

Purposeful resilience

Risk managers can play a vital role in creating resilience that has purpose in their organisations

.....BY GARETH BYATT

The need for organisations to demonstrate purposeful resilience is as important as ever in today's world. We all know that the COVID-19 pandemic has had a huge impact around the world. Many businesses continue to face extremely difficult challenges and tough choices, and much has been observed over the past few months about the way that businesses, large and small, across all sectors have had to adapt to changes forced upon them as a result of COVID-19.

The impacts of these changes will continue to be felt for a long time. COVID-19 has been an enormous challenge to deal with, yet the need to have good organisational resilience was already paramount. Change has been speeding up for years, through shifts such as advances in new technology and digitisation, the need to implement action towards sustainability for matters such as climate change and tackling poverty and corruption, and the need to ensure our eco-systems and supply chains operate well. COVID-19 has accelerated many of these changes.

As businesses and the partners they work with up and down their value chains continue to adapt to their changing environment, examples of innovation and resilience abound. Sometimes they come from creative



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desperation (which we have seen in the midst of the COVID-19 pandemic), sometimes by learning from what's missing or is not working and correcting problems quickly.

This piece does not go into specific resilience principles and mechanisms such as high resilience organisations rather, it highlights some key points and features of purposeful resilience that can be applied to any organisation, regardless of its nature and size. Even so, demonstrating purposeful resilience is not easy. In the midst of competing goals and scarce resources to manage, how can we turn stated ambitions and ideals into practical actions that work?

Starting points

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A starting point for understanding your organisational resilience is to look at your organisational

structure (see *Key business factors*). What linkages do you have to the customers and suppliers you work with, and what type of flexibility is built into these structures?

Just as a tree bends and flexes in the wind, organisations, together with the partners they work with, need to bend and flex to adapt to change. Rigidity slows you down, and it will hinder your response to disruption and uncertainty. Even with robust plans in place to deal with disruption, if they are not aligned to a flexible structure and an ability to change when you need to deal with things in unexpected ways, they will not be truly effective when you need them.

An important foundation-level consideration for your organisational resilience, therefore, is to ensure you have the right type of flexibility and adaptability in your structure, and your eco-system, so that you



Demonstrating purposeful resilience is not easy
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can be nimble and responsive when you need to be. This isn't always easy. It requires the right balance between control and agility.

Practical tools and techniques that we use for risk management can be applied to managing resilience (see *Tools to aid resilience management*). Thinking through resilience risks, in an unbiased way and with diverse thinking welcomed, is a valuable and important part of understanding our state of resilience, and whether we are focusing the right amount of effort on what's critical.

International guidelines on resilience and business continuity exist from the ISO. ISO 22300 and the accompanying standards 22301, 22313, 22316 plus ISO/TS (Technical Standards) 22317, 22318, 22330 offer good guidance and link to other related standards such as ISO/IEC 27001. These standards adhere to a Plan-Do-Check-Act

(PDCA) model, which is good general management practice.

Having purpose

A fundamental element to organisational resilience, for businesses of all sizes, is being able to demonstrate purpose in times of need.

We have seen many excellent examples of businesses demonstrating societal purpose as they have responded to COVID-19 – while appreciating that many businesses and sectors have been hit extremely hard by the economic impact of the pandemic. Pharmaceutical and medical businesses have donated PPE and switched their focus to work together on developing a vaccine for the novel coronavirus responsible for COVID-19; various manufacturers, large and small, have quickly retooled production lines

to make ventilators; retailers have changed their production lines to make healthcare PPE; breweries have adapted their production lines to make hand sanitiser; a small pizzeria in Chicago adapts its ovens to make face masks for healthcare workers.

These are just a handful of examples of businesses being able to quickly adapt and to demonstrate purposeful resilience for society's pressing needs. I could have listed many more. The principle of purpose applies to any type of unwanted event and disruption – whether it is a public health matter, a major flood, an earthquake, a major cyberattack, terrorism, major operational breakages or a major

disruption to the supply chain.

When you have thought through your resilience approach, and planned and practised how to respond to fast-changing circumstances, you give yourself time to see valuable and critical insights to being purposeful when the disruption occurs.

Remember that in order for this to work, your organisational design has to be flexible – it has to allow teams to work together quickly and in concert, with purpose being at the centre.

An example of purposeful resilience is with sustainability. The elements of sustainability, which are encapsulated in the United Nations Sustainable Development Goals (the SDGs) require and demand resilience.



Risk managers can be the glue for teams right across our organisations

KEY BUSINESS FACTORS

- 1 Businesses exist in an eco-system that is more dynamic and interconnected than ever before – which represents threats and opportunities;
- 2 The velocity of overall change and the dynamism of risk is increasing, and it will continue to increase – for example, through new technology and the digitisation of commerce, and the compound effect of eco-system linkages having ever faster effects. Are you seeing and anticipating change on your radar?
- 3 Sudden, major changes can occur at any time. To emerge stronger from them, we need to be ready to adapt, together with the parties that we work with. We will not succeed in isolation;
- 4 While we cannot plan everything that we would do in the face of a sudden and unanticipated change, by adopting a mindset of purposeful resilience and using good tools and techniques to help us plan our actions, we can adapt and demonstrate true purpose, with the partners we work with, up and down our value chain, and the communities we serve.

TOOLS TO AID RESILIENCE MANAGEMENT

Scenario analysis: By looking at a broad range of scenarios (and not dismissing those that you may think of as outliers) in an unbiased way, you can ask yourself what your resilience to change will be, and you can stress-test your ability to respond and review whether you have the right “plan Bs and Cs” in place. Scenario analysis is most effective when you think broadly about plausible possibilities and apply them to your context.

Stakeholder mapping: Mapping stakeholders in your eco-system and understanding the practicalities of resilience in this map can show you where you may have weaknesses. Such weaknesses may be two or three links down the chain. Which suppliers and contractors you work with are critical? And are appropriate resilience plans in place with them and perhaps other options in case circumstances change?

“What if?” decision trees: You might not call options analysis by this name, but in plotting different paths of how events and decisions could take shape and your ability to respond, you may find yourself using decision trees in some form.

Bow-tie analysis: In certain circumstances, practical bow-tie analysis can be a useful way to look at specific resilience threats, and the controls that should be implemented to deal with them. For example, if you have an extended denial of access to your premises, what specific controls do you need to have in place to continue operating as close to normal as possible?

Business impact analysis (BIA): BIA is a technique in most risk managers' toolbox. It can be aided by good scenario analysis. To make a BIA valuable and practical, you need to connect it to your operations, and to provide them with immediate value by thinking through resilience measures to critical operations (which starts with knowing what really is critical). Then link it up seamlessly with resilience and continuity plans. Don't leave it “orphaned and separate”.

Business continuity plans: Business continuity plans have to be practical. They should be informed by a good risk assessment and BIA. How people work together to respond to disruption is key. You don't want things to fall through gaps between teams.



KEY QUESTIONS FOR RISK MANAGERS

- 1** Does your organisation currently have activities underway, in some shape and form, to look at your resilience?
A: If so, are you involved in these activities? If not, find out how you can help.
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- 2** Is organisational resilience part of/connected to your risk framework/management system?
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- 3** Can you articulate case studies, within your business or from outside, of how resilience has added value? Storytelling is always a valuable way to generate interest.
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- 4** Can you review your top business risks (for example, those in your business plan) with scenario analysis to stress-test your resilience? Is your organisational structure adaptable enough to respond quickly and effectively?
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- 5** Are there certain teams/functions that you can/should assist sooner than others? For example, teams such as supply chain, HR, finance, sustainability, tax and treasury. Can you help them with policy redesign and identification of new skills required for new and better processes, for example?
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- 6** Is organisational resilience linked to your appetite for risk – and is this appetite changing due to the impacts of COVID-19? For example, is your appetite for resilience in your supply chain changing?

From aspects such as playing our part towards increasing affordable and clean energy (SDG #7), helping to eradicate poverty (SDG #1) or tackling climate change (SDG#13), purposeful resilience impacts, and is impacted by, them all.

Rather than resilience practices being a stand-alone activity, or something that requires a large implementation project to put in place, you should be able to design and implement continuous purposeful resilience as part of regular operations, and through regular in-built testing be prepared to respond when you need to. To achieve this, you need to keep your resilience activities completely in line with the context of what you do (which can change, of course), and you need to keep them efficient and effective.

Play a part

One of the great features about the role of a risk manager is that, given the span we usually have, we can be the glue for teams right across our organisations. Risk managers can work with leaders and teams in all parts of the business in a number of ways (see

Key questions for risk managers).

Risk managers, if they are not already involved in efforts towards purposeful organisational resilience, should be well placed to involve themselves in such efforts – if there is a will to do so.

If we want to “be the glue that binds teams together”, getting involved in organisational resilience provides us with another way to demonstrate the value of that glue.

Many tools and techniques that we apply to identifying, assessing and managing risk lend themselves to purposeful organisational resilience – together with other management techniques that we can add to our toolkit.

Focusing on purposeful organisational resilience may mean that you have to reassign or change your priorities, which may require a discussion with management to ensure it is appropriate. If the appetite is there, risk teams can play a valuable role in ensuring they contribute to successful and purposeful resilience. 📌

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