

*The book helps organizations become Resilient Enterprises by applying an Agile People-Centric Framework to 3 domains: 1.) Resilient Business Model, 2.) Resilient Operating Model, 3.) Resilient Culture, Leadership, Governance and Financial Resilience.*

## **Reset for Resilience - Developing a Resilient Enterprise to Thrive in a Never Normal World**

By Antonio Urquiza & Marcelo Sauro

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# RESET FOR RESILIENCE

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Resilient Enterprise to Thrive in a  
Never Normal World



Antonio Urquiza and Marcelo Sauro

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First Edition

## **This book is dedicated to**

*My wife, Lis Saint' Laurent, who has always supported me and my reflections about our world.*

*The business leaders and their people who believed – even during the most difficult periods of the COVID-19 pandemic – that it was possible to be resilient and to practice mutual respect, trust, care, and empathy.*

*The leaders at national, multilateral, and business levels, as well as at civil society, who accepted the historical mandate that was given to them at this pivotal time to rethink our societal contracts, and to build a more resilient world.*

*(Antonio Urquiza)*

\*\*\*

*My parents who since my childhood have always encouraged me and supported my decisions to help me trust in life and my professional journey, which today finds me sharing my experiences and learnings in this book.*

*The teachers and mentors who have inspired me with their knowledge and experiences to "live as if I were to die tomorrow", as well as to be a lifelong learner by remaining "passionately curious."*

*Life, which is a wonderful gift that cannot be taken as granted, and therefore I am grateful for every moment since "sweet wouldn't be sweet without the sour."*

*(Marcelo Sauro)*

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# Table of Contents

Preface .....	VI
Introduction The Journey towards a Resilient Enterprise .....	1
Part 1 - Introduction The Resilient Business Model .....	18
Chapter 1 - Coming to terms with a Never Normal World.....	20
Chapter 2 - Envisioning a new approach to Growth.....	34
Chapter 3 - Balancing value creation to build Sustainability .....	54
Chapter 4 - The Resilient Business Model .....	79
Part 2 - Introduction The Resilient Operating Model .....	118
Chapter 5 - Increasing adaptability with an hyperagile “soft” architecture.....	121
Chapter 6 - Achieving alignment through an hyperagile “hard” architecture.....	147
Chapter 7 - Driving problem solving through “hyperagile” learning.....	167
Chapter 8 - Accelerating operating model evolution by hyperagile innovation .....	207
Part 3 - Introduction The Resilient Enterprise .....	261
Chapter 9 - Leading for Resilience .....	264
Chapter 10 - Resilient Governance .....	301
Chapter 11 - Financial Resilience .....	335
Chapter 12 - A Resilient Organizational Culture .....	356
Conclusion - An Agile People-Centric Enterprise Resilience Model .....	431
Notes.....	457
Bibliography.....	482
Acknowledgements.....	486
About the Authors.....	489

# **Introduction**

## **The Journey towards a Resilient Enterprise**



*"It always seems IMPOSSIBLE until it's done."*

*Nelson Mandela South African anti-apartheid revolutionary and President*

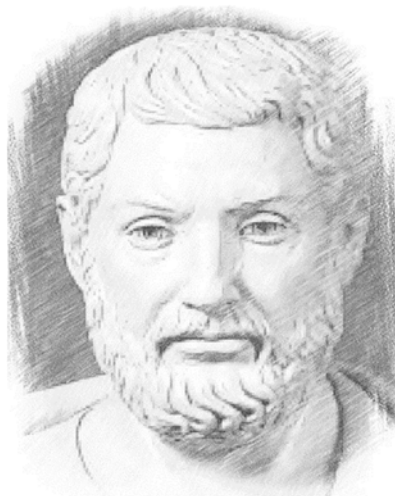
The Introduction Chapter will briefly present a framework / process for resetting organizations to become resilient. That is the essence of the journey we are starting now as you better appreciate the need to build resilience in your organization.

In the mentioned journey, we will also strive to align our approach with two old and universal concepts. The first one being the "do no harm" ideal, which is part of the Hippocratic Oath. The

second is “respect for people”, which is perhaps the most fundamental principle of Democracy. <sup>1</sup>



**Figure 1** – Hippocrates: “The Father of Medicine”



**Figure 2** – Cleisthenes: “The Father of Democracy”



The overarching idea is also to prevent organizations from taking careless actions that could be only attempted to be justified by their noble resilience destination. In other words, the point here is that the process to achieve resilience is as important as resilience itself. Also by learning from the lessons that transpired during the fight against the COVID-19 pandemic, we may need to consider that the reactions (or inaction) by countries and organizations may be causing even more harm – broadly speaking - than the new disease itself. <sup>2,3</sup>

In order to create a “resilient enterprise”, it is important to recognize which principles to accept in their preparation for the “never normal” environment, as well as decisions and actions that will empower the organization to survive and to thrive in the post COVID-19 world. Therefore and by acknowledging the political, economic, and social fragility of the world today, organizations need to take responsibility not only for preventing the increase of the existing fragility but also to contribute – as much as possible and in collaboration with other parties – in the construction of a more resilient world.

We expect that this new insight will lead organizations towards a new paradigm where resilience must come from the actions you choose to take as an actor in the larger society, rather than passively expecting them from the outside. Then and as you will see later in the book, there many areas where you have good level of control as you build more resilient business and operating models for your organization.

To make that happen, it is necessary to gain the wisdom of knowing the difference between things organizations must accept and those that can and should be changed. Also, it is important to acknowledge the constant instability that can be expected from the “never normal world”, which will be further elaborated in Chapter 1. By successfully doing so, organizations will realize that neither they can afford internal fragility - including everything that it is within its range of control and action - nor they should

contribute to an even more fragile environment outside their organizational boundaries. This *level of broad situational awareness* is the starting point in the path towards becoming a "resilient enterprise."

The journey to become a Resilient Enterprise relies on achieving resilience in three key *resilience domains*, as follows:

- Resilient Business Model.
- Resilient Operating Model.
- Resilient Culture, Leadership, Governance, and Financial Resilience.

Table 1 depicts the Resilient Enterprise as defined by the Agile People-Centric Framework, including the mentioned resilience domains and some key elements of the Model within each of the domains.

The scope and degree of action that you need to apply to the mentioned domains is intended to lead your organization to a level / state of resilience that is necessary to accomplish the objectives of your organization. By a "state of resilience", we are conveying the idea that *resilience is not a binary determination* that can be attached to any organization / enterprise.

Along these lines, the approach we are adopting in this book abides by a few principles:

- There is a need for the organization's leadership team (and board) to appreciate the importance of building resilience.

**Resilience Enterprise – Domains and Components**

<b>BUSINESS MODEL</b>	<b>OPERATING MODEL</b>	<b>FOUNDATION</b>
<ul style="list-style-type: none"> <li>• Generic Strategies</li> <li>• Agile People-Centric Approach</li> <li>• Balanced Value System</li> <li>• Purchasing Power Share and Evolution</li> </ul>	<ul style="list-style-type: none"> <li>• Trustworthy and Networking Organization</li> <li>• Agile and Scalable Architecture</li> <li>• Continuous Learning and Improvement</li> <li>• Hyperagile Innovation and Adoption</li> </ul>	<ul style="list-style-type: none"> <li>• Leading for Resilience</li> <li>• Resilient Governance</li> <li>• Financial Resilience</li> <li>• Resilient Organizational Culture</li> </ul>

**Table 1 – The Resilient Enterprise as defined by the Agile People-Centric Framework**

- There is a continuum in the level of resilience that can be achieved for any organization. Several factors will be discussed to help you to find the appropriate level of resilience for your organization.
- You need to take action on each of the mentioned three domains. They are individually necessary, but not individually sufficient to achieve the appropriate level of resilience for the organization.
- Some degree of resilience needs to be established in each of these domains to attain the level of resilience for the organization, as required in light of your industry (broadly defined) and strategy.

The next few sections in this Introduction Chapter will provide you a brief overview about the Resilient Enterprise Model. Then, these elements will be discussed in much more detail in separate chapters dedicated to each of them.

***Start by developing a resilient business model to build a thriving and sustainable value creation organization***

From a business model domain perspective, a customer-centric approach will be always more resilient than the one centered on pushing products and services into the marketplace. However, and using the hospitality industry as an example of one of the most customer-centric industries, we have observed that it has been one of the most severely impacted by the effects of the pandemic. Additionally, it seems to be also the one that will be probably take the longest to recover from the current global crisis.

We think that in this new world, it is not enough to analyze the customer journey by walking through each of the touch points and moments of truth and claim to achieve both customer centricity and a resilient business model.<sup>4</sup> We believe that even before focusing on creating great memorable customer experiences, industries and organizations must truly become customer-centric entities. They need to adopt both the perspective of the demand and the offer. In the case of the “hospitality” industry, it is interesting to notice that the term refers to the services that are being offered, rather than customer needs and how value is created.

Hence, without also adopting a deeper demand perspective, customer experiences will be of limited value not only to the hospitality industry, but also to any other industries which apply the same old customer-centric paradigm. Therefore, a new agile approach to customer centricity - based on resilient value creation - must be developed.

On one hand, direct value is delivered to customers, employees and shareholders to allow the organization to thrive in the short term. On the other hand, indirect and sustainable value creation for communities, by improving people's purchasing power and quality of life will ensure the organization's longer-term success by also increasing the sustainability and resilience of the environment in which the business operates in.

Another aspect to consider when developing a "resilient business model" is to envision a new approach to business growth and measuring success. Therefore, the obsessive pursuit of improvements on revenue per employee through productivity and scale will be undermined by the impact on unemployment and shrinkage of addressable markets. In the same fashion, some actions improvement actions will also increase operational complexity and fragility due to offshoring and longer supply chains.

***A resilient operating model built on adaptability, alignment and hyperagile learning and innovation***

When considering the operating model that will bring resilience to the organization, there are two pillars upon which the organizational architecture will be built. First, the "hard architecture", which will mostly depend on robust processes and the use of technology, as well as how well-integrated they are deployed to ensure an end-to-end (E2E) flow of value.

Although technology plays a key role to ensure enablement and connectivity, it is the "soft architecture" and the people of the organization where adaptability will mostly rely on. Moreover, the empowerment of people and when supported by technology enablement, will lead to enriched employee experience and improved operational effectiveness. In order to do so, connectivity is necessary but not sufficient to ensure an efficient collaboration among people, as well as effective organizational communication.

Additionally, it is through a flat structure based on networks and self-organized teams that a reduction in organization layers and overhead costs is achieved, while ensuring organizational alignment. It is important to deploy a flat organizational structure with a new shared or horizontal leadership model, instead of the traditional vertical one. In flat organizations, internal people networks can be built, spans of controls and management costs can be reduced and then, alignment can be more easily attained.

Finally, we need to remember that people interact with technology on a daily basis through processes, facilitating then continuous learning by addressing issues / problems. Therefore, an hyperagile <sup>5</sup> approach to problem solving and organizational learning will be essential to develop a resilient operating model. However, this model will not be fully completed until hyperagile innovation processes are also in place.

Very importantly, organizations must take into account that “trust” is the invisible glue that keeps together all the pieces of the resilient operating model. It does so by ensuring adaptability, alignment, as well as hyperagile learning and innovation. Thus, any potential collateral damage to "trust" must be considered before making key decisions, especially cost reduction ones.

**Resilient culture, leadership, governance and financial resilience will build a resilient enterprise foundation**

Resilient leadership <sup>6</sup> is essential whenever countries, organizations and people are faced with challenging and adverse situations. We recognize that there are "natural" born-resilient leaders but, in any event, leadership capabilities and better leadership styles can and must be developed to build a resilient culture. <sup>7</sup>

We believe that without resilient leadership, chances of successfully going through crises will be considerably diminished.

Additionally, resilient governance will be needed to ensure that at all organizational levels - from the board to the shop floor - there are the appropriate mindset, processes and metrics in place, which are aligned with the goal of becoming and remaining resilient.

With respect to "business continuity plans" (BCP), we believe that they are necessary but not sufficient to become a true "Resilient Enterprise." More often than not, BCP's are typically embedded into the operational fabric of the organization and they are only activated when an emergency occurs. We advocate the need for a more proactive and holistic approach, which will be further discussed throughout the book.

Another element relates to a resilient financial management model for the enterprise. Such a factor will be key to provide the organization with a solid ground and inner resilience in terms of liquidity and levels of leverage. Thus, it is important that shareholders (and board) support the management team in their resilience investment decisions, and also that they are bond to the organization by other interests besides short-term profits or shareholder value. A resilient organization considers its metrics for success along many dimensions and across a variety of stakeholders.

Then, it is of fundamental importance to educate and encourage shareholders and investors to develop an appreciation for the value created by resilience. Hence, it is necessary that the organization develop and articulate a solid resilience narrative for discussions with investors and financial analysts.

Under the current market paradigm, which is driven by short-term shareholder value creation, investors have the power to punish organizations that deviate from such goals and to adversely impact financial markets. In this process, we think that they are ultimately hurting the larger marketplace by devaluing companies and pushing them to massive layoffs, which has not only economic but also political and social implications.

However, we are confident that organizations can be purpose-oriented, profitable, and resilient while meeting broader stakeholder expectations. By being so, resilient business and operating models are achieved and then the organizations can attract and retain resources, as well as to attain stable and sustainable financial conditions.

Furthermore, the mentioned organization orientation will set the basis for a behavior-based organization. In this scenario, people are driven by an inner purpose aligned with the mission of the organization and not by procedural mechanisms.

Additionally, the "right behaviors" are supported by core values, which are shared by the people and the leadership of the organization. Consequently, people will live by the organization's purpose and core values on a daily basis and will manifest them through their own behaviors. By doing so, performance will be driven from within, instead of being pushed by typical and sometimes top-down continuous improvement programs.

As you can observe, a resilient organization is heavily reliant on people, i.e., customers, associates, shareholders, and leaders. Therefore, to create a resilient organization, it is required to build long-lasting relationships with all these parties and the communities in which the business operates in.

Finally, these relationships need to be based on respect, trust, and a shared positive and long-term vision about the future. To make it a reality, each stakeholder is also a protagonist with defined roles and accountability.

***The “resilient trees” metaphor puts it all together. It serves as call to action to “reset for resilience”***

Let us imagine a "resilient tree", able to endure through the strongest winds and to cope with the lack of rain. Sometimes, the



tree has to face too much sun or too little and, in this latter case, stays rooted on a dry soil with almost no water and nutrients.

Moreover, many of these trees show in the rings within their trunks that they have resisted environmental changes and hardships. In addition, they also faced extremely disruptive events, such as the meteor that killed the dinosaurs and severe environmental and climate transformations like the end of the "Ice Age." Furthermore, the tree is fully integrated and adapted to its environment and in all cases, no single tree is completely independent or is isolated from its surroundings.

Even though these trees have built an interdependent relationship with their environment that allow them to cope with expected changes, they are also able to "reset for resilience." They also adapt themselves to a "new normal", as consequence of major environmental changes with severe disruptions in their vicinity.

What is more, interdependency in this case does not mean that these trees are dependent on the environment, which will make them completely fragile in the event of unexpected changes. Likewise, the trees are not independent to ruin the environment without any consequences to themselves. In summary, it means that they can "reset for resilience" based on their inner strengths and capabilities. Also, they cannot afford to increase environmental fragility because they will end up suffering from it.

There are at least a few examples of "resilient trees", which still live in our planet. They have not only survived but also thrived by flowering and being fruitful for ages, much long before us, and probably will survive after we are gone.

What is their secret? Imagine a scenario where birds, insects and other life forms are considered as customers and interacting with the crowns of the trees, which are full of branches, leaves, flowers, and fruits. This analogy is a perfect example of an agile approach to customer centricity by providing a

wide diversity and long-term experiences, such as shelter, support, shadow, and food via direct value creation.

Additionally, resilient value creation is achieved not only by delivering direct value for customers but also indirectly for the community, i.e., the environment in which they are part of and the planet in which they live. Therefore, they have a "*resilient business model*", which ensures its sustainable future by capturing carbon dioxide and releasing oxygen to the atmosphere, while obtaining water and nutrients from the soil.

On the other hand, their trunks are a great example of a "*resilient operating model*." They have a "hard" architecture, which provides alignment and communication from the roots to the crown and vice versa. Moreover, they also have a "soft" architecture, which ensures adaptability for instances when strong winds blow, by then allowing the tree to bend but not break. Hence, this shows how rigidity leads to fragility while – conversely - hyperagility will bring resilience to the operating model.

Finally, the resilience of the entire tree will rely on *deep, strong and long-term roots* that will keep the tree tied to the soil and able to endure strong winds, as well as to manage the periodic scarcity of water and nutrients. The roots nurture the tree and provide trust, through both stable and sustainable support based on a positive long-term vision that allow them to face the hardships of winter by knowing that the spring will soon arrive.

Thus, resilience can be built only on solid and nurture grounds, and under a scenario of positive and shared long-term vision. In this tree metaphor, it makes implicit the wisdom of acknowledging the natural cycles which are part of our lives, either personally or in our social, political, and economic domains.



**Figure 3** - Resilient tree: *“It bends but does not break”*

Finally, the “resilient trees” metaphor shows us their success story, which accounts for the best way to manage global interdependence and yet to build inner strength and capabilities to “reset for resilience.”

As mentioned, the call to action for you as a business leader is an invitation to position your organization to “reset for resilience.” You and your leadership team are charged to lead, regardless of the size, profit or non-profit orientation of the organization.

The resetting must encompass the enterprise as a whole. Then, in addition to business and operating models, it is

necessary to consider the importance of having meaningful purpose and core values, which ultimately drive and support resilient organizational behaviors.

Moreover, the difference between “end” and “means” must always be present in the minds of the leadership team. The underlying idea is to prevent the organization from falling into “Machiavellian” ways where “the ends justify the means.”

Going back to the different strategies carried out by countries to cope with the COVID-19 pandemic, it is possible to see how principles from medicine and democracy refrained Sweden from adopting a version of the mandated Chinese lockdown.

Thus, Sweden implemented “recommendations and information concerning hand-washing, social distancing, self-isolation, travelling and working from home rather than on any legally binding measures.”<sup>8</sup> They took such a unique approach given the need to abide by their “legislative framework, more precisely by the rules of the constitution concerning the freedom of personal movement and concerning the independence of public authorities and of local authorities (ibid).” With such policies and within the values and limits expressed in their constitution, Sweden faced perhaps a higher cost of human lives in the short-term, while relying on their good quality public health system and ensuring the integrity of democracy in the long-term.

On the other hand, China applied strict lockdown measures, but its productive and economic capacity have been almost completely recovered at the time of this writing. The Country for sure applied severe means and incurred a cost of human lives that will be never known, but the end goal was achieved.

In the middle of the full lockdown – no lockdown continuum, is the rest of the world. Countries are now debating how to measure success after somewhat losing connection with

the fundamental principles from medicine, democracy, ethics, and humanity. The key (and difficult) question remains: what are the appropriate success metrics for both the short and long terms?



**Figure 4** - *"The ends justify the means."* Niccolò Machiavelli

In a nutshell, the cumulative effect of this chain of events will be the impact on the effectiveness of the collective immune system. Citizens will have to face this new disease with their own immune system and faith. Unfortunately, both were severely damaged by situations of prolonged (or cycles of) lockdown given that the likely consequences of long-term unemployment will be either lack of nutrition or malnutrition, as well as both high level of stress and depression by social isolation. Further compounding the problem is depriving a person who is dying from a priest, a family member or someone who can hold her hand and look into her eyes, to make her feel that she is not alone and everything is going to be fine.

From an *resilience foundation* standpoint, although it is hard to acknowledge how far we are from our purpose, core values and right behaviors, it is never too late to "reset for resilience" and return to our roots and principles. By doing so and similar to the resilient trees, you can face this current crisis and those that might come, by standing on core values and who you are as a leader, and as an organization. Also, you will have the opportunity to envision a long-term and transcendent future for yourselves, your organizations, and humanity for several generations.

Finally, the "trees metaphor" teaches us that there is no need to become something else to endure unexpected changes and severe disruptions. Rather, what is imperative is to work on the three resilience domains of the organization, while anchored by a meaningful purpose and strong core values. After all, "resilient trees" remained trees.

## **INTRODUCTION – SUMMARY / KEY CONCEPTS**

- It is important to acknowledge the difference between things that must be accepted, as well as the actions that will empower the organization not only to survive but also to thrive in the “never normal world.”
- The process by which the organizational leadership adopts to achieve resilience is as important as the destination (i.e., Resilient Enterprise).
- The journey to become a Resilient Enterprise requires the organization to implement resilience-type actions in three (3) resilience domains.
  - A “resilient business model” with a new agile approach to customer centricity and value creation.
  - A “resilient operating model” built on adaptability, alignment and hyperagile learning to solve daily problems, as well as to accelerate innovation to improve productivity and scalability.
  - Resilient culture, leadership, governance, and resilient finance. The intent is also to develop a behavioral-based organization driven by a meaningful purpose and rooted in core values that build resilience from the foundations of the renewed enterprise.
- The “resilient tree” metaphor helps to put all together a new framework and a call to action to “reset for resilience.” The principles discussed in this chapter apply to organizations of virtually all sizes and sectors.

# **Part 1 - Introduction**

## **The Resilient Business Model**



*“If uncertainty is unacceptable to you, it turns into fear. If it is perfectly acceptable, it turns into increased aliveness, alertness, and creativity.” Eckhart Tolle, German author and spiritual teacher*

Part 1 of the book is organized to help you to start your journey for resilience and four chapters comprise it.

Chapter 1 addresses the emergence of a “never normal world” and the need for resilience to successfully address the challenges and to seize the opportunities in the post COVID-19 world. We also articulate the importance of embracing uncertainty and taking an opportunity-centric mindset, rather than being dominated by fear.



Chapter 2 discusses a new approach to growth via the adoption of the “Agile People-Centric” paradigm. Such an approach goes above and beyond the typical customer-centered perspective by taking a more holistic, deeper, and more intimate relationship with customers. As you will see, the idea is to understand the user – as well as the people of the organization (employees) as a “whole person.” By doing so, your organization will be able to consider the opportunities that this expanded view of the customer / employee creates for the organization.

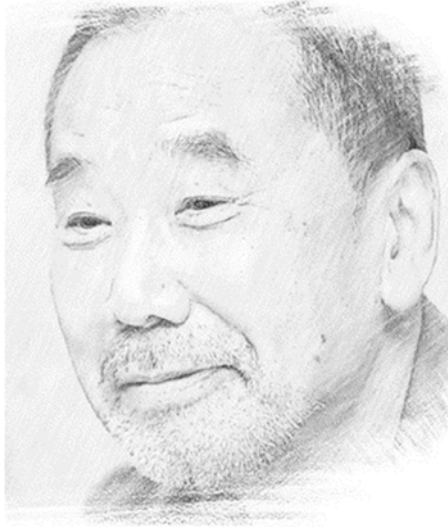
Similarly, Chapter 3 discusses the need to take a broader perspective about the stakeholders the organization needs to satisfy. These stakeholders have different aspirations, and we reinforce the idea that organizations should strive to understand and meet these aspirations. Then, organizations will be equipped to come up with a model that provides a “global optimization” approach, rather than accepting that financial-type yardsticks should be the only criteria to lead to excellence (or resilience).

Chapter 4 further details what a Resilient Business Model is. In the context of this book, we are using the Business Model Canvas (BMC) to illustrate three generic strategies to achieve business model resilience. Additionally, we discuss the concept of “balanced value ecosystem” that can be applied both at the microcosm (i.e., the organization itself) and at the macrocosm (i.e., the environment the organization operates in) levels.

Finally, we capture some concluding remarks about the process to develop a resilient business model. To generalize these ideas more easily in the context of your industry and the strategy of your organization, several principles are being presented in the Conclusion section of Part 1.

# Chapter 1

## Coming to terms with a Never Normal World



*“Menshiki nodded. “It is. Instead of a stable truth, I choose unstable possibilities. I choose to surrender myself to that instability. Do you think that’s unnatural?”*  
*Haruki Murakami, Japanese writer*

As you analyze the impact caused by the COVID-19 pandemic on the economy in general and particularly on your business, you are probably anxious to return to a sense of “normalcy.” Depending on the industry your organization operates in, you may have seen significant disruptions in both the supply and demand sides of your business.

The strategy you and your management team have been implementing for the last few years led you to achieve increasing

operational efficiencies. You implemented a long supply chain that is heavily located in low cost countries, which has been performing with “just-in-time” synchronization and other efficiency-based concepts.

To use the ideas outlined by Prof. Roger Martin, in the last 40 years the overall U.S. economy has become obsessed with efficiency <sup>1</sup> and therefore, your organization had to position itself accordingly. Any attempt to remove fragility in your business was perceived as an unnecessary cost that would be then trigger unfavorable reactions by investors.

On the demand side, you focused on providing your customer a good experience as they fulfill their material and other practical needs. Given the low cost of your value networks, you have been able to realize decent margins and to return significant capital to shareholders, via dividends and stock buybacks. The market was excited about the predictable growth in earnings per share your business was delivering, as well as the resulting effect in the prices of your stock.

Life was good!

However, and in just a matter of about two months, a lot has changed and some of the management principles and paradigms you have been actively embracing have created vulnerability or have been even questionable. It seems like a meteor has hit the Earth (Figure 1).

At an organization level you realized that you have been running “too lean” and unconsciously created fragility and lack of resilience in your business. As an immediate response to the economic shock caused by the pandemic, your organization chose to layoff or to furlough a sizeable part of your workforce.

At a macro level, you came to the realization that policy makers failed to learn the lessons from the 2008 – 2009 Global Finance Crisis (GFC). Therefore, significant reforms – both

structural and regulatory in nature – have not been designed or implemented at the needed levels of reach, scope, and scale.

Again, the U.S. Federal Reserve had to come to rescue with capital injection into the economy and further reduction of interest rates, which are expected to remain close to zero for the foreseeable future. You can realize that from a monetary policy perspective, the Fed has virtually exhausted its arsenal.



**Figure 1** – *Do you feel like a coronavirus meteor has hit the Earth?*

Like what you saw at the microcosm of your organization, nations have also failed to create resilience in their social systems. Political leaders were somewhat successful in mitigating the impact of the GFC, but they lacked the imagination and the

political will to tackle more fundamental problems, which have become very visible with the current pandemic.

Now, the stakes are higher, and they need to be as bold as FDR was after the 1930 Great Depression with the New Deal Initiative. As it is typically known as the interpretation of the “crisis” world when written in Mandarin, all of us need to acknowledge the *danger* but also to be excited about the *opportunity* that such an event creates.

After taking the immediate (and likely, painful) actions you felt were critical for the survival of your business, the question that you and your leadership team are now facing is:

*How do I prevent my organization from becoming / feeling so vulnerable again?*

In order to quickly grasp with the situation, you have been spending a lot of time recently on reading and listening to experts and futurists about what the post COVID-19 world will look like. Management articles and the general media are full of comments about the “new normal” or the “next normal” or even the “new abnormal.” Political leaders have spoken very openly about the need to “go back” to work, even when the health effects of the pandemic are still spreading (and in many countries, still growing or now dealing with a second wave of the pandemic).

As you can appreciate, these comments and expressions tend to convey the idea that it is possible to either “return” to a new level of normalcy or to the conditions prior to the pandemic. The authors believe that this sense of nostalgia is unwarranted and there is a great deal of Pollyannaism in thinking along these lines.

Good or bad, we strongly believe *all of us need to prepare for a “**never normal** world.”* You may feel surprised or discouraged by this statement but – sincerely – it is not our intent to make you to feel this way. On the contrary, we are inviting you and your

leadership team to engage in an open conversation about the topic and to gather the necessary determination to act.

Therefore, this chapter will address two burning questions you may have, as follows:

- Why shouldn't we aspire for a "new normal"?
- What does the "never normal world" look like?

We acknowledge that these are very legitimate questions, and we will do our best to explain our perspective on both issues. After you understand the need to embrace the "never normal" way of thinking and prepare to take action, we will also discuss later in this chapter two alternative lenses of how to approach the problem.

### ***Why shouldn't we aspire for a new normal?***

First and foremost, it is important to notice that the COVID-19 pandemic has also acted as an accelerant for some trends already underway, especially the adoption of *digital technologies*. As a matter of fact, a recent post COVID-19 survey conducted by Innosight <sup>2</sup> revealed that 72% of the business leaders agreed that the acceleration of digital migration is the trend that mostly impacts their organizations.

We expect to witness both virtuous and vicious cycles of technology adoption (depending on how the technologies will be used for the greater good) and further technology development. It will be up to you as a leader to ensure that ethical principles and guardrails are in place as technology-enabled use cases are discussed in your organization.

Furthermore, we want to request you and your leadership team to reflect about a series of *societal constructs* that have been made very visible or profoundly impacted by the pandemic, as well as by how actors reacted to the event of the pandemic.

Below you can find some examples of the key constructs that – to a lesser or larger extent – will need to be reviewed and adapted or reinvented:

- The current capitalist model and how it shares gains and losses across the larger society, its level of inclusiveness, as well as the high levels on inequality it has created.
- The democratic model and its ability to protect and unify citizens, guarantee social justice, and the appropriate scope and strength of the safety nets related to their health and economic resilience.
- The governance model (applicable to nation states, multilateral institutions, and businesses) and how leaders develop the ability to be responsive and genuinely empathetic towards all stakeholders.
- The increased acceleration of the deployment of disruptive and intelligent technologies, as well as biotechnology advancements, while ensuring they are applied for the betterment of the larger society.
- The Future of Work and how people can upgrade and exercise their skills, as well as develop trust, while working in an environment of increasing decentralization of the workforce. Also, how workers future-proof themselves and acquire the monetary and non-monetary rewards necessary for them to survive, thrive and meet their higher order needs.
- The educational model and how to democratize its access given its increasing lack of affordability, and in light of the need to equip people with the skills they need to succeed in the 21<sup>st</sup> century, and then to prevent a “relevance divide.”

- The “digital divide” we face as a society, which constrains access to information, opportunities, and online education.
- The media (including social media) and its ability to be trustworthy and a reliable source of information for the society.
- The social fabric of the society and the imperative to inspire the concepts of empathy, respect for privacy rights, appreciation for diversity and inclusion, collective personal responsibility, and mutual trust.
- The continuous and ongoing threat of global climate change, as society tries to resume to its old habits of production and consumption, versus the urgency towards moving to a more sustainable economy.

The topics above touch on the very essence of who we are as a 21<sup>st</sup> century network of highly connected citizens and nations. The issues are complex in nature, interdependent and global but these characteristics should not – at all – serve as excuses to avoid analyzing them and understanding the implications for your business.

We believe it will take at least one generation for the society to agree – at global, national, organizational and personal levels – on new compacts that address the items mentioned previously, as well as other considerations not included in this list. We are heading towards decades of dislocations as competing ideas and new paradigms are discussed and extending time wise until these issues achieve some level of resolution.

As a larger society, we may eventually come up with a “mostly accepted” narrative or to accept the fact that we will have to live with “multiple co-existing narratives.” Again, we simply do not know the likely outcome of the new societal contracts and we



are sure that futurists and scenario planning professionals are now intensely studying and making projections about these topics.

For these reasons, the authors believe that your organization should embrace a “never normal world” perspective and a new way of conducting your business. It is our view that becoming a Resilient Enterprise is the most appropriate way to withstand the shocks that will arise in the foreseeable future as these fundamental issues are being resolved, as well as to identify new opportunities.

### ***What does the “never normal world” look like?***

As mentioned, and while technology is also quickly evolving and being adopted, we believe it will take decades to work on the foundation constructs that have been “unmasked” by the global pandemic. We are cautiously optimistic that – as a society – we will be able to work on them without facing high levels of civil unrest or resorting to wars among nations or any global military escalation.

We deeply hope it will be the case and global leaders will acknowledge that such conflicts would make things exponentially worse. Given the societal pressures at national, regional, and global levels, we recognize the fine balance it will take to prevent these types of conflicts. In any event, we still think that becoming a Resilient Enterprise is the best “insurance policy” you can buy to face such a more adverse scenario.

Under this cautiously optimistic view, we believe that the world will go through a period of *reset turbulence*. It is our belief that in the next few decades of reset turbulence, you will need to manage your business in an environment that will hopefully encourage:

- Intensive and continuous experimentation activity beyond the business landscape. These actions will be

pursued by nations, multilateral organizations, local governments, and the civil society.

- Democratized innovation and rapid development of minimally viable or validated solutions enabled by digital technologies across all sectors of the society.
- Continuous learning mindset among the workforce as jobs – as traditionally defined – become unbundled into projects, gigs, or tasks.
- Significant mindset shift towards protecting people’s personal safety and the satisfaction of their non-material needs. Health gets more attention and becomes the new wealth.
- Redefinition of individual priorities. Focus on becoming economically, physically, and emotionally resilient, while recognizing our interdependence and the importance of achieving collective resilience.

It will be a great opportunity for our current generations (and later, the “coronials”, who will arrive in late 2020 and in 2021!) to participate in this process of shaping our societal constructs. As a business leader and including here your role as a citizen, we believe that the decision and the journey to become a Resilient Enterprise will be your key contribution to your people, customers, ecosystem partners, communities and all other stakeholders.

We hope we have created enough stimulation for you and your team to further understand the “never normal world”, and to think about plausible scenarios and implications for your organization. It is also necessary to develop a bias for action and equip your organization with the resilience principles we will outline in this book.

However, it is also important that you and the leadership team’s mindset be framed appropriately as you design and execute

your transformation to become a Resilient Enterprise. Furthermore, the results will be also dependent on the approach you take and the mental model / lenses you decide to adopt. These latter will be discussed next.

### ***The “fear” lenses***

Under this paradigm, the mindset of the leadership team is driven by a sense of scarcity, insecurity and perception of a business environment comprised of a series of win-lose propositions. Your organization takes a more passive and defensive approach to the “never normal world” issues discussed previously.

We are skeptical that you can successfully build a resilient and sustainable enterprise by taking a perspective of fear. Under such a view, it is expected that business opportunities will be missed, your cost base will increase, creativity and innovation will be stifled, a risk-adverse, and inward-type culture will permeate the organization, etc.

### ***The “opportunity” lenses***

Alternatively, and while fully recognizing the challenges mentioned previously, the “opportunity” lenses will frame your leadership team’s mindset in a world of abundance and win-win propositions. Under this paradigm, your organization will invest in developing strategic, sensing and experimentation capabilities to be better prepared to navigate the “never normal world” at both leadership and frontline levels.

Under this perspective, your organization is an active participant, and it will work closely with customers, ecosystem partners, investors, communities, policy makers and regulators in the process to shape the future. You will also strive to capture and analyze – faster than your competitors - the “weak signals” that will appear as the society is working through the new constructs.

*RESET FOR RESILIENCE*

Let us now look at the key differences between the “fear” and the “opportunity” lenses, as depicted in Table 1.

<b>Attribute</b>	<b>“Fear” Lenses</b>	<b>“Opportunity” Lenses</b>
<b>Your motto</b>	“I am stronger than the competition”	“I am hyperagile, adaptable and collaborative”
<b>Resilient Stakeholder Value Creation</b>	Promises resilience by offering predictable returns to shareholders	Promises adaptability and shared results to all stakeholders
<b>Resilient Value Proposition</b>	Primarily focused on the ability to respond to fast changes to functional customer needs	Broader in scope and focused on helping customers to navigate the reset turbulence period
<b>Resilience and Operating Model</b>	Resilience is primarily built via internal redundancies (increases costs)	Resilient is built with ecosystem agility, selective slack, and cross-industry collaboration <sup>3</sup>
<b>Adaptability</b>	Strives to react to the changes in the environment	Proactive mindset, influencer, and hyperawareness for external weak signals. Early detection creates optionality for management action.
<b>Alignment</b>	Flat organization with its own technology infrastructure (prefers not to rely on business partners)	Flat organization and fit for purpose ecosystem engagement
<b>Learning and Problem Solving</b>	Reactive and willing to wait how things will unfold	Proactive and sees itself as part of the solution
<b>Innovation</b>	How can new technologies make our offerings more relevant?	What does it mean to create resilient customers and business models? Which capabilities do we need?

<b>Resilient Culture and Behaviors</b>	PTSD-type culture (traumatized with the past). Low trust in external parties.	Child-like culture (learning the new world). High trust.
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**Table 1** – Comparing both the “fear” and “opportunity” lenses in your journey to become a Resilient Enterprise

### ***A few final remarks***

We hope that you are now more convinced about the need to prepare your organization for a “never normal world” and to thrive in it. Again, we also hope that you will take an approach that is primarily driven by a *positive view* of the opportunities your organization will seize, rather than fear.

The next chapter in this book will start the discussion about the framework we are offering to help you and your organization to become a Resilient Enterprise. The framework will establish the principles to be applied in the three domains of a Resilient Enterprise, as follows:

- Resilient Business Model.
- Resilient Operating Model.
- Resilient Culture, Leadership, Governance and Financial Resilience.

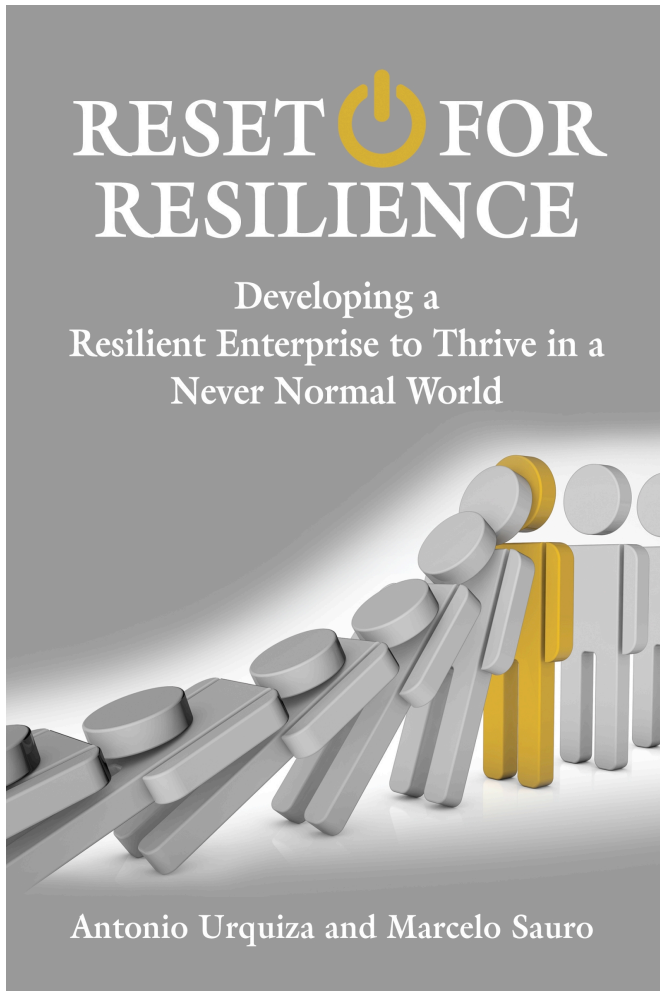
There are many variables at play, and we are not implying that you and your leadership have the ability to predict the outcome of the multiple changes discussed in this chapter. However, we do believe that you and your leadership team can develop plausible scenarios, consider short term and long-term time horizons, and analyze how these scenarios will impact your industry and your organization.

As such an analysis is performed and in the context of your strategy, you will grasp what becoming a Resilient Enterprise entails for your organization. Then, you will recognize the need to act in order to explore new opportunities and to mitigate risks.

Using the quote at the beginning of this chapter, we hope that you are ready to embrace uncertainty, as well as excited to start the journey!

## **INTRODUCTION – SUMMARY / KEY CONCEPTS**

- The impact of the COVID-19 pandemic has been extraordinary. In addition to the acceleration of adoption of digital technologies, many key components of our current societal construct have been challenged and will be reshaped. A few of them are:
  - The current model of capitalism.
  - The democratic model.
  - The governance framework.
  - The future of work.
- It will take decades for society to arrive to an agreement about the new social contracts. During this period, technologies will continue to evolve exponentially.
- We hope that we will not have major civil unrest or military conflicts as society works through these issues. However, we anticipate decades of reset turbulence.
- The mentioned period is here called the “never normal world.” We believe it is futile for organizations to search for certainty by trying to adapt to either a “new normal” or a return to the “old normal.”
- We recommend you and your leadership team to take an “opportunity” rather than “fear” perspective in the design and execution of your resilience journey.
- There are three domains to work on in order to become a Resilient Enterprise. They are:
  - Resilient Business Model.
  - Resilient Operating Model.
  - Resilient Culture, Leadership, Governance and Financial Resilience.
- The best way for your organization to thrive in the “never normal world” is by becoming a Resilient Enterprise.



*The book helps organizations become Resilient Enterprises by applying an Agile People-Centric Framework to 3 domains: 1.) Resilient Business Model, 2.) Resilient Operating Model, 3.) Resilient Culture, Leadership, Governance and Financial Resilience.*

## **Reset for Resilience - Developing a Resilient Enterprise to Thrive in a Never Normal World**

By Antonio Urquiza & Marcelo Sauro

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