

# Resilient in name or nature?

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

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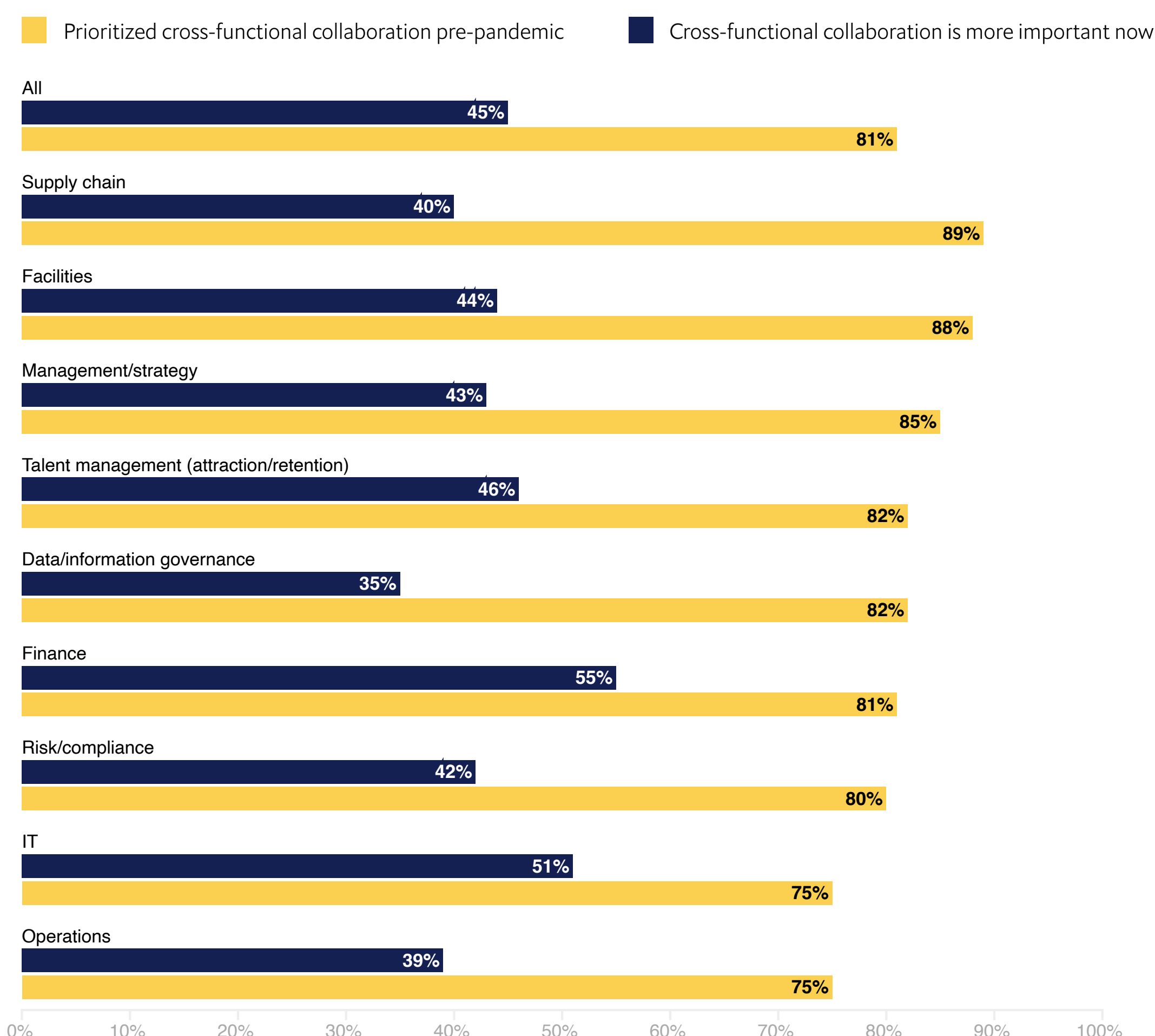


The pandemic has catalyzed a paradigm shift. Leaders are increasingly persuaded by the importance of resilience—building organizations that are nimble, flexible and able to withstand both expected and unexpected shocks. A recent study conducted by Economist Impact, sponsored by Iron Mountain, shows that building resilience requires a systemic, coordinated organization-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 organization in mind. When disruption strikes, cross-functional teams can more easily diagnose issues, react and recover compared with siloed teams. Today’s discourse often centers on the role that digital tools have played in helping organizations navigate the pandemic’s disruptions. But it is cross-functional collaboration that provides the scaffolding for such tools to work—and how organizations embed resilience.

Leaders recognize the particular importance of cross-functional collaboration in today’s volatile world. Our study found that less than half of organizations prioritized 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 organization.

## Organizations 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 recognize 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 organization.

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

It's clear that organizations recognize 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. Organizations have long struggled to break down silos. Processes and information systems are often fragmented and fervently guarded, teams are designed around centralized hierarchies, and the resulting internal complexity frustrates cross-functional collaboration.

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



**[Building organizational resilience] should be part of everyone’s job.**

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 organizations involve heads of departments in resilience initiatives. This is striking. Leaders understand that building resilience requires involving the entire organization, 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 organizations performing on these dimensions?

## Effective decision-making architectures

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

## 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 organization (compared with more functional, risk-specific planning). Organizations are again split in their behavior: 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 organizations 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 organization 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 well-being and engagement**

Our data demonstrate that employee well-being is top of mind among leaders and expected to remain so. However, 35% of respondents feel significant or much improvement is required to prioritize employee well-being 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 well-being 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 organizations are reverting to the zone where they feel safest—centralized decision-making and function-specific planning—the antithesis of cross-functional collaboration. This may reflect the well-known tendency for organizations (and the people who run them) to revert to pre-disruption behavior. 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. “Organizational 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 organization is ready to face the future.