

IN SEARCH OF RESILIENCE

MOST BUSINESSES STILL HAVE WORK TO DO TO ACHIEVE ORGANISATIONAL RESILIENCE, SAYS HOWARD KERR, CHIEF EXECUTIVE OF BSI

Back in 1982, American management consultants Tom Peters and Robert Waterman first published their influential book *In Search of Excellence*. Despite sky-high international sales, the book has never escaped one salient criticism: several of the 62 US businesses it branded excellent – including major multinationals such as NCR, Wang Laboratories and Xerox – soon proved unable to sustain their success. Many of the companies lauded by Peters and Waterman have since faltered or failed.

Business excellence, we can safely conclude, does not necessarily lead to longevity. Subsequent studies have shown that long-term prosperity in business is rare and decreasing, not just in the US, but throughout the world.

REASONS FOR RESILIENCE

Organisational Resilience is “the ability of an organization to anticipate, prepare for, respond and adapt to incremental change and sudden disruptions in order to survive and prosper.”

While Organisational Resilience incorporates an important element of risk management, it is equally focused on business improvement. It reaches beyond survival towards a more holistic view of business health and success. It is not merely a defensive strategy, but a positive, forward-looking ‘strategic enabler’, allowing CEOs to capitalise on new opportunities.

Organisational Resilience offers a different perspective. It enables businesses to perform robustly and pass the test of time. It allows them both to respond effectively to short-term setbacks, while adapting to long-term shifts in their environment. At BSI we regard Organisational Resilience as a strategic imperative for all companies, both large and small.

Recent research suggests that business decision-makers agree. *In Organisational resilience: Building an enduring enterprise*, a report we commissioned in 2015 from the Economist Intelligence Unit (EIU), some 88% of international executives say that resilience is a priority for their businesses, and 80% believe it is indispensable for long-term growth. Moreover, 61% say resilience is a source of competitive advantage.

Executives view economic uncertainty, disruptive competitors, reputational harm, and threats to data security, as the leading business risks that are driving the need to be more resilient. They also see our ever-changing business landscape offering significant opportunities.

MIND THE GAP

Unfortunately, most companies remain a long way from actually achieving Organisational Resilience. Only 29% of executives say that resilience is “fully embedded in their organisations and

a clear factor in success”, and only 44% expect resilience to be fully embedded in three years’ time. Furthermore, while companies trust their ability to implement specific resilience-promoting practices, this does not give them confidence in their overall resilience. For example, in the key area of having well-trained and appropriately skilled staff, 75% of respondents say they are satisfied that their companies will be well prepared in three years’ time. Yet, as noted above, fewer than one in three say that resilience in general is fully embedded in their organisations, suggesting that a gap exists between focusing on isolated measures and fully embedding a culture of resilience.

OBSTACLES

Our EIU study finds that lack of knowledge and skills, insufficient leadership commitment and the need to focus on immediate financial issues are among the biggest obstacles to resilience measures.

No doubt some CEOs regard Organisational Resilience measures as a ‘necessary evil’, perhaps only adopting them reluctantly in response to regulatory obligations or business tender requirements. But, as BSI’s ‘Organisational Resilience Improvement Continuum’ shows, such weak commitment is likely to reap correspondingly disappointing rewards in terms of improved performance.

In other companies, staff may have identified resilience benefits to the business in terms of efficiency gains, process improvements or employee engagement, but business leaders are not fully aligned, most likely because of lack of knowledge or being too busy.

BUILDING RESILIENCE

Organisational Resilience requires efforts to embed best practice across an organisation. Key areas include operations, information and supply chain:

- **Operational resilience**
This includes identifying operational improvements across products, services and processes in order to meet the needs of customers over time, as well as how an organisation values its people and governs itself.
- **Information resilience**
With cyber threats and data breaches on the increase, this requires the adoption of information security-minded practices that allow stakeholders to gather, store, access and use information securely and effectively.
- **Supply chain resilience**
As supply chain networks increasingly span continents and become more complex, the ability to quantify and mitigate

supply chain risks throughout the procurement, manufacturing, transportation and sales lifecycle is paramount.

Clearly, there is overlap between these areas. For example, information resilience within the supply chain is a key concern. It is not enough for CEOs to ensure only that their own company's information security and business continuity measures are robust. They should also insist that volatility and impact assessments take place to monitor the supply chain, highlight risks, and identify measures to mitigate potential dangers, delays and costs.

LEADERSHIP IS KEY

Only businesses that are wholly committed to Organisational Resilience will experience the cultural change, continual performance improvement and sustainable growth that it offers. And the key to success is top-down drive from the most senior business leaders within the organisation.

As the EIU report highlights, "Understanding customer needs, employing well-trained staff and having a dynamic leadership are the top three prerequisites to ensure resilience."

The challenge for CEOs is to understand, articulate and demonstrate their organisation's values clearly, so that everyone 'lives and breathes' them, not because they've been told to, but because 'it's the way we do things around here'.

MAKE EXCELLENCE A HABIT

For CEOs who can successfully bridge the gap between their aspirations for Organisational Resilience and their ability to implement it, there are potentially huge business benefits. They include:

- Strategic adaptability – the ability to manage changing circumstances effectively, while staying true to the company's vision, mission and values
- Agile leadership – the ability to take measured risks with confidence, responding quickly and appropriately to both opportunity and threat
- Robust governance – accountability across organisational structures and hierarchies based on a culture of trust, transparency and innovation.

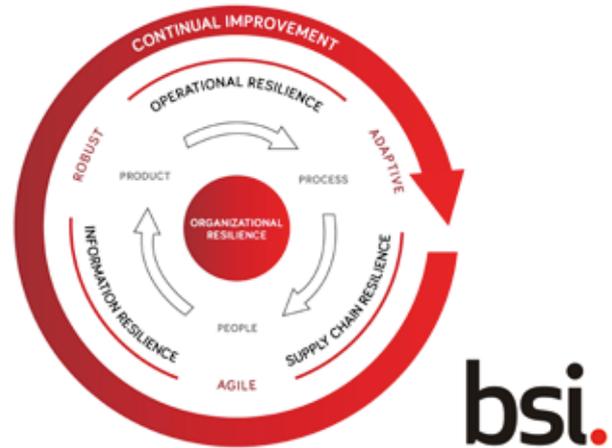
As critics of Peters and Waterman's famous book have highlighted, the achievement of business excellence is not enough to guarantee long-term success. In contrast, Organisational Resilience is about continually improving, getting ahead of change so that you can survive and thrive. It is the ultimate manifestation of making excellent a habit.

CREATING A CULTURE OF RESILIENCE

The EIU report Organisational resilience: Building an enduring enterprise, commissioned by BSI, identifies several features that, taken together, may provide a blueprint for creating a culture of resilience:

- **Take a proactive approach**

If you wait for the world to change, your competitors will



Source: BSI Organisational resilience model

leave you behind. You have to take steps now to become resilient for the future.

- **Display dynamic leadership**

Resilience-promoting efforts need top leadership support in order to be embedded successfully throughout the company.

- **Be responsive to change**

The need for change is constant and growing. For example, 56% of CEOs believe that their companies will compete in new industries over the next three years (2015 Annual Global CEO Survey, PwC). To adapt to this scale of change, leaders should be constantly willing to question and challenge how their business operates.

- **Build a strong corporate culture**

Creating the right organisational culture is vital. This includes making sure everyone in the company understands the importance of their contribution to the business.

- **Focus on strengths**

Businesses can get pulled in many different directions. They must concentrate on what makes them unique and successful.

- **Think long term**

Only looking backwards will leave you vulnerable. While learning from experience, you must also scan the horizon for emerging opportunities.

About BSI

BSI is the business standards company that helps organizations all over the world make excellence a habit. For more than a century we have been challenging mediocrity and complacency to help embed excellence into the way people and products work. That means showing businesses how to improve performance, reduce risk and achieve sustainable growth. As a global leader in helping organizations improve, our clients range from high profile brands to small, local companies in 182 countries worldwide.

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