



Guideline for the implementation of Systemic Resilience practices within enterprises

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Contributors

This guideline was developed by all partners, the development being led by Helixconnect Europe, in the frame of the ERASMUS+ project FENIX – Fostering organisational resilience and adaptive management in enterprises – co-funded by the European Commission.

Website: <https://fenixproject.eu/>.

Consortium:

UNIVERSITAT DE LES ILLES BALEARS (ES)

ISQ eLearning SA (PT)

HELIXCONNECT EUROPE SRL (RO)

INNOVATION TRAINING CENTER, SL (ES)

INSTITOUTO EKPAIDEFTIKOU KAI EPAGGELMATIKOU PROSANATOLISMOU (GR)

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Introduction

Scope

FENIX project aims to contribute to fostering the resilience of European enterprises after the negative impacts caused by COVID19 pandemic. This document is developed in the scope of the **Guideline to support the implementation of systemic Resilience practices within enterprises.**

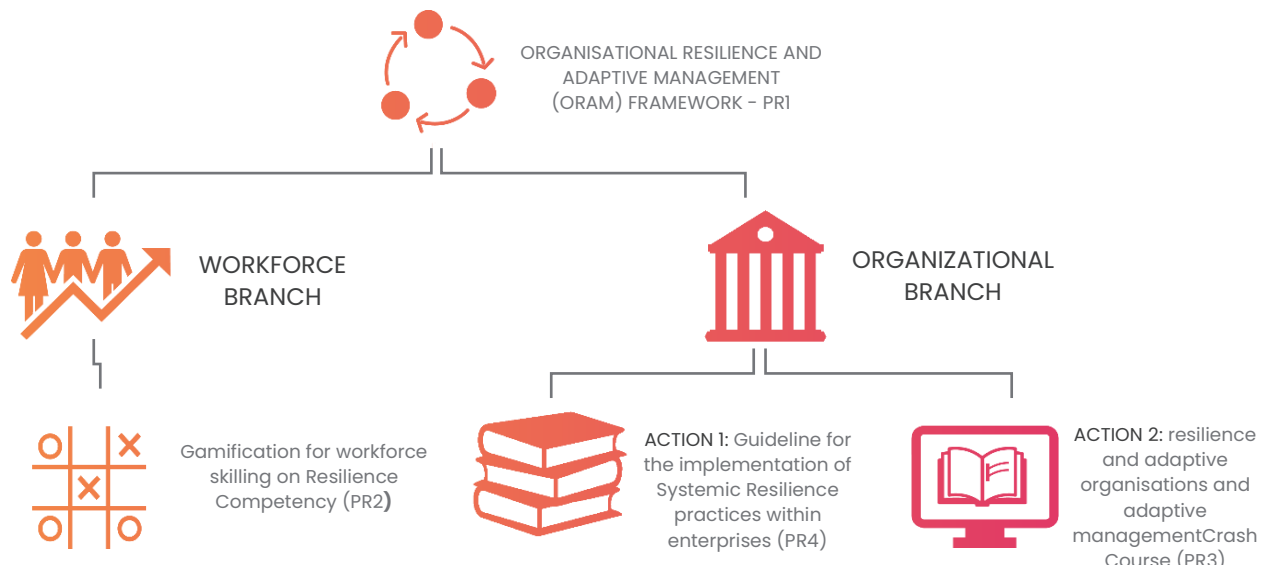


Figure 1: FENIX project: Relations between project results. Own Elaboration

As presented in Figure 1, the guideline represents the Action 1 of the organizational branch, in the **Organisational Resilience and Adaptive Management (ORAM) Framework**. It sets the course of action for enterprises to build systemic resilience practices and support them in adopting flexible and anticipatory thinking throughout governance practices, processes and products.

Target groups

The target groups of the **Guideline for the implementation of Systemic Resilience practices within enterprises** are:

- Microbusinesses
- SMEs
- Corporations
- Other organizations (such as NGOs, federations, associations)
- Entrepreneurs
- Businesses accelerators and incubators.

1. Theoretical Framework

Systemic Resilience is defined as the ability of actors in a complex system to effectively respond and recover from shock and surprise (Walker and Salt, 2012; Ungar, 2018).

This guideline is governed by seven core principles, retrieved from the article “Systemic resilience: principles and processes for a science of change in contexts of adversity”, a literature review and consultations with knowledge experts by Michael Ungar.

1. Resilience occurs in contexts of adversity

Patterns of growth that occurs in predictable environments are not linked to resilience. There are slight divergences about the definition of resilience, but in common share the notion of a return to balance. For this return to balance to happen there must be something (e.g. an unpredictable event such as a pandemic) that represents an atypical perturbation or stress exposure. This return to balance can happen through recovery, adaptation, or transformation. Nevertheless, whatever the strategy to cope with the challenges, resilience is experienced if strategies employed mitigate the cumulative impact of repeated exposure to stressors (Lupien et al. 2001, Boxer et al. 2013).

2. Resilience is a process

A resilient organizational system is engaged in a continuous process of acquiring and sustaining the resources required to function well under stress (adapted of Ungar 2011). If an organization considers resilience as a process, it

opens bridges between its areas/departments/people and all parts of the organization can engage in processes that improve the capacity of organization to cope with adversity. The author supports that across disciplines, there are five processes that contribute to changes that may make systems (i.e.. Organizations) more sustainable in the context of adversity:

- a. Persistence:"** To maintain stable functioning as internal and external stressors threaten to make it change (Hobfoll 2011). The system has the capacity to change, but that capacity is as yet unrealized. Its energy is directed to maintaining order" (p.34).
- b. Resistance:** "Although persistence describes a system that keeps doing what it has been doing because it has the supports it needs to avoid threat, resistance describes a process whereby a system is at risk of being overwhelmed by internal or external stressors and must actively use its resources to resist creating new regimes of behavior. Resistance makes it possible for the system to continue functioning even when a perturbation is present" (p.34).
- c. Recovery:** "Recovery is instead a complex process of rebuilding, repair, and adaptation that characterizes an individual and collective movement toward a new behavioral regime even if that new regime looks similar to a previous one" (p.34).
- d. Adaptation:** "Describes the process of a system adjusting and learning new ways of functioning after an insult. The system changes its functioning in order to be sustainable, facilitated by concurrent changes to other systems that are necessary to accommodate the new focal system's new behavioral regime" (p.34).
- e. Transformation:** "transformation as a resilience process is associated with constructions of meaning that determine if a change is experienced as advantageous to one or more parts of a system" (p.34).

3. There are trade-offs between systems when a system experiences resilience

If we think of an organization as a part of a system (composed by its departments, staff, etc.)it might happen that when bouncing back from the stressor, the system parts will respond differently and will not benefit equally

from the new measures adopted. This principle of “trade-offs” illustrates the co-dependency and interoperability of any given system.

4. A resilient system is open, dynamic, and complex

An organization should be open to new information (although this had exceptions when openness bring vulnerability to new threats). “As a process, resilience is a measure of how well a system integrates environmental shocks and initiates new behavioral regime” which is always a dynamic and complex process involving multiple departments, actors, etc.

5. A resilient system promotes connectivity

Connectivity refers to how the different actors/components of the organization interact with one another during a crisis. Its suggested that the more collaborative the network, or the organization processes, the more likely systems are to solve complex problems (Bodin 2017).

6. A resilient system demonstrates experimentation and learning

The more an organization allows its workers to experiment with new different solutions, embrace try and error strategies, allow time to reflect on lessons learned and impacts of the experience and integrate this learning into future efforts to adapt, the more resilient it becomes (Cutter et al. 2008a, b, Rocha et al. 2015, Carson and Peterson 2016).

7. A resilient system includes diversity, redundancy, and participation

In any given organization, the more areas ready to take over when one area of the organization is failing, the more sustainable the organisation is as a whole. The more diverse the organisation is (the more ways it has to solve problems), the less vulnerable it will be to perturbations (Biggs et al. 2015)

2. Practical Areas

When starting the journey to sustain a more resilient organization, start by going through the organization Procedures, Processes and Products & Services in light of the information above. Map the current state of how the organization is run and analyze what should be changed. Implement changes. Foster a learning culture. Allow people to thrive while contributing to the organization.

Organisational Procedures

A procedure (also called as practices) can be defined as a series of steps/tasks designed to achieve a specific result or output. Organisational procedures are compliant with the organizational rules and governing policies. Procedures are also helpful when related to training and measure of performance. Good procedures in place help preventing errors from occurring.

Organisational Processes

A simple process may be described by a single procedure, nevertheless, a more complex process, such as the recruiting process, will have multiple procedures.

Organisational Processes are related to the organizational goals and include activities to develop operations (managerial processes, resource & infrastructure processes, etc), products and resources assets which can be used to achieve resilience goals.

Products & Services

A product is the organisation tangible items that can be put on the market for acquisition, attention, or consumption, while a service is an intangible item, which arises from the output of one or more individuals.

3. Case Studies

In this section we have collected X case studies with real life examples of organizations that have adapted in face of uncertainty during COVID19 and even thrived by using the strategies described above.

ASOS (England)

ASOS plc is a British online fashion and cosmetics retailer. The company was founded in London in 2000 and is primarily aimed at young adults. The website sells over 850 brands as well as its own range of clothing and accessories and ships to over 200 countries from distribution centers in the United Kingdom, the United States and Europe. ASOS's headquarters are in Camden Town, at Greater London House. Their main distribution center is in Barnsley, where they employ 3,000 workers. The customer service department is based in Leavesden, near Watford, in south-west Hertfordshire.

What were the challenges faced because of the pandemic?

The spring of 2020, when the world shut down, online sales grew at a double-digit rate across fashion, sports and home. The main players in e-commerce worked for months with the same tension as on a Black Friday, in their own words, and with the added challenge of adapting their production and sales model to overcome the effects of the pandemic.

It seemed that the main challenge for companies in the sector would be to scale up in express time and implement hygiene measures as quickly as possible to meet the peak demand with guarantees. They all seemed to be concentrating on avoiding dying of success. But there were many other aspects that ended up decanting the balance.

How did the organization dealt with the challenges?

- *Adapt to the offer*

Asos was one of the fastest companies to move faster. Since the first restrictive measures began to be imposed on movement and confinements multiplied, the most outstanding products on its website included clothes to walk around the house or specific gadgets for teleworking.

- *Adapt to demand*

If there was a brand prepared to face an exceptional situation like the pandemic, it was Asos. Thanks to their continuous investment in technology to optimize logistics and automate their warehouse technology, they had managed to sophisticate their delivery and returns process, to the point of being able to ensure deliveries in less than 24 hours if the order was placed before midnight.

- *Review the marketing strategy*

As soon as the impact of the pandemic began to be felt, Asos decided to soften its promotion strategy and reduced investment in online advertising. The marketing department intensified its activity in social media with the aim of achieving more significant and lasting relationships with its consumers, achieving unprecedented results. May was a record month with nine million interactions, 90% more than previous highs.

Another area they accelerated was experiential marketing. In May they announced the entry of a new phase of See My Fit, their augmented reality project, a system that simulates how their clothes would look on models of different physiognomies.

The project had been developing in the company for some time, but the pandemic served as a catalyst, since it was a good tool to preserve the safety of the company's models and photography equipment, ensuring social distance. Starting in May, 500 new products were added weekly to the system.

The company adjusted its offer in record time, focusing on key products destined for confinement and, as a result, achieved a 50% growth in casual and sportswear and in the beauty segment.

Their agility in delivery and returns is one of the pillars of their marketing strategy, and during the pandemic they had the opportunity to demonstrate their excellence in this area. As soon as the British government relaxed restrictions, they launched ambitious measures to increase the operational capacity of their warehouse.

By agilely adapting their stock to changing demand forecasts, they were able to manage their stock levels excellently and avoided canceling inventories, unlike other fashion firms such as Mark & Spencer, which had to cancel orders worth 145 million pounds sterling from the spring-summer collection.

Its tactical negotiation, coupled with the elimination of non-strategic costs, dramatically boosted the companies' profitability. In sum, sales increased by 10% between March and June, at the height of the pandemic in Britain.

ASOS total sales grew by 19% and profits increased by 329% year-on-year as of August 31 2020. Its stock value has once again exceeded the 4,000-point barrier for the first time since December 2018, when the presentation of results well below forecasts caused them to lose investor confidence.

Thanks to how they have managed to weather 2020, Asos is once again an attractive investment option and is presented as the online fashion brand with the most projection in the market.

TENDAM (Spain)

TENDAM, previously called Grupo Cortefiel, is a textile Spanish group which was founded in 1880. On April 17, 2018, Grupo Cortefiel was changed into Tendam. It includes brands such as Cortefiel, Pedro del Hierro, Springfield, Women'secret, Hoss Intropia, High Spirits and Slowlove.

The group was present in more than 80 countries, with more than 1,800 points of sale. Even though it already had some online components, the group was mainly based on physical shops.

During the pandemic, the company lost 109.5 million in 2020 due to the impact of the coronavirus: lock down and closure of physical shops, restrictions, and (physical shops) capacity limitations.

The activity of Tendam moved towards normalization after the hit of the pandemic. They designed a transformation model in 2020 the strategy combining physical and online shops with a high capacity for growth.

80% of the store network already has a single inventory, between digital and physical sales and the warehouse, which has streamlined processes and has made it possible to integrate the Buy online and in person. For example, 20% of online sales start in

physical stores, but in the end, they are bought through the web due to lack of sizes or product, and then they are home delivered or picked up at the stores.

In this frame, the combination of the return of customers to physical stores, where higher traffic is recorded, and the push of the online channel have boosted Tendam's results.

Purchases in the online channel grew by 30% compared to the previous year; they already account for 19% of turnover in Spain and 14% globally, twice as much as in 2019. Meanwhile, sales in self-managed stores (about 1,200, the rest are franchises) grew by 45.9% compared to the previous exercise.

Tendam closed its last fiscal year (March 2021 to February 2022) with sales of 1,113.4 million euros, 43.3% more than the previous year and only 74 million below pre-pandemic levels, in 2019. The company returned to profit, with a net result of 54.1 million.

INARBEL (Portugal)

INARBEL has been in the Textile and Clothing industry for about 36 years in Portugal. Since its constitution, INARBEL has developed its activity in international markets. In 2019 it was already operating in 33 Countries.

At the beginning of the COVID-19 pandemic, after delivering the spring/summer collection, winter orders began to be canceled, realizing the dimension that the pandemic would have on the business.

In order to provide a rapid response, INARBEL who initially started as a textile company only dedicated to producing clothing for children, men and women, realized they had to find alternatives within the pandemic context.

With this, they started looking for a fabric that was waterproof and reusable, and the manufacture of hospital gowns was born in the company.

A project to renovate the factory was already on the table at INARBEL, ready to go ahead. However, the situation dictated that this gave way to another, less financially ambitious and heading in a new direction: the factory opted to invest €400 thousand so that the usual knitwear for babies and children would give way to hospital gowns.

INARBEL certified the fabric at the Technological Centre for Textile and Clothing Industries (CITEVE), certified the gown as Personal Protective Equipment (PPE), waterproof and reusable up to 50 times.

The year 2020 ended with a turnover of €9 million for INARBEL despite production initially breaking down by nearly 70%.

This was how an initial drop of 60% to 70% in production was eventually reversed, achieving a turnover of 9 million euros in 2020, up from 8 million euros of the previous year, selling thousands of gowns to the "Order of doctors" in Portugal and produced other thousands for export, mainly to Spain and also France.

Resulting in a third brand of clothing for the medical universe, Skylab, the company's ambition is to reach 15 million euros by the end of 2022.

Makis Place Hotel (Greece)

Based on the island of Mykonos, the family business of small hotel "Makis Place" was founded in 1991 by Gerasimos Santorinaios and is now managed by his children.

It is a healthy company that, especially in recent years, has seen a steady increase in its turnover, indicatively from 2015–2019 it had an increase of 20–30% every year. However, its successful course in the competitive tourist market of Mykonos came to an abrupt halt in 2020 with the outbreak of the pandemic crisis of COVID19, as it was forced to remain essentially closed for a whole year. The timing was negative because at the same time he had just completed a major investment in upgrading the accommodation and the expected returns were withheld.

However, thanks to the 'RETURN TOURISM' Action Makis Place made good use of the subsidy and was able to successfully restart its operations in July 2021.

More specifically:

- They implemented COVID free protocols for the stay
- They remotely trained their employees on Health and Safety issues
- They upgraded the company's ICT systems



This aid allowed this company to survive despite the undoubtedly significant effects of the pandemic crisis on the tourism market, thus maintaining its economic activity and related jobs.

The "RESTARTING TOURISM" Action, through which the business was strengthened, was aimed precisely at supporting the operation of tourism sector businesses after their operation has been restarted.

In this way, thousands of tourism businesses were helped and kept "alive" this particularly important productive sector for the Greek economy.



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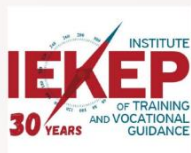
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