



IN SEARCH OF RESILIENCE : FROM PILOT TO ARCHITECT

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Abstract

Turbulence is all around us and, helplessness and despondency are clearly out of place. Instead, resilience is the potent antidote to emerging turbulence in economies and markets. In less turbulent times, established companies would rely on the flywheel of momentum to sustain their success, but tough times call for new modes of thinking and action.

The paper describes two distinct approaches to resilience in turbulent settings. The Rebound Cycle of the airplane Pilot is reactive. Its primary aim is to regain control and return to status quo ante. The Renewal Cycle of the innovative Architect is proactive. Its primary aim is to create a new business model that will help the organization to withstand the turbulence, if and when it does occur. Hence, the intent is not to revert to “what was”, but rather, to create “what should be”. The adoption of the Renewal Cycle is not conventional and is difficult, because of the inherent challenges that exist in its adoption. These challenges are delineated. Moreover, turbulence brings out the natural tendencies of managers to adjust to the old model, rather than adopt a new model. The caveats of adjusting to the established model and the wide-ranging consequences of failing to heed them, are also laid bare in the paper.

1. Introduction

The world is facing turbulence, unprecedented since the early 1970s. A global slowdown, rising energy prices, food shortages, corporate scandals, collapsing stock prices, and conflicts in many parts of the world, have collided like never before, to create a highly volatile, macro-economic cocktail.

The complex and depressed global setting has, not only impacted on the economy of Sri Lanka, but also the island’s own, internally generated crises, ranging from ethnic to economic, and from social to political, have made a difficult situation only worse. The financial sector of the country, clearly, is very much a victim of the emerging volatility and turbulence, and the sector, as a whole and individual firms, in particular have to respond carefully and indeed, strategically, if it is to obviate or perhaps, avert the inevitable impacts on it.



The fact is that the world, at large and Sri Lanka, being no exception, is becoming turbulent, faster than organizations are becoming resilient. The evidence looms large. Spiraling costs and pressures on margins have contributed to the disturbing pattern of declining corporate profits. The cost of capital and the increasing difficulty of managing customer credit, resulting in default and low margins are only some of the fallout of the emerging crisis.

The ability and readiness of individual organizations and industries, as a whole to deal with turbulence in a strategic way, rather than give in to the natural instinct to hunker down and ride out the storm, ought to be the way forward.

2. Two Modes of Resilience

Turbulence of the context in which an industry, and/or the firm is located is typically characterized by, “a state or condition of being violently disturbed, restless, or confused” (Webster, 2004). **Resilience**, which is the antidote to turbulence is typically characterized by, “an act or power of springing back to the former shape or position” (Webster, 2004).

It is observed that disturbance can take three forms (i) Macro-economic shocks and disturbances (ii) Industry-specific shocks and disturbances, and (iii) Firm-specific internal shocks and disturbances. (Oxelheim and Wahlborg, 1988)

Figure 1 : Resilience Mode I

