



Building a High Performance Organisation

To Withstand Turbulent Times

By Richard Barrett

Gone are the days of stability when you could develop a strategy and confidently plan the growth of your business over a five-year period. We are now living through a different period of history--a period that is marked by unanticipated events with regional and global impacts on business. Events such as the economic crash of 2008, rapidly fluctuating currency rates, the volcano eruption in Iceland in 2010, and in 2011, the earthquake and tsunami in Japan, the chaos that has enveloped the Middle East in the people's struggle for democracy and the UK government's rigorous budget cutbacks. It makes it really hard to run a business when you are constantly being sideswiped by unanticipated events that impact your market place.

As a CEO, what can you do to protect your company from this chaos and turbulence? What can you do to survive and thrive? Complacency won't help you and maintaining the status quo will be a recipe for disaster. So, what can you do?

There is only one thing you can do: focus on building a resilient company that is designed to withstand market shocks. But how do you do that? Well, one resource you might turn to are the principles that have guided 14 billion years of successful evolution.

What has evolution to teach us about organisational resilience?

There are three principles and five strategies behind all successful evolution.

At each stage of evolution an increase in the level of complexity of external conditions demanded an increase in the level of complexity of the internal decision-making capacity. In other words, as our physical world evolved from energy to atoms, to molecules, to cells, to organisms, to creatures, the internal worlds of these entities also

evolved. Put very simply, every stage of physical evolution was accompanied by an equivalent stage in the evolution of consciousness—in the evolution of the mind’s capacity to handle complexity.

The three universal principles of evolution are as follows:

Stage 1: Individual entities must first learn how to become viable and independent in their normal framework conditions of existence.

Stage 2: As changes take place in an entity’s framework conditions, challenging the entity’s ability to survive and thrive due to an increase in complexity and external threats, entities learned how to increase their resilience by bonding with other compatible entities to form a group structure.

Stage 3: As further changes took place, creating more complex and threatening life conditions, group structure’s learned how to increase their resilience by cooperating with other similar and compatible group structures to form a higher order entity.

We see this three-stage pattern of evolution throughout the whole of evolution. After atoms became viable and independent in their framework of existence, they bonded with other atoms to form molecules. As framework conditions became more threatening, molecules adapted by learning how to cooperate with each other to form a higher order entity called a cell. Once cells had become viable and independent in their framework of existence, they bonded with each other to form organisms. As framework conditions became more threatening, organisms adapted by learning how to cooperate with each other to create a higher order entity called *Homo sapiens*.

What does this mean for your organization? Simply this:

First, you must encourage your employees to become viable, independent entities so they can be relied on to fulfill their roles in the company in a responsible, agile and accountable manner. They must be empowered to make decisions as and when necessary without having to traverse layers of hierarchy or bureaucracy.

Second, you must create a shared sense of mission and a shared set of values that enable your employees to bond together to form viable independent group structures such as teams, divisions and business units. Team spirit and trust is vitally important.

Third, you must create the conditions whereby your teams, division and business units are encouraged to cooperate with each other for the good of the whole—to create a higher order entity, known as the organization. To meet this need you will need to develop a high degree of empathy.

Characteristics of Successful Leaders

To promote this way of being, you will need to find and develop leaders who embody the five strategies necessary for successful evolution.

The five strategies that must be embodied for successful evolution are as follows:

Adaptability: Adaptability is the ability of an entity to maintain internal stability and external equilibrium when changes occur in its external environment. There are two components to adaptability: speed and resilience. The speed or agility with which a leader is able to adapt is very important in improving the organisation's chances of survival. The resilience of an organisation is a measure of the scope or range of changes or shocks that it can successfully withstand and quickly bounce back to internal stability and external equilibrium. The more resilience an organisation possesses, the greater will be its ability to survive.

Continuous Learning: The second-most important quality is continuous learning. There are two important components to successful continuous learning. First is the ability of an organisation to institutionalize (store in memory) its learning about maintaining or enhancing internal stability and external equilibrium so it can repeat successful responses to changes in its environment and avoid responses that were not previously successful—the ability of the leader to learn from mistakes. Second, is the ability of an entity to use whatever it has learned in the past as a platform for future learning through the use of fuzzy logic—reasoning that is approximate rather than precise. This means being able to use past learning to help determine a response to a new situation that has never been encountered before. This quality lies at the core of innovation, the principle manner in which adaptability manifests.

The Ability to Bond: Bonding is an important adaptability strategy in evolution because it builds resilience. Whenever the framework conditions that an entity encounters are more complex than it is used to handling and threaten its internal stability and external equilibrium, then the ability to bond with other entities for the purpose of mutual survival is very important. Successful bonding requires an alignment of values. Successful bonding maximizes the amount of energy that is available to the bonded entities for responding to external challenges and, at the same time, minimizes the amount of energy that is required for maintaining internal stability. Bonding can be a strategy for both maintaining (surviving) and enhancing (thriving) external equilibrium. For human beings, strong bonds require a high degree of trust.

The Ability to Cooperate: Cooperation is also an important adaptability strategy in evolution. Whenever the framework conditions that a group structure encounters are more complex than it is used to handling and threaten its external equilibrium, then the ability to cooperate with other group structures for the purpose of mutual survival is very important. Successful cooperation requires an alignment of purpose. Not only does cooperation enable surviving, it also enables thriving. When the framework conditions

are favourable and group structures are aligned, then cooperation allows you to build a resilient higher order entity. For human beings, cooperation requires a high degree of empathy.

The Ability to Handle Complexity: The ability to survive and thrive in increasingly complex framework conditions lies at the core of evolution. This means being able to handle the internal complexity of a group structure as well as the external complexity of the framework conditions. Unlike the other four qualities, as far as humans are concerned, the ability to handle complexity to a certain extent is age-dependent and depends on wisdom. We can develop our adaptability, continuous learning, bonding, and cooperating skills at almost any age. Our ability to handle complexity, however, develops gradually and naturally as we grow older through experience.

Because these are the most important characteristics for evolution, they are also the most important characteristics for talent selection. Selecting leaders who embody these characteristics and training them to enhance these qualities is vital for your survival.

For further and deeper understanding of these principles and how to train leaders, read *The New Leadership Paradigm* (www.newleadershipparadigm.com) by Richard Barrett

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