How to design a more Resilient and Antifragile organization

Or why does it matter to your organization? What can agility help you to achieve…
Identify and share the sources of change...

• At each table, reflect and share what are the sources of change for your business today. Please write each of those on a post-it

• You have 5’ to complete this phase...
What is Fragility?

We are trying to reduce the impact of volatility by controlling the knowns… forgetting that when the unknowns are hitting us, they will generate immensely more harm…
Fighting...
Prevention...
Brush...
So what are Resilience and Anti-Fragility?

Let’s try to understand what these two words mean and how can help us improving our organizations…
“Resilience is the capacity of a system to absorb disturbance and reorganise while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks.”

[Brian H. Walker, 2004]
“Antifragility is a property of systems that increases in capability, resilience, or robustness as a result of stressors, shocks, volatility, noise, mistakes, faults, attacks, or failures”

[Nassim Nicholas Taleb]
Create one Flip-Chart and be ready to fill it…

• Create a flip-chart in Landscape and divide it in **4 quadrants** as shown in the picture

• Place the sources of change, that you previously identified, in the **middle circle**
Fragile

it is a system which reacts by breaking without significant signs of alteration of deformation. From an organizational standpoint this emphasize the incapability of the organization to react to changes, and simply failing in unrecoverable ways. A fragile organization is both not ready and not capable to react to changes. Any minimal disturbance in the flow, or volatility can cause a breakdown. Fragile organizations are incapable of reacting to failures.
How would the most Fragile Organization look like?

• For each of the sources of change that you have previously identified, reflect at your table and try to describe how the most Fragile organization would look like. Write it on post-its

• You have 5’ of time to complete

• Try to think at the following dimensions:
Robust

It is a system which is capable to resist to stress and avoid failures, requires to be specifically suited to resist to specific types of failures or stressors. From an organizational stand point means that the design of the organization is such that allows the organization to oppose
to certain types of stressors, and resist failure. At the same time it means that an organization can only be designed to resist against some known types of changes or stressors, and won't be able to adapt to unknowns very quickly. So robust organizations might turn out to be fragile against unknown stressors.
How would the most Robust Organization look like?

• For each of the sources of change that you have previously identified, reflect at your table and try to describe how the most *Robust* organization would look like

• You have 5’ of time to complete

• Try to think at the following dimensions:
Now with the help of the ETF Principles…

• Using the **6 ETF Principles** as guidance towards building a more agile organization, try to experiment how much agility can help you designing a more Resilient and Antifragile organization.
Resilient

it is a system which react to changes, by reestablishing itself as closely as possible to its original state. Resilience is the capacity of a system to absorb disturbance and reorganise while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks. Applied to organizational design, it means that the organization is capable of assimilating change, and evolve to a new state which substantially provides the same level of services as before the change. Resiliency allows to withstands unknown changes and volatility by co-evolving with the change into a new stable state.
How would the most Resilient Organization look like?

• For each of the sources of change that you have previously identified, reflect at your table and try to describe how the most Resilient organization would look like.

• You have 5’ of time to complete.

• Try to think at the following dimensions:
Antifragile

Antifragility is a property of systems that increases in capability, resilience, or robustness as a result of stressors, shocks, volatility, noise, mistakes, faults, attacks, or failures. An antifragile system is a system which improves as a result of stressors and failures. Many biological systems have this property, and also some organizations can be design to be able to learn and improve based on the attacks they are subjected to and the failures they undergo. Instead of trying to go back to their previous state, they evolve to a new state which is better suited for the current market conditions.
How would the most Antifragile Organization look like?

• For each of the sources of change that you have previously identified, reflect at your table and try to describe how the most Antifragile organization would look like

• You have 5’ of time to complete

• Try to think at the following dimensions:
Gallery Walk… share and learn!

- Now at each table, choose **two people** who will stay and explain your work to others coming and visiting you.
- Everyone else can move and **visit other tables** and **take note** of their solutions and ideas to improve Resilience and Antifragility.
- You have **10’** for this activity.
Now it’s feedback time!

• How do you compare the Return on Time Invested in this session with the equivalent typical daily work time? In a scale from 1 (very bad) to 5 (very good) where 3 (average) is your normal work day, how would you rate this session?

• What special feedback do you want to share with us? Write it on a post-it and place it on the flip-chart in the right position.
Thank You!
More food for thought...

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Enterprise Transition Framework (ETF) Principles

1st Principle: validate changes in small increments
Change is difficult and confronting. Validate changes with small safe-to-fail experiments, executed at regular intervals, to reduce resistance and minimize the waste of two coexisting systems, whilst gradually incorporating validated learnings.

2nd Principle: focus on value delivery and adjust accordingly
Your organization is a tool to deliver value to your customers. Identify what that value is and adjust the organization to focus on delivering it, whilst removing waste and making adjustments to streamline the simplest path to delivery.

3rd Principle: decentralize control
Decentralization of control and decision making shortens feedback loops and enables a more responsive organization. Define goals and constraints to allow for autonomous decision making and create Containers for Empowerment encouraging responsibility ownership and empowered action. Set boundaries with Enabling Constraints and encourage growth within these boundaries and challenges of them when they become limiting.

4th Principle: remove unnecessary synchronization of flow
Interdependencies are a symptom of an over synchronized system design. They carry the excessive burden of coordination, handovers and project plans which dramatically increase the transaction costs. Design a decoupled system which removes unnecessary synchronization and establishes effective working agreements which grant collective responsibility and ownership.

5th Principle: make culture explicit
Organizational culture exists and manifests in the form of behaviors and activities. Make it explicit to allow for better alignment and context creation - its difficult to change what cannot be seen. Once explicit, set a new direction to a more appropriate culture which supports strategic goals whilst supporting the values and behaviors that are important to the people within the organization.

6th Principle: create the appropriate context
Process, rules and even culture are often set without consideration to the context in which they are intended. Context matters and is a great lever for success. It needs to be created appropriately for the purpose it is intended so as to refrain from establishing a single context to fulfill multiple purposes.
How do different types of systems react to change?

Nassim Nicholas Taleb explains in his writings that there are 4 different types of responses to change which characterize a system. He also differentiates clearly between biological systems and engineered systems. While the former have a natural tendency to evolve and adapt to new conditions based on stressors, the latter are fundamentally static and need to be designed and engineered in order to resist or adapt to known foreseeable changes.

Fortunately organizations are more similar to biological systems than engineered ones and this means that they can react evolutionary to certain types of “stressors”. Taleb identified 4 different types of systems based on the way they react to change.

**Fragile:** is a system which reacts by breaking without significant signs of alteration or deformation. From an organizational standpoint, this emphasizes the organization’s inability to react to change and simply failing in unrecoverable ways. A fragile organization is neither ready nor capable of reacting to change. Any minimal disturbance in the flow or volatility can cause a breakdown. Fragile organizations are incapable of reacting failure.

**Robust:** is a system which is able to resist stress and avoid failures, but is required to be specifically suited to resist to specific types of failures or stressors. From an organizational standpoint, this means that the organizational design is such that allows the organization to oppose to certain types of stressors, and resist failure. At the same time it means that an organization can only be designed to resist against some known types of changes or stressors, and won’t be able to adapt to unknowns very quickly. So robust organizations might turn out to be fragile against unknown stressors.

**Resilient:** it is a system which react to changes, by reestablishing itself as closely as possible to its original state. Resilience is the capacity of a system to absorb disturbance and reorganise while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks. Applied to organizational design, it means that the organization is capable of assimilating change, and evolve to a new state which substantially provides the same level of services as before the change. Resiliency allows to withstands unknown changes and volatility by co-evolving change into a new stable state.

**Antifragile:** Antifragility is a property of systems that increases in capability, resilience, or robustness as a result of stressors, shocks, volatility, noise, mistakes, faults, attacks, or failures. An antifragile system is a system which improves as a result of stressors and failures. Many biological systems have this property, and also some organizations can be design to be able to learn and improve based on the attacks they are subjected to and the failures they undergo. Instead of trying to go back to their previous state, they evolve to a new state which is betters suited for the current market conditions.

In order to survive in conditions of high volatility and rapid change, an organization needs to become either resilient or anti-fragile. Antifragility is not always the answer as it comes with a higher cost, as it requires continuous experimentation and adaptation, survival is not always the state at which a business can operate safely.