

Building Resilience in Client Organisations: The Consultant's Challenge

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Abstract

We review the concept of organisational resilience from the perspective of a consultant-client relationship. Specifically, we argue that the issue of a client's resilience in the face of performance-diminishing disruptions needs to be a central theme of any consultant-client relationship. Management consultants have a responsibility to clients to support their resilience capabilities regardless of whether a given assignment explicitly uses the language of resilience. However, our literature review suggests this is a formidable challenge, particularly with larger and more complex client organisations. Understanding the client's resilience landscape involves learning about the effectiveness of prior responses to disruptions at individual, organizational, and network levels. Advising the client on how to improve their resilience capabilities requires the consultant to think very carefully about the overall type of resilience needed, the reasons behind this stance, the level of implementation and the scope of implementation.

What is Organisational Resilience?

The term 'resilience' in business and management is used to describe organisations that are able to respond effectively or recover quickly from major disruptions. Disruptions originate from many sources, both internal and external to the organisation; natural disasters, human error, IT failure, supply chain problems, customer boycotts...the list is endless. An organisation that is high in resilience is able to withstand the onslaught of disruptive forces - which often occur unexpectedly - due to its possession of capabilities that allow it to be robust or agile (Fiksel, 2006; Lengnick-Hall, et al., 2011). In the robust form of resilience, the organisation maintains its shape and continues to operate despite sudden unforeseen troubles in internal or external environments (Ponomarov & Holcomb, 2009). In the agile connotation, the organisation is able to develop novel ways of doing business – normally involving continuous learning and an ability to adapt while under stress (Bhamra, et al., 2011).

Linnenluecke (2017) provides an exhaustive review of the field, noting: "Case and anecdotal evidence exemplifies that some organizations are more successful in responding to (or even surviving) unexpected, abrupt and/or 'extreme' events than others under similar circumstances." (Linnenluecke, 2017: 4). Large companies such as Apple and Amazon have capabilities that allow them to rapidly respond to environmental turbulence quickly (Sheffi & Rice Jr, 2005; Juttner & Maklan, 2011). Nevertheless, the case of Tesco's Fresh & Easy venture in the U.S. (Chandrasekhar & Williams, 2013) shows how even large and mature companies are not always able to successfully respond to unexpected events; in this case leading to a £1.2 Billion loss and a decision to eventually withdraw from the U.S. completely. Small companies also can be highly vulnerable to sudden shocks. The case of Expatica Communications (Williams & Van Eerde, 2017) describes how the sudden and shocking death of one of the managing partners led to a crisis in the company, which then required strong leadership by the remaining partner. Looking across networks of organisations, the resilience literature often cites the 9/11 attacks as an example of networked supply chains that can be highly vulnerable (Linnenluecke, 2017).

In different countries and cultures, the definition and translation of the concept of resilience can become more nuanced. In China, for example, there are three interpretations: Hui Fu (recovering to an original point or situation); Tan Xing (a flexibility characteristic – the shape will change when faced with external forces, but will bounce back when the external forces disappear); and Ren Xing (the shape is changed when faced with external forces, but it is impossible to bounce back even though the external forces disappear) (Wang, et al., 2017). The way in which consultancy is delivered to help client organisations become more resilient also varies across cultures, an example being the advisory role of powerful entrepreneurial incubators in China (e.g., Li, et al., 2014).

Resilience is studied at different levels of analysis, not just at the firm level. Some examine resilience at an individual level, where the term has been used to describe the ability of individuals to pull through in the face of adversity (Werner, 2000). And it is used at the network level, where the interconnectedness amongst organisations comes into play; for instance, where critical failures may ripple through supply chains, from raw

materials to transportation. Scholars have, therefore, considered how to build resilient architecture in global value chains (Christopher & Peck, 2004; Peck, 2005) and at different levels of analysis. Indeed, according to the U.S. National Research Council (2011), resilience is the “continued ability of a person, group, or system to function during and following stress” (National Research Council, 2011: 3, emphasis added).

Trajectory of the Field

Resilience has its origins in the field of ecology (Holling, 1973) but has had a much wider influence in social science from the mid-1990s onwards in studies of the interactions between humans and nature (e.g., Holling & Gunderson, 2002). The origins of the resilience concept in the business and management literature can be traced back to seminal works drawn from evolutionary theory (Campbell, 1965). Staw, et al. (1981) and Meyer (1982) developed somewhat opposing arguments relating to how organisations respond to external threats, i.e., rigidity versus adaptability, and whether the responses were successful or unsuccessful. From the 1980s onwards, research on resilience shifted from external threats to internal organisational reliability, in particular, the reliability of complex technological systems applied in intra-organisational processes and the curtailment of small failures (e.g., Perrow, 1984; Sutcliffe, 2011). This shift was driven by accidents and disasters occurring at that time, including Chernobyl, Exxon Valdez, Bhopal, and the Space Shuttle Challenger (Linnenluecke, 2017).

The field has noted how some organisational systems may recover more quickly from disruption than others, sometimes with less effort and at lower cost (Chowdhury & Quaddus, 2017). Scholars have argued that what determines ‘success’ in dealing with disruptions involves a mix of proactive and reactive capabilities. Proactive capability, according to Hollnagel, et al (2006), is a system capability which identifies, predicts, and defends against the changing shape of risk before adversity occurs. Reactive capability refers to the organisational abilities to respond and recover from disruptions (Ponomarov & Holcomb, 2009).

The Challenge for Consultants: Resilience in Client Organisations

When we consider the issue of resilience within client organisations in a consultant-client relationship, there are two basic scenarios. On the one hand, a consultant may be engaged by a client organisation in order to advise on how to deal with a problem that has been explicitly recognised as relating to the client’s resilience. In other words, the client themselves have framed their issue in terms of problems they are having dealing with disruptions. Perhaps there have been recurring disruptions that have been inadequately dealt with and that have adversely impacted the performance of the client. On the other hand, there is a scenario in which a consultant is engaged by a client organisation to work on a non-resilience-related problem or a broader strategy issue where resilience is implicitly - not explicitly - mentioned by the client as being the central concern. An example could be to help develop a new growth strategy for a firm considering entering new markets. This distinction is important. Strategy is a much broader concept than resilience alone. Following Hambrick & Fredrickson’s (2005)

strategy framework, consulting in strategy requires the consultant to provide guidance on (1) the arenas in which the organisation should participate, (2) the vehicles for achieving this objective, (3) the differentiators which should represent the organisation's belief in how it will achieve its objective, (4) the staging of moves to be made by the organisation over time, and (5) the economic logic of how the organisation will obtain returns. Consulting for resilience, on the other hand, is about how the organisation – once it has adopted a strategy and set out to fulfil its strategy – will be able to deal with (often unanticipated) disruptions along the way. The point is that some client problems will be framed to the consultant as being explicitly about resilience.

We argue that in both of the scenarios (implicit and explicit) the consultant's ability to engage with the client on the issue of their overall resilience is both (1) necessary and (2) not straightforward. In the first scenario, the assignment brief will necessitate an explicit focus on the capabilities to deal with disruptions. In the second scenario, the consultant has a duty of care obligation to the client; the consultant should not provide any advice or guidance on a particular issue that might have a side-effect of lowering the client's resilience (i.e., increasing the client's vulnerability to disruptions) in other areas. This latter point is especially interesting because there is much pressure on consultants themselves to act as disruptive forces in - and for - their client organisations (Bessant & Davies, 2007; Christensen et al, 2013.). In their good faith attempts at being disruptive, are consultants actually an accident waiting to happen?

Firstly, we think it is important in both explicit and implicit scenarios for management consultants to make deliberate attempts to understand the client's resilience landscape. We do not mean here the strategic or competitive landscape; we mean the resilience landscape. As noted above, there are multiple levels to consider as regards the issue of resilience: the individual, the organisation, and the wider network level (National Research Council, 2011). The literature also explains there are two sides to the question of resilience at each level: it is not just about a client's capabilities for dealing with disruptions, there is also the nature of the disruptions themselves. Consultants, therefore, need to gain understanding in various areas in order to be able to contribute to the client's resilience.

Consultants need to understand the nature of past, present and even possible future disruptions. Are they internally or externally arising? Do they impact on the whole value chain, the client organisation only, or just one part of the client organisation? Do they occur suddenly, or do they build up over time? This means that there is the issue of understanding the client's broader organisational system. For large and interconnected client organisations, we might expect that there could be a dispersion of disruptive events across these dimensions. Sometimes, disruptions might be felt most acutely in sub-units of the organisation; sometimes, they might impact on the client's position in its external network. Consultants need to understand what it is about the client's resources and capabilities that allow the client to deal with disruptions or prevent it from dealing with them. Again, this is not about the classic view of resources and capabilities to enact a broader strategy. It is about resources and capabilities specifically for resilience. Are certain individuals (including leaders) supportive of – or inhibiting of – resilience? Are all the client's external partners contributing adequately to the resilience capability of the client organisation? Again, there is likely to be variance across the landscape on the question of resilience capabilities.

It will also be necessary for consultants to understand why the client's prior responses to disruptions have been successful or possibly unsuccessful; in other words, identifying the causal mechanisms. It will be necessary to ask questions about what kind of response was made, in particular, whether it was a response based on rigidity and robustness (Ponomarov and Holcomb, 2009) or one based on adaptability, agility, and flexibility (Lengnick-Hall et al., 2011).

Gaining this knowledge about the resilience landscape in a client organisation is likely to be a non-trivial and potentially problematic task. It will be a costly and time-consuming exercise, especially in large client organisations and/or when the consultant is operating alone as an independent consultant (i.e., not in a large engagement team). It will be necessary to connect with a large number of stakeholders who have been involved in the client's organisational ecosystem to identify and interpret perturbations that have occurred. A consultant may only ever obtain a narrow view of the resilience landscape working on their own. Their data collection may also be restricted because of project scope and commitment made to the client regarding project costs and deadlines. Going outside the scope of agreed assignments might annoy the client, particularly if the consultant seeks to interview a range of individuals and external partners who seemingly have little connection with the assignment at hand. And making sense of the knowledge obtained will be tricky. Just because a certain individual interviewed by the consultant provides attribution for an inability to deal with a disruptive event does not necessarily mean that the attribution is correct. Others may disagree. A highly politicised discussion around 'who was to blame' could follow. In international client organisations a political arena could develop, leading to new complexities in the managerial environment of the firm (Williams & Lee, 2009).

Secondly, we also think that it is necessary in both explicit and implicit scenarios for the consultant to be proactive in their advice and guidance to a client on the question of the client's resilience. Gaining understanding of the client's resilience is one thing. Turning this knowledge into sound advice and delivering it so that this will help the client to become more resilient is quite another. Again, the literature is informative in that it points to areas where a consultant may want to offer advice. The consultant will need to decide if advice specifically related to resilience (not overall strategy) is to be directed at certain individuals (including leaders), at the organisation as a whole (e.g., structure, systems and culture), at the client's network partners (in supply and distribution chains), or at a combination of these. The consultant will need to demonstrate evidence for any 'resilience capability' gaps at these different levels in order to be credible with the client. A participatory approach that promotes the client's capacity for learning could be useful. It could act as a facilitating mechanism to enhance client resilience through the sharing of experiences or jointly developing innovative solutions.

Possibly the trickiest aspect will be that of thought leadership and the fundamental framing of the problem in resilience terms. The consultant will need to decide which 'stance' to recommend and to articulate this clearly and confidently to the client: should the mind-set be based on rigidity and robustness, or should it be based on adaptability, flexibility, and change, or should there be a combination of the two (if so, how)? These aspects of advice-giving also represent challenges to management consultants. If the consultant chooses to adopt an advisory approach based on compartmentalisation of

the problem (e.g., a narrow focus on one part of the organisation and one specific area of capability such as IT), there is a chance that the client ends up devoting resources to boosting its resilience within that 'compartment', only for another disruptive event to suddenly have a devastating impact elsewhere. Such narrow advice might appear to have blindsided the client, annoying them and weakening the consultant's credibility.

On the other hand, a broad scope approach where the consultant seeks to guide the client to address largescale resilience capabilities at all levels and all parts of its ecosystem might be seen as too ambitious and possibly unrealistic. Implementing the solution in an acceptable timeframe could be fraught with difficulties. The literature also suggests that giving advice on client resilience is a challenge because of the question of 'stance'. Recommending a rigidity stance might be seen as a direction that the client might have conceived without outside help, thus weakening the consultant's perceived value. Although management consultants often fulfil a useful role in validating a client's own approach, some – especially those promoting an innovative agenda within the client – may question why an external consultant should be required to recommend a rather un-innovative solution. Conversely, suggesting an adaptability/agility stance is also fraught with challenge. Brusset (2016) pointed out that instilling agility in an organisation is a multi-faceted and cross-enterprise problem, including operations, strategy, information systems, marketing and human resources. The consultant is also challenged with the decision of whether to recommend a Tan Xing approach, or a Ren Xing approach; in other words, within the concept of agility there are more nuanced forms that will have implications for how operations, strategy, information systems, marketing and human resources are reconfigured. In addition, there could be severe consequences for a consultant in recommending an adaptability/agility approach where the outcome leaves the client exposed to new disruptive events in other areas.

In summary, there are some fundamental choices facing a management consultant when it comes to using their knowledge of the client's resilience landscape in order to develop and profit from the client relationship. Given that the issue of resilience strikes at the core of the client's operational performance, any error by the consultant that misdirects the client will lead to low client satisfaction, a lower chance of repeat business, and possibly legal action.

Suggestions for Advising Clients: How to Develop Resilience

We suggest six areas for management consultants to consider when dealing with the issue of resilience in a client organisation. We believe that these suggestions are relevant for both explicit and implicit resilience contracts and our first suggestion speaks directly to this point.

1. Answer the question: Am I working on an explicit or an implicit resilience assignment?

Management consultants need to be clear about whether a current or proposed assignment explicitly relates to resilience, i.e., has the client formally recognised the problem it faces as a resilience issue and has it framed it as such? If it has, there is perhaps a stronger case to be made for broadening the scope of the project to

conducting an audit of the client's resilience landscape. If the assignment is of an implicit resilience nature, in our line of thinking the consultant will need to tread carefully. They will need to take extra precautions to ensure there will be no adverse side-effects in terms of weakening the client's ability to deal with new disruptions as a consequence of any advice that is forthcoming.

2. Build a holistic understanding of the client's resilience landscape during the ongoing relationship with the client and keep this knowledge up to date

Clients contain individuals (employees) working in units (teams). They execute strategy (as an organisation) and often they are part of large and complex value chains (networks). Management consultants need to understand individual, team, organizational, and network effects as a collective whole, not as individual parts. It is essential for a consultant to have a holistic view of how different actors or stakeholders within the client's ecosystem interpret and understand issues or problems when faced with disruptive events. Complex adaptive systems (CAS) thinking can help in building a mental model or a cognitive map of the client's resilience landscape in terms of what they know, how they perceive disruption and what they do when disruptions occur. This knowledge should include insight into how the various levels inter-relate, and cases illustrating how the client has dealt with major disruptions in the past. Such knowledge development will take time and should be a core feature of the ongoing consultant-client relationship. Eventually, this knowledge will help the consultant to identify the client's weak spots and areas of vulnerability in terms of overall resilience. It will also help the consultant to build legitimacy and credibility with strategic leaders in the client organisation.

3. Produce a compelling pitch to conduct a 360 degree resilience audit for the client

Conducting a 360 degree audit of resilience in a client organisation would be an explicit project. It would require an acknowledgement and sign-off by senior-level budget holders. It would be highly visible and would need a sanctioning and sponsorship within the client organisation for the consultant to collect data from all parts of the client's organisational system. Depending on the size and complexity of the client, it is likely to be a non-trivial and time-consuming exercise. Particularly in situations where the client has not requested an explicit assignment on resilience, there may be some hesitation or resistance: "Why do we need this?" Nevertheless, consultants should not wait for the client to approach them. They will gain credibility by being proactive and recommending a broad-scope resilience audit for the client.

4. Nudge the client towards a resilience mindset

Especially when working on implicit resilience assignments, the consultant can introduce the language of resilience into day-to-day communications with the client, and particularly with senior managers and decision-makers within the client organisation. Being sensitive to the issue of resilience in the client organisation, even when working on other assignments for the client, will act to nudge the client towards thinking more about resilience at a strategic level. It may also act to boost the trustworthiness of the consultant in the eyes of the client. The client will feel that this consultant 'really cares about us'. Nudging the client towards a resilience mind-set may pay dividends for the consultant in the long-run as the client starts to think about explicit resilience projects and how they might use the consultant to assist them in such new projects.

5. Work with academics who understand the theory of resilience

Consultants may benefit by linking with academics and researchers who have an in-depth understanding of resilience in multiple contexts. The organisational resilience literature has become quite well-established; there are multiple competing books in the market and a growing base of scholarly research in business and management. Consultants may not have studied resilience in an overt form on their MBAs or other formal education programs. Working with academics at the cutting edge of organisational resilience research (much of which is based on primary data and cases – forms which should be accessible to and interpretable for consultants) will help to develop the consultant's heuristics in the field of resilience. This can take various forms, ranging from attending conferences and workshops, seeking out the latest publications and new work from academics, engaging in joint research projects and case development, participating in informal knowledge sharing meetings, inviting academics to speak at consultancy forums and so forth.

6. Be on call for key clients

Quite often, episodes of disruption for clients occur suddenly and they can also be highly sporadic. We think that the best time to learn from them is while they are actually taking place. Interviewing people about events and responses that might have occurred months or years in the past can be troublesome because of recall bias and other time-lag effects on the quality of the data. Gaining an insight into resilience capabilities in real-time and as they are utilised can be highly beneficial for the consultant. This will likely entail the consultant offering to be on call and prepared to travel to client locations to personally experience and work with clients through specific episodes of disruption.

Conclusion

Sadly, we do not live in a world where there are no disruptions. Such a world simply does not exist! Client organisations are constantly confronted by disruptions and it is a management consultant's professional responsibility to be sensitive to the issues surrounding their client's resilience, regardless of whether or not the client has explicitly recognised resilience as a strategic problem or not. Understanding the capacity of the client organisational system to survive, adapt, and grow in the face of adversity is one side of the coin. Actually providing a helping hand so the client can function effectively in tumultuous times is the other. Overall, putting client resilience at the centre of the consultant-client relationship will be challenging for many, but it will ultimately lead to new opportunities, a healthy relationship and a prosperous outcome for both sides.

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