



Finding a North Star of

Operational Resilience



From Vertical Functions to a Holistic Cross-Functional Approach

Ancient mariners devised many ways to navigate unfamiliar seas – following shorelines and currents, mapping channels and shoals. Venturing into the open ocean was especially formidable until they learned to follow the North Star.

The ancients could not have imagined the opportunities their discovery would bring: new lands, trade routes, supply chains, globalization and more.

Now, in the third decade of the Third Millennium, in the midst of a pandemic, the organizational bonds of the global economy are being stretched as never before. As the business market has become more dynamic and unpredictable, operational resilience has been elevated to a new higher level of importance.

COVID-19 has exposed the painful fragility of supply chains, healthcare providers, and other critical systems. Yet, no matter how difficult the circumstance, no matter how dangerous the situation, at the heart of a crisis lies a valuable opportunity. The pandemic experience offers risk and resilience leaders a chance to revolutionize how they manage operations, make business decisions, and enable teams to navigate the frontier of change.



To achieve this, organizations require a robust operational resilience program, built on an integration of governance, risk management, and compliance activities. Companies must create a culture of resilience, guided by a shared understanding of the impacts and actions required to keep a business in business – the North Star of Resilience.

From Recovery to Resilience

The rapid development of information technology over the past half-century enabled unprecedented global economic and business growth. Systems grew more sophisticated, interconnected, and vulnerable to disruptions. In turn, these developments have necessitated the concurrent development of more advanced contingency planning. Early on, these were known as disaster recovery programs. In the early days, business continuity sat resided in its own silo mainly to meet regulatory compliance.

- ◆ **Over time, the concept of operational resilience matured into consideration of much more than just keeping the lights on. It has evolved to include the effects of a business disruption on employees, customers, suppliers, stakeholders – the operating ecosystem of enterprise. Today’s successful resilience programs are found in organizations with a strong culture of teamwork, cooperation, self-awareness, and shared values.**

The pandemic has given executives a whole new perspective on operational resilience. All businesses were required to transform or pivot in some manner – in many cases just to survive. They needed reliable, real-time data, actionable insights, and mechanisms for continuous learning to respond effectively in a rapidly shifting situation at every level of the organization. Undoubtedly, every executive has a profound awareness of the importance of business agility and resiliency.



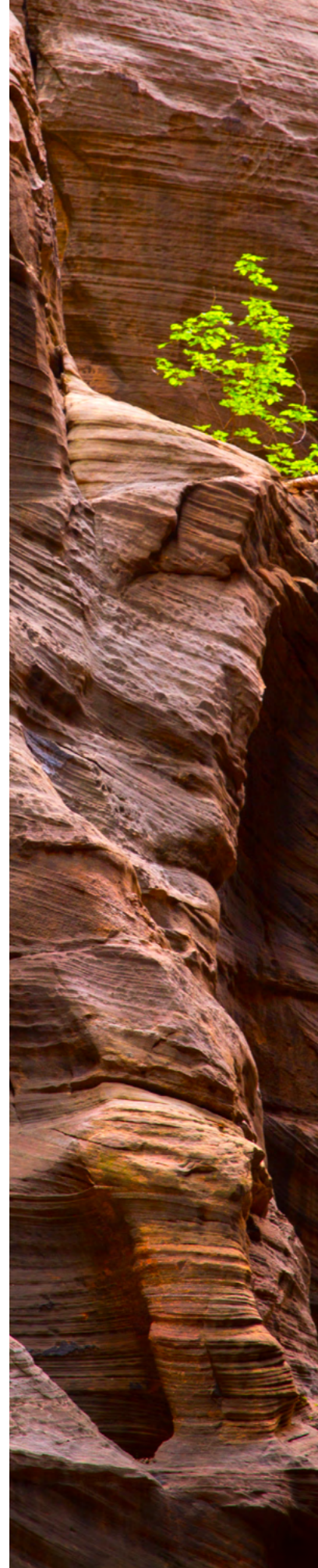
Building a Culture of Resilience

Operational resilience is an organization's ability to deliver on its promise to its customers, no matter what. It is a connected understanding of your organization's operations that unlocks the ability to deliver on current commitments to customers and evolve with them as circumstances and needs change. It creates an interactive understanding of the day-to-day operating environment that make a business work and identifies where it is prone to breaking. And if it breaks, resilience allows it to be reassembled in new, innovative ways that incorporate lessons learned, resulting in better forward service for the customer and community.

How does an organization build a culture of resilience? How does it create a culture that is embraced by its directors, executives, workforce, and customers?

It starts with building relationships and speaking the same language. This is a brand-defining moment for many organizations, requiring agility that empowers an organization to adapt quickly in changing times. It looks to break down the departmental "silos" that impede communication and cooperation within the organization.

Organizational resilience is more than just checking the box for regulatory/compliance. It is a culture that does more than just respond to disruptions. Resilience helps organizations make informed decisions, in the face of events both anticipated and novel. It is proactive, not reactive. It is planning for the severe, but plausible events – a health crisis, a catastrophic supply chain disruption, a large-scale climate emergency – but also the layering of the every day ones.



Eight Practical Steps to Building a More Risk-Aware and Resilient Culture

Aligning your cultural resilience program to customer outcomes, company mission, and executive priorities takes time and effort, and it truly takes a village. Each stakeholder will have different ideals, and each stakeholder may be looking to get something different out of the program.

Following are eight steps that executives and managers tasked with leading organizational resilience should take to create cultural excellence:

1

Learn what is critical to your customer and how your organization delivers it.

Who is your customer? What do they buy from you? What is the impact of your service or product? What is its mission, goals, core values? What is the org chart, what are the everyday relationships that influence its direction? How are decisions made? What are the biggest challenges facing the organization and what is the strategy for dealing with them? Learn the culture and operate with the culture before seeking to transform the culture.

2

Connect resilience to your strategic priorities as a business.

Understand what dynamics are shaping your business today and the evolving set of strategic priorities informing response. Map how your risk and resilience efforts can advance these initiatives faster, more efficiently, and with better results. By knowing how your organization works, how it breaks, you also understand how to put it together in new ways, fueling innovation and greater efficiency.





3

Readjust priorities.

Regulatory compliance, the traditional basis of resilience, is important, but operational resilience should not view compliance as the aspirational outcome. Building more risk-aware and resilient operations is simply good business, ensuring you are able to deliver to customers while building for customers of tomorrow.

4

Expand and deliver the value perception.

View risk-aware and resilience culture as an organizational asset, not a liability. Operational resilience is the engine of insight – keeping your business in business. Resilient operations are fundamental to the customer experience – helping companies retain customers, win new customers, expand markets and leverage new technology, to name a few. Instead of being perceived as a cost center, the resilience operation creates value for the company.

5

Integrate into the strategic decision process.

Operators leverage their understanding of organization's key strengths and potential liabilities to provide real business value. The most effective resilience programs operate at the business strategy level.

6 **Make resilience everyone's role.**

Teams take ownership for what they help create. Resilience leaders must engage as many people as possible throughout the organization, and beyond – including customers, vendors, advisors and outsourcing providers. By investing time, soliciting views, and building with the wider group, you will drive risk-awareness and resilience at new scale.

7 **Measure your progress.**

Measure things that matter. Metrics make things real. Business needs to know what to focus on and prioritize, regardless of their role in the organization. Identify your most critical risks. Outline how the organization is preparing. Signal what needs attention now. Highlight key learnings as you evolve your response. Despite the best preparedness efforts, disruption will happen. Effective risk and resilience leaders do not sweep disruption under the rug, but identify gaps and optimize over time.

8 **Communicate.**

Frequent, concise communication is critical to the credibility of an organizational resilience plan. But constant, efficient interactions on the things that matter involve others and leave a positive impression of the effectiveness and efficiency of the program. Consider leveraging corporate social networks, i.e. Chatter / Slack and other tools to establish a regular exchange of progress and insight.



Operational Resilience Means a Return on Investment

The ancients followed the North Star. The development of a resilience culture can be today's North Star for organizations – delivering continuity of business operation, business expansion, and operational optimization.

A resilience culture will produce a tangible return on investment, including:

Real-Time Risk-Based Decisions

When you free insights that were stuck in siloed systems, spreadsheets, and documents, that data can now be leveraged to create a single operating view of the entire organization.

Improved Prioritization

Better understanding of what matters eliminates redundancy, streamlines your business, and simplifies your operations by understanding the dependencies and critical elements of every process.

Improved Risk Mitigation

Building a more risk-aware and resilient culture helps you more closely monitor signals in your operating environment – market, regulatory, competitive, third party, finance, operations – enabling you to take a proactive approach in resolving issues before they become a crisis.

More Efficient and Effective Teams

Through more risk-aware and resilient operations, you gain an understanding of the current level of utilization, where teams are bogged down, processes that need more investment, or where approaches can be consolidated. Your team benefits from clarity on single points of failure and course-correct before it's too late.

The pandemic has taught us much about the importance of operational resilience. Technology is an essential tool in your culture transformation efforts. Organizations that were caught unprepared by the recent global crisis are newly focused on the importance of building risk-aware and resilient operations.



Measurement of ROI



Customer Impact

- Customer satisfaction
- Issue response and resolution time
- Reduced number of escalations
- Improved pace of innovation
- Bolstered brand perception/equity



Operational and Executive Engagement

- Board and executive engagement
- Team engagement
- Decision outcomes
- Market / competitive awareness



Efficiency

- Reduced cost of disruption
- Reduced regulatory penalties
- Reduced legal, audit, and insurance costs
- Decreased customer restitution
- Frequency of issues
- Productivity
- Cost maintaining legacy systems

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