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Building resilience capabilities at “Big Brown Box, Inc.”

Liisa Välikangas and A. Georges L. Romme

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To increase their resilience, all companies need to occasionally rehearse their readiness for change. But to achieve the resilience needed to thrive long-term in a dynamic, highly competitive marketplace requires a commitment to continual customer-focused agility training.

A good example is a giant company we'll call “Big Brown Box” (BBB), a market leader in the US consumer electronics retail market that also owns major retail operations in Canada, Mexico, China, Turkey and the UK. BBB has consistently outperformed its competition over a period of more than fifteen years. Widely known for its emphasis on organic growth and customer focus, much of BBB's success can be credited to its resilience training – from the sales counter to the executive conference rooms.

Training for resilience involves mastering three strategic management practices:

1. **Cultivating foresight.** This is the capacity to see multiple futures and imagine and test possible responses. BBB has learned that complacency is a seductive companion to its success, so its resilience training allows the boundaries of received wisdom and routine understanding to be continuously tested. As one executive described the challenge: “Big, stable companies like us seem to attract bureaucratic, hierarchical people. We see them coming, but can't keep them out.”
2. **Rehearsing non-routine behaviors.** In most retail organizations, routine customer interchanges are higher reward, lower risk. Few employees willingly explore novel sales opportunities. Exploitation feels easy and confident, exploration difficult and intimidating. So exploration of the new remains unrehearsed. To quote an executive at BBB: “If we don't exercise the ‘change muscle’ now, we won't have it at our disposal during future setbacks.”
3. **Building an experimentation-oriented community.** Few people dare to take the risk of innovating and pioneering alone in a large company. So a community of professionals is needed to sustain continuous experimentation and provide a platform for serendipitous learning and encounters. The group continually wrestles with a small set of key questions. What new business idea can we experiment with? How can we make the learning of a grassroots effort visible throughout the organization? How can top leadership constantly resist knowing “what's right and shutting everyone else up?” Said one executive: “I see this resilience program as an opportunity to . . . tap into the 80 000 people who deal with customers, to design this to be part of a large scale engagement.”

To prepare an experimentation-oriented community to innovate advantageously it must learn how to deftly turn threats into opportunities and how to identify opportunities earlier than

“Training for resilience involves mastering three strategic management practices: cultivating foresight, rehearsing non-routine behaviors and building an experimentation-oriented community.”

competitors. Cultivating foresight and rehearsing non-routine behaviors enable the organization not only to identify an emergent opportunity early, but also to quickly shape a response.

How did BBB develop its resilience practices? The program started as a learning quest to explore the concept of resilience that was championed by a few volunteers and quickly attracted a core group of 12 people. The group members shared a commitment to making the company more future-ready. They soon invited others to help develop a portfolio of experiments ranging from new management practices to ideas about customer interaction in core business. These ideas were field tested, then shared in resilience clinics and company presentations. The group invited senior executives to develop their resilience strategies in interactive workshops. According to the leader of the group, “the resilient footprint can now be heard in people’s everyday talk and behavior.” One group member added: “it made things that were previously unheard of, like offering a voluntary lay-off plan, an avenue for career passion.”

Resilience practice is also evident on the sales floor of individual BBB stores. For example, an employee in a coastal Texas store sought to understand the needs of shoppers who were sailors from the cargo and tanker ships in the nearby harbor. Many of these sailors were buying several laptops and a variety of electronics for fellow crew members who didn’t have a visa and so were not able to leave their ship. To meet their needs, store employees developed a “having a friend inside Big Brown Box” program that increased the local store sales significantly.

From recovery to renewal

The practice of resilience training gains importance as a company’s competitive environment becomes increasingly uncertain and volatile. Resilience has two dimensions (see Exhibit 1):

- Operational resilience is the ability to bounce back after a crisis – or, more broadly, to respond to adversity.
- Strategic resilience is the ability to turn threats into opportunities before it is too late – that is, to effectively respond to opportunity. Preparing for a response to adversity implies enhancing the organizational defenses, while the response to an opportunity involves engaging in exploration and experimentation that serve to build a portfolio of options for the future.

Resilience builds both a strong defense and offense. As one of BBB’s resilience champions explained: “Other companies, now in deathbed, also had smart people like us working

Exhibit 1 Dimensions of resilience

<i>Recovery-based: operational resilience</i>	<i>Renewal-based: strategic resilience</i>
Recover after experiencing a crisis Tenacity: persist in the face of threat Train to prepare for and survive setbacks	Change without a crisis Pro-activeness: turn threats into opportunities Engage in exploration and experimentation

“This rehearsing and training will help an organization learn how to proactively engage in exploration and experimentation.”

there. But they did not do enough. They allowed themselves to become complacent. They saw the change but did nothing.”

The takeaway from the BBB example: all companies need to continually exercise their operational resilience to prepare for setbacks and the maneuvers of rivals. This rehearsing and training will help an organization learn how to proactively engage in exploration and experimentation. Strategic resilience results when the organization gains the capability to quickly convert threatening surprises into opportunities and to identify unique opportunities and act effectively before their competition.

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