

# Building Resilience for Challenging Times

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How to thrive and not just survive

June 2023



# Contents

*"Some companies freeze and fail,  
while others innovate, advance, and thrive.  
The difference is resilience."  
McKinsey & Co.*

	Page
Contents	2
Introduction	3
Overall Findings: A Summary	4
- Four Trends of Resilience	5
- Where does Responsibility for Resilience sit?	6
- A Need for Honesty	7
Developing the Resilience Value Proposition	8
Introducing Echo's RQ2 Resilience Research Methodology	12



# Introduction

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Perhaps the most brutal effect of the Covid pandemic was what it revealed about resilience. The assumptions that society, organisations and individuals had worked with were tested to levels for which no leadership training had been designed or experienced, and for which new lessons are still being learned. Since then, financial and geopolitical instability have only deepened the climate of uncertainty. Our conversations with clients and industry colleagues have confirmed the need for new ways to develop long-term strategic resilience planning.

Organisations are having to respond quickly and honestly. How can they ensure that they can withstand future shocks and live up to their ambitions for truly sustainable success? Leaders are not short of advice: a mini-industry of consulting offers has emerged, focusing on the notion of resilience, and encouraging businesses to adopt new strategies that might enable them to survive and thrive through adversity.

We wondered how the events of the last few years, and organisations' response to them had changed leaders' understanding of resilience, and whether a new type of approach was required in setting strategies.

So, we discussed these issues with a select group of Echo Research contacts in senior leadership and corporate affairs positions from across the business spectrum: financial services, professional services, engineering, manufacturing, public health services and pharmaceuticals. Our interviewees were based in the UK and across continental Europe. We are enormously grateful to those individuals, for their generosity and insights, and will respect their confidentiality in this report.

Our observation was that much of the current consulting advice, as detailed and credible as it is, might also be narrow in its scope and missing an important link. Narrow, because resilience, as one of our interviewees said, ***"is a compound substance"***.

Missing a link, because as Hiltrud Werner

(Head of Integrity & Legal Affairs at VW) says:

***"Organisational and personal resilience are cut from the same cloth"***

Our conversations have confirmed, informed and enhanced our understanding of what really lies behind the need to build-in resilience to business models and processes.

Resilience is not an end point but an ever-evolving state of mind, for both the individual and the organisation. Its principal triggers being the emotions and behaviours around you.

There is also a hierarchy of resilience that starts with society, filters through government to organisations and then individuals. Less resilient societies can quickly impact the 'health' of businesses and people.

***"How good are we going to be at change?"***

Over the following few pages, we will summarise the findings from our conversations and set out a new approach to measuring and acting upon the challenges resilience (in all its forms) presents organisations today.

We believe this work is important and very relevant to all senior managers but has resonance for those responsible for the stewardship of reputation. Resilience and reputation are interdependent.

Understanding what is driving both is at the heart of what we do best at Echo Research. This paper is an introduction to that thinking.

And it matters. As one senior European COO described the importance:

***"If stakeholders see you as a resilient company, that goes to the strength of the company. As an investor, you like to see that."***

**Echo Research  
June 2023**

# Overall Findings: A Summary

## Is resilience an issue for organisations' leadership? If so, how has that changed?

The immediate answer to the first question is an undeniable "yes". The systemic shocks of the past three years have created lasting after-effects that are still being worked through. Leadership teams are focusing more intently on "what used to be called Business Continuity but has now taken on a much greater seriousness" and building a greater awareness of the range of factors that feed into that strength. It is definitely a 'top table' conversation.

It is noticeable that organisations are not yet viewing resilience in the round, or able to make a definitive reading of their 'resilience status'. Leadership teams are certainly more aware of the range of factors that go to make up their organisations' ability to withstand future adverse events, but don't yet seem to integrate them all into one 360° perspective.

Also, some sectors give the word a tight and specific meaning (utilities or power supply, for example, or rail networks) and so might take longer to accept or adopt this broader application.

Much of the attention on resilience has focused on the more physical or functional aspects of organisations, which is leading now to a wider consideration around how best to implement. One interviewee told us:

*"We actually have a resilience plan which is quite operational, and we're now looking at how that should be communicated".*

We see four key characteristics to effective organisational resilience:

1. **Clarity of objectives** – a clear and defined aim that is adaptable to circumstance
2. **Clear values** – those that are agreed and set with a sense of efficacy
3. **Confidence** to act with purpose toward business goals
4. **Organisational intelligence** – a confident culture with open knowledge sharing from top to bottom

## How has the issue, or understanding, of resilience changed?

Layered over the four drivers of corporate resilience above, we identify four clear trends:

Organisational Resilience really does depend on people

Resilience is more than 'bouncing back'; its about being future-fit

Resilience is not conceptual. "It has to be systemised – across the board"

Resilience matters to everyone

# Four Trends of Resilience

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## Organisational Resilience really does depend on people

One of the strongest recurring themes in our conversations was the importance of creating the right culture and environment, to enable people to “feel safe, feel valued and feel inspired to do their best”. There has been a definite elevation of what might have been previously called the ‘soft factors’, with a recognition that **“HR has become more prominent in developing resilience strategies”**. This is critical, because nobody here is talking about taking a soft option. Businesses will still need to drive their people, and all the usual metrics will still apply (perhaps included within a wider set) but now in a more complex environment – **“getting that balance is going to be absolutely critical”**.

## Resilience is more than ‘bouncing back’; its about being future-fit

Many of our conversations highlighted the fact that **“resilience is a synonym for sustainability”** and should be understood in that way. It has to be viewed and developed with a future focus – and should therefore be measured as a contribution towards that. Again, this is critical, because it really speaks to the need for all organisations to be prepared for change, and to be capable of achieving it. True long-term success will depend on more factors than ever, and chief among them will be the capacity to think differently and to accept new priorities, and then to build these into business models and systems. At every level of the organisation, the quality of change-readiness will be an essential pre-requisite to its enduring success and its contribution to and role within the world around it.

## Resilience is not conceptual. “It has to be systemised – across the board”

In some ways, this requires a redefinition of the word or its origins, or a re-appraisal of its relevance. The idea of Business Continuity has traditionally been rooted in the notion of risk, but even this should be reviewed, because **“risk is being misunderstood. It’s highly contextual and needs materiality”**. It also needs to build in the soft factors we have discussed before, which marks a significant shift in appreciation and inclusion in corporate strategies.

## Resilience matters to everyone

Because the agenda has broadened to include the recognition of culture and people, and stretched to embrace the full implications of sustainability, an organisation’s perceived ability to thrive long-term is relevant to all stakeholders. **“It affects things like cost of capital, brand and reputation, attraction and retention of talent. It gives you a commercial advantage.”** Resilience is therefore a core element of corporate reputation, being both cause and effect of brand and culture, speaking to and emanating from internal and external audiences. It is fast becoming a determining quality of differentiation.

# Where does Responsibility for Resilience sit?



***“Chaos doesn’t mean disaster if an organisation is capable of effectively navigating its way through flux and rapid, even uncertain change”***

In terms of setting the standards and the tone, this is very much expected of the leadership. Measurement and review are not integrated or easily defined as fitting into one role within the organisation. This is down to two factors: first, there has not yet been a way (or perhaps even a recognition) of integrating all the different elements of this “compound substance”; second, resilience has in part been seen as intangible and therefore impossible to measure.

In its widest sense, most of our conversations described resilience as a quality built through corporate culture. It is a deliberate outcome, a reflection of the values and behaviours demonstrated by senior leadership individuals and groups. The most egregious failures of organisations in recent times were all felt to be the result of poor culture, rather than specific events, and as one person said, ***“shareholders see that”***. We may talk of soft factors, but their effects are judged by the hardest criteria and have huge ramifications.

As the sustainability agenda continues to evolve, including but going beyond the current ESG dimensions, this pressure to perform will only intensify. And remember, no organisation can ever be something its leader is not.

***“Resilience can be a motivator – if done well”***

This quote captures the feeling that emerged through our conversations. If it can be understood as an asset to an organisation, and to flip the old saying, for it to get done well, it should be measured. It follows, then, that resilience is something that should be actively developed and properly encouraged as a key component of an organisations culture. An internal strength that will quickly translate into external value.

**If resilience is to be built deliberately and sustainably, leadership teams need a framework by which to measure the state of resilience across their organisation.**

# A Need for Honesty

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As Warren Buffet famously said, when the tide goes out, we can see who's been swimming naked. The past three years have surely taught organisations the value of being properly dressed, and of checking in the mirror just to be sure. Perhaps even that won't be enough now. To quote another sage, Peter Drucker: *"A time of turbulence is a dangerous time, but its greatest danger is a temptation to deny reality."*

Organisations should take this opportunity to recalibrate their readiness (in their attitudes, their competencies, and their operations) to be *"constantly prepared for change"* – which will inevitably require serious self-examination – and to realise this potential to inspire greater confidence in their forward strategies. As one interviewee told us,

***"We need more certainty behind the numbers, and so do the markets."***

This is where the idea, and recognition, of vulnerability becomes critical. It helps bring greater materiality to risk and builds emotional intelligence across the organisation – especially within the leadership team.

It's a hugely interesting question to ask of any organisation:

**Is your culture one that accepts and explores vulnerability?**

The answer goes to the heart of resilience.

One other aspect of honesty arose in our conversations, and again feeds into both the definitions of resilience and into its delivery. Asking, ***"Are we good at what we need to be good at?"*** forces leadership teams to re-state what their core business or activity is, and to ensure consistent excellence in execution.

***"Financial audiences in particular ask 'Can you do it?' They want to know about the depth of talent. Not just the strategy, not just the commitment to it, but the ability to execute. All the way down."***

We are reminded, again, that while leaders acknowledge the need to create safe and inspiring environments, this is not a shift towards any kind of soft option: performance matters, only more nuanced and multi-faceted now.

### 3. Developing the Resilience Value Proposition

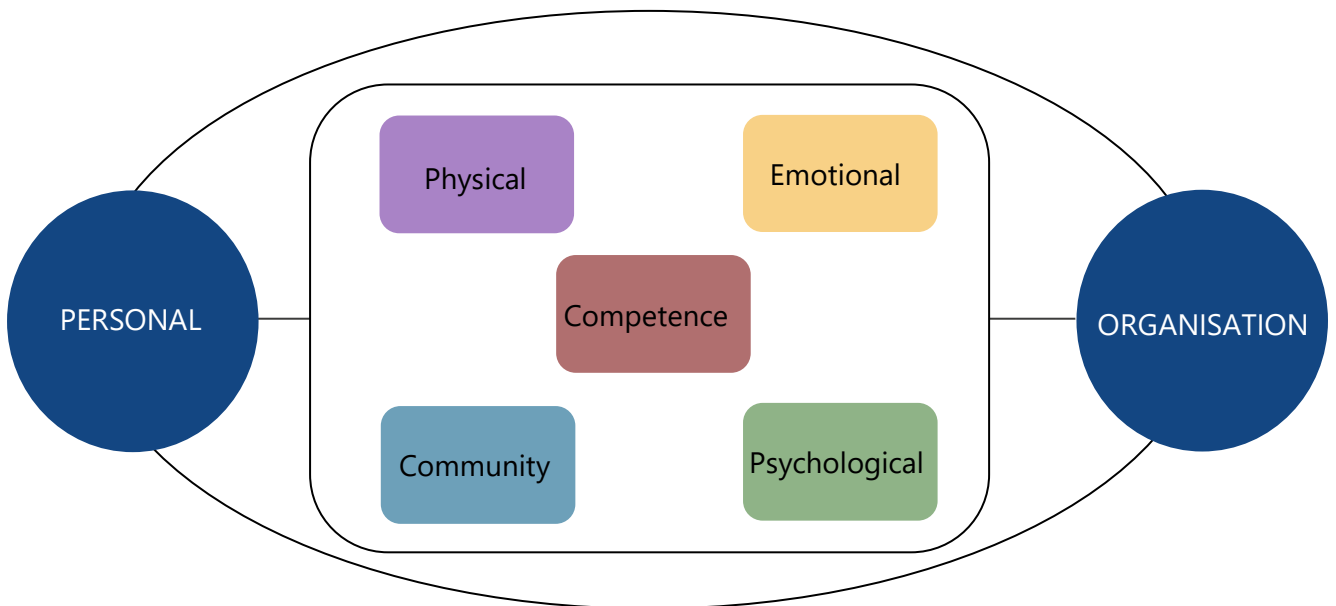
If resilience is to be built deliberately, leaders will need a framework. That starts with a proper understanding of all its dimensions and demands, which are grounded in the comment about organisational and personal resilience being cut from the same cloth. Or, as we heard during one of our conversations:

*“Resilience comes from personal resilience... and team resilience...which comes all the way down from the very top of the business.”*

Prior to writing this paper, we had formed a hypothesis of how to understand the idea of resilience in its fullest sense and how that might bring together the motivations for both personal and organisational resilience.

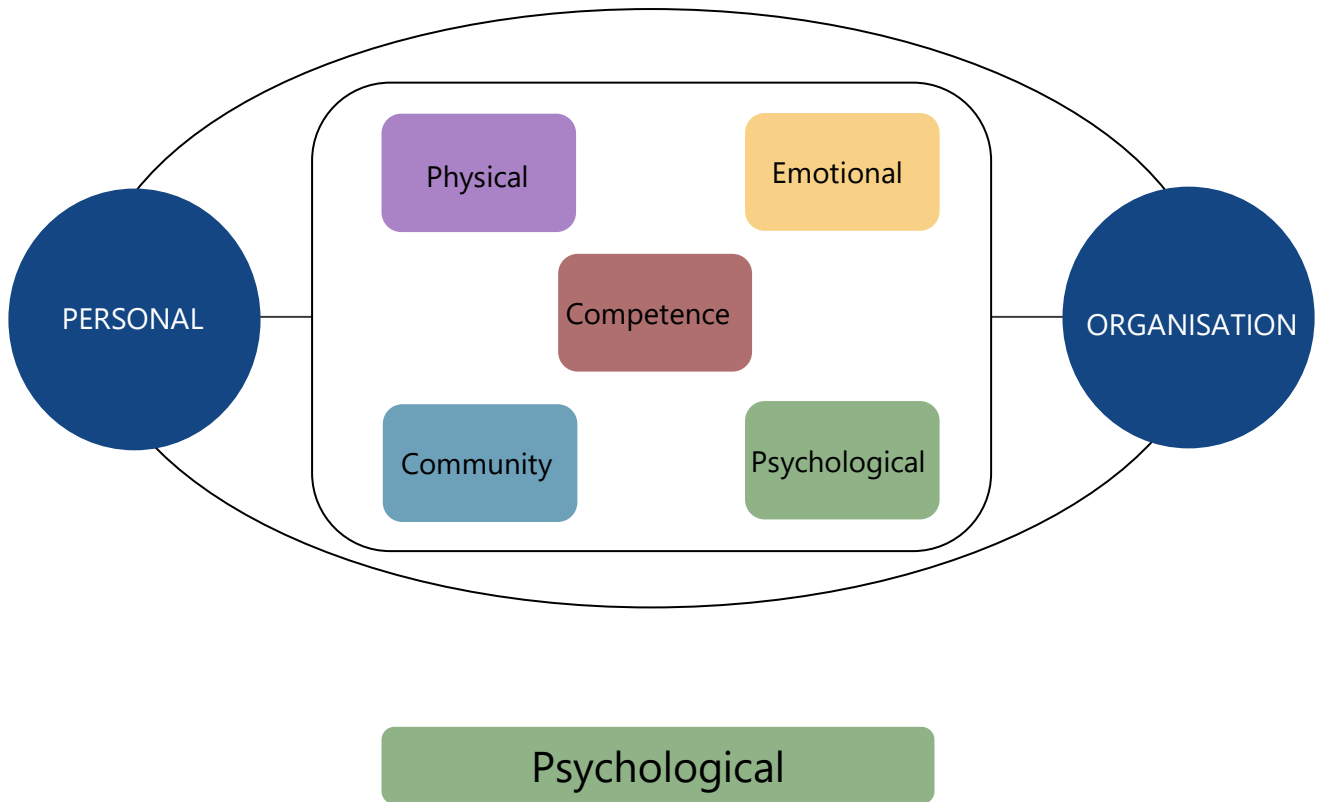
Through our recent conversations, we have confirmed and enhanced that hypothesis and taken it further into a research approach and basis for discussions with any organisation.

**We identify five types of resilience, all working on both the personal and organisational levels:**





# Psychological



This is the quality that enables someone to remain calm and clear-headed in difficult or turbulent times. It gives them the strength to recognise what is happening around them, and to move on from adverse events without carrying damaging negative feelings or associations.

What can organisations do to help create the conditions in which their people can gain in this strength? Having an over-arching and driving idea that makes sense of all the changes is critical:

***“Purpose really rings true here – it helps you weather the storm, holds you together”.***

That then should carry through into a clear, motivating strategy; one in which everyone can understand their role and contribution, and which translates directly into actions and standards. We would stress this point again and reinforce it through a quote from one of our conversations, that :

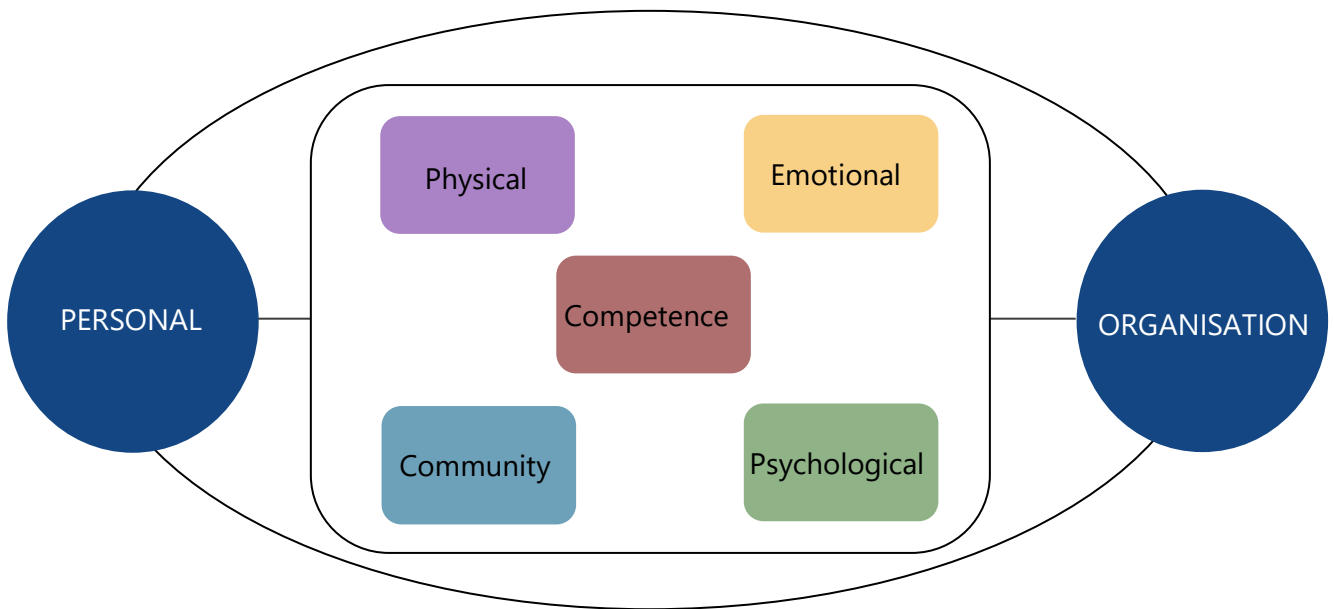
***“purpose doesn’t make a bad company good”.***

For the purpose, strategy and implementation plan to work, the organisation must also foster a learning culture – one in which mistakes are reflected on and seen as a prompt to improvement.

***“You have to have the ability to learn from mistakes – it takes a lot of mental toughness.”***

That all helps reinforce the process, and to strengthen the sense of momentum and progress.

# Emotional & Physical



## Emotional

People with emotional resilience are able to step outside their situations and ask themselves, "How am I doing?" That extends to asking the same of those around them, underpinned by an emotional intelligence of insight and empathy. Again, this helps to create supportive and positive conditions in which people can move forward.

How can organisations build that kind of environment? Certainly, as our conversations confirmed, leaders' behaviours and perceived priorities are vital. A corporate culture that actively encourages openness and honesty, and leaders who clearly empower their people, go towards making a 'safe' place.

And in those conditions, people are far better able to withstand shocks and to continue their path towards that defined vision. But again, this is not asking businesses to 'turn soft', because they need energy and commitment to achieve their aims -

***"We had to keep up the pace and face the realities – we wouldn't have been able to pick it up later."***

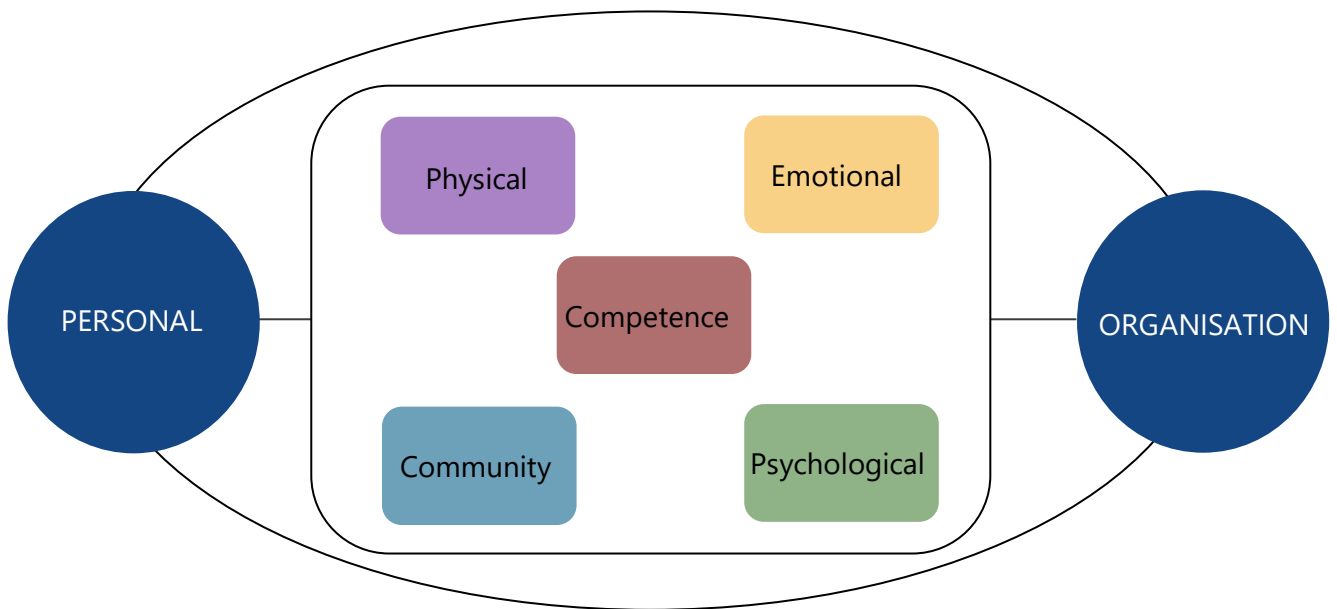
## Physical

Physical resilience is all about the individual's ability to recover, to get (back) into the right shape for future challenges. Most people's definitions of resilience fall into this category – and much of the consulting firms' offers do the same. We know how important this type of resilience is, and our conversations here reinforce that recognition, but we feel it is even more important to understand how it fits with the other types.

At an organisational level, we naturally look at financial, operational and digital resources – those are the infrastructural necessities for continuity. But we should also include other activities and decisions, such as the internal reporting structures, and commitment to L&D programmes.

***"You have to build it into the business model...this is not just about disasters; it's about making sure we all perform under pressure."***

# Community & Competence



## Community

Community resilience describes the way groups come together at times of difficulty. The quicker and more tightly they do this, the better the recovery. Underpinning this sense of true community are shared values and ideas, and a feeling of being 'one team'.

These translate easily to the organisational level, where the real meaning and value of 'brand' come through. This is often where the real energy is felt :

***"Our brand and our culture are absolutely critical now."***

We also found many cases of leaders being aware of the progress they had made over the last couple of years, and wanting to build on that, as summarised in one of our conversations:

***"We have to ensure that people don't fall back into their silos – a sense of community is important."***

## Competence

After all these different types of resilience are understood, there is the critical issue of someone or an organisation simply being able to do what is needed. In a combination of mental and physical attributes, this is a test of capability – of having the skills required to perform in whatever 'next normal' the individual finds him/herself.

There should be some sympathy for the leaders who are experiencing this kind of event for the first time, and with no real training or preparation. Reflecting this across the organisation as a whole, one interviewee summarised the new demand as:

***"We need new measures and skills in engaging with and inspiring stakeholders."***

To that we should add a reminder of our earlier points about ensuring the ability to execute the corporate strategy all the way down the organisation, and to continue to do the core business exceptionally well.

## **“What gets measured gets done”**

To quote one of our interviewees, **“resilience is ultimately about being change-ready”**. Leaders cannot formulate strategies to ensure their organisations survive and thrive through periods of change, without knowing their starting-point.

At the opening of this paper, we suggested that organisations needed to know “How good are we going to be at change?” and the conversations we have held over the past couple of months have helped us to construct a research model that we believe will help provide an answer.

### **We have called this new research methodology RQ<sup>2</sup>.**

RQ<sup>2</sup> sets an organisation's Resilience Quotient and makes that critical link between the organisational and individual levels.

It integrates the five types of resilience we have identified here and creates a unique 'single view' to provide what has been described as **“a temperature gauge”** or **“a really valuable heatmap”**.

It provides a quantified research platform for action, through which leaders can address real issues around their organisations' resilience and change-readiness and achieve proper reputational regard for their position.

RQ<sup>2</sup> combines intelligence drawn from internal and external audiences and perspectives. As another interviewee highlighted, **“our brand and reputation are critical now”**, and we believe that each informs and supports the other.

Finally, RQ<sup>2</sup> acts as early warning system to alert leaders to the possibility of culture and operational misalignment. Taking that earlier comment about corporate failures being a result of culture rather than events, any measure of resilience needs to be understood in that context.

**We'd welcome your views and be delighted to talk through our new model in the context of your own organisation. Please find details over the page on how to reach us.**

## **Are you resilience-ready?**

Echo Research is an independent, global leader in communications, brand and reputation research. We undertake qualitative / quantitative research and media content analysis globally and provide actionable insights into reputation and brand to drive strategic outcomes.

For further information on this paper or the Echo Research RQ<sup>2</sup> offer, contact:

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