# Ten Tenets of Resilience

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**Background**

The kind of uncertainty, ambiguity and complexity brought in by COVID -19 pandemic has made resilience as one of the most searched topic in the last few months. We cannot predict the future but can be better prepared. Crises are not new to us, at different points in time in human history, we have had various geopolitical crisis, economic crisis and slowdowns and more recently the climate crisis and the ongoing Covid-19 pandemic. However, we have recovered every time. Therefore, when it comes to leadership, building resilience would be the most important aspect for the world. In this respect, the biggest challenge is always what comes next; quoting from Farid Zakaria's book 'Ten Lessons for a Post-Pandemic World', the fear is that Covid-19 is just a dress rehearsal and we will have another crisis too big to handle and the lockdowns as  mechanisms to respond to the crisis are signs of failure.

People have called Covid-19 a black swan event. However, Harvard Business Review has called it black elephant, a combination of black swan event and the elephant in the room, suggesting that such threat was already there but we chose to ignore it. The immediate question that arises is what is the role of the corporate boards when they see the black elephant in the room and they do not act? For example, imagine that tomorrow there is a huge calamity because of the cyber security issues. India is the third most vulnerable nation in terms of cyber security and hence we already know the potentially devastating consequences, but what are we doing about it? We can't throw our hands up, we need to deal with this proactively and that is one of the basic ideas of this talk.

Resilience is the ability of a business to withstand, adapt and thrive in the face of shocks that are internal and external, as well as known and unanticipated. In terms of issues for discussion on board's agenda, corporate resilience was low on priority before 2019. Top priority was given to issues like Innovation and Growth, Technological Trends, Organisation's Culture, Workforce Needs etc. Corporate resilience was last on this list. Only one-fifth respondents believed that a lack of corporate resilience was a significant challenge for their organisation and among these, almost half of respondents feel that their boards were not prepared to manage this.

This perspective has changed dramatically in 2020; corporate resilience was a major topic in the board's agenda. Among the megatrends after the pandemic, some trends have weakened, some have got accelerated and there are some new trends that have come up. For example, digitalization of life and businesses, smart social infrastructure, reforms in work style are key trends that got accelerated during the pandemic and were made possible by phenomenal rise in technology in recent years. This has further led to concentration of profits to digital platforms resulting in tech companies outperforming other sectors in terms of market capitalization.  The fast forward growth in digitalization can be gauged from the fact that that 10 years growth in e-commerce penetration in the US happened in 3 months.

Similarly, Satya Nadela, CEO, Microsoft, pointed out "we've seen two years' worth and of digital transformation in two months"

On the other hand we have initially witnessed decreased energy demand and drop in fossil fuel prices globally and also a slowdown in international collaborations. In the newly emerging trends, we are witnessing demographic shifts, increasing urbanization which is further changing the industrial structure, especially in emerging economies.

**How to become resilient?**

According to Political Scientist Joseph Nye "We have less historical precedent or understanding of today's challenges, and that demands a new dimension of resilience."

Resilience can be of varied kind; there are many examples of individual resilience. However, our focus in this discussion is business resilience. Business Resilience is the ability of a business to withstand, adapt, and thrive in the face of shocks that are internal and external, as well as known and unanticipated.

Ten Tenets to become crises-resilient

1. Adaptability
2. Agility
3. Resilient Thinking
4. Scenario based planning
5. Purpose Driven
6. Platformization
7. Digital Ready
8. Foster Self-Disruption
9. Climate Conscious
10. Autonomous Innovation

**Adaptability** is the best strategy when the business environment is hard to predict and to shape. TCS is a good example in context; their revenue has grown from $155 million in 1996 to $21 billion in 2019. They follow a strategy which adapts to shifts in technology, customer needs and business environment.

**Agility** stands for quickly adapting and responding to a change. The year 2020 is not just the year of pandemic, it is also year of science where remarkable agility has been shown.An excellent example of rapid response is from Israel, where 40 collaborators from different sectors came together and developed a ventilator from scratch in just 13 days at 1% of the cost of high-end ventilators during the pandemic and later released the source code for anyone to make it freely. In India, CSIR developed innovative process chemistry in record 4 weeks and helped Cipla in developing a drug for Covid-19. Global vaccine development for Covid-19 is another example; it normally takes years to design, develop and deliver a vaccine but the way different players have shown agility and responded is remarkable.

**Resilient Thinking** focuses on designing the system to handle any unforeseen events; being proactive rather than being reactive. Example in case is Reliance; at the time of conception of the new refinery

complex at Jamnagar, Dhirubahi Ambani challenged the standard way of design for a fixed crude specification, and said that he wanted a facility that can refine every kind of crude. This was not done by any other player before. Today reliance is the second largest energy firm in the world and handles 135 types of crude –from dirtiest to best.

**Scenario Based Planning**: making assumptions on what the future is going to be and planning accordingly. Shell is a good example in this context; they have been developing possible visions of the future since 1970s and have stayed in the top 10 rank globally for more than 25 years now. They responded faster than other companies by virtue of its sensitivity to emerging topics such as climate change, the rise of China the shale gas, etc.

**Purpose Driven:** Purpose-what is the company about or why does the company exist? We do not discuss this question often. The emphasis is largely on what the company does and how do they do it; we talk only about the products being produced and the processes being followed. Studies have shown that purpose driven companies perform better than the others. They tend to have more committed employees and are more likely to succeed in the long run. A telling example was the creation of Mission Kurukshetra by Reliance after the 2008 economic crisis, where the entire organisation was aligned to work in a warlike manner with focus on war on waste, extreme efficiency and value maximisation.

**Platformization:** Moving from products to platforms. Today, top global companies by market capitalization are Apple, Microsoft, Amazon, Alphabet and Facebook (2019). Eight of the top 10 companies in 2009, could not make to this list in 2019. In India, after the arrival of Jio platform, Reliance India Limited jumped 47 places in 3 months to become the 51$^{st}$ most valuable company in the world. This clearly reflects that platforms power the world's most valuable companies.

**Digital Ready:** These means complete transformation of the businesses, and not just digitize the existing processes. The idea is to transform a caterpillar into butterfly, not create a faster caterpillar. It's not just bringing in new machines but also how man and machines work differently and together. Digital transformation, which is at the core of Industry 4.0 and includes adoption of digital technologies and end-to-end digitalization for value creation, is vital to become resilient. In the post Covid-19 world, agility and flexibility have gained prominence over cost. The transformation would need a self-adapting, self-learning, and self-sustaining set of software technologies that work together to anticipate future conditions and act accordingly.

**Foster Self-Disruption:** To remain resilient, companies must innovate to disrupt themselves before someone else does and replace them. The three box solution by Vijay Govindrajan can be followed in this context, wherein by balancing the past present and future, managers can resolve the inherent tension to innovate a new business while running a high profile business at the same time. The focus after the pandemic should not be entirely on recovering; there's a chance to reinvent and re-imagine and we must seize this opportunity which provides a great chance for self disruption.

**Climate Conscious:** This is going to be very important as the latest IPCC report findings are extremely worrying and points that we are heading towards a crisis if we don't act. One has to strive for green growth and adopt sustainable and environment friendly approach while doing business. Sustainability is

not a choice, it's a business imperative and the corporate world is responding to it. WEF has created a coalition of public and private partners working on the industry transition to set heavy industry and mobility sectors on the pathway towards net-zero emissions by mid-century.

**Autonomous Innovation:** This is important as communities are primary responders to crisis. Empirical evidences have shown that innovation during crises triggers faster recovery. 'I' in India should stand for innovation, 'I' in Industry should stand for innovation and not imitation as innovation is absolutely vital for developing resilience to any kind of shocks.

Finally, all ten tenets of resilience can be captured through a single ASSURED framework, where ASSURED stands for Affordable, Scalable, Sustainable, Universal, Rapid, Excellent, and Distinctive. The ASSURED resilience is a good matrix for all to follow and can be pivotal for building *Atmanirbhar Bharat.*

*You can watch the recording of the session using the following link:*

https://youtu.be/rqgIR_JP4Fk