Resilience in start-up culture

Resilience definition

The ability to persevere and adapt when things go avry.

Why it is something important for start-up culture ?
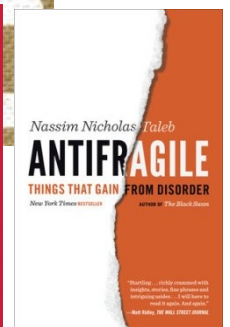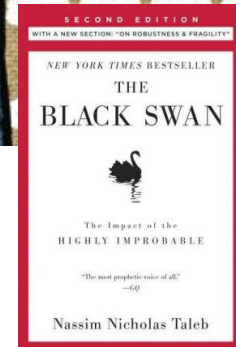
75% of start-ups crash (churn rate)

Come on folks ! Let's become billionaires !

Developping resilience for the innovation economy is a way of gaining accountability towards entepreneurs' engagement giving them support to preclude SNAFU and provide them with slack to bounce back from havoc !

Taleb's thinking to frame the subject

Fragile | Resilient | Antifragile

- Suffers or breaks from volatility
- More downside than upside from volatility
- Seeks tranquility
- Mistakes rare and large
- Myth: Sword of Damocles

- Stays the same in volatility
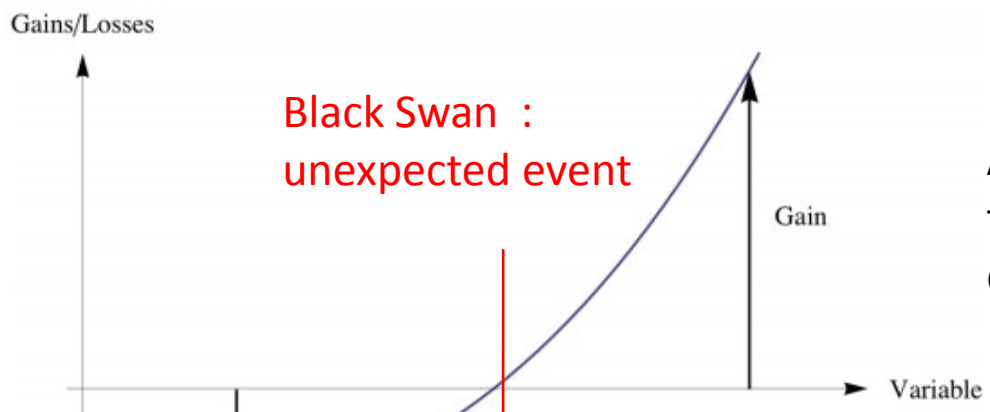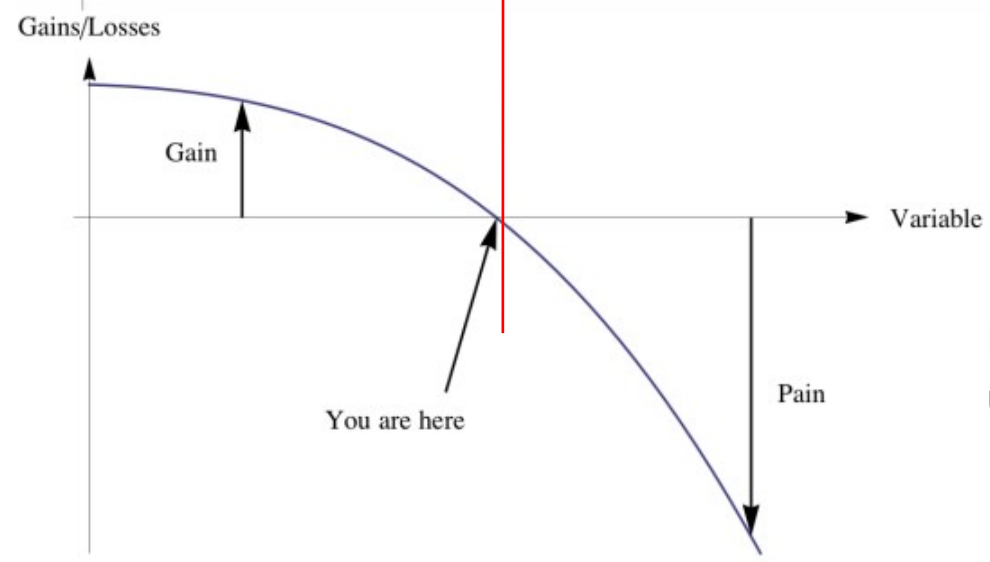- Indifferent to tranquility and volatility
- Myth: The Phoenix

- Grows and gets stronger from volatility
- More upside than downside from volatility
- Seeks disorder
- Mistakes small and benign
- Myth: The Hydra

The Art of MANLINESS
EST. 2008

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Gains/Losses

Black Swan :
unexpected event

Anti-fragile : gain
from unexpected
event

Gain

Variable
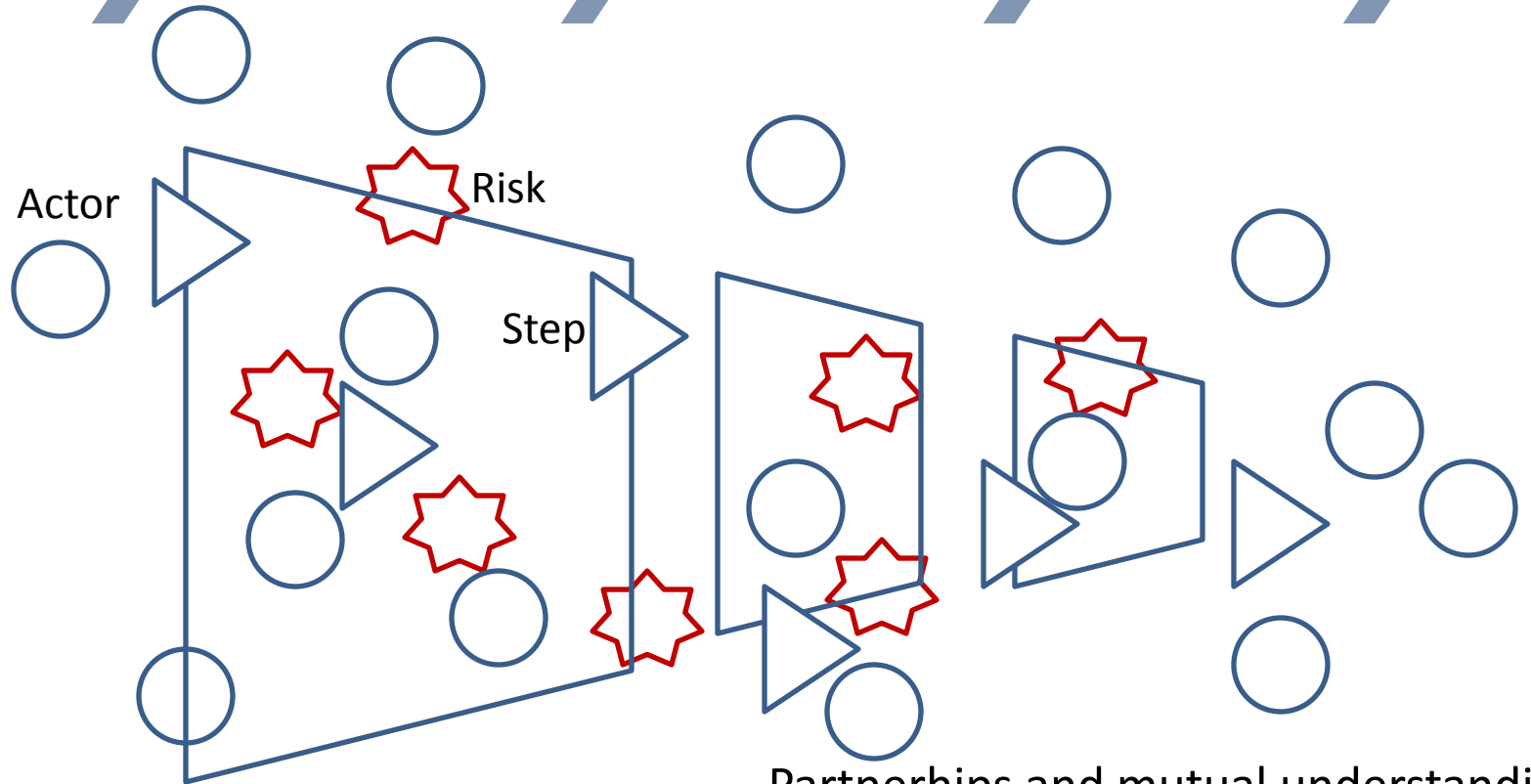
Pain

Gains/Losses

Gain

Variable

You are here

Fragile : pain from
unexpected event

Pain

Start-up

- Fragile to Black Swan (at every layer of the collaboration)

- Fragile as a lean structure (treasury for months only)

- Anti-fragile as a pool (Darwinism) / VC upside backed by insitutional stakeholders (barbell)

open-innovation / coopetition / lean / fragility

Assets ▶ Coordination ▶ Acceleration ▶ Resilience ▶ Exit

Actor

Risk

Step

Partnerhips and mutual understanding are key to navigate in the funnel of open innovation

Combinational problem / complexity

- n elements : number of permutation n!
- 26 letters alphabet word of 3 letters : 26^3 possibilities (17 576)
- 3 bodies gravitational problem (Poincaré 1883) / deterministic chaos theory
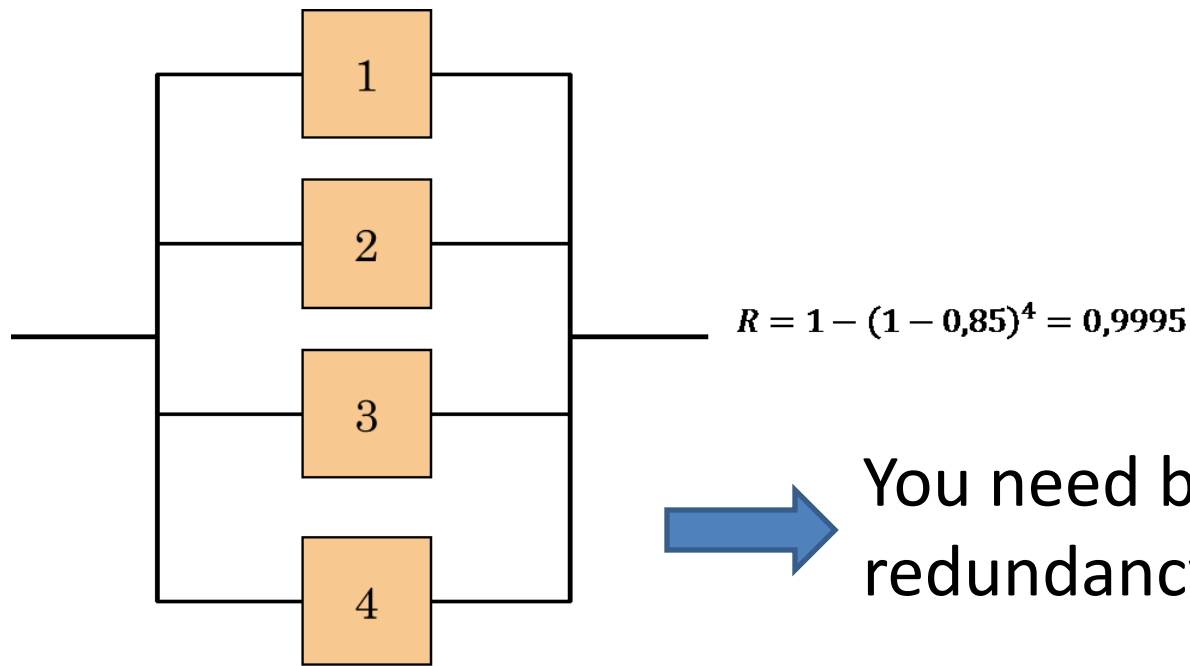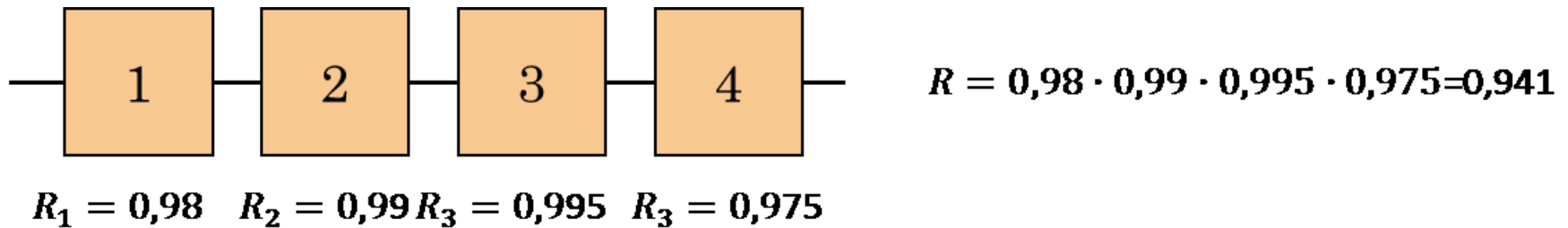- Butterfly effect (1971 Edward Lorenz)

➡️ Plans and processes in complex world are screwed !

System reliability

- Probability of reliability = P
- Reliability of a linear chain/serial system = p1xp2xp3
- Risk of default : simple risk / competing risks / accelerated failure time models (environmental stress screening)
  - $S(t) = \exp(-\Lambda * t)$
  - $S(t) = \exp-(\Lambda 1 + \Lambda 2) * t$
  - $S(t) = \exp(-\Lambda * AF * t)$ (Arrhenius model)

better prepare recovery rather than only avoiding risk

Risk of default in network work flow

$R = 0.98 \cdot 0.99 \cdot 0.995 \cdot 0.975 = 0.941$

$R_1 = 0.98 \quad R_2 = 0.99 \quad R_3 = 0.995 \quad R_3 = 0.975$

$R = 1 - (1 - 0.85)^4 = 0.9995$

You need buffers and redundancy

$R_1 = R_2 = R_3 = R_4 = 0.85$

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Grace under the fire

Framework

- ➢ Purpose oriented as plan are fragile
- ➢ Redundancy of options to preclude bottlenecks
- ➢ Gentleman agreement to have trust & support
- ➢ Frequent communication checkpoints to avoid expectations misalignment
- ➢ Flexible contract with adaptative bargaining
- ➢ Avoiding partnerships or tasks that tax company resilience
- ➢ Being surrounded by facilitators
- ➢ Nurturing a business secure refuge to rejuvenate
- ➢ Assessing evolution, getting pre-exit strategy
- ➢ Seek for constructive feedbacks from trusted mentors