Frameworks for Antifragility

How leaders can build an organisation with the agility to thrive through difficult times

Contents

In the face of a year that rattled or ravaged organisations across the world, The top 10 companies on FORTUNE'S World's Most Admired Companies list for 2020 demonstrated exceptional antifragility. The capabilities that make a business truly antifragile can be defined as organisational agility. This paper will discuss the conditions under which true organisational agility is developed and outline a method you can use to create a sustainable framework for continuous improvement so that your organisation is prepared to flourish under even the most challenging circumstances.

Introduction

"Antifragility is beyond resilience or robustness. The resilient resists shocks and stays the same; the antifragile gets better."

<div align="right">Nassim Nicholas Taleb[1]</div>

We are only just beginning to unpack the business lessons of 2020 and the Covid 19 crisis, which will continue to resonate for years. Events this extreme do not come along often, but exceptional circumstances have a way of exposing both weaknesses and strengths: in people, in systems, and in organisations. Patterns that may be overlooked in ordinary times are suddenly visible. Obvious. Unavoidable. These stark revelations can be sobering. They can also be enlightening.

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[1] *Nassim Nicholas Taleb (2016). Antifragile : things that gain from disorder. New York: Random House, p.3*

The pandemic acted as an accelerant. It brought forward a level of change that may have happened naturally over the course of 3-5 years and compressed it into a span of 3-5 months. Businesses of all sizes and across all industries were forced to reckon with sudden, drastic change. For many, the shock was catastrophic. Others were able to react with astonishing speed. They found ways to do more with less. To streamline their processes. To increase the value they provide to their customers and improve their profitability. While other businesses were struggling to survive, they got better. In short, they demonstrated antifragility in action. The question we are left with and must learn from is: "how?" What made the difference?

The way an organisation responds to crisis, whether it crumbles under pressure or uncovers opportunity in difficult situations, directly corresponds to its level of organisational agility. If a company has the flexibility and strength to respond quickly and effectively to change and disruption, it has the ability to survive and even gain from situations that will sink less prepared organisations.

Organisational agility is an achievable goal for your organisation. It is possible to build an antifragile company that adapts, grows, and benefits from whatever challenges come its way. In this paper, we will discuss how to establish a framework for continuous improvement which will help your organisation achieve the fitness it needs to survive and thrive in difficult times.

Organisational Agility

"Agility is the ability of an organization to renew itself, adapt, change quickly, and succeed in a rapidly changing, ambiguous, turbulent environment."[2]

[2] *Aaron De Smet, McKinsey and Company McKinsey & Company. (2015). The keys to organizational agility. [online] Available at: https://www.mckinsey.com/business-functions/organization/our-insights/the-keys-to-organizational-agility*

Organisational agility in action:
How the World's Most Admired Companies coped with Covid-19

As an illustration of how organisational agility is directly tied to a business's antifragility, we can examine how some of the world's most visible companies have weathered the Covid-19 storm. Each year, FORTUNE magazine surveys thousands of leading executives, directors, and analysts to establish their list of the World's Most Admired Companies. The advantage of looking at businesses at this scale is this: the larger the organisation, the more organisational agility is required to respond quickly to crisis. Shifting a behemoth at speed is no small feat. These examples demonstrate clearly what is possible when your company is properly prepared to rise to meet every challenge. Of the top 10 list, 8 of these companies continued to grow throughout the pandemic, in many cases at record pace. Those that did see dips in revenue at the height of lockdowns responded decisively and continued to expand, launching new initiatives and opening new locations and facilities at a time when other companies were shuttering.

Taking a closer look at the top 5 is instructive. Tim Cook, Apple's CEO, was enthusiastic about their record revenues.

> *FORTUNE'S World's Admired[3] Companies, top 10:*
> 1. *Apple*
> 2. *Amazon*
> 3. *Microsoft*
> 4. *Walt Disney*
> 5. *Berkshire Hathaway*
> 6. *Starbucks*
> 7. *Alphabet (Google)*
> 8. *JPMorgan Chase*
> 9. *Costco Wholesale*
> 10. *Salesforce*

[3] *Burdette, K. (2019). World's Most Admired Companies. [online] Fortune. Available at: https://fortune. com/worlds-most-admired-companies/.[Accessed 20 Nov. 2020].*

"Apple capped off a fiscal year defined by innovation in the face of adversity with a September quarter record, led by all-time records for Mac and Services". [4]

Amazon, while spearheading massive global expansion, also set revenue and profit records in their Q3.[5] Microsoft was another winner, reporting increased Q4 revenue compared to the corresponding period of the last fiscal year.

Microsoft CEO Satya Nadella said: "The last five months have made it clear that tech intensity is the key to business resilience. Organizations that build their own digital capability will recover faster and emerge from this crisis stronger".[6]

[4] Apple Newsroom. (n.d.). Apple Reports Fourth Quarter Results. [online] Available at: https://www.apple.com/ie/newsroom/2020/10/apple-reports-fourth-quarter-results/ [Accessed 2 Dec.. 2020].

[5] ir.aboutamazon.com. (n.d.). Amazon.com, Inc. - Quarterly results. [online] Available at: https://ir.aboutamazon.com/quarterly-results/default.aspx [Accessed 2 Dec.. 2020].

[6] www.microsoft.com. (n.d.). FY20 Q4 - Press Releases - Investor Relations - Microsoft. [online] Available at: https://www.microsoft.com/en-us/Investor/earnings/FY-2020-Q4/press-release-webcast[Accessed 2 Dec.. 2020].

Perhaps most interesting of all is Walt Disney. Of the entire top 10, Disney was the most obviously impacted by the crisis, with the tourism industry flatlining and all Disney parks, resorts, cruises, andretail closed for months on end. They also faced the postponement or cancellation of several major theatrical releases. As a result, the company operated at a loss for much of the year. However, there was one shining exception in this grim business landscape. Disney's pivot into streaming services paid off handsomely. Disney CEO Bob Chapek stressed the importance of this innovation:

"Even with the disruption caused by COVID-19, we've been able to effectively manage our businesses while also taking bold, deliberate steps to position our company for greater long-term growth. The real bright spot has been our direct-to-consumer business, which is key to the future of our company, and on this anniversary of the launch of Disney+ we're pleased to report that, as of the end of the fourth quarter, the service had more than 73 million paid subscribers far surpassing our expectations in just its first year."[7]

[7] *THE WALT DISNEY COMPANY REPORTS FOURTH QUARTER AND FULL YEAR EARNINGS FOR FISCAL 2020. (2020). [online] Available at: https://thewaltdisneycompany.com/app/uploads/2020/11/q4-fy20-earnings.pdf [Accessed 2 Dec.. 2020].*

Finally, Berkshire Hathaway's performance throughout 2020 could be considered the exception that proves the rule. Warren Buffet's conglomerate struggled through the pandemic period, with significant losses across many of its major investments and a record-breaking stock buy-back. In spite of all this, Berkshire Hathaway's deep investment in Apple allowed it to ride their coattails to an overall healthy profit for the year. As a corporation made up of so many unrelated businesses, rather than a united organisation with a distinct framework, it is an outlier in this conversation. (Although there is an interesting side conversation to be had about the antifragility of Buffet's own investment philosophy.)

The stories of these giants may, at first glance, seem remote from the realities of running a mid-sized manufacturing business or a family-owned retail chain, but the principles which underlie their success are universally applicable, from microbusinesses to multinationals. There are common elements to how these great organisations work. We are not talking about a static set of rules or a business structure to be copied and dictated as gospel.

That is impracticable: what works for an Apple or a Disney would be nonsensical in an aerospace engineering firm, industrial plant or local council administration.

In fact, rigid structures are by their nature antithetical to change, which makes them inherently fragile and subject to disruption. Instead, these companies each have their own frameworks which provide everyone in the organisation with the thinking, behaviours, processes and tools to be their best, to respond quickly and effectively to change and disruption: ultimately to foster antifragility.

No matter which sector you operate in, the number of employees you have, or what your specific organisational infrastructure consists of, it is possible to build a framework for your own organisation which provides a customised blueprint for your continuous improvement. This is how you create a company that gets better all the time, gaining from the inevitable challenges of doing business in an unpredictable world.

Frameworks for organisational agility:
Enabling Transformation.

Lean thinking offers a window into the creation of a framework for your own organisation. Many leaders may be familiar with the concept of Lean, but there is a widespread misunderstanding that Lean is only about improving operations processes and eliminating waste. The true nature of Lean at its best is systemic: forging synchronous connections to enable a business to move and grow together. Good leaders must understand and embrace this idea. It enables us to move away from heavy, inflexible structures into a framework which enables a dynamic system in flow. As we begin to unpack the subject of creating organisational agility through a framework, there are some concepts from the Lean toolbox which will serve us well. In times of crisis, and during periods of business as usual, companies are constantly responding to various levels of external and internal pressure.

Changes in the market and within the company (even something as positive as rapid growth) present a continuous stream of challenges for leaders and their teams. In very practical terms, responding to pressure and adapting to change always calls for transformation. Which type of transformation your organisation undertakes is a direct response to its needs in the moment. Staying competitive may require strategic pivots, new technology adoption, ongoing product and service design, and wider-scale initiatives such as digital transformations or Lean transformations.

*What **Lean** Really Means*

Lean is associated, in many people's minds, with a quite narrow, specific, process-focused focus on doing more with less.

When we talk about Lean, we are speaking in a much broader sense. In this context, it is a shorthand for integrated systems thinking, which considers the organisation as a whole.

As any leader knows, change is not easy. You may have logistical obstacles to overcome, as well as gaps in the organisation's internal knowledge and capabilities. You may encounter personal or cultural resistance to change, but resistance can actually be useful: it offers something to push against and learn from.

Far more deadly is the invisible type of "resistance". This is the passivity which creates a vacuum. It is difficult to know what you don't know, which results in a lack of awareness that change is necessary, until it is too late. This peculiar blend of ignorance and inertia arises from the status quo.

Without a conscious and deliberate effort to make the invisible visible, no one is immune. Until an organisation finds a way to address these roadblocks to change, they compound, creating a vicious cycle that leaves them at risk for weakening competitiveness and exposure to disruption. The right framework will support and unite your team, help you marshall resources effectively, and create the conditions necessary for growth.

The Lean Transformation Framework[8], first described by John Shook, is an excellent way to think about how your organisation manages change, engages in continuous improvement, and undertakes transformation. The Lean Transformation Framework consists of five dimensions:

- Purpose
- Process
- Capability
- Culture
- Leadership/Management Systems

[8] www.lean.org. (n.d.). A Lean Transformation Model Everyone Can Use. [online] Available at: https://www.lean.org/LeanPost/Posting.cfm?LeanPostId=135 [Accessed 20 Nov. 2020].

While we will discuss these five dimensions in sequence, the truth is that they are ultimately indivisible. They inform each other, support each other, and build upon each other to create the dynamic system of a living, growing, responsive organisation. Neglect one, and the rest will falter.
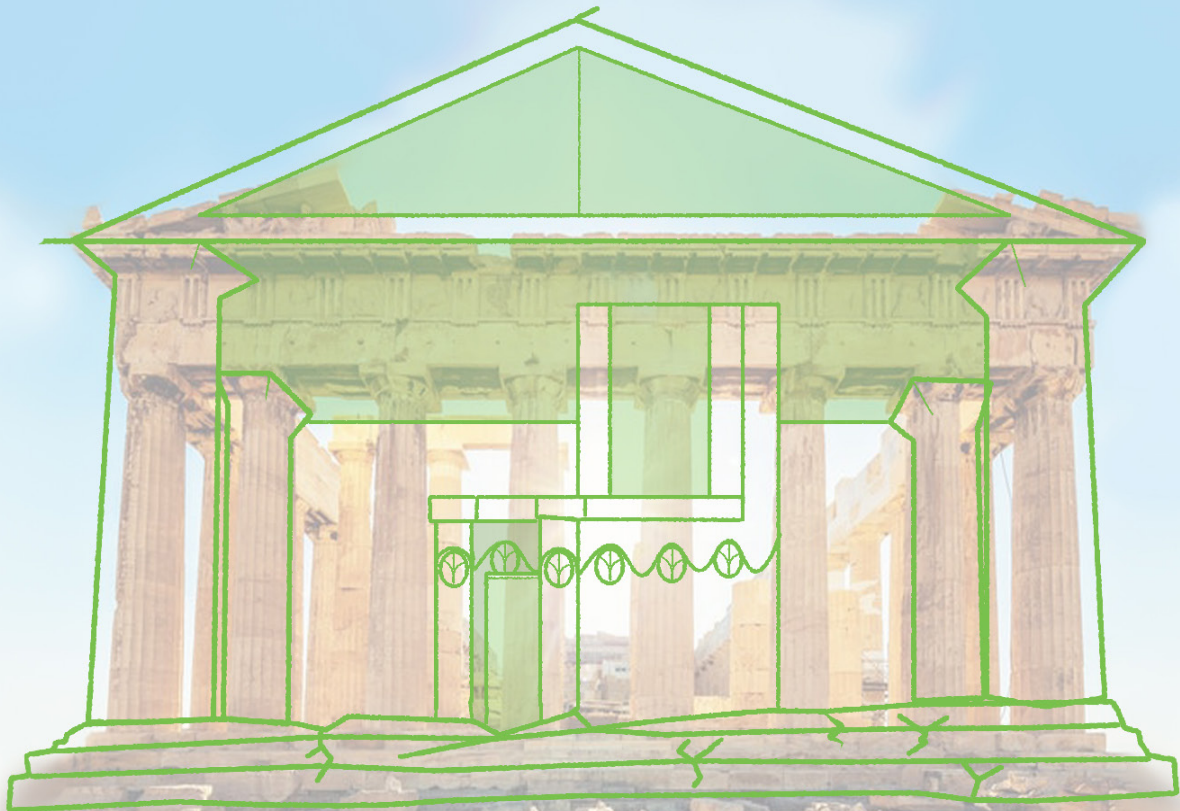
An organisation without a framework to address all five dimensions may suffer from the following:

- Stifled performance and agility of the company due to lack of alignment in the Leadership team (C-Suite)
- Poor retention and weak employee
- engagement: a significant disconnect between Leadership and employees
- Lack of ability to respond quickly and easily to external pressures

There is no such thing as a perfect organisation, of course, and it is rare for a company to truly excel in all five dimensions. The unique demands of your industry, business model, and market share will inevitably lead to some dimensions becoming priorities while others are less emphasised. This emphasis may shift and change as the needs of your organisation evolve, but it is critically important that there is continuous improvement in each dimension, so that you are always prepared to take on the next necessary transformation.

Breaking ground for the framework:
true systems thinking

Before we dive into the details of the transformation framework, it's worth taking the time to understand the most effective approach to solving problems and enabling change within an organisation. Why do so many corporate improvement attempts or "change initiatives" fail?

Ideas and plans that sound great in the boardroom regularly fizzle when implementation rolls around. All too often, nothing really changes, or any changes we do push through prove unsustainable and temporary.

Real, lasting change can only happen when our planning and problem solving takes into account the true complexity of our organisation. So much of our education and received "business wisdom" leads us to think of and treat a company and its problems as something complicated, when in fact, it is complex. This is a vital distinction.

What's the difference? Something that is complicated may have many parts and factors to consider, but can be addressed with rules, algorithms, and set structures. Something complex, however, involves too many variables, unknowns, dependencies and interrelated elements to respond to the same set of solutions.[9]

Trying to create change from a place that treats an organisation as merely complicated when it is in fact complex will always meet with frustration.

As Roberto Poli said in his paper "A Note on the Difference Between Complicated and Complex Social Systems":

"Decision-makers commonly mistake complex systems for simply complicated ones and look for solutions without realizing that 'learning to dance' with a complex system is definitely different from 'solving' the problems arising from it."[10]

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[9] *Kinni, T. (2017). The Critical Difference Between Complex and Complicated. [online] MIT Sloan Management Review. Available at: https://sloanreview.mit.edu/article/the-critical-difference-between-complex-and-complicated/.[Accessed 5 Jan. 2021]*

[10] *www.cadmusjournal.org. (n.d.). A Note on the Difference Between Complicated and Complex Social Systems | Cadmus Journal. [online] Available at: https://www.cadmusjournal.org/node/362 [Accessed 20 Nov. 2020].*

The "Golden Rule" for distinguishing 'complex' from 'complicated' problems and systems[11]

"Complicated problems originate from causes that can be individually distinguished; they can be addressed piece-by-piece; for each input to the system there is a proportionate output; the relevant systems can be controlled and the problems they present admit permanent solutions.

On the other hand, complex problems and systems result from networks of multiple interacting causes that cannot be individually distinguished; must be addressed as entire systems, that is they cannot be addressed in a piecemeal way; they are such that small inputs may result in disproportionate effects; the problems they present cannot be solved once and for ever, but require to be systematically managed and typically any intervention merges into new problems as a result of the interventions dealing with them; and the relevant systems cannot be controlled – the best one can do is to influence them, learn to "dance with them", as Donella Meadows aptly said."[11]
– Roberto Poli

[11] www.cadmusjournal.org. (n.d.). A Note on the Difference Between Complicated and Complex Social Systems | Cadmus Journal. [online] Available at: https://www.cadmusjournal.org/node/362 [Accessed 20 Nov. 2020].

Organisations are complex because they are not merely inert structures: they include human beings interacting with those structures and with each other[12]. They include complex subsystems which may be competing, or at odds within the organisation (for example, imagine a scenario where operations are planning capacity with no knowledge that the marketing department is about to launch an advertising campaign, suddenly increasing demand.) This is why no amount of "process improvement" will succeed unless it is developed hand in hand with an understanding of the human element within an organisation and a constant awareness of the full context of each decision within the system.

In developing this awareness, it can be helpful to think of your organisation in terms of "structures" and "dynamics."[13]

- **Structures** are the operational side of business: the processes you want to improve to make your product or service better, provide more value to the customer, and create more efficiency in the organisation.

- **Dynamics** are the interactions and inter-relationships between the people in an organisation.

The most successful and resilient organisations have developed their "dance" between the structures and dynamics in their organisations in ways that unleash tremendous value. Finding your own dance between the structure and dynamics of your organisation requires systems thinking: a focus on the way that a system's constituent parts interrelate and how systems work over time and within the context of larger systems.

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[13] Eric Berne M.D. (n.d.). Structure and Dynamics of Organizations and Groups | Eric Berne. [online] Available at: http://www.ericberne.com/structure-and-dynamics-of-organizations-and-groups/ [Accessed 5 Jan. 2021].

We are commonly trained to tackle problems through analysis, which reduces a problem into simple, discret root causes. Indeed, traditional Lean problem solving encourages this, but it also encourages a thorough understanding of the environment within the complex system that is work. Without full awareness of that context, it is easy to get lost in the weeds: breaking systems down into their separate elements, solving isolated problems in those elements, and then expecting the whole to somehow add back up to "better".

Purely analytical problem solving falls short when trying to address a complex problem. We must be able to approach problems from a place of systems thinking, or synthesis, where we have a clear view of the impact and influence that each decision within a system will have on the system as a whole. While it may be necessary to break something down to understand it, we must also be able to put it back together: it won't work when broken apart. When using analytical problem solving, we must always check that the reduction we have done and the solution we've arrived at is not breaking something in the wider system.

This shift to systems thinking can feel intimidating, even overwhelming. This is where the template of the Lean Transformation Framework provides enormous value. It encompasses the true complex nature of an organisation and supports the practical, operational improvement of your organisation, while fostering a culture where innovation and growth are encouraged. In short, it offers a clear path to organisational agility.
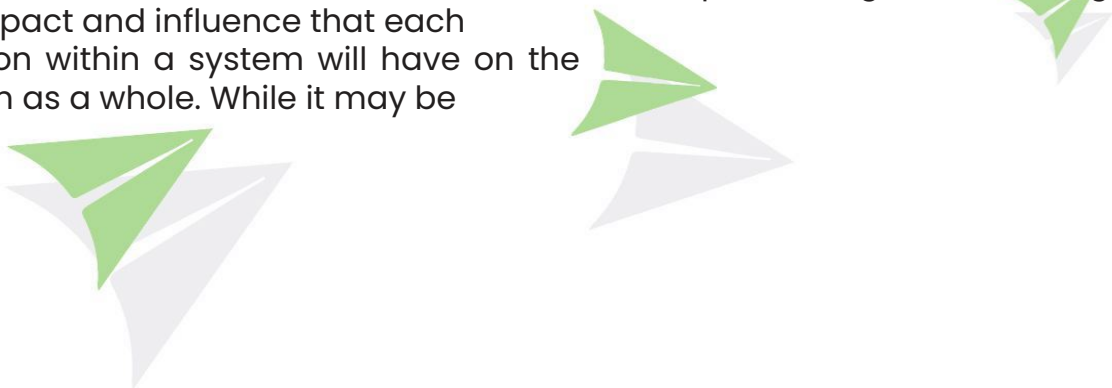
Building the framework:
the five dimensions

"A complex system, contrary to what people believe, does not require complicated systems and regulations and intricate policies.The simpler, the better."

<div align="right">Nassim Nicholas Taleb[14]</div>

The Lean Transformation Framework is based on a series of simple questions. The answers to these questions will be unique to each organisation. They define and form the basis for your own framework, helping you build a picture of the entire system of your organisation as a whole. This is how you begin to develop the dance between your own unique structures and dynamics.
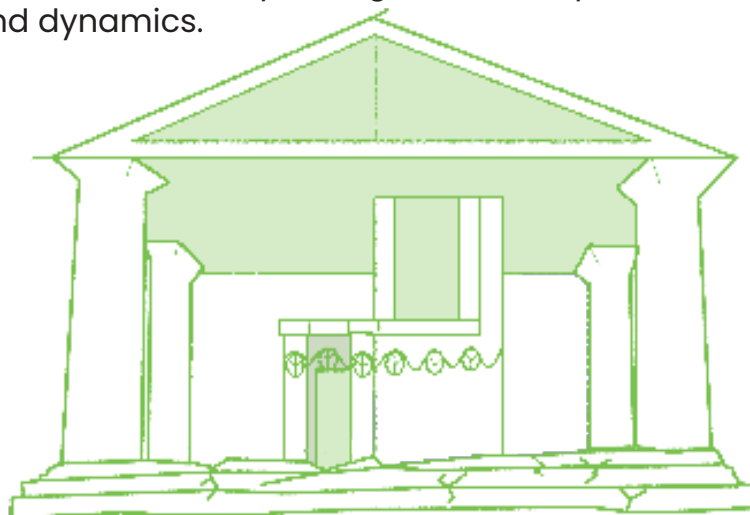

[14] *Nassim Nicholas Taleb (2016). Antifragile : things that gain from disorder. New York: Random House p.4 p.11*

Purpose

What problem are you trying to solve for your customers?

Full alignment on your organisation's purpose is a prerequisite for organisational agility. This dimension is easy to take for granted, but a lack of clarity here is as insidiously damaging as a leaking roof: over time it will compromise the structural integrity of the entire organisation.
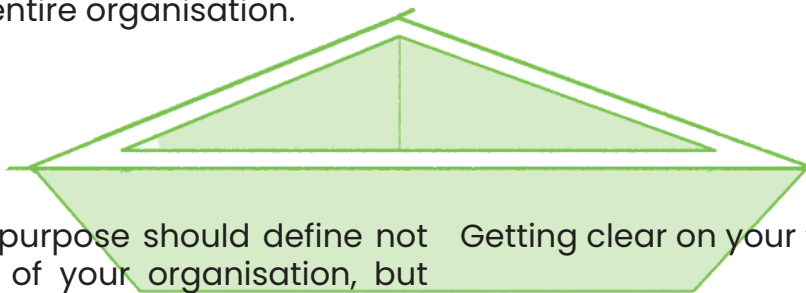
A value-driven purpose should define not just the "what" of your organisation, but also the "why". Simon Sinek has lead the way on this with his Golden Circlemodel[15] of defining your why, which is really your value proposition. This is not merely a thought experiment, but a strategy question which can be succinctly phrased as "What problem are you trying to solve for your customers, and why does it matter?"

Getting clear on your "why" will:

• drive value for customers
• provide the context you need to clearly understand the problems and gaps you are facing
• unite and energise the stakeholders

[15] Sinek, S. (2019). The Golden Circle Presentation. [online] Simon Sinek. Available at: https://simonsinek.com/commit/the-golden-circle.

Bob Iger, the celebrated former CEO of Disney, once summarised the company's why quite simply as: "We're in the business of telling stories."[16] In a recent interview, he spoke more specifically about the problem Disney solves, and why it matters:

"The change in this world is vast and profound and rapid and it creates unpredictability and anxiety. And if ever there is a time when people need to be either entertained or enlightened by storytelling, it's today."[17]

This type of meaning provides the vision and urgency necessary for transformation. It is a catalyst for innovation and a banner under which every team member can rally, even (perhaps especially) when times get tough. Defining your value-driven purpose is a job for leadership, but as always, we must consider it in the full context of the organisation. Take that purpose and test that it is one that every employee could sign up to and be energised by. Talk to the people on the ground about what they do all day, what they see, and how their work is important towards the purpose for customers. At this point in history, it has become incredibly important that the people in an organisation feel aligned in their personal objectives and their work objectives. If you have identified a truly compelling "why", it will provide a constant source of energy and motivation for everyone involved.

[16] Ameet Ranadive (2016). 5 Leadership Lessons from Bob Iger (CEO of Disney). [online] Medium. Available at: https://medium.com/@ameet/5-leadership-lessons-from-bob-iger-ceo-of-disney-92512b7efc1f. [Accessed 20 Nov. 2020].

[17] Transcript: CNN'S AMANPOUR: Bob Iger Talks About His New Memoir, His Incredible Career And Some Of The Most Difficult Times In His Life" Aired November 29, 2019 - 23:00 ET [online] Available at: http://transcripts.cnn.com/TRANSCRIPTS/1911/29/ampr.01.html [Accessed 20 Nov. 2020].

Process and Capability

What tasks do we need to complete? What work needs to be done? What capabilities will our employees need to possess?

We will discuss these two dimensions together, because they are so closely related and are developed and improved in tandem. While you could roughly map "processes" to structures, and "capabilities" to dynamics, the truth is that there is always substantial overlap. They depend on and feed into each other.

In our work with leaders and their organisations, we often speak about processes and capabilities together in order to create a kind of sentience: a higher-order "entity" that is much more than the sum of its parts. Imagine the helix of DNA, with both strands fused and spiraling together. Both sides are indispensable: break the bonds between them and it ceases to function. For example, if a team leader or supervisor is brilliant at devising and running processes but lacks the capability to deal with people and alienates or demotivates the team, then those processes will suffer in execution. Or if they are a wonderful leader and beloved by staff but lack a coherent global process for the work, inefficiency will compromise the productivity of the entire team.

The questions to ask in this part of the framework are:

To provide value to our customers, what tasks do we need to complete? What work must be done?

For those tasks and work to be done to the highest standard, what capabilities will our employees need to possess? What additional capabilities will we need to develop in them?

Here we focus on the management and utilisation of the resources in an organisation. A full examination of how to best identify, map, and improve each process in your organisation is a topic which could fill several whitepapers, but for now it is enough to understand that the pace at which new technologies and methods are being created require us to continuously update our processes in order to improve the performance of these resources.

It follows that the capabilities of your people must be able to keep pace with these innovations and changes, and will require support, resourcing and training on an ongoing basis. This is one type of investment that will constantly appreciate.

The capabilities we need to develop in our people is that they are experts in their job role who are also able to work across the organisation very effectively. This capability profile can be referred to as a "T-shaped talent" as described by IDEO CEO Tim Brown.[18]

A T-shaped person is one that has both depth and breadth. The vertical line of the T is their set of specialist skills within their own discipline, while the horizontal line represents their set of relational skills, and their ability to collaborate across disciplines. Building agility into your organisation depends on thinking very carefully about hiring the right people, and then thinking even morecarefully about how to retain them, take great care of them, and develop them.
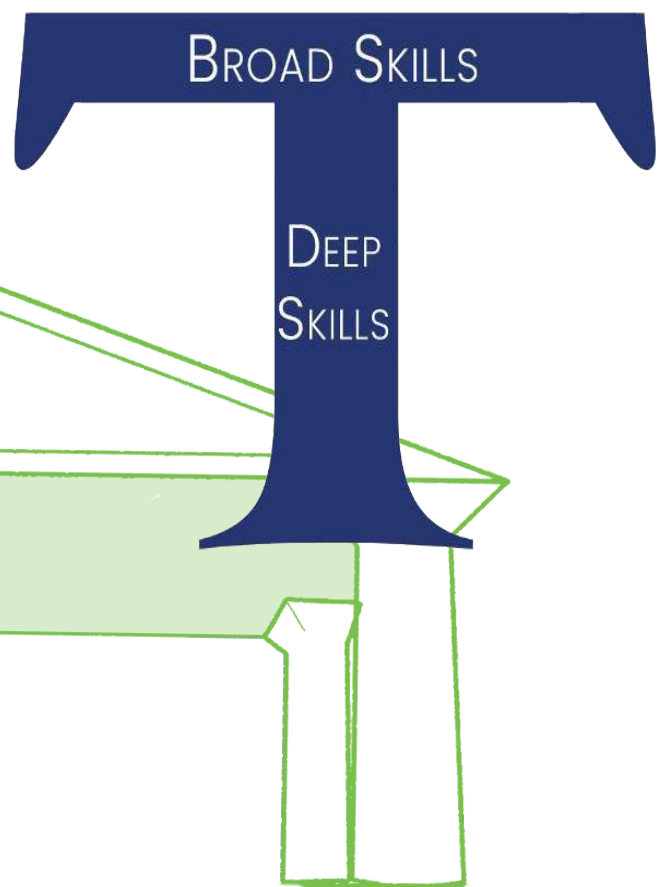
[18] Hansen, M.T. (2010). IDEO CEO Tim Brown: T-Shaped Stars: The Backbone of IDEO's Collaborative Culture. [online] ChiefExecutive.net. Available at: https://chiefexecutive.net/ideo-ceo-tim-brown-t-shaped-stars-the-backbone-of-ideoaes-collaborative-culture__trashed/ [Accessed 7 Dec. 2020].

Growth Mindset

Fixed Mindset

Culture

What's our basic way of thinking or our mindset? How do we regard our customers and employees?

Process and capability will always depend on the organisational culture.

Organisational culture is the underlying set of beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organisation. In business terms, other phrases are often used interchangeably, including "corporate culture," "workplace culture," and "business culture." Simply stated, organisational culture is "the way things are done around here".[19] This set of shared assumptions guides what happens in organisations by defining appropriate behavior for various situations.[20]

Organisational culture affects the way people and groups interact with each other, with clients, and other stakeholders. Also, organisational culture may influence how much employees identify with their organisation and how engaged and invested they are in their work.

The questions underlying this aspect of the framework are:
- What is our basic way of thinking or our mindset?
- How do we regard our customers and employees?

Of the many models for nurturing a healthy organisational culture, The Learning Organisation is one of the most comprehensive and approachable. Best described in The 5th Discipline[21] by Peter Senge, The Learning Organisation operates from five tenets which set out the conditions required for the continual growth and improvement of a high-performing organisation. It has a strong focus on employee engagement, moving away from outdated models of management based in control. Instead, it provides a guide for organisations that wish to facilitate the learning of their employees and continuously transform themselves to meet new challenges.

[19] Deal, T.E. and Kennedy, A.A. (1983). Corporate cultures: The rites and rituals of corporate life : Addison-Wesley, 1982. ISBN: 0-201-10277-3. $14.95. Business Horizons, [online] 26(2), pp.82–85. Available at: https://ideas.repec.org/a/eee/bushor/v26y1983i2p82-85.html [Accessed 20 Nov. 2020].

[20] Ravasi, D. and Schultz, M. (2006). Responding to Organizational Identity Threats: Exploring the Role of Organizational Culture. Academy of Management Journal, 49(3), pp.433–458.

[21] Senge, P.M. (2006). The fifth discipline. London: Random House Business.

These five tenets are:

Work motivates people when it challenges them to grow. *When it stretches them and gives them the opportunity to develop personal mastery and find fulfilment in what they do.*

Mental Models: we're all blinded by limiting beliefs we don't even know we hold. *We must create an open environment that promotes critical thinking, where people never feel scared to challenge themselves and change their minds.*

Teamwork: to be successful, people have to learn to work together in teams. *Communication is the most important thing, and organisations must practice team learning every day.*

Shared Vision: learning organisations are fuelled by shared vision*. A truly shared vision, which is relevant to every employee, is what gives energy to a learning organisation*

Systems Thinking: a learning organisation's most important characteristic is its ability to think systematically. *Systems thinkers analyse problems holistically, watch how events develop over time, and notice recurring patterns.*
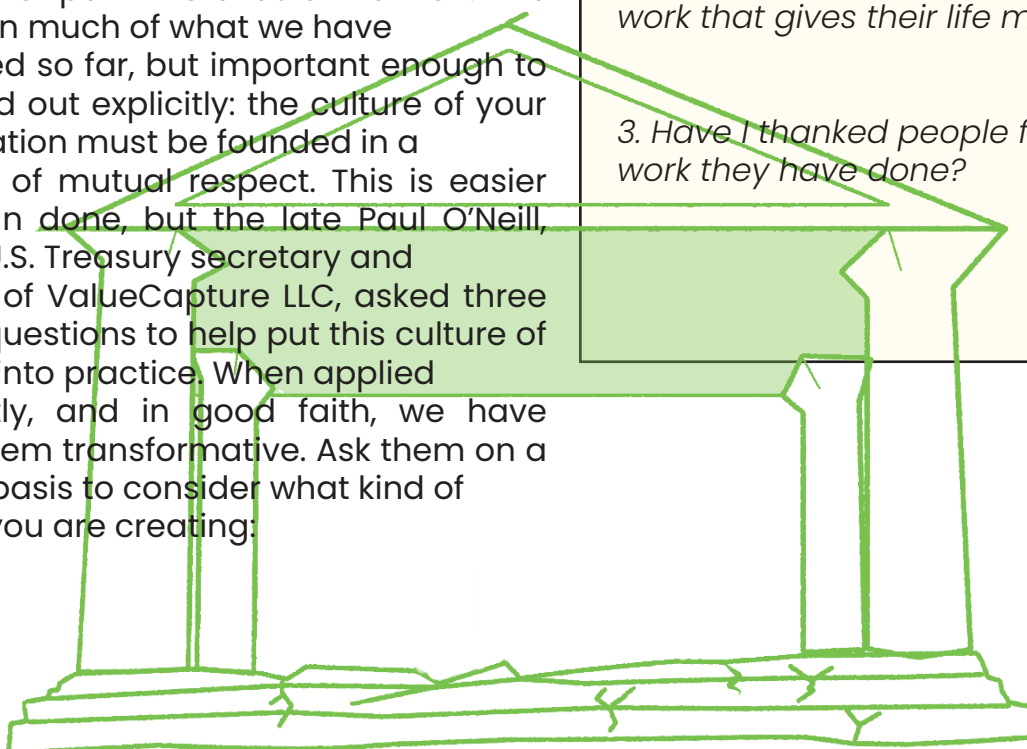
With these five tenets as the basis for your organisational culture, you will foster an environment where growth, development and agility are not only possible, but practically inevitable.

If you want to put yourself in a position where you can challenge your workforce to perform better and better every day, there is one final point we should mention. It is implicit in much of what we have discussed so far, but important enough to be called out explicitly: the culture of your organisation must be founded in a mindset of mutual respect. This is easier said than done, but the late Paul O'Neill, former U.S. Treasury secretary and founder of ValueCapture LLC, asked three simple questions to help put this culture of respect into practice. When applied frequently, and in good faith, we have found them transformative. Ask them on a regular basis to consider what kind of culture you are creating:

1. Is everyone respected by everyone else every day at work?

2. Have I as a leader created an environment that allows people to do work that gives their life meaning?

3. Have I thanked people for the good work they have done?

Leadership/Management Systems

What management systems will need to be in place to ensure systematic thinking in daily working life? What behaviours will be expected of managers and employees?

As you might expect at this point, the role of leadership in your organisation is intimately concerned with both the structures and dynamics at play. Leadership must provide clarity on the "why" and the goals of the organisation, achieve employee buy-in, and set the tone and the example for the mindset and culture. In practical terms, leadership must also provide the infrastructure for process improvement and professional development.

To put it mildly, there is a lot to consider, and a lot to manage. This brings us to the first question for this dimension:

What management systems will need to be in place to ensure systematic thinking in daily working life?

There must be a place where all the complex pieces of an organisation can be dealt with. For some organisations this will take the form of a PIT meeting, a daily standup, or a huddle. In a government, it would be the situation room. In an orchestra, it would be the conductor's podium. On an aircraft carrier (or Star Trek) it is the bridge. This is the brain and nervous centre which receives all the various inputs from the eyes, ears, and nerve endings throughout the organisation, so that it can make sense of them and go on to distribute that information to the entire system. It is also the heart: setting the pulse rate for the whole organisation and keeping all the necessary resources in circulation.

The US Air Force has an acronym, OODE, which stands for observe, orient, decide, engage. This is a loop they run again and again, to ensure that they are always taking the most informed and appropriate action at any given moment. It is very similar to what we are trying to do as leaders: to get all the information, observe what's going on, orient ourselves, decide and then take action on a decision.

When we talk about management systems for our organisation, we are talking about the systems which make the work visible enough that we can make these decisions as quickly and easily as possible. This begins with developing our processes, capabilities and standard ways of working, and then making the performance of those processes visible through meetings as well as visual management tools or dashboards. The management system is how we act on that visibility, to make those processes continue to deliver and to look for opportunities to improve.

At this point, we come to the final question of this dimension, and of the framework:
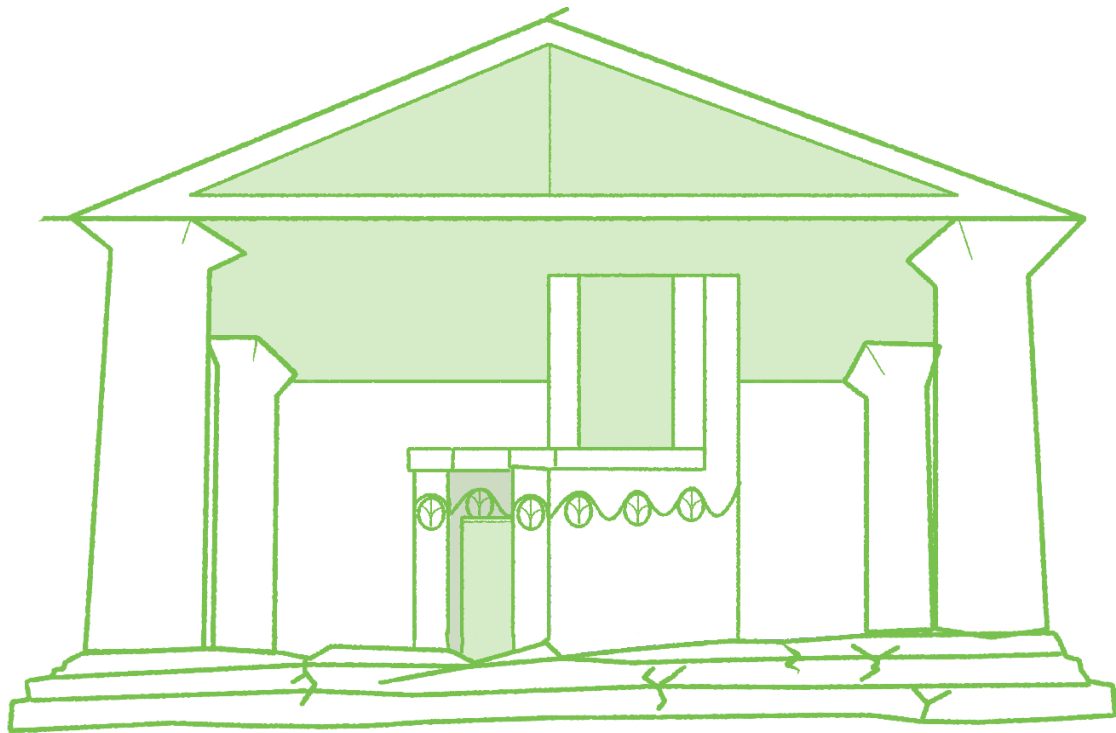
What behaviours will be expected of managers and employees?

Once your management system is in play and the issues of the day are being discussed, the way that this discussion is handled by the leaders of the organisation will be the cue for everybody else. As you begin to answer this question for your own organisation, it is important to think about the manner in which you will ask questions and receive information (particularly unwelcome information). How will feedback be delivered? What happens when someone makes a mistake? How will you recognise and reward good performance?

This is where leadership sets the tone for the entire organisation, and a misstep under pressure can have enormous repercussions. We cannot stress enough how critical it is to think about this and set strong guidelines so that, as leaders, you are creating an atmosphere of trust, respect, and psychological safety. Organisational agility relies on your team feeling comfortable enough to always give you the information you need, learn and grow from their mistakes, and suggest novel solutions to problems.

Ready for anything: the "wax on/wax off" effect

When taken as a whole, the five dimensions of this framework address the needs of a complex organisation in a truly holistic way. They offer a full picture of how you can create a functioning, flexible, and engaged company that is ready for anything. This picture will continue to shift and change as you and your team learn and grow: by continually applying all of these questions at deeper and deeper levels, you can review and refine your own framework so that it is always fit for purpose.

While a global pandemic may be a once-in-a-century happening, disruption is a daily event. In a world where change is the only constant, the commonplace slings and arrows of doing business never stop. As leaders, we are continually challenged to respond to new pressures: new technologies, new competitors, market shifts, and global events. With the right framework in place, these pressures become nothing less than a training ground for greatness. You will have found a way to absorb the countless smaller adversities of each day, using them to grow relentlessly better and stronger with every demand. Then, when a profound threat comes your way, you will have developed the fitness and agility to answer the challenge. This is the true foundation of antifragility.

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As consultants, trainers, advisors and partners to high-performing leaders and organisations across the world, LBS is **in the business of better**. We believe that consultants who descend from on high to dictate theory-based "solutions" will never be effective agents of change. Change isn't something you do to people. It's something you do with people. This truth is at the heart of our work. Informed by our deep industry knowledge and decades of hands-on operations experience, our practical and collaborative approach to transformation helps organisations navigate change and prepare for growth.

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