

# Organizational Resilience

## ***Foundations for Decision-Making***

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Colorado Springs is home to more than 4,500 nonprofit organizations varying in size and mission.<sup>1</sup> In normal times, this presents a challenge to funders and community stakeholders looking to support resilient impact. When the global pandemic hit in March 2020, it put a pause on the economy, halting organizations' sources of income and testing their overall ability to generate impact. The question for funders and supporters quickly shifted from one of priorities (how much they should invest) to one of resilience (will an investment generate sustainable impact).

The topic of resilience is not new. A rich body of academic and practitioner research has identified multiple definitions of the term "resilience" and multiple schools of thought around building resilient organizations. The quantity of available information makes developing understanding sufficient for decision making difficult for both funders and organizational leaders. This study compiled and reviewed previous research and synthesized common components in order to advance preliminary definitions and understanding of resilience. The intent is to offer an accessible starting point for the work of building resilient impact in Colorado Springs.

This report offers a synthesized definition of organizational resilience and explores four prominent dimensions of resilience compiled through literature review. To further examine and contextualize these dimensions, organizations in Colorado Springs were engaged. These organizations fell into one of three categories:



Local nonprofit organizations: those headquartered in Colorado Springs with operations limited to Southern Colorado. Some that were studied include Cheyenne Mountain Zoo and Colorado Springs Food Rescue.

Nationally affiliated nonprofit organizations: either have a headquarters in Colorado Springs, but also serve nationally or internationally like Compassion International, or are part of a firmly established national organization, like the American Red Cross.

Micro-businesses: for-profit businesses with less than ten employees like Absolute Vapor and Kimball's Peak Theater.

Research was conducted by reviewing information available publicly, followed by community outreach and confidential interviews. Many commonalities revealed themselves when comparing the different types of organizations and dimensions of resilience. This report focuses on the key dimensions of resilience and how they contribute to an organization's overall resilience. They are supported by the commonalities found in interviews.



## Definition: Organizational Resilience

**The ability of an organization to respond and adapt to incremental changes and sudden disruptions while also constantly anticipating and preparing for future challenges in order to sustainably meet its mission.**

### Key dimensions

**Financial Resilience** - *the ability to manage resources such that an organization can afford to continue operations when income drastically changes.*

**Leadership Resilience** - *the ability of leadership to consistently demonstrate character, intentionality, and methods that contribute to the wellbeing and satisfaction of the organization's employees and clients.*

**Operational Resilience** - *the ability to function through adverse events and continue to meet the organization's mission.*

**Community Resilience** - *the ability of an organization to create, nurture, and build strong bonds with an inclusive community of stakeholders.*



## I. Financial Resilience:

**The ability to manage resources such that an organization can afford to continue operations when income drastically changes.**

When considering dimensions of organizational resilience, the subject of finances emerges, as an organization with no money can do very little. While financial resilience might be the most obvious, it is not necessarily the most important. Rather, it is interwoven with leadership, operational, and community resilience dimensions. Exactly how an organization is financially resilient can depend on their size, as determined by their annual revenue.<sup>2</sup> One study found that, to be financially resilient, it is vital to plan ahead beyond a year, use dashboards to track metrics and trends, and develop an operating reserves policy.<sup>3</sup>

### CHARACTERISTICS OF FINANCIAL RESILIENCE

In addition to maintaining cash reserves, it is important to have a diverse financial backing to remain financially stable when individual donors are exposed to risk. This includes having various sources of income such as individual and corporate donors, alternative sources including earned revenue, and partnerships with foundations and lending institutions. It also means donors are given a variety of ways to contribute. Additionally, nonprofits should commit to transparency by publicizing their financial data, expenditures, and long-term financial plans. Annual audits aid organizations in maintaining their financial accountability.

Other important practices include reaching out to the community to mobilize resources and being flexible in finding new ways to generate funds, as well as attract and engage donors and community partners. The table below lists specific characteristics of financial resilience, and a question that may act as an indicator.

<b>Characteristic</b>	<b>Qualifying Question</b>
Accountability	Are there procedures in place to ensure accurate financial records (e.g. board review, external audit)?
Collaboration	Are ongoing, transparent relationships maintained with foundations or lenders?
Community Outreach/ Engagement	Does the organization consistently engage its community and mobilize support towards its mission?
Diversity	Does the organization generate revenue from multiple sources?
Financial Security	Can the organization run for 60-90 days without borrowing capital?
Flexibility	Is the organization constantly seeking new ways to generate funds?
Transparency	Does the organization make current financial data public?





## FINANCIAL RESILIENCE IN PRACTICE

Financial resilience can vary depending on an organization's size. This has been seen in organizations throughout Colorado Springs, as larger organizations are typically more able to afford the costs of strong accountability, outreach and transparency work, for example. Regardless of size, however, all nonprofits should consider opportunities to improve their performance around each characteristic within available means.

Further, nonprofits should explore the intersection of multiple characteristics. For example, nonprofits depend on their board of directors for annual budget approval and financial guidance. To maximize accountability, decisions with financial implications are typically reviewed by the board and other stakeholders who understand the financial workings of the organization. However, that may conflict with work to maximize an organization's financial flexibility, as new revenue opportunities may arise with time constraints that conflict with board review. Clearly defining staff authority and decision thresholds in these situations is key in order to maximize both characteristics of resilience.

In the wake of COVID-19, local nonprofits have found financial resilience through a mix of specific tactics: using and later restoring their reserves, cutting costs with changes such as operating remotely or program suspensions, and adapting their revenue channels with virtual fundraisers and new loans or grants. Nationally affiliated nonprofits depend on their strong backing of financial donors and partners and are constantly generating more revenue while decreasing their liabilities.

Due to their lean structure (lower operating costs for the same value)<sup>4</sup>, micro-businesses have shifted the focus of their business to open new lines of revenue. Some have done so successfully by offering curbside service or online shopping. Some that have not been successful in finding new lines of revenue have received temporary financial support through emergency loans and grants.

## II. Leadership Resilience:

**The ability of leadership to consistently demonstrate character, methods, and intentionality that contribute to the wellbeing and satisfaction of the organization's employees and clients.**

Through actions, words and presence, leadership influences the tone and culture of the entire organization. As such, leadership is another key dimension of organizational resilience. Leaders are responsible for cultivating the support and dedication of employees, funders, clients, community members, and other stakeholders. They inspire employees to commit to the organization's success, even if it means going above and beyond their typical duties or navigating uncharted situations in emergencies.<sup>5</sup> An





effective board of directors is another foundational aspect of leadership resilience. The board plays a pivotal governance role, setting priorities, informing strategy, navigating institutional changes, and using external connections to support the organization’s work and impact.<sup>6</sup> An organization with resilient leaders will see that resilience trickle down through the entire organizational structure.

**CHARACTERISTICS OF LEADERSHIP RESILIENCE**

Leaders who are resilient invest time and care into their staff, cultivating employees who are successful and productive. They are empathetic and authentic with their staff and volunteers, communicating honestly and directly while also motivating team members and giving them room to learn from failure.<sup>7</sup> Resilient leadership includes an inclusive set of perspectives and identities. Leaders who remain future-oriented, optimistic and flexible improve staff relationships and commitment to the organization. They protect open communication throughout the organization, the community, and with other stakeholders. They are also able to make actionable decisions in a crisis.<sup>8</sup> The table below lists key characteristics of leadership resilience, and a question that may act as an indicator.

<b>Characteristic</b>	<b>Qualifying Question</b>
Authenticity, Empathy and Humility	Do staff report high levels of trust and comfort with leadership?
Board Effectiveness	Do board members engage beyond the board meeting?
Diversity and Equity	Has the organization made and adhered to a firm comittment to diverse and equitable leadership (staff and board)?
Communication	Does leadership consistently and directly communicate with staff, volunteers, clients and other stakeholders (including bad news)?
Decisive Problem Solving	Is leadership able to make strategic decisions quickly that staff can immediately act on and navigate difficult circumstances?
Flexibility	Does leadership embrace adaptation and change?
Future-oriented, pragmatic optimism	Does leadership set a positive tone about the future?

**LEADERSHIP RESILIENCE IN PRACTICE**

Resilient leaders remain committed to fulfilling the mission of their organization, even amid change. They also engage with their board of directors and ensure the board is mutually committed to the mission. Interviews conducted for this study revealed that organization leaders in Colorado Springs are generally optimistic about the future of their organization, despite current headwinds. Their optimism has translated into





willingness to make quick decisions in order to stay operational. In many cases, this has included the decision to transition to virtual settings and making changes to continue serving their clients. Leaders also reported working in a collaborative capacity with their peers at other organizations.

For local nonprofits, this suggests resilience is accomplished by a team of officers, board members, community directors, volunteers, and peers working together. Nationally affiliated nonprofits have a clear chain of command and much more internal capacity. Resilient leaders in this context assume a high level of responsibility and accountability. In micro-businesses, leaders control the future and long-term security of the businesses. They need to be able to anticipate hardships and think strategically. Belief in their business and its potential, their staff, and themselves strengthens the micro-business leader's resilience.

### III. Operational Resilience:

**The ability to function through adverse events and continue to meet the organization's mission.**

Operations are what every member of an organization does and contributes to on a daily basis. Ensuring operations can adapt and the organization can continue to meet its mission through action is key to resilience. While the logistics are specific to the organization's industry and surrounding community, operational resilience starts by building a culture of flexibility, ownership, and grit throughout the organization. This includes a focus on service continuity and dedication to constant improvement.<sup>9</sup>

#### **CHARACTERISTICS OF OPERATIONAL RESILIENCE**

Flexibility is the most significant aspect of operational resilience. An organization that is rigid in its short term and long-term work cannot adjust in a changing climate. Organizations should pursue the ability to bend but not break. That means examining different scenarios, determining what operational changes would be required to successfully surmount their mission under each scenario, and building as much of that adaptability into their organizational structure as possible proactively. Diverse and equitable staff perspectives and strengths will help the organization adapt in the midst of problems, as well as proactively identify weaknesses and opportunities. Organizations that build employee loyalty will benefit from performance consistency and personal grit in times of crisis. It is also important for organizations to be aware of, and have contingency plans for, their internal and external vulnerabilities. Further, they should be able to communicate publicly both the problems they may be facing and the solutions they are implementing. The table below lists the various characteristics of operational resilience, and a question that may act as an indicator.





### **Characteristic    Qualifying Question**

Accountability	Are roles and responsibilities of staff and volunteers clearly defined?
Decisive Problem Solving	Has the organization previously made decisive operational changes in response to critical events such as COVID-19?
Diversity and Equity	Has the organization made and adhered to a firm commitment to diverse and equitable staff?
Employee Loyalty	Has the organization been successful in minimizing employee turnover?
Flexibility	Has the organization conducted regular scenario planning?
Internal and External Awareness	Does the organization understand what critical events can impact them and have a plan in place if they occur?
Transparency	Does the organization publish how they plan and respond to crises?

### **OPERATIONAL RESILIENCE IN PRACTICE**

Interviews and engagement in Colorado Springs revealed organizations demonstrate characteristics of operational resilience in varying degrees. Those still operating in the global pandemic have remained resilient by being flexible and adapting to continue to serve the community. Many have turned to technology for both work and the services offered. Others have implemented safety measures to protect employees, volunteers, and the populations they serve during the global pandemic. Local nonprofits have been able to maintain their purpose by creating mutually beneficial solutions with other organizations. Nationally affiliated nonprofits are able to use their resources to cater services to the community's needs. Finally, micro-businesses have taken advantage of their unique opportunity for flexibility by changing the goods or services they offer to complement economic and social changes.

### **IV. Community Resilience:**

**The ability of an organization to create, nurture, and build strong bonds with an inclusive community of stakeholders.**

Many organizations are not independently resilient but accomplish resilience in conjunction with their stakeholders and the community they support. Thus, resilience among stakeholders is one of the dimensions of organizational resilience. It is founded on individuals within the community and systems thinking – the ability to see those individuals as interdependent members of the community as a whole. It also stems from the ongoing process of adapting, or transforming when challenges cannot be solved by adaptation alone. Community resilience must also be sustained over time and in varying communities, with the courage to face each challenge head on.





## CHARACTERISTICS OF COMMUNITY RESILIENCE

Organizations that exemplify community resilience understand their role as part of a network of interrelated entities, and collaborate with other individuals, businesses, and organizations across the community. They actively seek opportunities to engage with community members in traditional and creative ways, including building connections through a social media presence. This is especially important in the current digital and physically distanced world. Community-resilient organizations commit to valuing every voice in their community, and are intentional in creating equitable space for diverse stakeholders. Similar to operational resilience, it is imperative for organizations to be aware of, and have contingency plans for, vulnerabilities within the community. This involves knowing the community's challenges to be able to bring solutions, as well as how the community contributes solutions to the organization's challenges. The table below lists the various characteristics of community resilience, and a question that may act as an indicator

<b>Characteristic</b>	<b>Qualifying Question</b>
Collaboration	Does the organization have ongoing, sustainable and substantive partnerships with other organizations?
Communication	Does the organization have a strong communications reach and measure audience engagement with communications?
Community Outreach & Engagement	Does the organization have active efforts to bring new awareness to its work?
Diversity, Equity and Inclusion	Do all stakeholders report feeling valued, heard and included in the organization's work?
Internal and External Awareness	Does the organization make an effort to prepare the community for critical events that may impact it?

## COMMUNITY RESILIENCE IN PRACTICE

While organizations in Colorado Springs engaged for this research have different approaches to ensuring community resilience, they all recognize its role in their organization and remain committed to serving the community. Local nonprofits are the most vulnerable to the influences of community resilience due to the scope and scale of their services. It is particularly necessary for these organizations to identify and recognize their limitations and build community relationships so as to best protect their mission. This includes partnering with other non-profits to share knowledge and skills, or to link specific programs for expanded impact. Nationally affiliated nonprofits, on the other hand, have a crucial role in upholding a community in difficult times. They have resources, networks, and the position to be able to tailor their services to fulfill the community's needs. Micro-businesses, like local nonprofits, are dependent



on the resources available to them and their strong communal relationships. Unlike local nonprofits, they are not necessarily obligated to prioritizing the needs of the community, though reputation is a key consideration. They must take responsibility for their own resilience while intentionally contributing to the resilience of their communities.

## Next Steps: Assessing and Building Resilience

This study is a compilation of a rich body of previous research on the topic of organizational resilience. It attempts to make basic common understandings accessible to organizational leaders and funders pursuing resilience under urgent circumstances. While the characteristics and understandings identified in this report are broad, they are not exhaustive. What it means to be resilient, and specific characteristics of resilience, are constantly evolving. The current global pandemic is only accelerating that evolution.

Measuring resilience in relation to identified characteristics is an important capability for building resilience. A preliminary matrix was created from this study as a supplemental tool for funders to measure organizational resilience. While still in development, the rubric aims to quantify the different dimensions of resilience and give a deeper understanding of the specific balance organizations have implemented. Since the contributing characteristics identified by this study are not exhaustive, the rubric was designed to be flexible. It allows organizations and funders to assess specific priorities while also providing an overview of the organization's resilience. The rubric asks a series of questions - including those asked throughout this report - and offers a rating of each dimension of resilience. However, it is preliminary and has significant limitations. For example, questions focused on evaluating objective measures of resilience and do not factor in subjective measures, like leadership character or the organization's reputation in the community. The preliminary rubric is available at [www.quadcos.org/projects-2](http://www.quadcos.org/projects-2) and subsequent work will be done to bolster its effectiveness.

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