

Co-operative resilience

Working with your ecosystem of partners is the key to effective risk management

BY GARETH BYATT

In the Summer 2020 edition of *Enterprise risk*, I wrote about the need for organisations to demonstrate *purposeful resilience*. Purposeful resilience, for organisations of all sizes, is about demonstrating a good state of resilience that is coupled with a true purpose which ensures you are helping others, particularly in times of need.

Co-operative resilience takes purposeful resilience a step further. It asks us to work closely with others to ensure there is strong co-operative and purposeful resilience in place across our ecosystem and, if possible, the wider environment we operate in. This is particularly important right now, as we continue to navigate our way through the impacts and continued challenges arising from COVID-19.

This piece provides an overview of co-operative resilience, a three-point plan to set it up for success and some examples of how co-operative resilience is impacted by, and applies to, the Asia-Pacific (APAC) region (the region where I am based).

Organisational resilience is described by the ISO in the international standard 22300:2018 (Security and resilience – vocabulary) as the *ability to absorb and adapt in a changing environment* (definition 3.192). I would add “anticipate” to this definition because we need to anticipate and be ready for change.

An organisation’s state of resilience relies on the state of resilience that its ecosystem partners and collaborators



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Build good foundations

Organisations that demonstrate a good culture and a good state of purposeful resilience have a structure in place and people who look ahead and plan, anticipate, adapt and respond effectively to change and events (good and bad). People in such an organisation are given help and support for their personal resilience. There is an innate appreciation for the velocity at which change, and events, can occur, or are already occurring, and the impacts they can have on people, societies and the broader environment. Such a culture is a solid base on which to build co-operative resilience. If we do not have “our own house in order”, we are ill-prepared to work with others to achieve co-operative resilience.

Although anticipating, avoiding and responding to negative events and situations is clearly a major focus of resilience, we should also anticipate and respond to positive change and events. For example, advances in new technology, digitisation and data analytics, and a broad appreciation about the importance of sustainability and the complexity of our environments, can be used for positive change, and positive co-operative resilience.

A practical framework for purposeful resilience must be scaled to suit the size and context of your organisation, and stitched into how it functions. Various ISO standards exist in the “22300 family” to help, including ISO 22300, 22301, 22313, 22316 plus ISO/TS (Technical Standards) 22317, 22318 and 22330, and related standards such as ISO/IEC 27001 and ISO 31000.

Various tools and techniques used for risk management, resilience, strategy and general management can be applied to co-operative resilience. Examples of such tools and techniques include scenario analysis, horizon scanning, stakeholder analysis,

across the value chain demonstrate. Combining and integrating our own resilience activities with our ecosystem collaborators, and undertaking collective actions to help our overall environment and the society and communities we serve, is the crux of co-operative resilience, which I define as *a state of resilience that a network of organisations achieves when it is sustainable and purposeful to society.*

When organisations, across the public and private sectors, implement a strategy for co-operative resilience with their ecosystem and for the overall environment they are part of, they can anticipate and adapt together to demonstrate flexibility and purpose in order to achieve objectives.

Lessons from nature

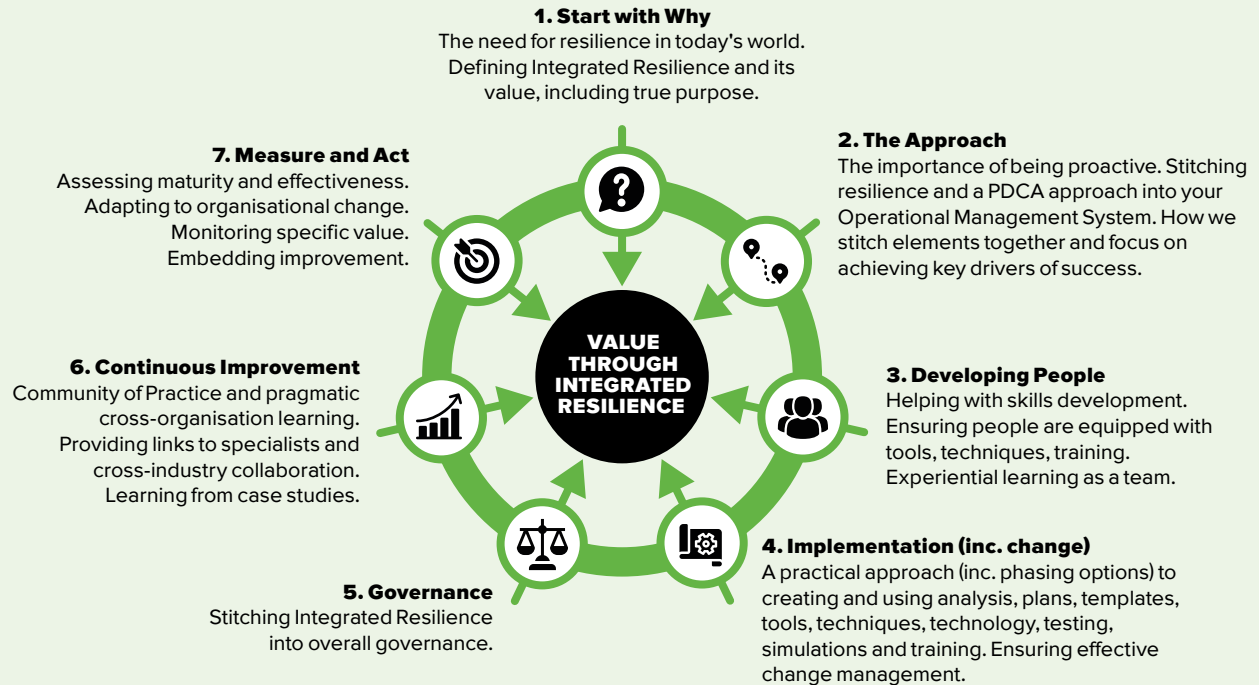
Consider the parallel of the biodiversity web we see in nature. Organisms exist in complex environments in which they are linked with each other to co-exist

and thrive. Remove one part of their ecosystem or place it in danger, and all others are impacted. This concept applies to our human-made ecosystems and environments.

The resilience built into the linkages that organisations have with each other in their ecosystems and value chains is fundamental to co-operative resilience. Think of it as links in multiple chains. An individual entity, business or location – be it a café, an office, a shop, a hospital, a factory, a mine site, a construction site, a port, an airport or any other – needs resilient linkages within its network of collaborators to thrive. And it scales: the rule applies to an organisation that has many sites/ locations, a city or a nation. If the networks and arteries between us are not resilient, or critical weaknesses are not identified and/ or addressed, problems will occur when they are put under strain.

Here are three points to consider for achieving co-operative resilience.

SEVEN ELEMENTS OF A GOOD CULTURE OF ORGANISATIONAL RESILIENCE



Source: Risk Insight Consulting

“ Good co-operative resilience may sometimes mean accepting or tolerating a certain amount of disruption

“What if?” decision trees, and the Business Impact Analysis (BIA) and Business Continuity Plan (BCP).

By ensuring you have a good state of resilience and are constantly working to ensure it is effective, you have a platform for a co-operative approach.

Co-operate with partners

A practical framework for resilience needs to set out how you liaise with others. Rather than assume that organisations in your ecosystem “will do their own thing”, make the time to work with them to understand

what’s critical to you all. While you may have resilience and business continuity clauses stitched into commercial contracts with suppliers, it is important to go further than legal and commercial coverage. Actively engage with your ecosystem partners to co-operate for resilience.

Discuss collaboratively how you can achieve co-operative resilience, in a way that benefits you all, the communities you serve and the overall environment. Share and discuss your resilience plans with each other and discuss critical integration and touch points. Hold collaborative workshops, tests and resilience exercises such as “hackathons” to see how you really work together under pressure. Spot gaps and improve. Many organisations have been co-operating with each other in reaction to the forces exerted upon them because of COVID-19. As the world recovers from the pandemic, we should maintain this type of focus.

Demonstrate co-operative resilience

A good state of co-operative resilience is something that needs to be

constantly nurtured. It is not a “set and forget” activity – things change. When linkages are in place and regularly tested, you will be prepared and ready to act co-operatively and in a purposeful way when change or a disruption event occurs.

Consider the example of a business anticipating extreme weather in an area where its key suppliers also have operations. If the risk of extreme weather disruption is rising, how well does the business work with its suppliers, customers, insurers, local government departments and local community organisations? Can they jointly implement proactive, cost-effective and co-operative resilience to prevent or minimise potential disruption in the most purposeful way possible?

Good co-operative resilience may sometimes mean accepting or tolerating a certain amount of disruption – which could be described in your risk appetite. At times, it may mean changing your risk appetite to lower the risk. Some organisations are reconsidering their supply chain strategies as a result of COVID-19, for example moving certain activities



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and healthcare PPE. Breweries have adapted production processes to make hand sanitiser. Supermarkets and grocery retailers around the world have worked with their supply chains to keep the communities they serve fed. Restaurants have switched to take-away meals, delivered by agile delivery firms.

Through these examples, and more, we have seen how co-operative resilience can help us tackle pressing societal needs. The same applies to broader sustainability and environmental matters, as defined by the *UN Sustainable Development Goals (SDGs)*. Co-operative resilience can help us collectively improve our readiness and response to *disaster risk* (including events such as extreme weather, geological disasters, cyberattacks and acts of terror).

The concept of co-operative resilience can be applied to the economic, societal and sustainability issues facing the APAC region, where I conduct much of my own work and liaise with regional IRM members to listen to their experiences and insights.

APAC considerations

The APAC region, and China in particular, is a major contributor to the global economy. Many organisations around the world continue to source supplies (be they parts, components or finished goods) from countries in APAC. Organisations around the world need to fully understand where their supplies are being sourced from, and if critical supplies are coming from APAC, to understand what this means for their resilience (among other things).

For example, the international container shipping trade has been a key focus in recent months. A shortage of containers in certain locations has led to challenges in the availability, and rising costs, of shipping freight globally. If your organisation is being affected by this situation, are there certain co-operative resilience measures that could help you to minimise its impact on your activities and operations?


In addition, the impact of COVID-19 has caused a supply shortage of semiconductors to many industries. In this complex industry, which is critical to so many products, Taiwan

plays a pivotal role in advanced semiconductor manufacturing. If your organisation is dependent on advanced semiconductors, what do the risks of a shortage (taking into account lead times) mean to your resilience, the resilience of your ecosystem and the overall impact on the societies you serve?

Across the APAC region, countries and governments have implemented strategies with their citizens to deal with the COVID-19 pandemic in a co-operative way. Taiwan is often cited as an example of a government that has implemented appropriate technology to help it to manage COVID-19. Vietnam's co-operative approach has been well documented, as has that of South Korea, Singapore, Australia and New Zealand, to name but a few. What opportunities exist for us to learn from the co-operative approaches that have been taken in much of APAC?

The APAC region is at the frontline of seeing the impact of climate change. It is a region in which many of its cities are low-lying and coastal, which makes them vulnerable to the impacts of flooding and extreme weather such as typhoons and cyclones. With an anticipated increase in heat and humidity expected across much of the region, and a rise in precipitation forecast for some areas while droughts are anticipated in others, Asian societies and economies are innovating in various ways to combat climate change. They are demonstrating co-operative resilience. With their innovation, they are learning from other regions while considering the context of their specific geographies.

As we all move forward and continue responding and adapting to the impact of COVID-19, think about how co-operative resilience can benefit your organisation, the collaborators you work with and society as a whole. Are you doing enough today to be resilient for tomorrow? 📧

 **Gareth Byatt is an independent risk consultant and owner of Risk Insight Consulting. He is also an IRM global ambassador for the APAC region. He is based in Sydney, and has over 20 years' experience in international risk management and resilience.**

closer to their operations sites.

As part of your ecosystem review, understand how your suppliers may also serve other sectors, and what that could mean. For example, consider the semiconductor industry. If semiconductor firms come under pressure to supply a number of industries (as has been the case during the COVID-19 pandemic), what could that mean for your needs/where would you be in the queue for deliveries? Plan ahead and conduct scenarios and exercises for such cases.

During 2020, we saw many examples of what we can collectively achieve when we set our minds to it. Whole ecosystems around the world have worked in a highly co-operative way to demonstrate co-operative resilience in response to COVID-19. Pharmaceutical businesses, biotechs and researchers have collaborated to develop vaccines for COVID-19 at unprecedented speed, backed by government funding. Mining and industrial firms have donated PPE to hospitals. Manufacturers, retailers and others have quickly retooled production lines to make ventilators