

Resilient in name or nature?

Leaders recognise cross-functional collaboration as integral to organisational resilience. But are they truly putting their money where their mouths are?

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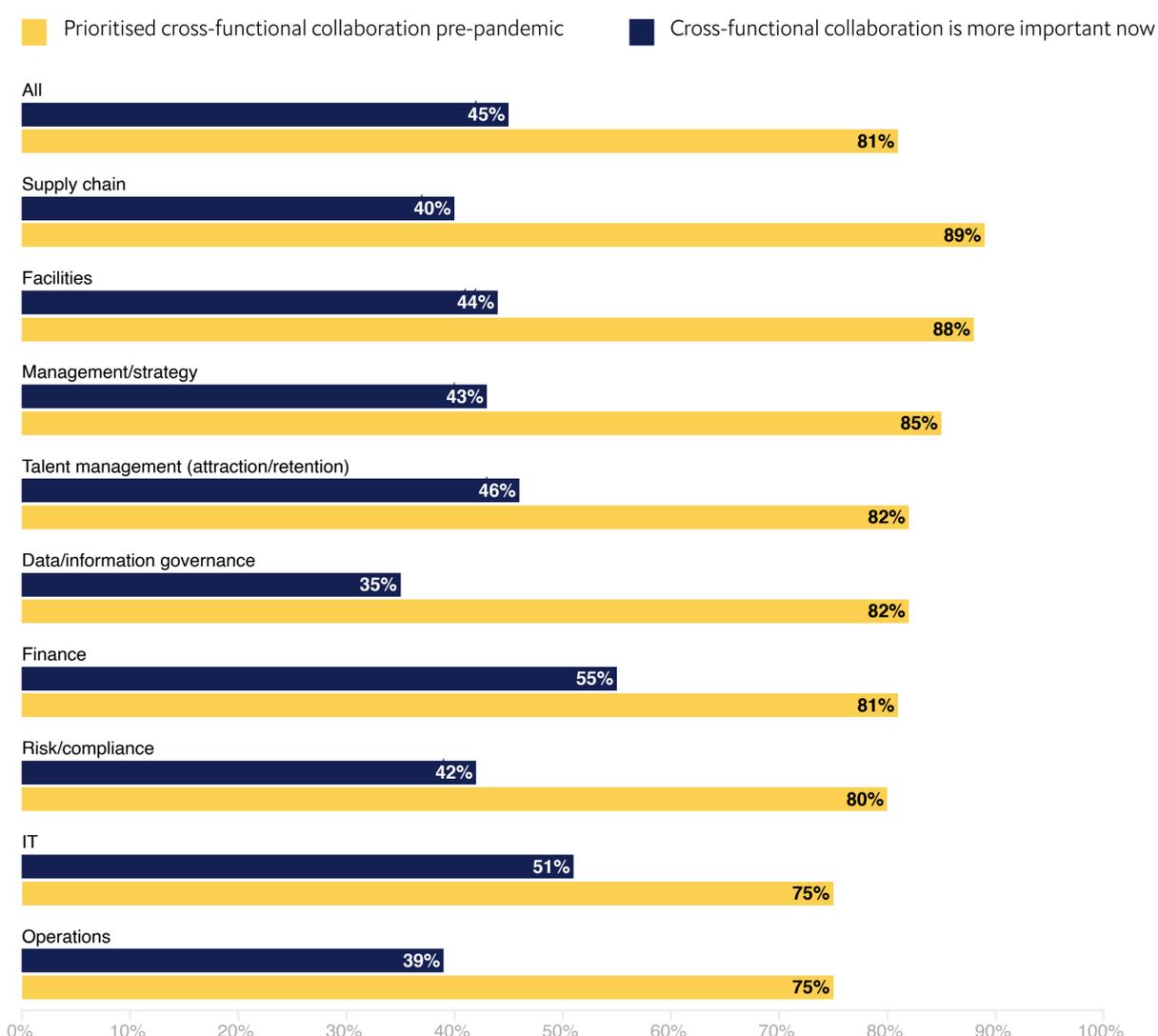


The pandemic has catalysed a paradigm shift. Leaders are increasingly persuaded by the importance of resilience—building organisations that are nimble, flexible and able to withstand both expected and unexpected shocks. A recent study conducted by Economist Impact, sponsored by Iron Mountain, shows that building resilience requires a systemic, coordinated organisation-wide approach, which stands in stark contrast to the more risk-specific, functional approaches pursued in the past.

At the core of this new approach to resilience lies cross-functional collaboration; driving information sharing and decision-making with the entire organisation in mind. When disruption strikes, cross-functional teams can more easily diagnose issues, react and recover compared with siloed teams. Today's discourse often centres on the role that digital tools have played in helping organisations navigate the pandemic's disruptions. But it is cross-functional collaboration that provides the scaffolding for such tools to work—and how organisations embed resilience.

Leaders recognise the particular importance of cross-functional collaboration in today's volatile world. Our study found that less than half of organisations prioritised cross-functional collaboration before the pandemic. But now, improved collaboration across teams and departments is the foremost resilience-building goal. The inclusive, collaborative sentiment is also clear: 84% of respondents agreed that resilience must consider all parts of the organisation.

Organisations are giving increased importance to cross-functional collaboration across the board.



Leadership buy-in is imperative to build resilience via cross-functional collaboration, so it's encouraging to find that most C-suite executives recognise it has become more critical since the pandemic started. While leaders can be catalysts, they alone cannot drive resilience. The approach must cascade across all levels within the organisation.

This sentiment is echoed by Margaret Millett, Head of Global Resilience at Uber: “[Building organisational resilience] should be part of everyone’s job.”

It's clear that organisations recognise the importance of cross-functional collaboration, but making this happen is a distinct challenge. It requires connections, sustained over time, between diverse functions like operations, IT, supply chain, sales, sustainability, records management, HR and facilities. Organisations have long struggled to break down silos. Processes and information systems are often fragmented and fervently guarded, teams are designed around centralised hierarchies, and the resulting internal complexity frustrates cross-functional collaboration.

Despite the familiar change management challenges, leaders express a high degree of optimism [link to full paper]. Over 78% of respondents are confident that their initiatives are sufficient to support resilience and continuity in the face of a shock.



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Margaret Millett
Head of Global Resilience, Uber

Mind the gap

Our data suggest that leaders may need to take a closer look under the hood.

For starters, just 15% of organisations involve heads of departments in resilience initiatives. This is striking. Leaders understand that building resilience requires involving the entire organisation, but this goal cannot be achieved without department leaders.

Of course, maintaining connections between functions requires much more than involving the said functions in specific resilience initiatives. Sustained, effective cross-functional collaboration rests on several supportive pillars, including clear decision-making architectures, cross-functional planning, proper information sharing between teams, and a healthy, engaged workforce.

So how are organisations performing on these dimensions?

Effective decision-making architectures

In times of crisis, organisations must be able to make decisions effectively. Both decentralisation and the ability to make decisions quickly can deliver broader benefits when it comes to resilience. Organisational fragility is amplified when there is only one central node of decision-making with drawn out processes. In their efforts to build resilience, organisations are pursuing both greater decentralisation and accelerated decision-making, but clearly favour speediness—while 72% of organisations are investing in improvements to enhance the speed of decision-making, only 44% of organisations are fostering resilience through greater decentralisation.

Cross-functional planning

A clear stepping stone to broader cross-functional collaboration is cross-functional planning which involves assessing and planning for risks across the entire organisation (compared with more functional, risk-specific planning). Organisations are again split in their behaviour: 48% are approaching resilience through stronger cross-functional planning, with higher rates among management (55%), finance (52%), risk/compliance (50%) and supply chain (49%) functions. The remaining organisations are approaching resilience through functional, risk-specific planning—a well-trodden and familiar route, but one that often proves inadequate in times of unexpected shock.

Proper information sharing between teams

This is a particular area of focus given the rapidly evolving shape of work and the new normal of hybrid models, where the old systems of in-office meetings and informal communication might have compensated for a lack of effective structures. While 76% of respondents note their organisation is increasing investment in technology and tools to improve communication, 36% say that significant or much improvement is needed in integrating these tools to promote resilience. Furthermore, 38% note that significant or much improvement is required to support better information sharing between teams.

Employee wellbeing and engagement

Our data demonstrate that employee wellbeing is top of mind among leaders and expected to remain so. However, 35% of respondents feel significant or much improvement is required to prioritise employee wellbeing and safety, and 34% feel the same around employee engagement. Workplace cultures have struggled to adapt to the pandemic, and the informal ties between employees—which are central to imbuing a culture of collaboration—have weakened. Ensuring the collective health and wellbeing of employees is a first-order priority. It requires an empathetic, flexible and inclusive approach to charting the future of work and creating a resilient workforce.

Where does this leave us?

Despite the recognition that cross-functional collaboration is important to resilience, many organisations are reverting to the zone where they feel safest—centralised decision-making and function-specific planning—the antithesis of cross-functional collaboration. This may reflect the well-known tendency for organisations (and the people who run them) to revert to pre-disruption behaviour. But resilience is about “bouncing forward”, as noted by Dr Stephen Flynn, Founding Director of the Global Resilience Institute at Northeastern University.

But all is not lost. “Organisational resilience is a journey, not a destination,” says Uber’s Ms Millett. As our world becomes increasingly unpredictable, leaders need to marry their words with actions to ensure their organisation is ready to face the future.