

On Adaptive Capacity and Resilience

Richard Evans, January 2017, revised August 2017

As a concluding activity to the eight years of national Innovation Labs for the Arts, funded by the Doris Duke Charitable Foundation and the MetLife Foundation, EmcArts convened approximately 50 leaders in the arts whose organizations had taken part in a Lab and found the experience particularly useful in the longer term. These are among the country's most adaptive practitioners in running arts organizations, so we were able to probe some of the more complex and fundamental questions that the work of adaptive change entails.

Specifically, we engaged the group around the question: "What is this thing we call adaptive capacity?" It's a term that is used rather promiscuously in the arts (if it's used at all) and, after so many years of advancing its importance through EmcArts programs, we wanted to understand more fully how leading practitioners experienced the concept in action. To this end, we developed a set of adaptive capacities that we thought were vital to the work of organizations we had supported through journeys of adaptive change. We then asked the group to identify how these capacities showed themselves in their organizations, where they were strong.

This writing captures the introduction we wrote in January 2017 for the convening, the seven capacities we identified (originally six, with one added as a result of the convening), and the examples of capacities in action that everyone came up with.

Introduction to Adaptive Capacity and Resilience

... An organization's ability to initiate and implement purposeful change in response to shifts in its operating environment

has been our short statement on the subject. More expansively, we've suggested it's:

The muscles that support organizations being able to purposefully adapt as circumstances change in a complex manner, where the future is unpredictable. These muscles enable organizations to be resilient in a biological sense, not snapping back to previous forms when stresses are removed, but going forward in those new forms and thriving.¹

Two related ideas are in play here: it's possessing adaptive capacities that makes organizations resilient. In this sense, "capacity" is a term that describes what lies behind habitual behavior, a reliably typical approach that we default to as part of who we are and how we do business. Sets of muscles we can flex when the time is right. Resilience results from an organization flexing the right

¹ I owe this distinction, between "engineering resilience" and "biological resilience," to the late Brenda Zimmermann, pioneer in managing complex adaptive social systems.

ones at the right time, moving it toward maintenance and stability when that's needed (slow rates of change, consistency, oiled systems and technical prowess) and toward adaptation when that's what's called for (high rates of change, divergence, good-enough experimentation, rapid learning).

So being resilient isn't an extreme position, with nerve ends constantly frayed, energy explosive, change constant and mavericks always rushing about. It's a kind of meta-state, the ability to access different organizational states as circumstances require. Resilience therefore depends in part on accurate diagnosis of challenges, conditions and contexts.

This is rare in organizational dynamics. I'm reminded of Clayton Christiansen's question:² *Why do well-managed companies fail?* Answer: *Because they're well-managed.* He explains: *The very management practices that have allowed them to become industry leaders in mainstream markets also make it extremely difficult for them to develop the disruptive innovations that ultimately steal away their markets.*

Being resilient means managing the difficult trick of shifting among different practices to suit the circumstances, rather than getting stuck in one or another set of behaviors. For most organizations, it's the development of adaptive capacities – the capacities that contribute to flexibility, innovation and re-invention – that is most needed.

A set of seven critical adaptive muscles

To this end, there seem to be a core group of capacities that contribute above all to not-for-profit cultural organizations attaining a condition of resilience. Each might be contrasted with an equally valid, but fundamentally different, stabilizing capacity. They are:

- 1. Questioning assumptions early and routinely**

Rather than: Developing the organization only on the basis of established indicators of success

- 2. Committing to big ideas and holding them lightly, open to influence**

Rather than: Optimizing vision and direction through persistent adherence to a proven approach

- 3. Adopting an experimental mindset and regularly conducting experiments with radical intent**

Rather than: Detailed advance planning of all new moves, implemented in known ways that we're already good at

- 4. Embracing paradox and idea conflict**

Rather than: Rigorously resolving all contradictions and suppressing opposition

- 5. Bringing multiple network perspectives together and seeking "inexpert" input**

Rather than: Operating solely on the basis of a closed circle of expert input, organized into technically proficient units

² In *The Innovator's Dilemma*.

6. **Making collaboration part of the organization's DNA, internally and externally**
Rather than: Privileging independent action and maintaining strong boundaries, internally and externally
7. **Regularly giving things up to make space for new ventures**
Rather than: Continuing all initiatives once they're launched, regardless of change in the world

It's quite possible to envision an effective organization that embraces the alternatives here, just not an adaptive one:

We develop our organization shrewdly by building on established indicators of success, moving forward in an optimal way toward our vision through persistent adherence to a "best practices" approach. We plan our new moves exhaustively in advance, then implement them in known ways that we're already good at, rigorously deciding between contrary positions and requiring strong alignment. We take periodic advice from our circle of experts, whose input is absorbed into our departments, which possess high levels of technical proficiency. We are proud of the independence of our work and maintain strong boundaries, internally and externally, in order to strengthen our brand. Once we start something, we are very persistent and get the job done.

Operating in this fashion – focusing on stability-oriented capacities – was in the past considered the primary route to resilience. Increases in the rates of change in the world, together with the negative consequences of rigidity and unsustainable growth, have led to recognition of adaptive capacities as at least equally important.

Some behavioral characteristics we see in resilient organizations

As a result of possessing these adaptive capacities, resilient organizations behave differently in distinct ways. Ron Heifetz and Marty Linsky suggest that the adaptive leader "disappoints their people at a rate they can handle."³ This disappointment is not a negative, although it has to be handled with great skill. It comes from the leader not offering a future that looks like the past (as a traditional authority would), but rather questioning that past in order to uncover the new responses needed to address complex challenges and achieve a vision of the future. The resilient organization is like that on a larger scale, which can be a bit strange to encounter. For instance:

They maintain a liminal position

Being constantly on the threshold, and straddling boundaries, resilient organizations maintain an "open border" mentality. By clarifying and acknowledging the dynamic tension between structure

³ In *Leadership on the Line*.

and freedom, they continually create the space necessary for adaptive work to happen. They might be said to be “chaordic” organizations, a term invented by Dee Hock of VISA to describe the mix of order and chaos that they intentionally maintain. He suggests chaordic organizations:

- Exhibit clarity of shared purpose and principles
- Are self-organizing & self-governing
- Exist primarily to enable their constituent parts
- Are powered from the periphery, unified from the core
- Equitably distribute power, responsibility and rewards
- Harmoniously combine cooperation and competition
- Foster diversity, complexity and change
- Constructively utilize & harmonize conflict & paradox

They are chameleons

They are able to change state rapidly when called upon, can access an experimental mindset, probing, learning and revising repeatedly in the face of complexity, while equally being able to maintain consistency, efficiency and well-oiled systems when exploiting known environments. They accurately recognize each set of conditions for what it is and what it demands, and can shape-shift for different modes of response.

They are highly sensitive to conditions

Being devotees of S-curves, they know that rising organizational performance is never without natural limits, and they’ve developed a dashboard of indicators that enables them to hear pre-echoes of the prospective downside, and a culture that responds to those signals with pre-emptive change. They have very able, sensitive antennae and can summon rapid internal responses. They excel at early and weak signal detection coupled with a sufficient degree of organizational spontaneity and de-structuring. They practice “betrayal” of the future, in that they can see its emerging outlines before others and act accordingly.

They think and act systemically, not as islands of competition

They value the interdependence and health of the ecosystem over their own organizational or individual self-interest. Taking this systems perspective on their work, their boundaries are porous, they are highly networked, and they naturally integrate the voices of citizens into their work as a means of making culture. They bring the “edge” to the center.

They sustain an artistic sensibility in everything they do

They are not just “arts” organizations. They exhibit artistry in all their organizational processes, not just on stage, in the gallery or in the community. They bring an artistic sensibility to how the organization and its offerings are developed.