

BEVINGTON GROUP

PERFORMANCE OUTCOMES DELIVERED



# Strategic Responses To Fragile Workforces

A guide to enhancing workforce resilience

December 2022

# Today, workforce fragility is one of the biggest risks organisations face, so it makes sense to understand some of the causes and provide some helpful tips to try and mitigate the problem

- We will walk you through:



The nature of workforce fragility, and how we develop workforce resilience



The importance of workforce resilience today



Theory and strategies for building workforce resilience



Practical steps you can take to improve workforce resilience at your organisation

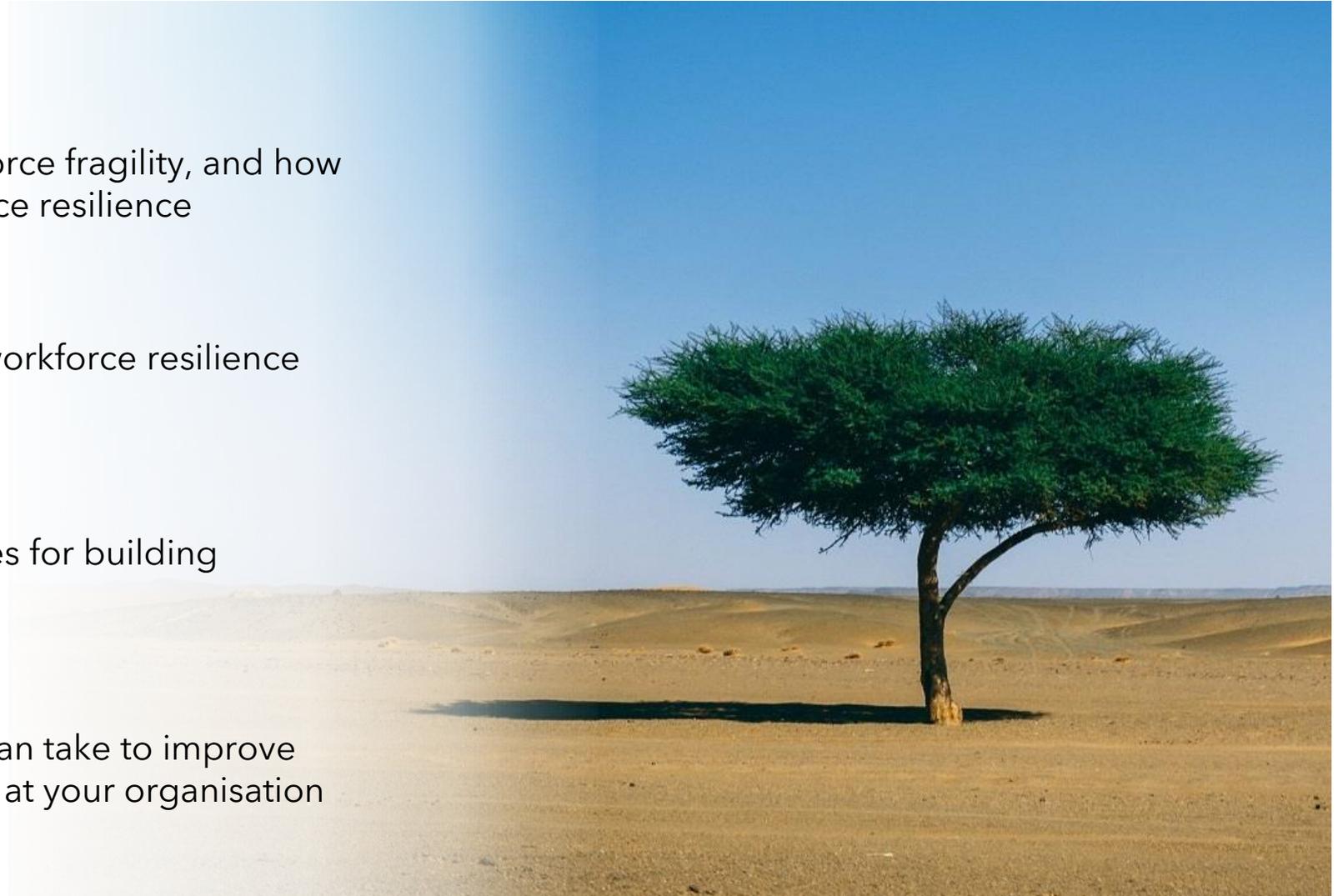
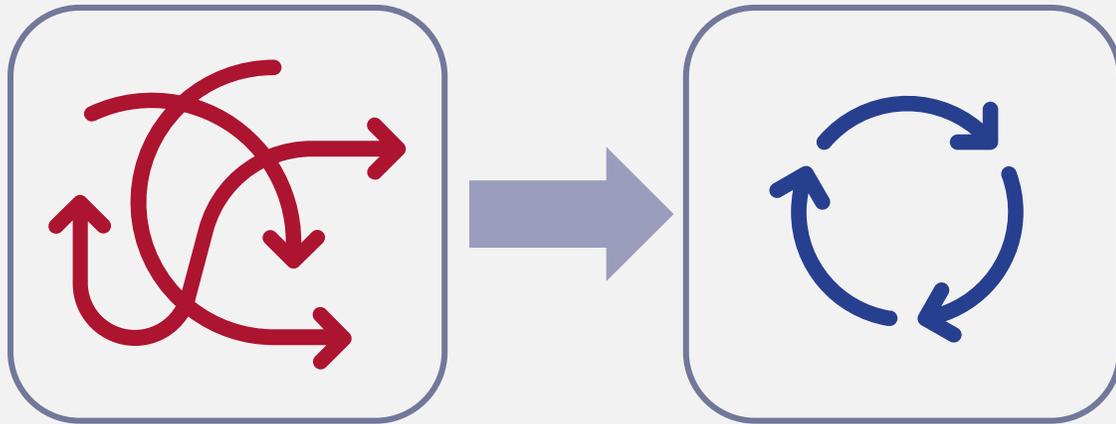


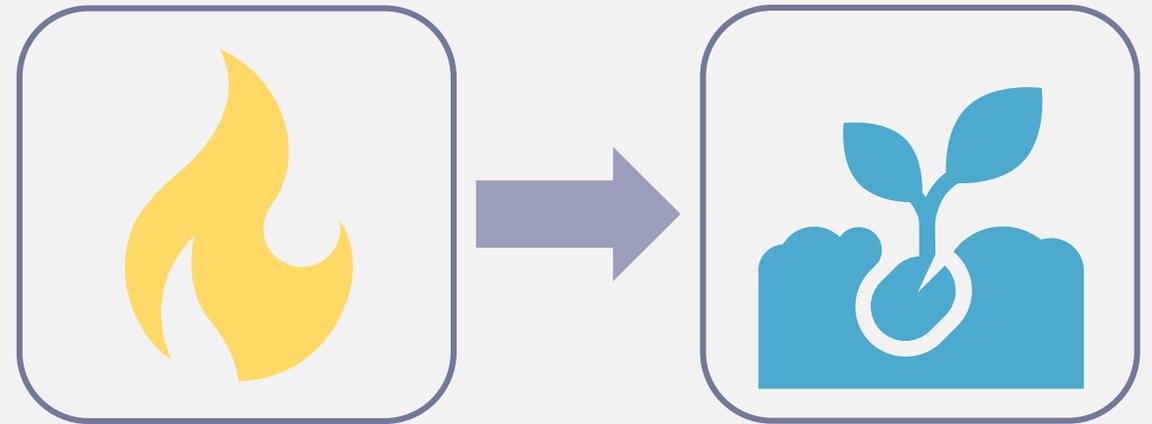
Photo: Lone tree in the Sahara. Andrew Slifkin via Unsplash.com

## What do we mean by resilience in this context?

Resilience classically means returning to normal operation



Taleb takes this further to mean "anti-fragile", or 'growth after stress'



Source: Taleb (2012), "Antifragile: Things That Gain From Disorder". See also: <https://hbr.org/2013/06/make-your-organization-anti-fr.html>

## We have an ongoing uncertain context - to name but a few challenges...

### Economic & Political

- Inflation
- Property market declines (people feeling less wealthy)
- Potential for downturn
- Labour and/or skill shortages
- Geo-political threats

### Natural and Environmental

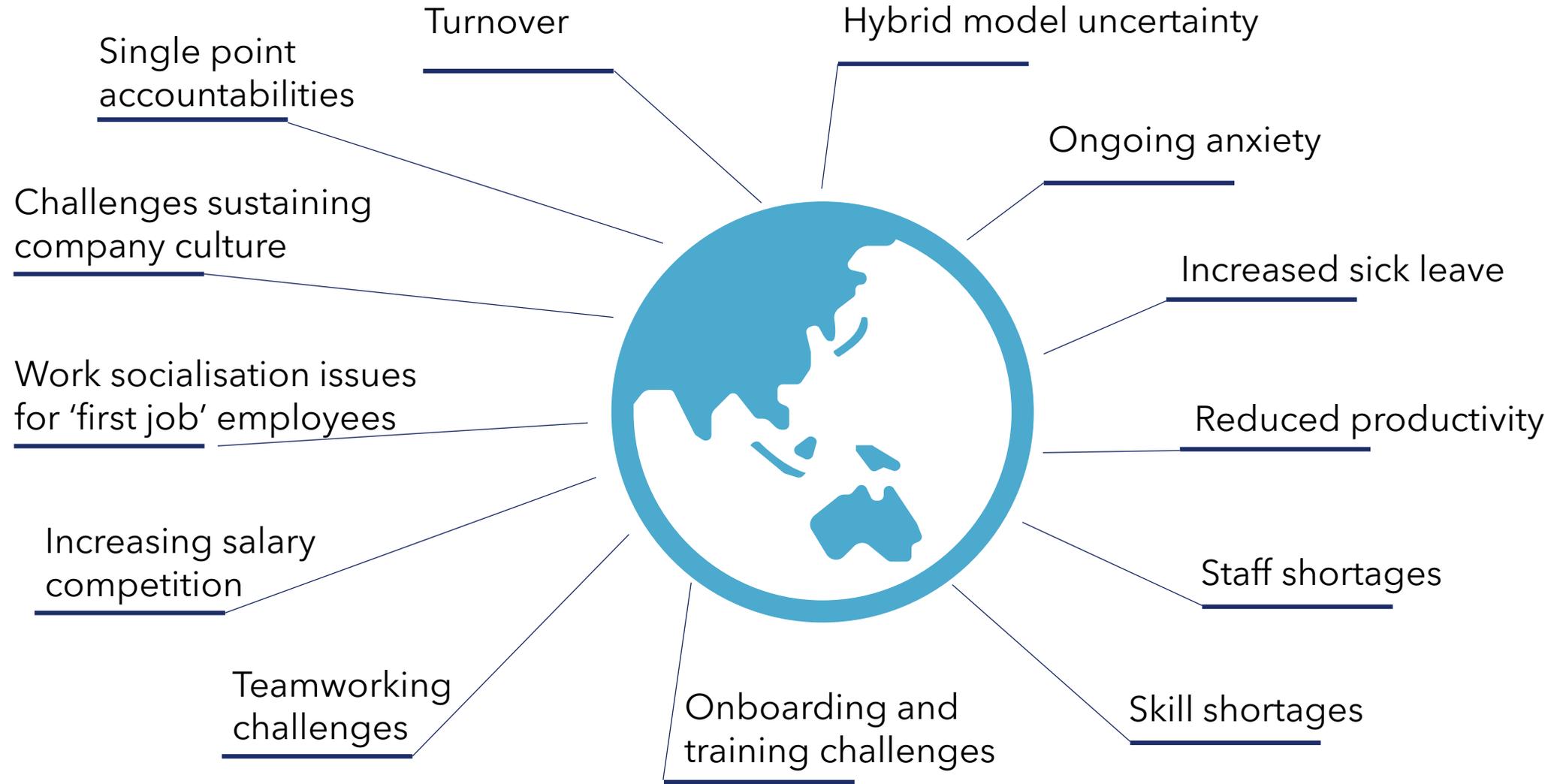
- Extreme weather events (e.g. record flooding)
- Periodic virus peaks and accompanying roster challenges

### Human

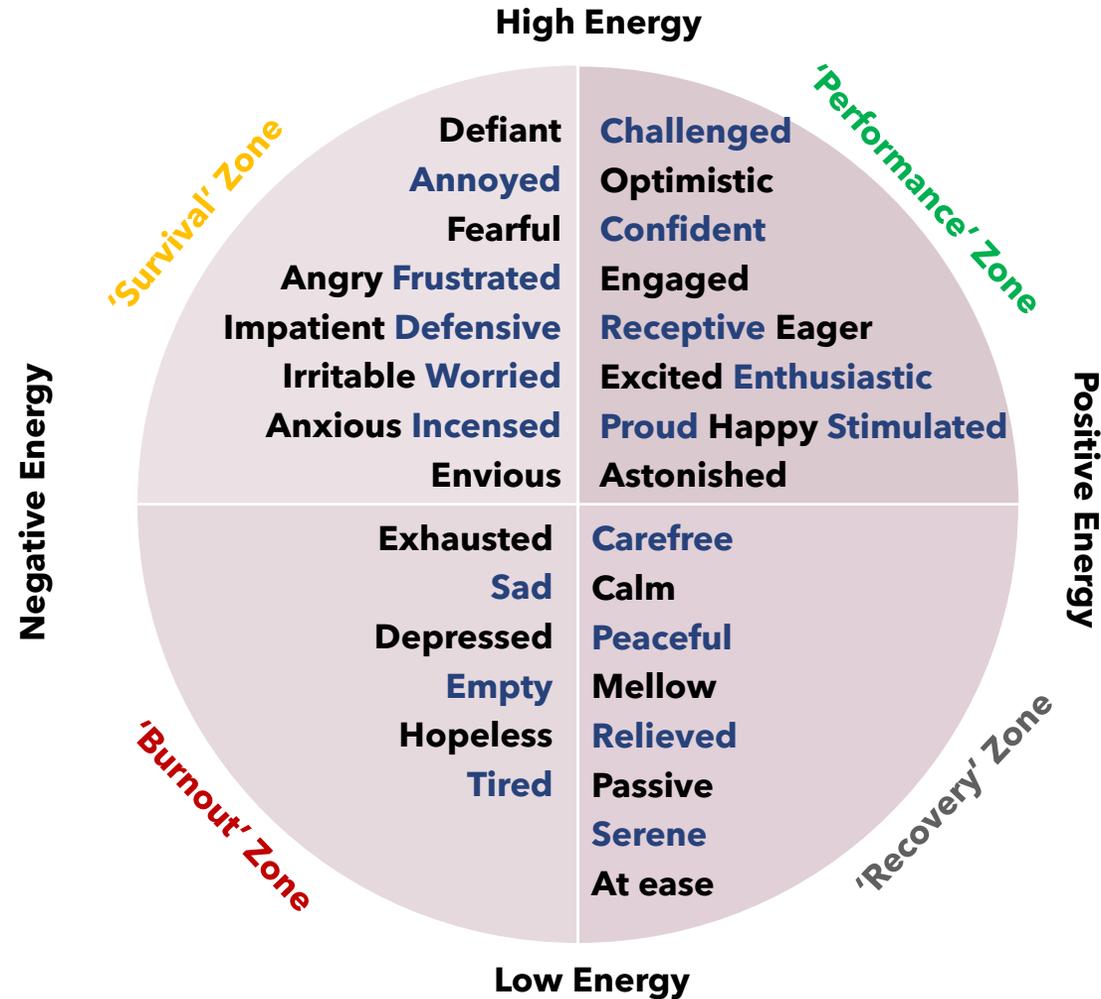
- Declining real income
- Potential for mortgage stress
- Increases in mental health challenges in our workforces
- Behavioural challenges in "first job" employees
- Potential for Industrial Relations challenges
- Declines in organisational loyalty

***We have a mountain to climb!***

## Workforce resilience is an important subject for discussion given...



If might be helpful to consider what “energy zone” your workforce is currently experiencing



Source: Loehr and Schwartz, (2018), “Power of Full Engagement”

## What strategies will we address today?

1. Strategic insight and planning

2. Connection to purpose and the organisational story

3. Connection to other team members

4. Sustainable jobs

5. Sustainable operating model

6. Personal development

7. Resilience training and coping with stressors

8. Onboarding and the first 90 days

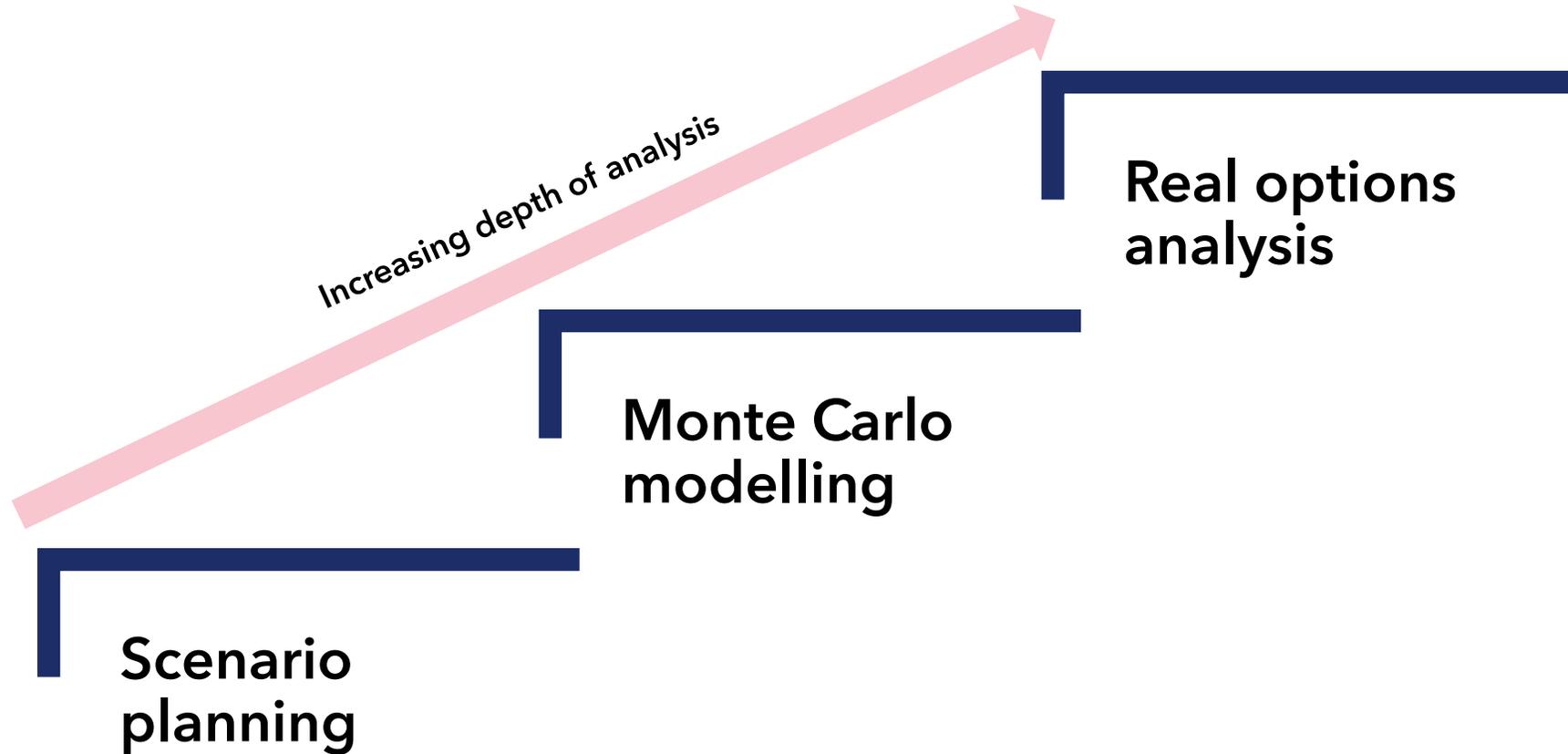
9. Great communication in times of uncertainty

# Strategic insight and planning

A way of dealing with strategic uncertainty

1

It is worthwhile pausing to point out what “great” practice looks like in managing strategic uncertainty



Source: Mankins and Gottfredson, 2022, *Strategy Making in Turbulent Times*, Harvard Business Review

# Scenario planning is valuable for strategic thinking now more than ever in times of great uncertainty

- ❑ Made famous by Royal Dutch Shell Company when they outperformed their competitors in spite of (or because of) a major oil shock

Scenario planning is a way to synthesise enormous amounts of trend data into a vision of what might be possible - in fact multiple visions

In essence it simplifies “an avalanche of data into a limited number of strategic themes”



By preparing multiple scenarios it is possible to pick the critical strategic themes that might lead to enhanced resilience

It helps manage for both overprediction (e.g. I thought we would have colonised Mars by now!) and underprediction (e.g. Amazon becoming a global retail powerhouse from it's start as a bookseller!)

## *Essentially*

Build the scenarios

Find the themes

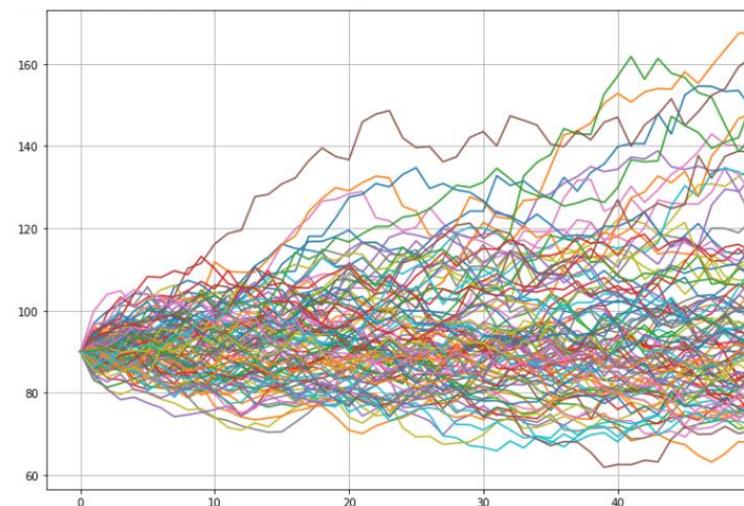
Invest for profit or resilience

## When we have large investment, and lots of uncertainty, this is where Monte Carlo modelling can help us estimate our probability of success

- Named after the city in Monaco, Monte Carlo modelling entails simulating the outcomes for a many different values of our variables
- How?
  - Build a mathematical model to simulate the outcomes for each set of variables.
  - Test the outcome by varying the uncertain values until we see where the average outcome lies
- We can then visualise the impact of risk and uncertainty
- One drawback is that it can be hard to account for external factors e.g. macro trends, regulatory risk, future response-decisions, etc.

*For example, interest rates are currently on the way up, our model might test the financial benefit of a decision for a wide range of interest rates*

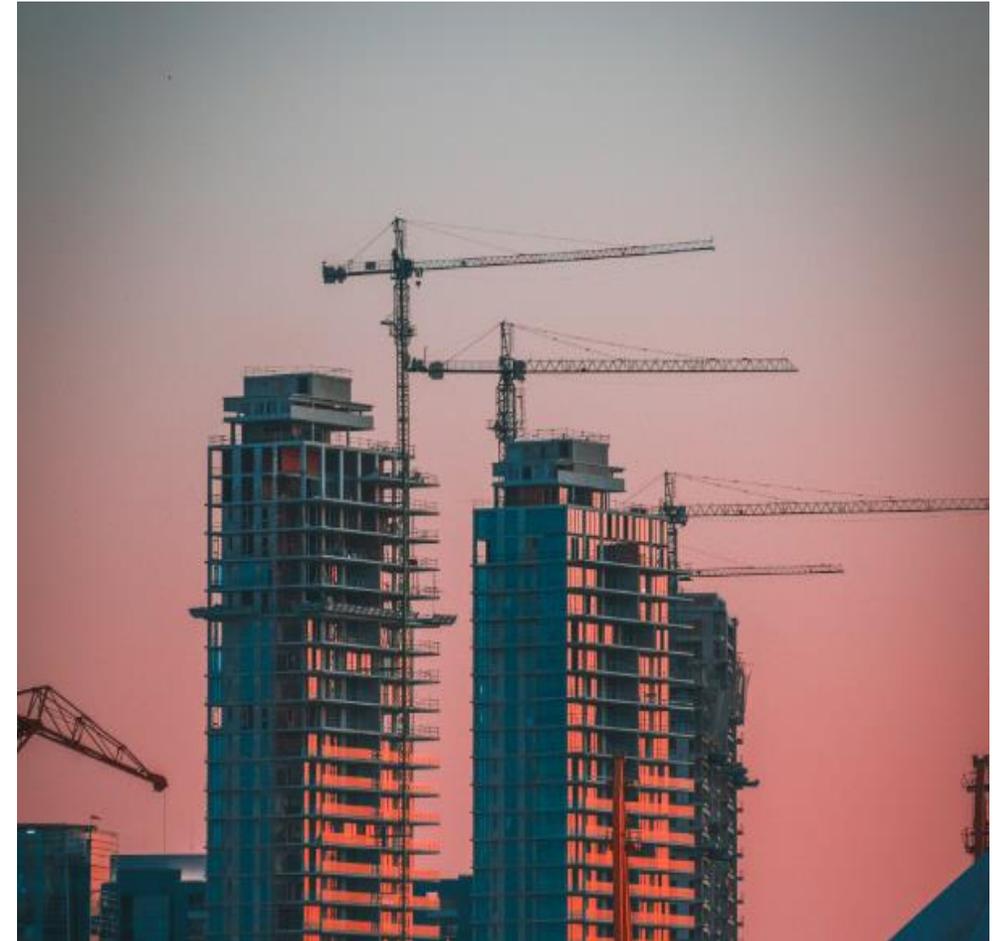
Monte Carlo analysis



# Real options analysis - a right not an obligation to undertake some business decisions - literally keeps your options open in the event of decision uncertainty

- Means exploring the real (as opposed to financial) options for a business, examples of real options are:
  - Setting up a new facility in a new geography
  - Building redundancy into in-house capabilities
  - Investing in new product research
- Helps identify the possible solutions to the problem
- Often involves a decision to act or wait
- There are multiple methods for valuing real options including:
  - Net Present Value (NPV) analysis - establishing the opportunity cost
  - Black-Scholes model - insights on the risk-neutral cost
  - Datar-Mathews method - insights on the average positive outcome

*While the options may not always have clear financial benefits in the immediate term, they often open up new opportunities down the line and hedge against strategic risks*



# These approaches to strategic uncertainty help in ways other than managing your workforce. Critically, they can help enormously in avoiding problems that we have seen in the last couple of years

## Cost cutting

- Reducing staff numbers early in the pandemic, damaging workforce credibility, and creating real shortages
- Cutting costs that reduce morale (e.g. don't cut the "biscuit budget")

## Planning

- Plans not fully accounting for material changes in absenteeism
- Inadequate or late positioning for salary and EBA negotiations
- Incomplete understanding of emerging competency requirements
- Difficulty identifying alternative pools of labour or talent

## Avoidable problems



## Process

- A recruitment process that is no longer "fit for purpose" e.g. slow, prescriptive, inflexible
  - Feedback processes that are too slow to identify material drivers in turnover
- Decision processes that are slow to adjust for turnover drivers

## Strategy and communication

- Missed strategic opportunities to "build your own" skilled workforce
- Being behind on Employee Value Proposition (EVP) "war"
- Failures to communicate effectively in a "living with the virus" world which has a variety of other challenges

# Connection to purpose and the organisational story

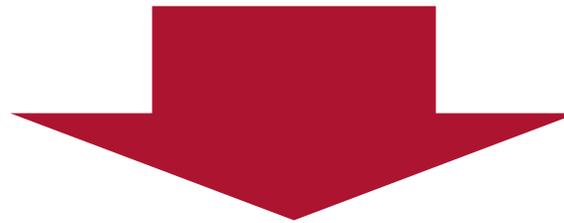
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## As creatures that seek to self-actualise, we want to...

1. Work in organisations with a valued purpose

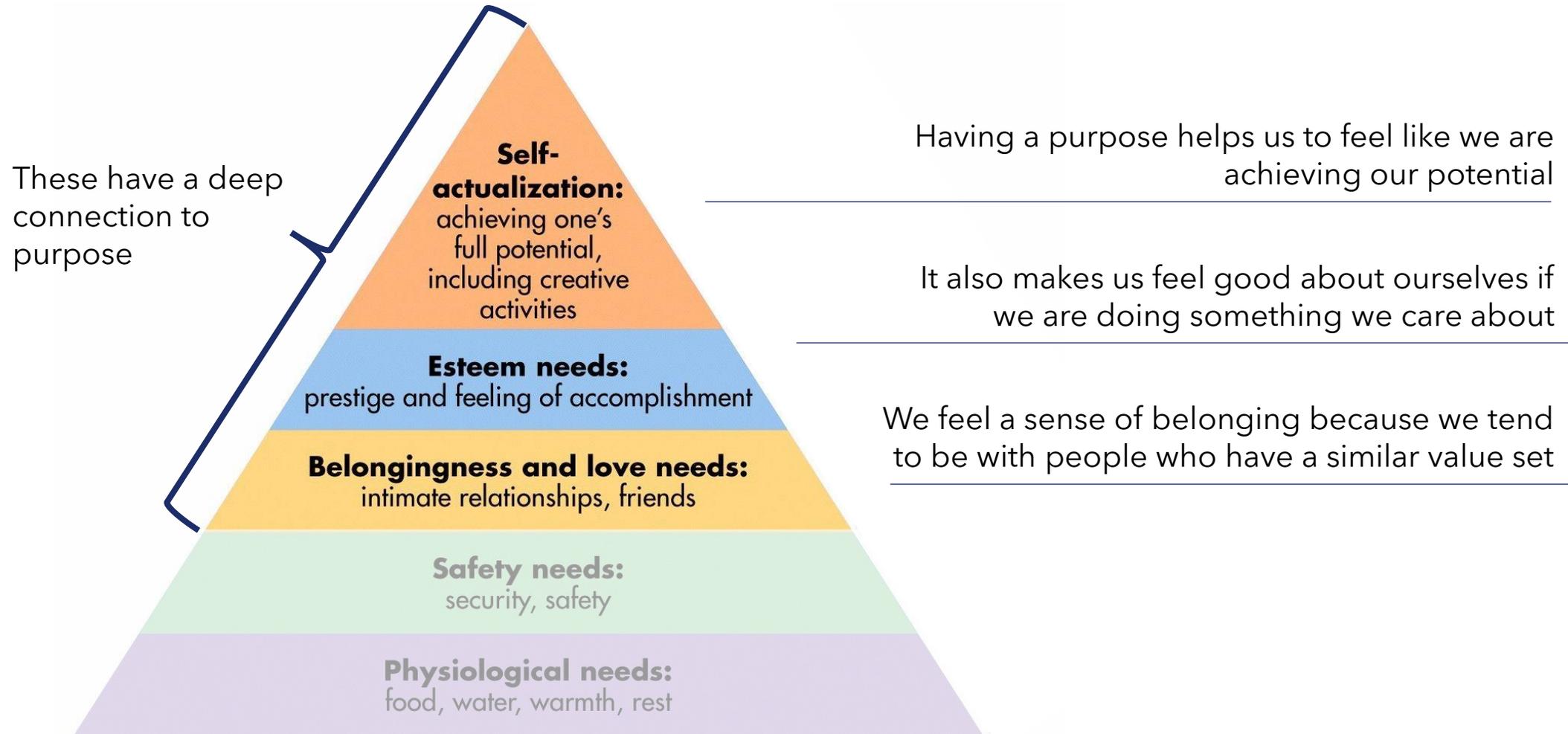
2. Feel connected to the organisation's story

3. Feel the organisation's story connects to our personal story



4. Have meaningful lives

## A Connection to Purpose helps us fulfill the top three levels of Maslow's hierarchy of needs



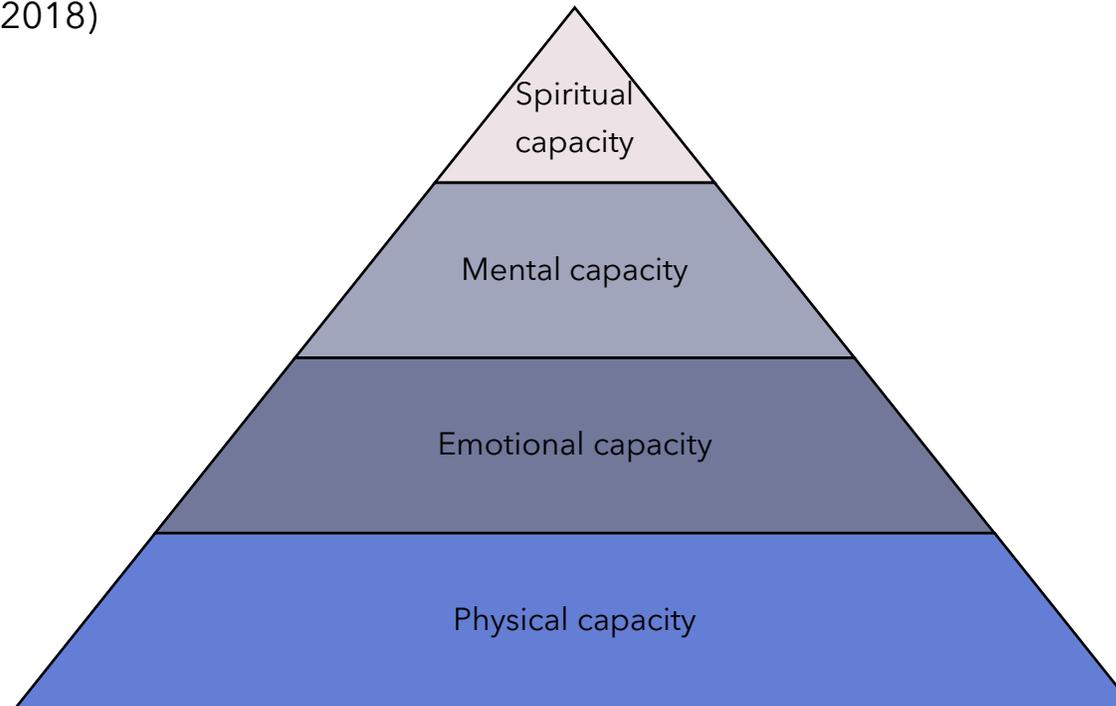
Source: Maslow, 1943, via <https://www.simplypsychology.org/maslow.html>

## Connecting to a sense of purpose also adds to your personal resilience

*“If a man knows not to which port he sails, no wind is favourable” Seneca.*

*“He who has a why to live can bear almost any how” Nietzsche.*

- A sense of purpose is at the “spiritual level” of the high performance pyramid (Loehr and Schwartz, 2018)



Source: Nietzsche quoted by Frankl, (1946), “Man’s searching for meaning”

Source: Seneca, (2014), “Letters from a stoic”

Source: Loehr and Schwartz, (2018), “Power of Full Engagement”

# Connection to other team members

Including leaders

# 3

## There is plenty of evidence on the link between interpersonal engagement and mental health



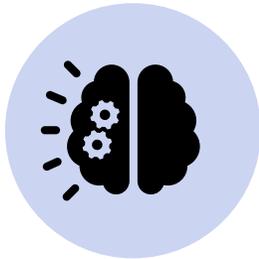
It triggers the release of a series of neurotransmitters and hormones that improve both mental and physical health



Makes us happier, less stressed, and more motivated



It activates parts of our brain that help with knowledge retention and recall, and improves our ability to learn



It is shown to have protective effects on the brain against neurodegenerative diseases (a chat over coffee could have double the benefits!)



Studies have shown those with an active social life and who prioritise social goals have higher life satisfaction



One of the key common threads between groups of 'super-agers' around the world is a strong social circle (including family)

## As humans we tend to feel better when we enjoy the company of those around us

If we feel connected to people in our team then...



# Interpersonal strategies are plentiful, but include...



Hybrid strategies with “conscious” days in the office (coming to the office has a purpose)



Team based training



Information sharing



Team social events



Mentoring programs



Coaching programs



“Interest” groups within the organisation (e.g. ESG group, carbon neutral, agile)



Celebrations (from birthdays to team successes)

# Sustainable jobs

The job is doable and not too 'noisy'

# 4

# When we refer to “sustainable jobs”...



We are referring to jobs that do not:

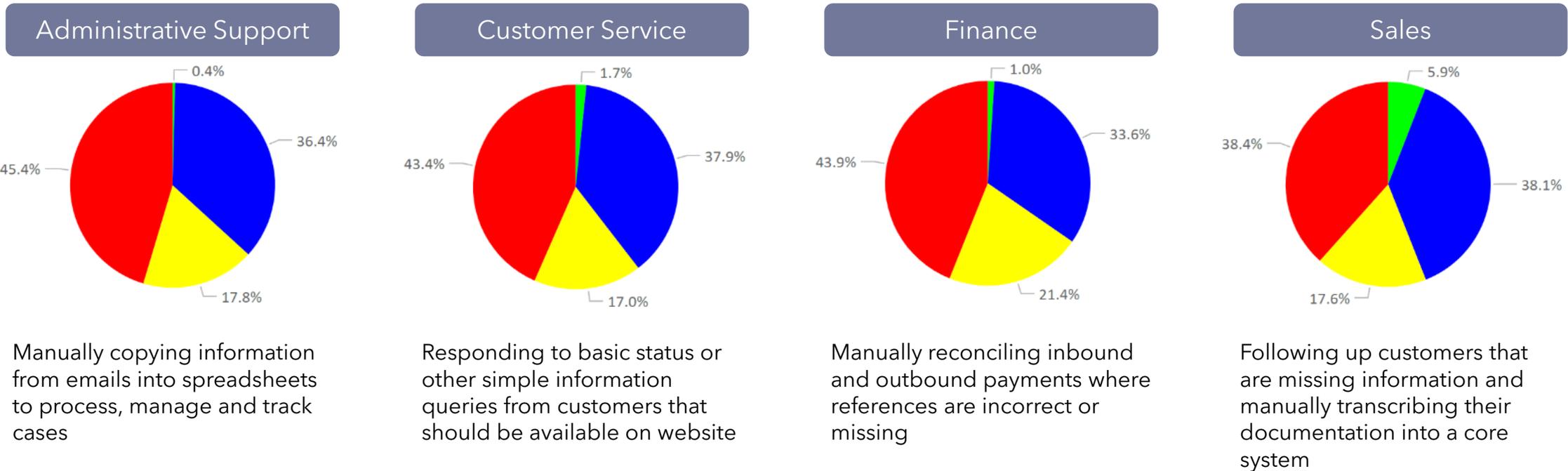
- Burn out staff
- Have a large “non-value” added component



Increasingly, our clients report that the nature of some jobs leads to staff turnover, or low “role attractiveness”



Unsustainable jobs may be roles with high levels of Noise



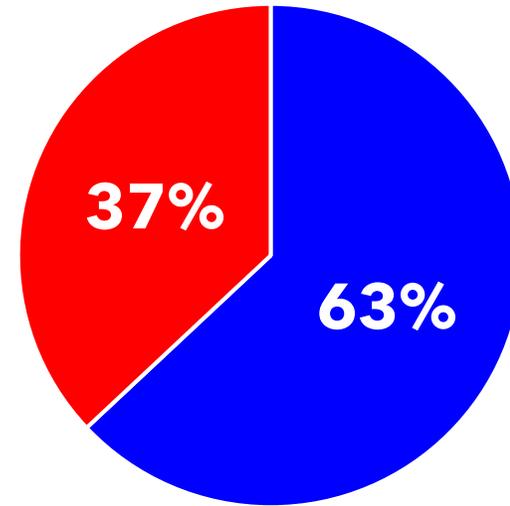
## Unsustainable jobs are also associated with inefficiency, poor timeliness and customer irritation

Staff are more inclined to leave when processes are clumsy, we call this "Noise".

### The problem with Noise



### Australia's benchmark for "Noise"



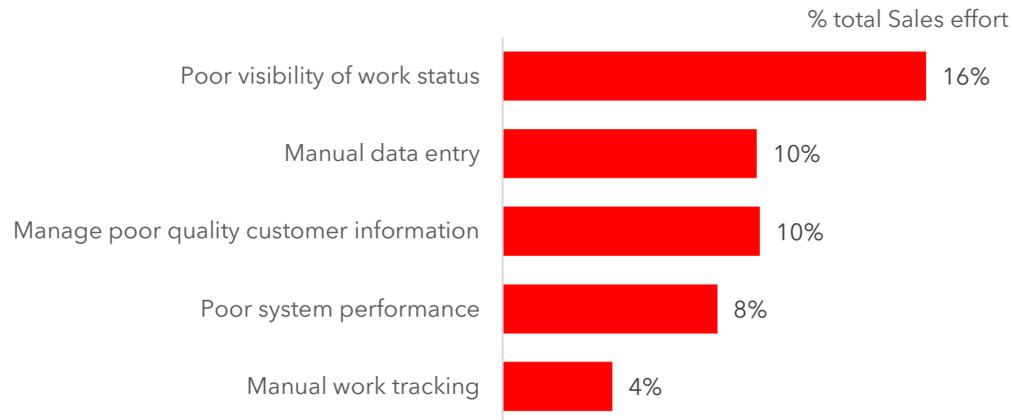
■ Value Add ■ Noise (non-value add)

#### *Smart organisations*

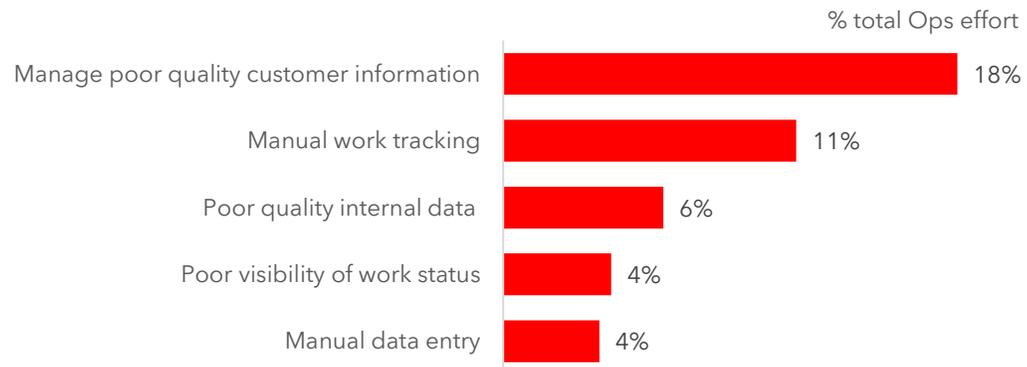
- Reduce Noise as a priority, and then;
- Engage in continuous improvement

# To help make your processes more resilient to workforce fluctuations - take the Noise out of your activities and simplify

## Example SALES - Noise themes



## Example OPERATIONS - Noise themes



- **Mitigate single point risks** by making processes pragmatically less reliant on specialists
- **Reduce pressure** from under-resourced teams by taking out unnecessary processing
- **Reduce delay disruption** from broader stakeholders by taking out unnecessary handoffs
- Make the job **more satisfying** for your people - with less frustrations

# Sustainable operating model

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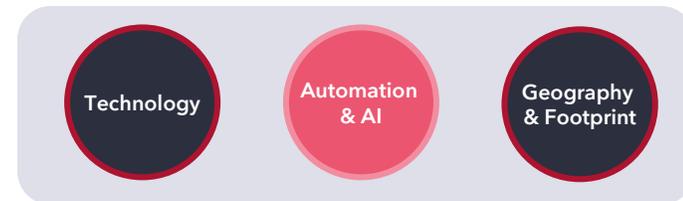
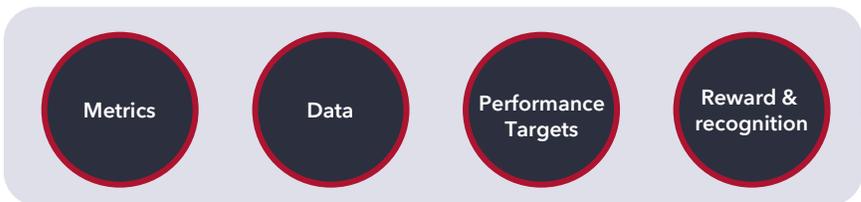
# Job design does not stand alone, it is part of an overall operating model, and often we need to change other elements to materially improve the future state

## What is an Operating Model?

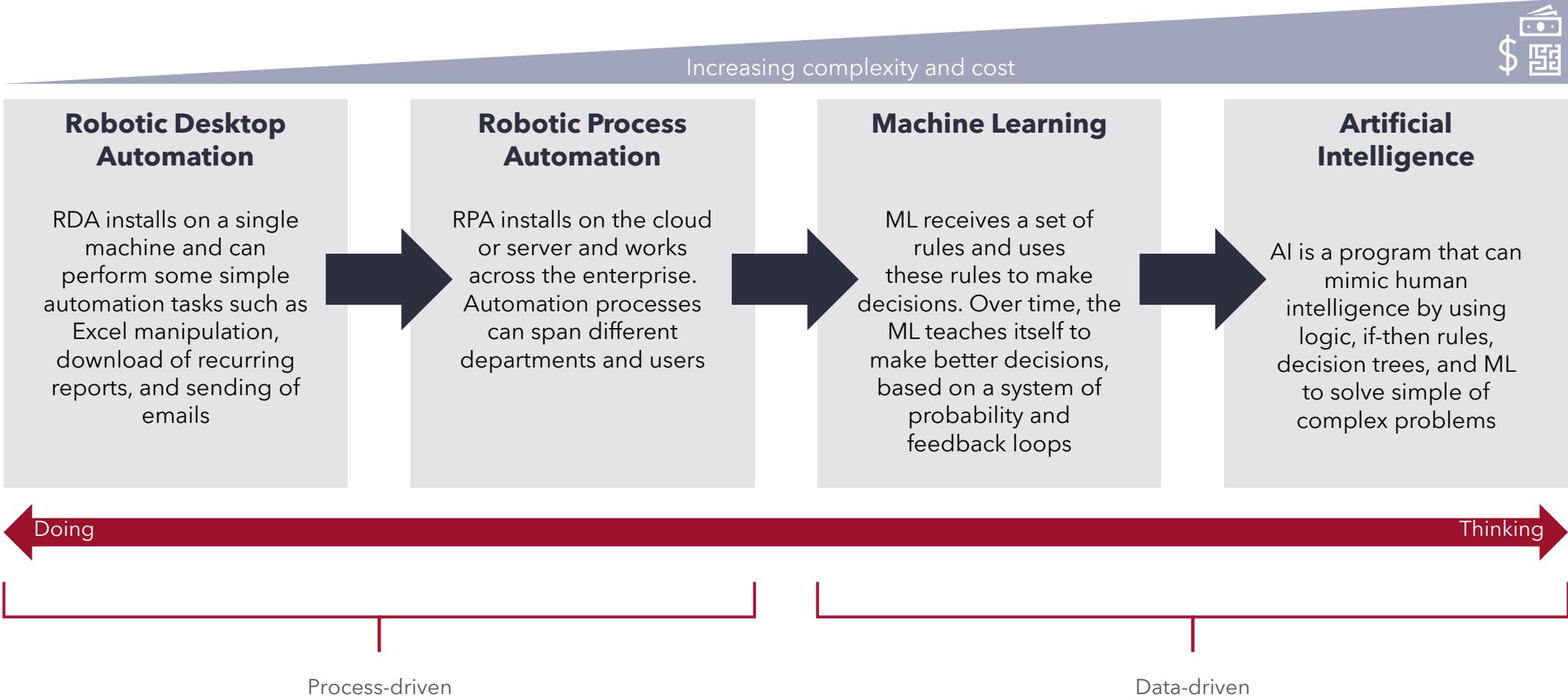
- An **Operating Model** is the combination of roles, skills, structures, processes, assets and technologies that allow any organisation to deliver on its service or product promises
- It is in effect the **way the business is set up to deliver VALUE** (both in terms of the customer and in terms of the business)
- The **aspirational view** of how the business is to be set up to deliver against future or changing markets, environment and technology demands is sometimes called the **Target Operating Model**



There are a broad range of operating model elements to consider and leverage. Different organisations need a greater, or lesser, focus on evolving certain parts of their model



# For example, automation can impact role design, however, we now know that automation without process change makes it harder to reach ROI targets



# Personal development

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## Clear learning opportunities and training make people happier and more likely to stay



In a survey, 70% of Australian workers said they would prioritise training opportunities over salary.



It can increase self-confidence and self-esteem which is a clear link to Maslow's hierarchy



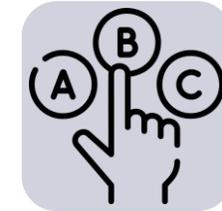
In itself, this can build a sense of purpose and foster connection with others



*"People engaged in learning report feeling better about themselves and a greater ability to cope with stress" (Waller et al , 2018)*



Scientists believe learning has a positive impact on well-being through setting and achieving goals

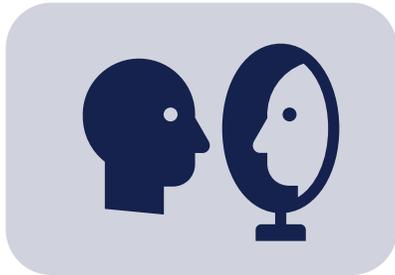


It also opens up options in life which can further reduce stress in the long term

**Learning is a way of blending together interpersonal connection, finding a sense of purpose, enduring moderate stress (followed by rest), and achieving goals – all contribute to improved mental well-being.**

# Personal development

## People want to develop



For intrinsic reasons (for it's own stake)



To enhance their career prospects

## Such development can be



Formal (e.g. courses or accreditations)



Informal (experiences to savour or add to the CV)

# Resilience training and coping with stressors

What does a good resilience training program address?

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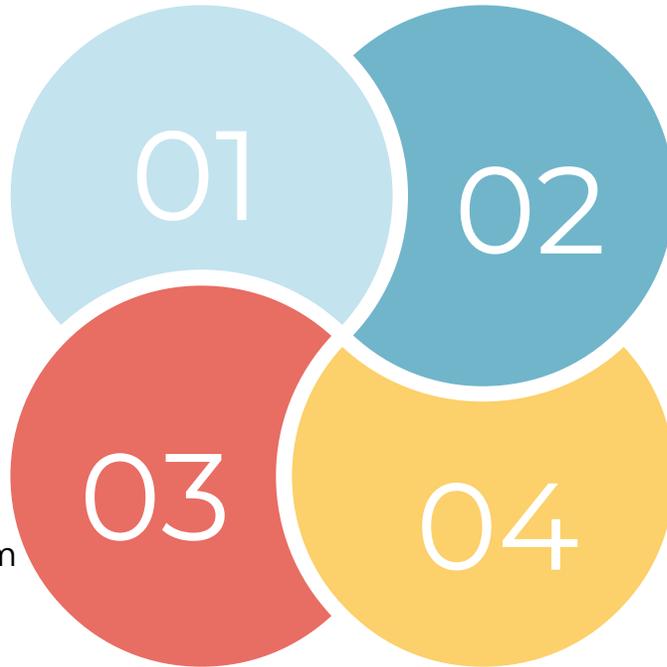


# Most advice on stress management starts with the basics



## Exercise

High intensity training is efficient (does not take much time) and has an impact (positively) on stress and longevity



## Social contact

Social support allows you to share both your fears and joys



## Diet

A balanced diet supports your energy levels and immune system

## Rest

- Sleep helps your cognitive function, and best to have a standard pattern
- However, don't worry about sleep, that is counter productive
- Meditative practices can be very helpful



Yet, it is important to manage the way we think, otherwise we can get into vicious cycles, for example



## The practice of managing how we think goes all the way back to the stoics of ancient Greece and Rome, but is now part of modern psychological advice

- The stoics thought that the “event” was often **not what caused pain**, but **our judgement of the event**
- How are you judging the current crisis? Can you see the opportunity therein?

“People are not affected by events, but by the view they take of them” (Seneca - Roman philosopher and statesman).

“Too many people are unaware that it is not outer events or circumstances that will create happiness; rather, it is our perception of events and of ourselves that will create, or uncreate, positive emotions.” (Albert Ellis - Rational Emotive Behaviour Therapy)

“People are not disturbed by things, but by the view which they take of them” (Epictetus - stoic philosopher)

“There is nothing good nor bad, but thinking makes it so” (Shakespeare - from “Hamlet”)



## Seeing the situation as a challenge and a growth opportunity takes practice

James Stockdale



Arianna Huffington



## This is Stockdale's favourite

### **Poem "INVICTUS"**

"Out of the night that covers me,  
Black as the pit from pole to pole,  
I thank whatever gods may be  
For my unconquerable soul.

In the fell clutch of circumstance  
I have not winced nor cried aloud.  
Under the bludgeonings of chance  
My head is bloody, but unbowed.

Beyond this place of wrath and tears  
Looms but the Horror of the shade,  
And yet the menace of the years  
Finds and shall find me unafraid.

It matters not how strait the gate,  
How charged with punishments the scroll,  
I am the master of my fate,  
I am the captain of my soul."

William Ernest Henley



## All of this is reflected in Seligman's "master resilience training" which focuses on 3 elements

- Martin Seligman is, to many, the founder of the positive psychology movement
- He has recently been turning his mind to resilience training

### 01 Building mental toughness especially

- Reframing, sense of humour and a plan
- Albert Ellis developed an ABCD model for reframing so that the underlying assumption/interpretation on the situation/event is assessed (check out Reivich and Shatte, 2002)

### 02 Signature strengths

- We can use our signature strengths to cope - we can better deploy them if consciously aware of them
- We can build on our strengths through the "stress and rest" pattern

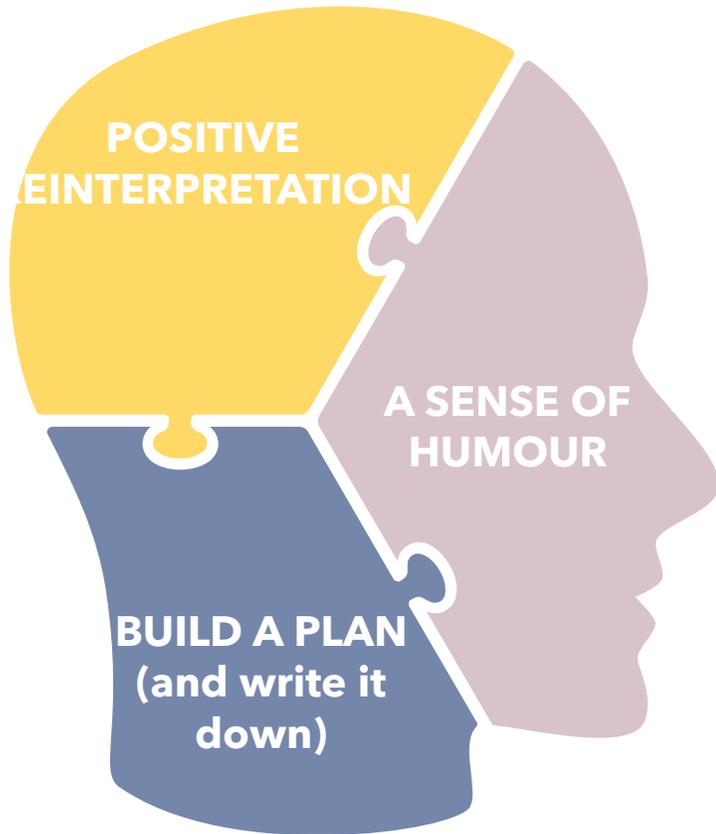
### 03 Strong relationships

- We feel stronger when "someone has our back"
- We process stress better if we have someone to talk to

Source: Seligman, (2018), "Building Resilience". HBR "On Mental Toughness"  
Source: Reivich and Shatté, (2002), "The resilience factor: 7 essential skills for overcoming life's inevitable obstacles"

## A good way to avoid such cognitive traps is to start with 3 simple principles

- ❑ As a student in psychology I was taught the first three practical lessons in stress management



### Positive Reinterpretation

Positive reinterpretation allows you to put the challenge in context

- If the worst happens can I respond or cope with it?
- Can I find a way to make a positive of the situation?



### A Sense of humour

A sense of humour, laughing at the situation, gives you perspective



### Build a plan

Your brain responds incredibly well to the knowledge that you have a plan

- So, build a plan
- Write it down
- Put it somewhere safe you can refer to

# So, reframing is an important part of your mental armour to protect yourself against the darker side of long-term stress



Graham Jones (2018) advises us to **love the pressure**



Jones also advises us to **celebrate the victories**



...And it is important to

- **Reframe** anxiety as excitement
- **Own** the challenge (it is a life you have chosen)



If we understand that **stress and challenge** makes us **better and stronger** people then that helps to reframe (Taleb, 2012)



Bennis and Thomas (2018) note that high stress experiences are often the “Crucibles of Leadership”. In other words they can form the character of our leadership practices going forward. So, the challenges really are our opportunities to grow



Neoteny, or the retention of “child like attributes” (Bennis and Thomas, 2018), like a sense of excitement at the challenge, an enthusiasm for learning and personal growth and **a sense of wonder**



But don't forget to rest after stress!



Source: Jones, (2018), “How the Best of the Best Get Better and Better”, HBR on “Mental Toughness”  
Source: Taleb, (2012), “Antifragile: Things That Gain From Disorder”.  
Source: Bennis and Thomas, (2018), “Crucibles of Leadership”. HBR on “Mental Toughness”

## Rest and recharge

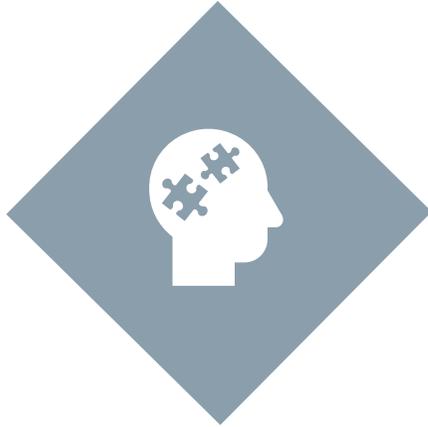
- One of the important things to realise about **"hard times"** is that we can in fact use them to **our advantage**. This is **true** of individuals, teams, enterprises, organisations and even families
- The research (Taleb, 2012) is clear that we become **stronger physically, mentally** and possibly even **emotionally** when we are
  - **Stressed** - BUT THEN
  - **Rest**
- It is like building fitness or muscle groups. Stress the body (not so much that it breaks) but then **rest to allow recovery**
- So, **the rest is as important as the stress**
- This is where coping mechanisms to turn down the intensity of negative stress, or take a cognitive break becomes important
- We will review a number of means to achieve that outcome

*"Difficulties strengthen the mind,  
as labour does the body".  
Seneca (Roman Philosopher and  
Statesman)*



**REST  
& RECHARGE**

## So, we have talked a lot about “stress and rest” - but how do we do the rest?



### Compartmentalise your mental load

- Set aside “worry time”
- Remember to ‘reframe’
- Maintain a sense of humour
- Plan



### Take detachment breaks

- There is evidence that a break every 90 to 120 minutes is good for performance
- Taking a day off to reflect occasionally can be very useful



### Practice mindfulness

- Kiken and Shook found that mindfulness predicts judgement accuracy and insight-related problem solving
- Malinowski and Moore found that mindfulness enhances cognitive flexibility
- Aitken et al found a direct link to resilience
- Try: Headspace, Spire, Mental Workout, Calm, While and Simple Habit

Source: Fernandez, 2016, “5 Ways to Boost your Resilience at Work”, Harvard Business Review

## So, to manage ourselves long-term you might consider



# Onboarding and the first 90 days

8

## All too often the onboarding process (or lack thereof) can taint the overall employee experience within the organisation, as this is the frame through which an employee sees the organisation

- Previously we spoke about Noise in the job that can irritate staff, but what about onboarding?



Limited training given for a role



Computer / equipment doesn't come for days / weeks



Systems and software are not set up with the right access



Security passes and building access takes weeks



Arrive on site and no one knows who they are



Obvious problems with core tasks / process that aren't being addressed

***Remember, first impressions last...***

# Great communication in times of uncertainty

Keeping it real but strong

9

## Elizabeth the 1st - Power of interpretation and example

During the reign of Elizabeth I, England was actually a relatively small and often challenged middle power

On 9<sup>th</sup> August 1588, the Queen went to lead her troops on the fields of Tilbury in southern England as they expected the arrival of Spanish forces - who were intent on conquering what was perceived as a wayward Protestant state

It was exceptionally unusual for a woman to take command, yet she did with these words...

"We have been persuaded by some that are careful of our safety to take heed how we commit ourselves to armed multitudes, for fear of treachery.....Let tyrants fear.....Being resolved, in the midst and heat of the battle, to live and die amongst you all; to lay down for .....my people.... .....I myself will take up arms, I myself will be your general, judge, and rewarder of every one of your virtues in the field."

In due course, the Spanish armada was defeated at sea - yet this serves as an extraordinary example of great communication... she tells the story of a female fighting side-by-side with the defenders of the realm

Needless to say, her position in the hearts of her people was cemented, and England went from strength to strength



## That is to say, all of this requires great communication...

01

Keep it **real** (no bull!)

02

Reference **purpose**

03

Tell them **the plan**

04

Tell them when the plan **changes**

05

Tell them **why** the organisation will be better and stronger and more relevant as a result of this crisis – therefore, **give the crisis meaning**

06

**Say it in more than one way**

07

Use **multiple modes** of communication

08

Repetition is fine when it **reinforces the message**

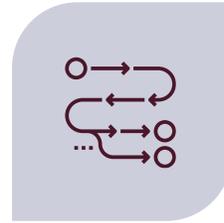
09

Use **feedback loops** to check you have been heard

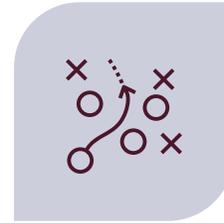
# Leaders have a role beyond communication in resilience, sometimes "yesterday's style" does not match today's challenges



Without leadership semi-autonomous teams will become "disconnected"



Leaders ensure seamless technologies for communication and information flow



They lead scenario planning for "normal" and "extreme" conditions



They ensure appropriate empowerment and devolution of responsibility (but not a free for all)



They avoid unnecessary fragility by ensuring that processes are properly resourced



They are open in communications



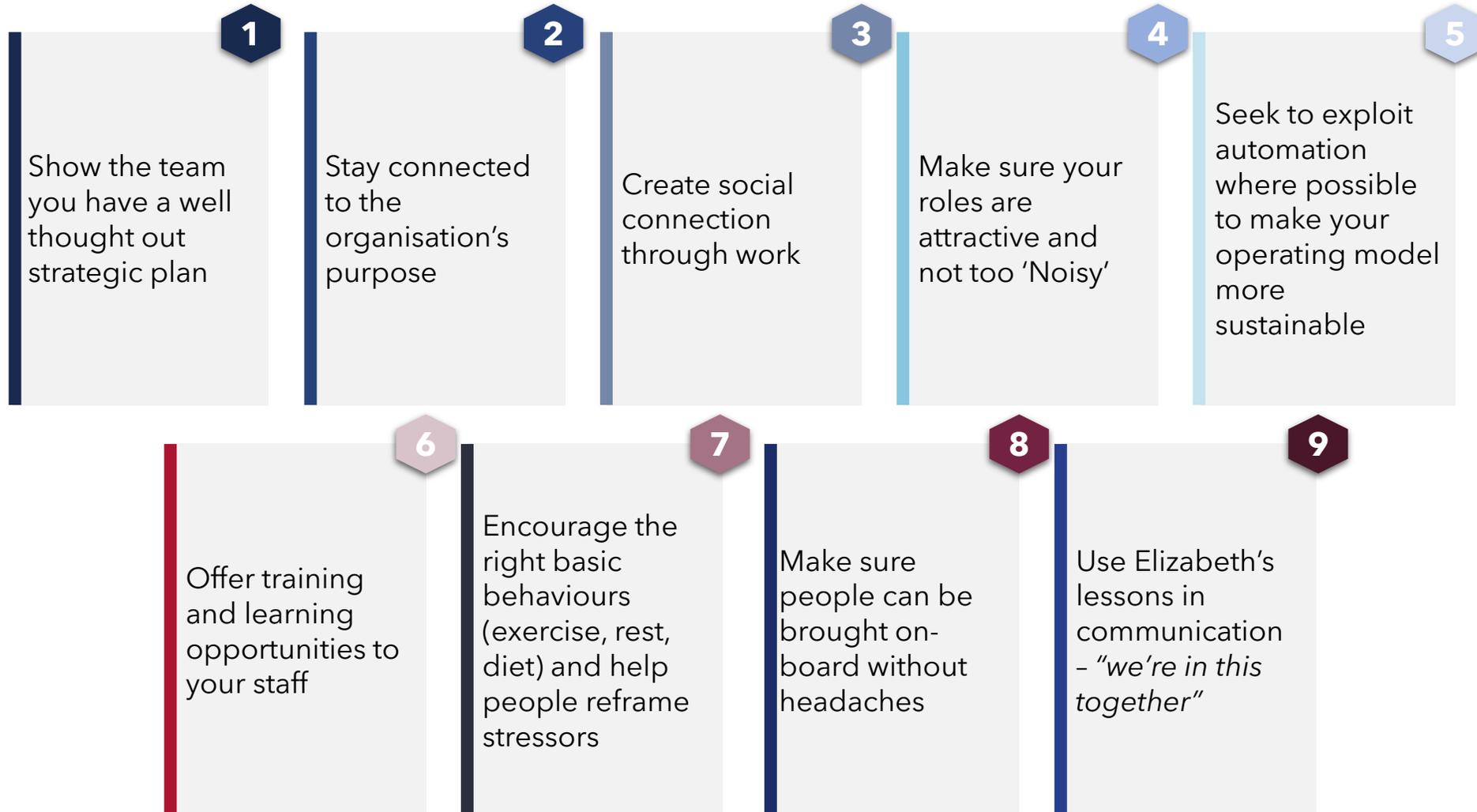
They ensure clear roles and accountabilities



They encourage and enable learning

# Summary

## In summary....



# Ending



*Let's Talk*

[letstalk@bevingtongroup.com](mailto:letstalk@bevingtongroup.com)

CEO: [Roger.Perry@bevingtongroup.com](mailto:Roger.Perry@bevingtongroup.com)

MD: [Brett.Smith@bevingtongroup.com](mailto:Brett.Smith@bevingtongroup.com)

MD: [Andrew.Morley@bevingtongroup.com](mailto:Andrew.Morley@bevingtongroup.com)

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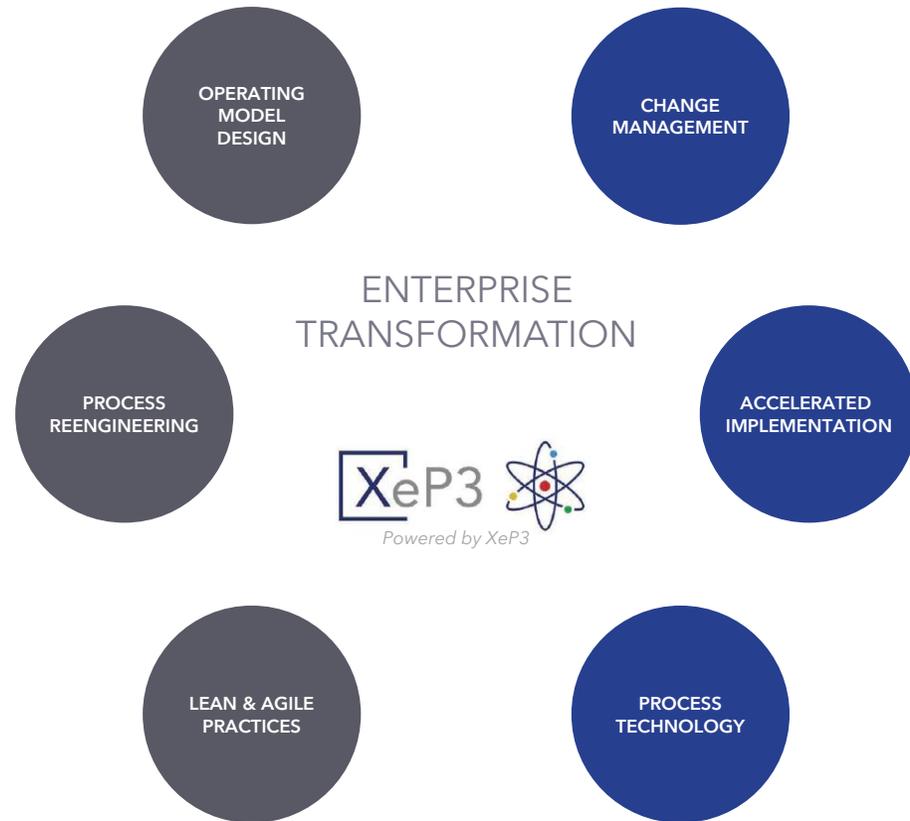
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Questions or clarification of the content of this report can be directed to:

Report authors		
Roger Perry	+61 431 597 079	roger.perry@bevingtongroup.com
Bevington Group Office	+61 3 9663 5522	admin@bevingtongroup.com

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