



# **The journey of resilient leadership**

Building organizational resilience

Resilient organizations rapidly and successfully cycle through three phases—Respond, Recover, Thrive—not just for COVID-19 but for every crisis. Here are four actions to improve organizational resilience.

**“Travelers, there is no road; you make your own path as you walk.”**

— *Spanish poet Antonio Machado*<sup>1</sup>

IN 2020, RESILIENT leadership has been tested in the extreme, and the challenges continue. As I write this, many countries around the globe are contending with the resurgence of COVID-19 and the prospect of continued, new, and extended lockdowns—against a backdrop of social, political, and economic upheaval that makes the terrain even harder to navigate.

This crisis is taking its toll on organizations and individuals. In October, [Deloitte and Fortune surveyed more than 125 CEOs](#) in the global *Fortune* CEO community who revealed that their four greatest challenges during this difficult year have been maintaining employee well-being, sustaining innovation, addressing declining revenues, and engaging customers (see figure 1, from the *Fortune/Deloitte CEO Survey*<sup>2</sup>). Ninety percent of these CEOs have taken action to support their employees’ mental health over the past six months.<sup>3</sup> Meanwhile, many organizations’ customers are in a similar frame of mind. In the most recent biweekly [Deloitte State of the Consumer Tracker](#), consumers in 15 of the 18 countries surveyed globally identify as health-anxious rather than health-hopeful.<sup>4</sup>

FIGURE 1

### **Fortune CEOs’ greatest challenges during the COVID-19 pandemic**

In what area has your company struggled most during the crisis?



Source: *Fortune/Deloitte CEO Survey*, October 2020.

While promising results from vaccine trials—perceived by global CEOs as the highest priority on the path to recovery<sup>5</sup>—encourage us to set our sights on a “better normal,” progress has been more looping than linear. Regardless of where each of our organizations is on the journey from [Respond to Recover to Thrive](#), virtually every CEO I interact with agrees on one thing: The journey involves an ever-accelerating pace of change.

Achieving a better normal is not just about having a better map; it’s about having the nimble team, resources, and systems that enable us to thrive before, during, and after change (especially adversity). It’s about having a resilient organization.

In our [article on the Recover phase](#), we said:

Resilience is not a destination; it is a way of being. A “resilient organization” is not one that is simply able to return to where it left off before the crisis. Rather, the truly resilient organization is one that has transformed, having built the attitudes, beliefs, agility, and structures into its DNA that enable it to not just recover to where it was, but vault forward—quickly.

What are the key executive actions on this transformation to resilience?

- Beliefs: Explore and leverage **value-creating opportunities** on the trail of the pandemic’s disruption.
- Attitudes: Model and lead your executive team and organization through **the essential mindset shifts** to navigate the path to resiliency.
- Agility: Embrace collective agility by convening a **cross section of stakeholders to codesign the answers** to company-critical challenges.

- Structures: Ensure that specific C-suite members are accountable for the **seven key elements of a resilient organization**.

When organizations, people, institutions, and society collectively thrive, **the outcome is a resilient world**. It is intentional—not accidental—and we can shape the future by building resilient organizations.

**“Resilience ... is about how we acknowledge, respond to, and rise above chaos, and how we act on the other side of that disruption.”<sup>6</sup>**

— *Kevin Sowers, president of Johns Hopkins Health System and executive vice president of Johns Hopkins Medicine*

## Value-creating discoveries on the trail of market disruptions

COVID-19 has demonstrated how history moves in fits and starts of great, eruptive change.<sup>7</sup> Today, concurrent epidemiological, economic, social, and environmental discontinuities are individually disruptive and collectively amplified as seismic shifts in business and society.

Resilient leaders know that responding to disruption with agility is about more than survival. It’s about uncovering value. Discontinuities create obstacles, but also open new paths for discoveries and value creation. Market structures, business models, ecosystem relationships, and customer needs are dramatically reshaped, and the winners script the future. The same has been true during the COVID-19 market disruption (see figure 2).

FIGURE 2

## Resilient responses to market disruptions

Major discontinuity	Resilient responses	Major discovery
<b>Spanish flu epidemic, 1918</b>	Accelerated the adoption of then-emerging technologies, including telephonic versions of digital trends we see today, such as remote learning (newspapers cited high school students “holding a regular telephonic conversation with their instructors”) <sup>8</sup> and what might be called “t-commerce” (signs in store windows suggesting that customers phone in orders amidst the pandemic). <sup>9</sup>	Changing market structures
<b>World War II, 1939–45</b>	Post-WWII, Toyota Production Systems perfected its approach to minimal inventory and clustering of suppliers around assembly plants.	Ecosystems
<b>SARS outbreak, 2002–04</b>	Accelerated the rise of e-commerce platforms in Asia due to consumers’ reluctance to venture out. <sup>10</sup>	Changing consumer needs
<b>Great Recession, 2007–09</b>	Three major structural changes in the retail industry continued and even accelerated during this time: (1) the growth in e-commerce (15% annually since 2009) <sup>11</sup> ; (2) new entrants, including digitally native, vertically integrated startups, European companies entering the United States, and consumer products companies increasing direct-to-consumer offers <sup>12</sup> ; and (3) a significant increase in discount retailers, which grew at 6% while traditional retail declined 5% during the downturn. <sup>13</sup>	Changing market structures, Changing consumer needs
<b>COVID-19, 2020</b>	According to Deloitte’s biweekly global <i>State of the Consumer Tracker</i> study <sup>14</sup> (more than 17,000 consumers in 18 countries), consumer preferences have changed on many dimensions. One example is the change in preference from ride-sharing themselves (54% of consumers are limiting ride-share behaviors in 11 of the countries surveyed) to ride-sharing their food (more than half of consumers globally are not feeling safe going to a restaurant); as a result, ride-sharing services have rapidly shifted their market structure from travel to food delivery.	Changing market structures
	A Chinese footwear brand shuttered 2,000 physical stores during the COVID-19 outbreak. The company quickly responded by expanding its digital platform and turning store associates into online sales agents who reached out to customers to sell online. Company executives also started livestreaming to sell products. The rapid innovation and business model shift enabled the company to dramatically increase online sales. <sup>15</sup>	New business models

Source: Deloitte analysis.

## Mindset shifts to navigate the path to resiliency

In our [previous article on the Recover phase](#), we described the important mindset shifts that

resilient leaders and their organizations must embrace in the journey from Respond to Recover. Turning your organization’s focus to Thrive requires another set of such shifts with a further focus on the future (see figure 3).

FIGURE 3

### Mindset shifts required as leaders focus on Thrive

	FROM RESPOND	TO RECOVER	TO THRIVE
Situation	Unpredictable	“Interim” normal	“Better” normal
Attitude	Reacting	Reinventing	Pioneering
Focus	Inward-looking	Market-facing	Market-making
Planning	Contingency planning	Scenario planning	Strategic visioning
Management	Crisis management	Program management	Agile management

Source: Deloitte analysis.

The **situation** pivots from a tenuous interim normal to actively pursuing a better normal. Leaders must therefore chart their organization’s strategic destination as it emerges into Thrive. Our *Fortune*/Deloitte CEO survey signaled key elements of that better normal: 96% of CEOs said that diversity, equity, and inclusion are strategic priorities, and 78% expect a consistent focus on sustainability and carbon reduction.<sup>16</sup>

The leadership **attitude** shifts from reinventing ways of doing business in the interim to a pioneering ethos, one in which you focus on inspiring and empowering the team to follow you.

During the Recover phase, the **focus** shifted from internal to market-facing. Now, however, we shift to market-making: How might we better contribute to the evolution in our existing markets? What new markets are emerging for us to own? Seventy-four percent of the CEOs in the *Fortune*/Deloitte CEO survey expect the crisis to create significant new market-making opportunities.<sup>17</sup>

**Planning** shifts from medium-term scenarios that ensure financial and operational viability to true,

longer-term strategic visioning—methodically designing and embarking on the journey to the Thrive destination.

**Management** shifts from sustaining or surviving during Recover to building the resiliency and agility to return to business as *unusual*. The case for agile management is made by the 85% of global CEOs who said the crisis has significantly accelerated digital transformation and the 40% who are redesigning their supply chains.<sup>18</sup>

### Collective agility: Codesigning the journey with the whole system

We often consider agility as describing a single unit—whether an individual or an organization—moving quickly and nimbly to adapt to change. Yet today’s major issues require entire systems to be agile and adaptable. For example, systems of attitudes, institutions, and behaviors have allowed and exacerbated racial inequity. Climate change has accelerated due in part to actions and

reactions across a vast network of natural and manmade systems.

These are whole-system challenges that cannot be solved piecemeal; they require whole-system answers. Today's resilient leaders build resiliency by convening the *full* ecosystem to collaborate and define the journey together. In other words, it's about *collective agility*.

As my colleagues have seen in their work with various client organizations, the accelerated delivery of viable vaccines demonstrates this type of collective agility across a whole system of stakeholders. These might include: pharmaceutical companies; government organizations such as the European Medicines Agency (approvals), the Centers for Disease Control and Prevention (vaccine handling, distribution, and tracking), and supply chain coordination (US distribution through "Operation Warp Speed"); pharmaceutical distributors; multiple for-profit and not-for-profit health care systems; and multiple retailers with pharmacy services.

Such collective agility invites a vertical and horizontal cross section of the system to codesign the strategic destination, new business models, and the route. The advantages of such collaborative codesign include:

- **Requires less buy-in:** Rather than an isolated group of executives developing a strategy they must sell to stakeholders, the participants who are engaged in codesign have their fingerprints on the solution. They have a vested interest in its success, becoming cascading sponsors for the strategic decisions and their successful implementation.
- **Ensures an outside-in perspective:** Intentionally engaging stakeholders outside the organization reduces the likelihood of narrow answers to challenges requiring a broader perspective. Leaders who can leverage the innovative thinking and resourcefulness of their

stakeholders will be better positioned to recover, and ultimately to thrive.

- **Accelerates decision-making:** Many strategic development processes take place serially, requiring more time to make decisions and shuttle diplomacy to reconcile differing views. Assembling representatives of the whole system to codesign together enables the strategic work to be done in parallel, thereby reducing elapsed time and improving the organization's ability to respond to rapidly emerging market conditions.

To achieve these benefits, we engage a cross section of an organization's whole system in executive accelerators such as collaboration labs in which the participants codesign the answers to some of the most perplexing, company-critical issues.

Collaborative codesign is especially important amidst the COVID-19 crisis: It can be both cathartic and energizing for people. Teams have been worn down by the seemingly endless uncertainty, familial strain, health threats, and ambiguous loss<sup>19</sup> that has characterized this extended period of the virus.<sup>20</sup> The very act of inviting them to imagine a successful, thriving future state and the path to get there can be a source of hope and encouragement, restore a feeling of control in the present, reduce stress, and sustain them.

## Embracing seven elements of a resilient organization

Based on our conversations with Deloitte's clients and client-serving executives around the globe, we've found that the vast majority of organizational needs cluster into one of seven categories: strategy, growth, operations, technology, work, capital, and society. We've interpreted these needs as seven elements of a resilient organization, and defined an outcome-based aspiration and focus for each (see figure 4).

FIGURE 4

## Seven elements of a resilient organization



Source: Deloitte analysis.

Each of these elements needs to be strong independently. Taken together, the seven elements operate within a cohesive, interdependent web that reinforces each of the parts and enhances the adaptability of the organization.

We engaged with over 1,000 C-suite executives; analyzed their insights, questions, concerns, and initiatives around the journey to resiliency; and evaluated the highest-priority actions that leaders were taking in each of the key elements. We mapped these actions to their typical C-suite owners—those roles that had primary or secondary responsibility for the actions—to create a high-level playbook for the resilient organization (see figure 5).

## Connecting for a resilient world

At an institutional level, value-creation discoveries, mindset shifts, collective agility, and the seven elements bring together resilient organizations and their ecosystems into an *interconnected* web of resiliency and strength.

At an individual level, five of the most common traits in resilient leaders are adaptability, preparedness, collaboration, responsibility, and ethics (see Deloitte’s forthcoming annual Resiliency Report, a survey of more than 2,200 C-suite executives in 21 countries to be released in January 2021). All five involve *connecting*: Adaptability quickly connects resources to meet today’s challenges; preparedness connects tomorrow’s resources to potential future scenarios; collaboration connects the whole system; and both responsibility and ethics connect individuals, organizations, institutions, and society.

Our mandate as resilient leaders is ***connecting for a resilient world***.

The preposition “for” is small but powerful. Amidst this crisis and other great societal challenges, we are reminded yet again that we have not arrived. Guided by purpose, we are seeking *for* a resilient world in the future.

FIGURE 5

## Resilient organization playbook

Key elements of a resilient organization	Key actions for resilient leaders	Roles most typically responsible for the actions						
		CEO	CFO	CIO <sup>a</sup>	COO <sup>b</sup>	CCO <sup>c</sup>	CHRO <sup>d</sup>	CSO <sup>e</sup>
Resilient strategy	Anticipate new market structures, new business models, and R&D innovations	•			•	•		•
	Articulate a clear vision of the strategy to Thrive	•				•		•
	Develop and launch the strategy, plan, and business model	•			•	•		•
	Build and maintain flexibility of options as conditions change on path to Thrive	•	•	•				•
Resilient growth	Anticipate new/emerging customer needs	•				•		•
	Capitalize on organic growth	•	•	•	•	•		•
	Configure business model to deliver the required customer experience				•	•	•	•
Resilient operations	Define the role of resilience and agility in the emerging model			•	•		•	
	Orchestrate the recovery and resiliency of supply chains			•	•			
	Migrate overall operations (including physical locations, operating model, processes, and cost structure) to achieve the strategic vision		•	•	•		•	
Resilient technology	Accelerate digital capabilities to enable growth, decrease costs, and progress further as an insights-driven organization	•	•	•	•	•	•	•
	Develop a technological infrastructure that can quickly adopt and adapt to new engagement models		•	•	•			
	Minimize cybersecurity risk				•			
Resilient work	Align the work, the workforce, the workplace, and enabling technological infrastructure to reflect the next normal and to accelerate to the destination			•	•		•	
	Provide the right talent experience and development opportunities to meet new customer needs				•	•	•	
	Foster an inclusive culture and diverse workforce positioned for long-term success	•			•		•	
	Develop a culture that promotes resilience through a focus on well-being and balance	•			•		•	
Resilient capital	Align working capital, liquidity, and capital structure to support the strategic vision		•		•			
	Ensure adequate financing to maintain/grow the business		•					
	Improve nimbleness of capital allocation methodologies to exploit new opportunities		•					
	Rearchitect, remodel, or rebuild the entity structure	•	•		•			
	Engage in advantaged M&A and managed divestitures	•	•					•
Resilient society	Develop and activate a comprehensive strategy for environmental impact, response, and measurement	•	•		•		•	
	Set out and fulfill investor, societal, and stakeholder expectations	•	•			•	•	
	Proactively address risks to the organization and its environment	•	•		•		•	
	Understand and determine the key drivers and dimensions of trust for the organization	•	•	•	•	•	•	•
	Incorporate and aggregate key stakeholder trust metrics so the C-suite team can monitor and formulate action plans	•				•	•	

<sup>a</sup> CIO encompasses chief information officer, chief technology officer, and similar titles.

<sup>b</sup> COO encompasses chief operating officer and similar titles.

<sup>c</sup> CCO encompasses chief customer officer, chief marketing officer, chief revenue officer, and similar titles.

<sup>d</sup> CHRO encompasses chief human resource officer, chief talent officer, and similar titles.

<sup>e</sup> CSO refers to chief strategy officer, whose responsibilities may be subsumed by a CFO or a CCO depending on the leadership team structure.

Source: Deloitte analysis.

## Endnotes

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### **Punit Renjen**

Punit Renjen became Deloitte Global CEO in June 2015, and was reelected in 2019. Deloitte operates in 150 countries, with more than 300,000 professionals and 2019 revenues of US\$46.2 billion. Renjen is also a member of the Deloitte Global board of directors.

As Deloitte Global CEO, Renjen set in motion a global strategy to achieve undisputed leadership in professional services. In his first term, he led collaborative strategic efforts that resulted in more consistent experiences for Deloitte's clients, professionals, and communities. Under his leadership, Deloitte launched WorldClass—a global effort to prepare 50 million futures for a world of opportunity—based on the belief that when society thrives, business thrives.

Prior to his current role, Renjen served as the chairman of Deloitte LLP (US member firm) from 2011–2015. As chairman, he led the board in providing governance and oversight on priority matters such as firm strategy, operations, risk mitigation, and talent development.

In 2020, Renjen was awarded the Oregon History Makers Medal by the Oregon Historical Society in recognition of his visionary business leadership. Outside of Deloitte, he is a member of the Business Roundtable and the International Business Council of the World Economic Forum. He also serves as the member of several not-for-profit boards, including the US-India Strategic Partnership Forum (vice chairman). Previously, he served as the chair of the United Way Worldwide.

Renjen was born and raised in India. He moved to the United States on a Rotary Foundation scholarship to attend Willamette University, where he earned a master's degree in management; he previously served on the Willamette University board of trustees. He is married and has a son.

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### **Bill Marquard**

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Bill Marquard serves C-suite executives and boards on strategy and leadership issues. He has been a *Fortune* 200 C-level executive, served on the faculty of Northwestern's Kellogg School of Management, and also leads Deloitte's Global COVID-19 client response. He resides in Evanston, Illinois.

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