by a recent innovation failure (the Java Station) which was quite public and created quite a shock wave among analysts, customers and their own sales teams. The result, when it came to 'Sun Ray' was hesitancy, lack of belief and a quite quick withdrawal at the first sign that it might not succeed. Unlike 'Java Station' it was probably flawless.
- **The commitment trap:** a business can continually experiment and pilot but fail to invest in a new direction. Leadership teams are much better at assessing risks than new potential, and prefer success built on previous success.
- **The business model trap:** built-in assumptions about the current business model can make leaders neglect emerging indicators that suggest the model will no longer work. Välikangas makes the point that it is always worth keeping an eye on competitors.

She quotes Bismark "Fools say they learn from experience. I prefer to profit by others' experience".

Four building blocks for building a resilient organisation

The book proposes four building blocks for organisational resilience:

- **Create organisational intelligence:** ensure multiple voices and sources of data. Never take your own answers for granted. Välikangas says to actively look for, and manage:
 - 'data bombs' (information with disturbing implications for the future)
 - 'freight trains' (trends that will knock you flat)
 - 'canaries' (scouts at the front line, and in the market, that detect danger).
- **Turn resourcing on its head:** turn resource scarcity to an advantage. Instead of saying "We can't do that because we haven't got X", say "How can we do that without X?"
- **Design for resilience:** include more modular design where lines of business or dimensions of the matrix can be changed while keeping teams intact.
- **Adaptiveness:** rehearse change and be ready to move quickly when threats or opportunities arise. Leadership must thrive on asking people to rise to big challenges and to never give up.

Adaptiveness also requires leading for incremental regular change, rather than occasional 'big change'. (See our *Brief* on why this is more likely to energise employees, and reduce dysfunctional reactions: *The hard truth behind the soft side of leadership*.)

The Stonecourt view: We would probably not recommend spending the time reading this book in full, despite the excellent thinking that lies at the heart of it. Välikangas wanders off the subject too easily into the wider aspects of resilience in general (how it applies to individuals, the environment, nations and communities). Too many of her practical examples of resilience in business are either inconclusive or do not end in success - it feels like she needs a bit more hands on experience to develop her thinking. None of this, however, detracts from the strong and well-observed principles summarised here.