



A Values-Based Approach to Cultural Resilience

What to focus on in an economic downturn

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Abstract

This paper focuses on actions that you can take and values that you need to focus on to build the resilience of your organisation.

Introduction

If there is one thing that companies learnt in the economic crisis of 2008-2009, it is the importance of resilience—the ability of an organisation to withstand shocks and remain sustainable under prolonged periods of market duress.

The following checklist of actions will help you to build your company's resilience during economic downturns and place you in a strong position for success when things return to normal.

This checklist is based on the core principles of the Barrett Model. Each of the seven items on the checklist represents a critical step in building a full-spectrum, sustainable organisation.

Step 1: Focus on building financial stability. Build up your cash reserves. Seek ways to stay financially sustainable.

Step 2: Communicate with staff and customers. Confidence is important. Ensure everyone knows what you are doing to get through this crisis.

Step 3: Focus on your core business. Get lean. Streamline your systems and processes to reduce costs and increase agility.

Step 4: Learn to adapt to a changing environment. Work on reducing cultural entropy and building innovation.

Step 5: Get clear on your direction. Re-energise your vision, mission and values to build internal cohesion.

Step 6: Build strategic alliances. Align with your customers and suppliers to create mutually supportive, beneficial relationships.

Step 7: Keep the long-term in mind. Ensure your short-term plans do not compromise your long-term viability.

1. Focus on survival and build stability



This is a time to focus on your financial position, cut out unnecessary costs, and explore new income sources that are related to your core business. It is also a time to restructure or reduce your debts. In an economic downturn, where money is in short supply, “cash is king.” Your first objective in an economic downturn is to make sure you survive the immediate impact of the situation by conserving and building up your cash reserves. The second objective is to find ways to strengthen your long-term financial position so that you will have the cash to grow and expand when economic conditions improve.

The danger right now is to take a knee-jerk reaction to cutting costs by firing people. This would destroy your cultural capital and undermine the commitment of your organisation’s top talent. If you do have to reduce your head count then do it with compassion. Your first line of attack when faced with difficult trading conditions should be to improve your performance by reducing cultural entropy and increasing staff engagement.

The opportunity

Focus on financial prudence and economic sustainability so that you remain in a strong position to secure loans for future growth. In difficult times, strong cash reserves give you better access to credit.

The values

In an economic downturn the values you need to focus on are *economic prudence* and *financial sustainability*. Let these values guide your decision-making.

2. Communicate with staff and customers



In an economic downturn, people worry about their future—employees and customers alike. Maintaining open communication with staff is essential at this time. Keep staff apprised of the company’s position to allay fears and maintain calm.

Communication should be two-way. In addition to providing regular updates for staff, create opportunities to listen to what is on your employees’ minds and the problems they are experiencing. At the same time, create opportunities for them to share their ideas about how to minimise costs and improve income. Invite them to think like owners.

More frequent communication with customers is also important at this time. They need to know that they can count on you to be a solid partner. This is particularly essential if you are a supplier of services or products to other businesses. The more your customers depend on you for their business success, the more you need to reassure them of your support in keeping their businesses going.

It is important for the CEO and Executive Team to appear calm and on top of the situation in order for employees to focus on the business of earning income and providing a superlative customer experience.

The opportunity

Reach out to your customers to find out how the economic downturn is affecting their buying decisions. What once was a best selling product or service may be deemed too expensive in the current climate. Focus on supplying the products or services your customers believe are giving them the best value for their money. They may still want to focus on quality but will be looking for quality at the right price.

The values

All stakeholders need to be assured that your organisation can withstand the economic downturn. The values to focus on are *open communication* and *customer loyalty*.

3. Focus on your core business



In hard times, focus on what is essential to your business success—strengthen your core business and delay or eliminate speculative projects and investments. To decide which core products and services deserve focus, consider how market conditions influence your customers’ business. Gather feedback from your customers about their current needs. Almost certainly, they are experiencing price pressures from their customers.

The opportunity

Focus on increasing efficiency and leanness in production, processes and management systems to reduce costs. Consider using Six Sigma or reengineering your systems and processes. Remove unnecessary bureaucracy. Think of steps you can take to improve agility, reliability and quality while maintaining your competitive edge.

The values

At this time, focus on your internal *efficiency* and *effectiveness* in supplying and delivering products and services.

4. Learn to adapt to a changing environment



Throughout recorded time, organisms, creatures and civilisations that could not adapt to their changing environments either perished or were taken over by more powerful entities. The same is true of organisations. The Fortune 500 constantly changes as companies go bankrupt or are taken over by fitter, leaner and more resilient companies.

The principal impediments to achieving high levels of adaptability are the limiting values at the first three levels of organisational consciousness— particularly values that cause rigidity and prevent cohesion. These include: at level 1, control and micromanagement; at level 2, blame and internal competition; and at level 3, elitism, hierarchy, bureaucracy, and silo thinking.

Key antidotes to these issues include: teamwork—dissolving the barriers of separation; accountability—empowering people to take responsibility for delivering on time and in budget; and adaptability—rapidly responding to changes in market conditions. Focus on unleashing innovation by empowering employees and giving them a voice.

The opportunity

Get to grips with what is not working in the organisation, and more importantly, strengthen what is working. If you have conducted a Cultural Values Assessment, focus your attention on the desired culture values and the top value jumps. Also, work on reducing cultural entropy.

The values

Values that promote adaptability are accountability, responsibility and empowerment.

5. Get Clear on your direction



There is no better time than in periods of deep uncertainty to revisit your vision, values, mission, and strategy, with the objectives of refocusing everyone's energy around your core business and building internal cohesion. There are four critical elements to this work:

Vision: Get clear on where you are going. Ask the following questions: “What is the impact we are trying to have on society?” (the external vision), and “Who do we want to become?” (the internal vision). Ask: “Is our current external vision aligned with the global societal agenda?” and “Is our current internal vision aligned with employee needs?”

Values: Get clear on the rules of engagement. Ask: “Are we living our values?” and “Are they the right values to support our internal and external vision?”

Mission: Get clear on how you will achieve your vision. Ask the questions: “What is our purpose?” and “How does our purpose contribute to the vision we hold?”

Strategy: Get clear on how to move forward. Ask: “Is our current strategy in alignment with our revised vision, values and purpose?” and “What needs to change for us to achieve this alignment?”

The evidence is clear— long lasting companies have a compelling vision and a shared set of values that are embraced by the company as a whole.

The opportunity

In difficult times, people naturally come together to protect themselves from external threats. Take advantage of this opportunity to set a clear intention for the future direction of the company and values that will support the company on its journey.

The values

To create an environment of trust, focus on the values of *honesty, integrity, openness,* and *transparency.*

6. Build Strategic Alliances



Building resilience is not only about developing collaborative internal relationships but also about developing collaborative external relationships with your customers, suppliers and the local community. Acknowledge that your business is part of a larger whole, and fits within a global framework of interdependencies. In difficult economic circumstances, relationships really matter. Companies with strong links to their customers and suppliers stand the best chances of survival.

The opportunity

When the going gets tough you need the support of others, and others need your support so that everyone can weather the crisis. The opportunity given to you now is to reach out to your customers and suppliers and all your stakeholder groups to develop mutually beneficial alliances.

The values

To build strategic alliances, embrace the values of *empathy, customer/supplier collaboration, and partnerships*.

7. Keep in Mind the Long-term



In times of difficulty and crisis, there is a natural tendency to focus on the short-term, forgetting that you may have to live with the implications of your decisions once the crisis is over. Ask yourself if the decisions and actions you want to take now are also right for the long-term.

A knee-jerk reaction to a current problem may cause even more problems in the future. Be considered in your responses and bring experience and wisdom to bear on the situation. Tap into your intuition. Seek out ways to align with society's needs.

The opportunity

In an interconnected global world those who reach out to each other for mutual support survive and thrive. This is the opportunity. Overcome your fear-based reactions that are rooted in self-interest, and collaborate with your customers, competitors and suppliers to create the conditions that support the common good and provide a sustainable future for everyone.

The values

At times like these, we need *wisdom, humility and ethics* to build a sustainable future for everyone.

Conclusion

The intent of this paper is to provide a simple checklist of issues that are important for building resilience in difficult economic times. The checklist is based on the Barrett Seven Levels of Consciousness Model.

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