The importance of resilience for delivering strategies

Without resilience, you would need to be omniscient (predicting everything) or rely on luck, write Morten Wied and Josef Oehmen

You are responsible for the success of your strategic initiatives. Your results will be measured and you will be judged. As long as we have success, we consider this to be perfectly fair. But let's be honest: your results will depend to a large extent not only on what you do (or not do), but also on events and developments beyond your control – say, the global economy. Is that fair? No. Is it going to change? Also no. So what can we do? Let us look at three options, one of which, resilience, we are going to explore in more detail.

The first option is to attain omniscience – or get as close as we can: predict the future with advanced models, know the customer better than they know themselves, and then plan and execute accordingly. Foresee every eventuality, and prepare for it all. It is doable, but becomes harder and harder as complexity increases and innovation and market cycles shorten, and with it the cost and time requirement to be prepared for everything becomes prohibitively high.

The second option is to be lucky. If we took a cold hard look at the major successes in our professional lives, we would quickly stop, as good fortune usually plays more of a role than we like to admit. Having said that, part of doing a good job is also being prepared for a lucky break, and then exploiting it when it happens. As much as we like to be lucky (and love hiring lucky people), it is hard to plan a business and career around it.

The third option we want to look into a bit more is to be wrong, but not to fail – let's call it resilience. Resilience has a strong tradition in biology and environmental sciences (where it was first discovered and described as one of nature's more impressive tricks), as well as in engineering and the technical sciences (the authors' home). We asked ourselves: if principles of resilience are so successful for nature and engineers to get things done, can we apply them to strategy initiatives as well? And if yes, what would the resulting principles be? Armed with a review of several hundred papers on the subject, we started interviewing senior executives, as well as started working with them on major high-risk strategy initiatives.

Here is what we found so far. There are ten practical alternatives to being either omniscient or lucky. Try them out by taking a little checklist with you to your next strategy planning meeting, and see which ones are helpful for you. None of them are silver bullets that apply always and in every situation, and all of them carry their own cost. But remember, if you do not use resilience, you rely on knowing it all or being lucky.

Sequentialism: Create the opportunity to try more than once. When getting it right the first time, every time, is highly unlikely, some executives design strategic initiatives as 'sequential trials', and allow for the second or third try (or more) to be the one that works. This is sometimes called 'search' and necessarily requires acceptance of failure.

Opportunism: Fit the time and place to your plan. Some executives do not accept existing conditions as 'given'. They await favourable developments, select a promising country or market, stacking the odds in their favour. Only at the opportune moment and location do they launch their plan. This, of course, requires both flexibility, patience and preparedness.

Exploration: Commit to direction, not destination. When the outcome of a strategic initiative remains unknown and open-ended, some executives commit to exploration, but not to any particular discovery. Only when the likely outcome becomes visible on the horizon do they plant the goal post.

Redundancy: Try many and pick the best. When chances of success are low, and both urgency and the need to succeed is high, some executives (and all venture capitalists) launch several parallel initiatives, each aimed at the same end. They know well that most will fail, but one (or possible more) may well succeed as their combined odds stack up.

Reversibility: Install an 'exit ramp'. When deciding on a strategic initiative, some executives also create an exit strategy – creating a point in time where they can walk away cheaply. Consequently, irreversible actions are deferred for as long as possible. For some executives, the strongest argument for embarking on a bold strategic venture is not necessarily the value of success, but that little is lost, should it fail.

Modifiability: Reserve the option of iterating and revising. Some executives defer 'freezing' decisions for as long as possible, retaining the option to go back to revise, adjust and rework. Modifiability is a prerequisite for realising the value of new information obtained during implementation.

Multi-functionality: Cultivate ulterior motives. Responding to uncertainty, some executives design strategic initiatives with more than one useful outcome, and thus more than one way to succeed. Some initiatives are designed to create parallel successes like 'learning', others involve mutually exclusive successes – say swings and carousels – and are designed to yield one good thing should another fail to materialise.

Buffering: Bring more than you expect to need. Having only one shot at a 'must win', some executives respond by buffering their one attempt at success. A buffer can be any resource in excess of expected need (money, time, people, technology, managerial attention), which may increase chances of success. Naturally, some 'excesses' offer broader resilience than others and some buffers are tradable (e.g. time for money).

Incrementalism: Start small, and take one step at a time. Some executives shy away from revolutionary big bang launches, because they must be decided all at once (and without knowing if they will work). Incremental 'toe dipping' reduces the cost of early failure, gradually scales initial successes only to their useful size, and allows changing direction in the face of obstacles. Call it agile if you want to.

Control: Manufacture your own luck. When faced with dependency on unpredictable events, some executives seek to control them, or at least influence them. As an extreme counterpoint to incrementalism, some executives do this precisely by irreversible, big, and highly public initiatives. They announce big, invest heavily, and rebrand their organisation. They signal to investors, the public, policy-makers, partners, competitors (the very people upon whom success depends) that this *is* the future, and so make real what otherwise might not have been – a self-fulfilling prophecy.

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Notes:

- *This is the second in a series of five articles based on research carried out at the engineering systems division of the Technical University of Denmark (DTU) and supported by Brightline Initiative.*
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