



PR1- A2: Consultant Training Toolkit

Chapter no.2:

Partner: ISOB & FPIMM

Changing lives. Opening minds

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1.0 Information about Chapter

Chapter's title: Learning to pivot – change and agility as core entrepreneurial competence
Duration: 8 hours
Short introduction to the chapter: • <i>It includes resilience management based on the 7 pillars of resilience which supports individual, team and organizational resilience and promotion of agility.</i> • <i>References to EU policies in line with this topic (if any).</i>
Methods of instructions: <i>The chapter includes PowerPoint presentations, and instructions for reflection assignments.</i>
Prerequisites of the students: <i>No prior knowledge is needed; ideally the learner is an entrepreneur of a microbusiness or has previous experience in managing an organization.</i>
Learning aims and Objectives: Digital business models require resilient and agile action. Agility has proven itself, especially in complex and dynamic industries and is suitable for the design and support of change processes. Agility and resilience thus go hand in hand. Learning objectives: • Learners reflect on their personal resilience capacity as well as the resilience capacity of their team, with the goal of assessing organizational resilience • Learners try out different agile ways of thinking and working to further develop their business model • Learners will learn to identify the main risks that could affect their business • Learners will be aware of the main recommended risk management strategies
Learning Outcomes Covered: • Learners are encouraged to reflect on their resilient and agile leadership skills • Learners get an overview of the agile manifesto and agile ways of thinking and working



- Learners get an overview of the main risks that could affect their business, their ways of manifestation and the recommended strategies to prevent/ mitigate the identified risks

Skills and Competences:

agile mindset, crisis resilience, risk and crisis management

What skills will the learners acquire at the end of this chapter? The learners will know the resilience factors and be able to critically reflect on or evaluate them for themselves and their team or organizations. In addition, the learners will acquire agile ways of thinking and working to cope with crises with the help of resilient management and to apply risk management in a targeted manner in the company.

To what extent do these skills meet a training need? Why are these skills important? Many micro-enterprises with analogue business models are facing major challenges and serious changes to their business operations. Only resilience skills and methodological knowledge in agility and risk management can overcome these challenges.



2.0 Information about each individual subchapter

Subchapter title: **The fundamentals of resilience management: its principles, dimensions and characteristics**

Short introduction to the subchapter:

This subchapter includes the fundamentals of resilience management. Building on Chapter 1, the principles, dimensions, and characteristics of resilience are discussed at the level of individuals, teams, and organizations. In addition, reflection questions are asked to challenge one's own resilient leadership skills.

Let's first look at the basics of resilience management. In Chapter 1, we already looked at the concept of "organizational resilience." This is because organizational resilience is a new approach to change management in a company. It is primarily aimed at the company's decision-makers and means that the company can adapt to a changing environment to survive and grow. Resilient organizations have sufficient reserves to anticipate risks and opportunities created by sudden or gradual changes in the internal and external context. This definition comes from ISO standard 22316:2017 and was translated by Jutta Heller, a resilience researcher in Germany.

Importantly, organizational resilience always presupposes the resilience capacity of individuals. In other words, any organization or team is only as resilient as its individuals. In this subsection, therefore, we look at the principles, dimensions, and characteristics of resilience to strengthen the resilience capacity of individuals, which then ideally spills over to the resilience of the team and translates into organizational resilience.

The model we use here to illustrate this, is the "seven pillars of resilience." Resilience distinguishes between a person's basic attitude (mental resources such as optimism, acceptance, solution orientation as well as self-efficacy) and his or her aspects of action, especially regarding personal responsibility, social support, and future orientation. What is resilience good for? Resilience breaks down mental barriers (see Chapter 1) and strengthens mental resources to cope with change in the digital world.

After targeting decision-makers in the management of a microenterprise, the intervention uses the seven pillars of resilience as the foundation of resilient leadership to promote resilience in teams. First, the seven resilience factors are explained concerning team leadership:

- Optimism: Team members have positive expectations about the goals and expected outcomes in the digital world of work.



- **Acceptance:** Team members accept the new digital realities and see the positive sides of digital transformation.
- **Solution orientation:** Team members focus on solutions and experience their work as meaningful.
- **Self-efficacy:** Team members recognize their skills and competencies in the digital environment.
- **Responsibility:** Team members take responsibility for themselves and for the team to drive the digital transformation forward.
- **Social support:** Team members experience a trusting culture and live a team spirit during the digital transformation.
- **Future orientation:** Team members have clear, attractive, and realistic goals in mind when thinking about digitalization.

This is followed by opening up the possibility space and discussing which methods resilient leaders use to build team resilience. For example, team and mood boards can help build optimism in the team. Further examples of the individual resilience aspects can be found in the presentation. Ideally, examples from the participants will also be included here.

Before the reflection, a summary of organizational resilience, team resilience and individual resilience is given.

	individual	team	organizational
optimism	meaningfulness	resource orientation	stability
acceptance	action control	orientation and goal work	redundancy and pragmatism
solution orientation	task characteristics	progress report and common priorities	vision and knowledge exchange
self-efficiency	capacity to act	agility and strengths orientation	reactivity and risk management
responsibility	affiliation and role clarity	team spirit and team building	transparency and humanity



social support	offers of help	participation and feedback culture	networks and personnel development
future orientation	target planning	sense and forward-looking goals	values and strategic planning

Ideally, the reflection questions would then be offered as an individual exercise. If participants wish, the exercise can also be conducted as a group exercise, and after the subchapter, participants' findings are recapped.

Subchapter title: **Crisis resilience strategy and tools**

Short introduction to the subchapter:

This subchapter covers agile methods and ways of working to approach the topic of crisis-resilient strategies and tools. The agile manifesto is introduced, and management practices and the agile mindset are highlighted.

Here, the concept of "agility" is brought into focus. The term "agility" is a buzzword of our time. And even though many people have already heard the term, only a small percentage know what is really behind the concept of "agility". For this reason, participants will be given the following information.

Agility is a now well-known way of thinking and working that originated in software development. Agility and organizational resilience go hand in hand. Agility helps identify trends early and approach the new state resiliently through iterations. In addition, agility requires accountability and solution orientation, which are also pillars of resilience. The "agile manifesto" includes the following aspects:

- People and interactions ABOUT processes and tools
- Functioning software and hardware ABOUT comprehensive documentation
- Collaboration with customers ABOUT contract negotiations
- Responding to change ABOUT following a plan.

Agility is based on five values (commitment, courage, focus, openness and respect) and relies on empirical process control, i.e. transparency, control and adaptation. Specifically, this means that all activities should be transparent to the team and decision-makers so that they can be observed and controlled. Only when there is transparency are there opportunities for adjustment and improvement in the process.



Thereupon, various practices and tools in the agile world are mentioned: Design Thinking, Lean Start-up, Business Model Canvas, Retrospectives, Daily Standup Meetings, Task Board, User Stories, Use Cases, Persona, Definition of Done, Work-in-Progress Limits, Story Points, SCRUM, Customer Journey Map, etc. Ideally, participants will be asked if they have heard these terms before or have tried these methods before.

The danger in naming the methods is that they are in English and are often dismissed as too scientific. For this reason, it is better to test and try out the methods with the participants, ideally in a continuing coaching process.

Lastly, we will look at the term "growth mindset", which emerged in the context of the agile mindset. Here, participants are given the following information: Agile people focus on development, not perfection. Agile people improve the way they work rather than replicate it. This mindset is focused on themselves (How do I see myself in everyday life? Am I open to new things, and do I accept mistakes?), but also on other people (What image do I have of people? Are they intrinsically motivated and creative?) and on work (What image do I have of work? Am I searching for meaning?). It is also about an attitude toward one's work (How do I see myself at work? Am I supportive and do I act as an equal?). The questions serve as suggestions and can be discussed with the participants.

Subchapter title: **Risks in SMEs and how to overcome them**

Short introduction to the subchapter:

This subchapter aims to provide an overview of the main risk factors that could affect the proper functioning of the business and their way of manifestation. Also, presents the main purposes in the case of risk management, which can make the difference between success and failure or between profit and loss.

MANAGING RISKS is dealing with the incertitude regarding the future activity of the company and consists of identification, analyzing, and assessing potential risks related to it and taking decisions to respond to the identified risks.

Risks are circumstances or factors that could produce a negative impact on an activity/ business, such as losing clients, an increase in expenses, entry into insolvency etc.

Identification of risks is very important to handle uncertainty, overcome possible problems that could appear in the future and, in some cases, find new opportunities for development.

Assessing the risks means estimating the potential prejudices caused by the materialization of the risk (such as unrealized income and profit due to losing clients, and additional expenses that will affect the profitability of the business).

For example, if a business loses a customer that brings in 20% of its total turnover, the loss is estimated at 20% of the total turnover, but the business will also incur additional costs for marketing services (to find new customers), warehousing etc.



Subchapter title: **Risk management strategies for SMEs**

Short introduction to the subchapter:

This subchapter aims to provide an overview of the main strategies to prevent or mitigate possible risks associated with the conduct of business, risks related to business premises and location, human resources, information technology, financial management, market evolution, related to competitors or other vulnerabilities of the business.

To manage potential risks that could affect the company, SME managers must know what type of strategies they could apply, taking into consideration the type of risks, the probability of occurrence, the available resources etc.

RISK AVOIDANCE

Avoidance is the ideal strategy, but it is not always applicable. Often risks can be avoided through better information or effective communication.

Thus, risks related to non-fulfilment of customer requirements can be avoided by clarifying them before the contract is concluded and by better communication with the customer throughout the contract.

Also, the inclusion in the contract of clauses stipulating very clearly and in detail the obligations of each party, clauses on the amicable settlement of any conflicts, major force clauses etc. are recommended to avoid potential risks related to the relationship with customers.

TRANSFER OF RISKS

The most common method of risk transfer is to take out insurance, whereby the associated risk is taken over by the insurer.

Other ways of transferring risks are to request guarantees of good workmanship in the case of certain works, to request a guarantee period in the case of certain goods, the period during which various faults may occur due to the supplier etc.

Also, the transfer of certain risks can be achieved by clearly specifying the obligations and responsibilities of each contractual party, with the inclusion of penalties covering non-compliance.

RISK MITIGATION

This risk response strategy aims to reduce the likelihood and/or impact of risk within an acceptable threshold.

Taking preventive measures to reduce the likelihood and/or impact of an identified risk is more effective than repairing the damage.

Preventive measures that can be taken in this regard include, in the case of production, carrying out several tests, and choosing several stable suppliers recommended by our collaborators.

THE RESERVE PLAN

This strategy takes into account the change of the planned course of the activity in case of a risk factor occurrence, the existence of a backup solution, or an alternative that allows the activity to continue.



For example, if one of the main suppliers has problems and can no longer deliver the materials we need, it is advisable to have a backup alternative, i.e. another supplier we can call on.

Also, in the case of services, it is good to have a list of potential collaborators to contact when one of the employees/collaborators has problems.

ACCEPTANCE

This strategy is adopted when response action is not possible or not "cost-effective". It is used when the impact and likelihood are low. In this case, the risks are monitored.

In practice, resources are allocated to these risks (e.g. provisioning), so that mitigation solutions can be applied if they occur.

EXPLOITING THE RISKS

The anticipated risk could be positive, meaning that the company could transform it into an opportunity. For example, during the Covid pandemic, a lot of companies transferred their activity into the online environment, through online stores and they could expand more efficiently in the area of distribution.

Subchapter title: **Challenges in applying risk management in SMEs**

Short introduction to the subchapter:

This subchapter aims to provide an overview of the main challenges in applying risk management in SMEs: failure to take known risks into account, mismeasurement of known risks, wrong perception of risk management, insufficient resources for risk prevention and monitoring

Subchapter title: **Success stories of companies became resilient through risk management in the EU**

Short introduction to the subchapter:

This subchapter provides examples of success stories of companies becoming resilient through risk management.

Subchapter title: **References**

Short introduction to the subchapter:

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References and bibliography related to the subject of the chapter.



3.0 Detailed Instructions for the trainer

Chapter 2

Step 1: Trainer must first become familiar with the introduction, aims and objectives and learning outcomes of the chapter. Moreover, the trainer must have dealt with Chapter 1 to guide Chapter 2.

Step 2: Trainer must teach the ppt file and use the instructions for reflective exercises for each subchapter.

Resources:

PPT:

Readings:/

Exercises: see the instruction within the PPT

Video:

Additional materials:

- Denyer D. Organizational Resilience: A summary of academic evidence, business insights and new thinking. BSI and Cranfield School of Management, 2017.
- Agile Manifesto. <https://agilemanifesto.org/> (retrieved on 07.12.22)
- <https://www.youtube.com/watch?v=vjvIANNgGW8>

4.0 References

- Denyer D. *Organizational Resilience: A summary of academic evidence, business insights and new thinking*. BSI and Cranfield School of Management, 2017.
- Simonis J. *Resilienz steigern. Der praxisorientierte Ratgeber um die innere Stärke zu mobilisieren, Krisen zu bewältigen und Burnout vorzubeugen*. Remote Verlag, 2019.

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- Me&company. *Agile Mindset: Warum Agilität nur mit Haltung funktioniert*. <https://www.me-company.de/magazin/agile-mindset/> (retrieved on 07.12.22)
- <https://academy.binance.com/ro/articles/a-beginners-guide-to-understanding-risk-management>
- <https://skillsplusproject.eu/ro/ua/56/metode-de-management-a-riscurilor>
- CPA Australia Ltd., *Risk Management Guide for Small to Medium Businesses*