

# Focus on Resilience – Export Better

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With rapidly changing markets and geopolitical situations, small and medium-sized exporting enterprises (SMEs) face daily challenges that require a special ability to adapt adversity and turn challenges into business opportunities. In the volatile, uncertain, complex and ambiguous (VUCA) business environment, one concept stands out: resilience. It is the ability to cope with difficulties, learn from them, be able to innovate and grow stronger (ISO 22316:2017; ISO 22301:2019; Isenberg et al 2020). Resilience is not only a survival tool, but also a competitive advantage. The ability to respond flexibly to change and learn new things can differentiate a company from its competitors and create sustainable growth. Being committed to the process of building resilience can be the key to an SME's success in international markets.



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Resilience is the ingredient that empowers SMEs in the export industry to weather storms, seize opportunities, and thrive. Recent research indicates that resilient and agile SMEs that have adaptive capacity have survived corona crisis better than large corporations (e.g. Wood 2023; World Economic Forum 2021). One of the objectives of the Laurea UAS' VIVA project (August 2021 – July 2023) was to support the exporting SMEs to cope with the COVID19 pandemic and reduce their vulnerability in the future unexpected situations. This was implemented in a cross-cutting way throughout the project by encouraging SMEs to engage in continuous learning in virtual reality through the VIVA's "Export Skills Basecamp" platform.

## Continuous learning as a prerequisite for resilience

The VIVA project focused on building a platform for continuous learning to improve the resilience of SMEs. Numerous discussions with companies during the project showed that they need support and tools to integrate continuous learning into their daily business. Resilience requires SMEs to have a culture that encourages continuous learning. For SMEs, continuous learning means a specific mindset and striving for continuous improvement. Based on the export skills development needs identified through the needs assessment, the VIVA project team designed the platform to support the sustainable growth of SMEs to become future-proof.

Exporting SMEs need to actively seek knowledge, stay up-to-date with industry trends, and invest in staff learning and skills development. By proactively investing in the learning and development of their employees, SMEs can bolster their workforce's adaptive capabilities and equip them with the skills needed to navigate through uncertainties and disruptions.

## Building blocks of company resilience

According to the VIVA project's findings, in addition to the COVID19 pandemic, Russia's attack war to Ukraine and the disruption caused by Artificial Intelligence (AI) advancements in the spring 2023, also provided relevant examples to highlight the essential building blocks of resilience. These blocks give insights into how resilience enables SMEs to navigate extraordinarily challenging situations and can be roughly divided into three groups: operational resilience, growth strategies and people & relationships.

By focusing on these key learnings of the VIVA project SMEs will gain a solid understanding of the principles and concepts that contribute to company resilience.



### Operational resilience:

- **Robust risk management:** Identify and assess risks proactively, develop contingency plans, and regularly review and update the risk mitigation strategies. Monitor geopolitical developments closely.
- **Diversification:** Spread risks by diversifying customer base and geographic presence.
- **Adaptability:** Be flexible and respond effectively to disruptions.
- **Agility:** Pivot quickly and demonstrate agility by reimagining business models, exploring new distribution channels etc.
- **Diversified supply chains:** Assess and diversify supply chains to mitigate disruptions.

- **Crisis preparedness:** Have well-prepared crisis management plans in place. Conduct regular scenario planning exercises, test response strategies, and ensure the safety of employees, as well as clear communication channels, to minimize the impact of crises and maintain business continuity.
- **Financial stability:** Maintain solid financial health, including sufficient cash reserves, manageable debt levels, and a sustainable business model.
- **Regular review:** Reassess the effectiveness of your resilience-building efforts.

### **Growth strategies:**

- **Foresight and future readiness:** Incorporate foresight into the strategy, anticipating future trends, disruptions, and opportunities. Engage in scenario planning, market intelligence gathering, and strategic partnerships to position yourselves for success in an evolving business landscape.
- **Innovation:** Foster a culture of innovation and continuously seek new ways to improve products, processes, and business models.
- **Digital transformation:** Embrace AI and emerging technologies to streamline processes.

### **People & relationships:**

- **Employee engagement:** Prioritize employee wellbeing, provide opportunities for growth and development, and foster a supportive work culture.
- **Coaching leadership:** Make sure that leaders possess strategic vision, effective communication skills, and the ability to inspire and motivate teams.
- **Customer focus:** Prioritize customers' changing needs and expectations. Enhance communication channels, provide exceptional customer service, and develop tailored solutions to meet evolving demands, building long-lasting customer loyalty.
- **Strong relationships:** Build and nurture strategic partnerships with customers, suppliers, industry peers, partners, and stakeholders.
- **Focus on corporate social responsibility:** Consider environmental impact, promote sustainable practices, and contribute positively to society.

Resilience is not built overnight. It is a continuous journey of learning, adapting, and evolving (Ates 2022). If an SME is starting to build resilience from scratch, the VIVA project team's advice is first to focus on establishing a solid foundation of risk awareness and management. This involves understanding the potential risks and vulnerabilities that business may face and developing strategies to mitigate them. Even incremental improvements in risk assessment, preparedness, and response capabilities can make a significant difference in enhancing the resilience of exporting SMEs, despite resource constraints, such as lack of human or financial resources.

## **Three horizons – an SME-friendly resilience tool**

**Horizon 1: Focus on core business** represents the current core business and emphasises

on optimising operations, improving efficiency, and delivering existing products or services to existing customers. It is about maintaining and evolving the existing business model to drive profitability and stability in the present.

**Horizon 2: Explore new opportunities** involves exploring new opportunities and emerging business models that have the potential to disrupt or complement the existing core business. This horizon focuses on experimentation, innovation, and developing new products, services, or markets to capitalize on future growth opportunities.

**Horizon 3: Create the future** represents the future and involves exploring disruptive ideas, technologies, and trends that may shape the industry or create entirely new markets. It is about envisioning and creating breakthrough innovations that have the potential to transform the organisation and industry landscape.

The Three Horizons tool emphasises the need to balance short-term operational excellence with long-term strategic thinking. By allocating resources and attention across all three horizons, organisations can ensure a balance between maintaining current operations, exploring new opportunities, and preparing for the future. Successful transitions involve transferring knowledge, building new capabilities, and adapting the organisation's culture and mindset.

The framework is not a one-time exercise but rather an ongoing process. It requires continuous monitoring of the external environment, market trends, and emerging disruptions. Regularly reassessing and iterating the strategies across the three horizons allows organisations to stay agile and adapt to changing circumstances.

In addition to the Three Horizons Tool, VIVA's "Export Skills Basecamp" introduces SMEs also two other practical tools, a Pre-Mortem Analysis and an Impact-Uncertainty Matrix, and guides them to build a resilience manual step-by-step.

## Resilience as a strength

In conclusion, company resilience is the feature that empowers SMEs in the export industry to overcome obstacles, adapt to changes, and thrive in a rapidly evolving business landscape. Resilient companies can quickly bounce back from difficulties, adapt to changes, and maintain customer and employee satisfaction.

By embodying the characteristics of preparedness, adaptability, collaboration, trust, and accountability, and focusing on key components such as a diversified customer base, strong relationships, crisis management, regulatory compliance, and financial management, SMEs can build resilience as the foundation for their growth and sustainability.

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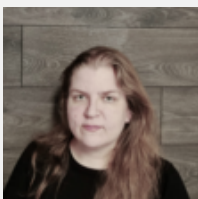
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