

Riding the waves

Shorter economic cycles call for new levels of inner strength and responsiveness



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The pace at which companies now find themselves confronted with new, diverse, and complex financial, political, or environmental risk or turbulence continues to spiral. In circumstances like these, only the flexible and adaptable will thrive – providing, that is, they can sustain a positive take on the inevitable changes. Against this revised backdrop, top management's key role is to forge a culture of resilience throughout the organization.

CHRIS GARDNER is forever running. He runs to get to the office on time; he runs to pick up his son from day-care; he runs to recover a precious item of medical equipment that's been stolen from him; and he runs to get a bed for the night at the homeless shelter. The authentic and moving story of the Afro-American fund manager and millionaire Chris Gardner, who first loses everything – his job, his wife, and finally the roof over his head – following a poor investment decision is now a Hollywood movie (*The Pursuit of Happyness*) with Will Smith in an Oscar-nominated role as Gardner. Gardner/Smith takes that particular pursuit, which is anchored in the American Declaration of Independence, seriously and after surviving a whole string of setbacks makes the most of a tiny opportunity that fate throws his way. Under almost impossibly difficult conditions, he starts an unpaid internship at a fund management company, because there's a single job on offer for the best of the many candidates. And ultimately he gets that job.

Rubber Man bounces back

Chris Gardner – incidentally the real Gardner had a walk-on part in the film – stands not only for the American-Dream-come-true but also for a survivor's mindset. He embodies a raft of think-positive maxims: Nothing's going to get me down; I'll take the rough with the smooth; When the going gets tough, the tough get going; Even the darkest cloud has a silver lining.



"The tea ceremony is essentially a worship of the Imperfect, as it is a tender attempt to accomplish something possible in this impossible thing we know as life," wrote Kakuzō Okakura in his *Book of Tea*. From a very early stage the bowls that form an important utensil at the tea ceremony also inspired meditation on life among its practitioners: Each one was unique and handcrafted by an artist. These one-of-a-kind objects were handed down over generations and considered irreplaceable, even if they broke. *Kintsugi* is the name of the fine art of repairing cracks with lacquer resin and sprinkling them with powdered gold. It is to this art form that we owe objects that stand not least as a symbol of people who are not necessarily broken by a crisis and with whose experience we can empathize.

Tea cup, Edo period (1603–1868), glazed pottery (Izumo Ware), H: 5 cm, D: 13.5 cm. Collection of Museum DKM, Duisburg

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If the biblical Job was still around, modern-day psychologists would credit him with a resilient character. But what exactly does that mean? The term resilience has its origins in the realms of physics and refers to the property of certain materials or bodies that, despite the impact of external forces, always return to their original form or position. The matching super-hero would be Rubber Man. At a later stage the notion was adopted by psychologists and sociologists to describe the phenomenon whereby certain individuals overcome, say, poverty, drug abuse, and violence in their youth – or traumatic experiences as refugees or prisoners of war – and go on to develop a deep inner strength and live successful lives. Others, by contrast, are destroyed by similar experiences. Resilient people, however, are not only resistant to adversity, they also derive a special kind of energy from these experiences; energy that they later put to good use. It's like in physics where the impact of an external force on an object and its return to its original state are all about absorbing and releasing energy.

Gaining inner strength

Over the years our interpretation of resilience as a human characteristic has been enlarged and expanded. This has to do with the realization that inner strength is not only a blessing when the chips are down but in everyday situations as well. More recently the term has been increasingly applied to the world of work and to corporate entities – not least in relation to their response to the global economic crisis; because as a result of the latest upheavals increasing numbers of executives and experts have come to realize that, for companies and their workforces, the advent of tough times and radical change in their operating environments is no longer a once-in-a-lifetime experience; it happens with increasing frequency.

The aim, therefore, must be to make these organizations and the people who work for them so resilient that they no longer experience such situations as a shock from which they recover only gradually, if at all. Ideally

they should have the inner strength to square up to adversity and deal with it proactively.

But how do executives, employees, and thus whole organizations develop resilience? To answer this question we turn to the findings of resilience research. Modern personality psychology tells us that people who are particularly crisis-proof present some very typical character traits and behaviors:

- They often describe themselves as calm, balanced, and carefree. They tend to remain cool even when exposed to stressful situations.
- They are sociable, self-assured, active, communicative, energetic, and fundamentally positive. They feel at ease in groups and love excitement.
- They are open for new experiences, adventures, and impressions. They are prepared to question existing norms and to engage with innovative social, ethical, and political values.
- They tend to be trusting and cooperative rather than competitive. They help others and are convinced that those they help would do the same for them if the need arose.
- They act in an organized, thorough, planned, effective, responsible, dependable, and well-considered way.

Armed with these mental assets, they are well equipped to deal with adversity. No less important, though, is practical experience of having mastered difficult times in the past.

Resilience, then, has less to do with any genetic predisposition and more with “life’s lessons learned.” In general, resilient individuals have learned from experience that they can – to some extent – control their own destiny. They don’t leave things to luck or chance but proactively shape events. And they have a realistic view of their own abilities.

In addition to this personal resilience, in teams or groups resilience is formed above all when strong bonds unite the group and when team members trust and respect one another and live out shared values. Transposed into the business world this means that resilient indi-

viduals and organizations don't waste time complaining about the ups and downs of economic developments or of life itself, but accept them as givens. At the same time they adopt a very realistic view of these peaks and troughs – neither too negative, nor too positive – and as a result are prepared for all eventualities. Problems are not buried or denied, but instead assessed as objectively as possible. One means of actively expanding the range of possible courses of action is to define multiple potential future scenarios and draw up plans for how employees, departments, and ultimately the whole organization should aim to react, if and when they occur. Combining different people's experiences and expertise can be a great help in this respect.

The right mix of planning and improvisation

Resilient people and organizations skillfully maintain a balance between planning and improvisation. They have a set of rules that define the overall playing field but within those limits they have plenty of room for improvisation, and they make good use of that freedom. This balance between tight and loose enables them to grasp opportunities that present themselves and adapt rapidly to revised conditions.

Another characteristic of resilient people and organizations is that even in the face of great adversity they do not allow themselves to be forced into passive acceptance of their fate. Instead, they retain their ability to act. One striking facet of resilient companies is that they manage to remain innovative even in difficult circumstances. Instead of focusing all resources on mastering the problems of the hour, they keep one eye firmly on the future. Apple, for example, guided by its founder Steve Jobs, has never stopped thinking about innovative products even in times of severe economic pressure. As a result, in the late 1990s the iMac was on hand to rescue the company from a deep crisis, while the iPod and iPhone later became pioneering products in entirely new sectors. These powers of self-renewal are a major factor in the cult status that Apple and Jobs currently enjoy.

Such personalities and organizations are helped in this respect by their conviction that their own actions are meaningful, founded on strong values, and move them toward clear goals. This mindset is often encountered in medium-size companies or in enterprises where the founder or the founding family plays an active part in shaping the company's destiny. In major enterprises it often finds expression in employees' pride in their company's long and proud tradition.

To date, however, many companies have acquired resilience factors such as resistance, flexibility, and versatility more as a by-product of their specific leadership style or corporate culture. True, risk factors and developments that catch some companies out have always been part and parcel of the business world. But now the diversity, complexity, and increasing frequency of economic, political, and environmental risk make it essential to actively and systematically reinforce the general resilience and regenerative powers of individual players and whole organizations alike. In general terms, this means

- defining alternative ways and means of performing critical tasks,
- building adequate resources to generate a creative and appropriate response to crises, and
- promoting the ability to react and recover fast, in and after a crisis.

Another important factor is that across the company and among top management in particular there should be a consensus about the challenges that need to be addressed. And before a crisis or even a problem arises, it must be perfectly clear who is responsible for coordinating an appropriate response to events. Moreover, the company should be structured in such a way as to spread the risk. The overall effectiveness of these measures is greatly enhanced by appropriate provision and planning, trust and collaboration, identification of existing tools, and strong leadership.

A targeted search for the above resilience characteristics among executives and an appraisal of the specific action plans for the various teams and/or the organiza-

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tion as a whole enable companies to obtain a detailed analysis of the resilience of the corporate entity itself and of its management. The relevant skills must then be fostered systematically at personal, team, and company level, in line with an overall plan – because the good news is that resilience can be learned.

Working in the crisis zone

The key aspects for companies and their management include not just establishing and implementing suitable response structures across the organization but also, and in particular, the active promotion of resilience among management and workforce. The first step here is to identify those corporate leaders with character traits that point to a high level of inner strength. Resilient top managers strengthen a company in two ways: As a role model, the inner calm and energy they demonstrate in a crisis will inspire their staff. And at the same time resilient leaders act in such a far-sighted and flexible way that their companies can anticipate pending crises instead of being caught unawares.

The very diversity and complexity of the tasks to be handled and provisions to be made are beyond the capabilities of the lone heroic leader in the corner office and can only be dealt with competently by a strong and well-established leadership team. The findings of resilience research mentioned earlier only go to underline this argument. Mutual support within the team and the knowledge of not having to face a whole host of problems alone are substantial stability factors in their own right. On top of this, by distributing the various tasks among its members a team can work much faster and more effectively than any individual. So in future there will be less demand for the charismatic star at the helm and more for the brilliant corporate leader who is also a skilled team player.

For their part, boards will do well to increasingly appoint managers with appropriate personalities and experience to key executive roles. At the same time, companies need to systematically identify and foster the high

potentials in their ranks, not least by setting them progressively more challenging tasks, including working in the crisis zones within the company.

The simple fact is that anyone who has successfully handled such roles emerges more confident in their own abilities to resolve tough issues and with a sense of their own inner strength. Top managers who demonstrate a calm and collected approach to a stormy situation exert a strong positive influence on those around them. Resilience at the very top can easily cascade down through the organization. Only those executives who exude confidence and act with a sense of proportion will release the required energy in their staff, inspiring them with the courage to interpret not only their own roles but also the company itself as continuous work in progress, without being driven to despair.

THE AUTHORS

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