



# **Resilience Capability - Developing Enterprise Capability**

## **White Paper**

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## Abstract

Developing an enterprise wide resilience (risk management, crisis management, disaster recovery management and business continuity management) capability is a core business competency that includes:

- Risk Management - Identification and management of resilience risks, including acceptance of the risks, risk mitigation and business impacts should a risk occur and become an issue.
- Business Sustainability Management - Identification and management of gaps in business sustainability based on the resilience risks identified. For core business operations and a given loss of a system (process, function or entity), how long can business be sustained for, at acceptable levels, using an alternative solution compared with the time to recover the system (process, function or entity).
- Business Management in a crisis – Addresses the considerations, strategies and priorities for managing the business through a crisis (business and/or enterprise level). Used to set priorities and resource allocation both in a crisis and in preparing for a crisis.
- Crisis Management – The strategies, plans, frameworks and policies and procedures for managing a crisis.
- Capability Management – Covers the testing, training and skilling of staff so that they are capable of managing and responding to a crisis. The capability management can include the reporting and monitoring of the resilience capability or these can be addressed separately.

Further details around the development of an enterprise wide resilience capability are presented in this document.



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# 1 Introduction

This White Paper presents some aspects to developing an enterprise wide resilience (risk management, crisis management, disaster recovery management and business continuity management) capability. Aimed at all levels of management across the enterprise, irrespective of industry sector, a pragmatic business driven approach is taken to resilience, identifying resilience as a core business capability because resilience is about maintaining business operations.

Section 1 provides an introduction to this document. Section 2 addresses what resilience is, whilst Section 3 details the key elements within an enterprise resilience capability. Section 4 identifies the business drivers and needs for implementing a resilience capability and aspects of developing the capability are presented in Section 5.

# 2 Resilience

Resilience is a unified and coordinated approach to a series of existing activities within business, including:

- Risk management – Identification and management of risks that have a low likelihood of occurrence but have a high impact upon a business achieving its outcomes.
- Crisis management – The framework, plans and policies and procedures for managing both the business through a crisis and managing the crisis itself. The reality of the current business environment is that crisis are part of business, i.e. crisis are part of business as usual it is just that they do not happen all the time.
- Disaster recovery management - The framework, plans and policies and procedures for recovery of systems (processes, functions or entities) in the event of an emergency.
- Business continuity management - The framework, plans and policies and procedures for maintaining the continuity of business.

Resilience is about pulling all of these disciplines together to obtain a unified, standardised and holistic approach across the enterprise because all of these activities are inter related and they cut across all areas of a business with cascading impacts. Resilience is about providing a common framework for all of these activities to operate within. It is about empowering the business to own these issues, to make decisions around these issues and to manage these issues so that the business can manage itself through a crisis. Above all, resilience is about a pragmatic business driven approach to maintaining core business operations, i.e. resilience is a core capability and function of a business.

# 3 Elements of a Resilience Capability

The major elements of an enterprise resilience capability are summarised in Figure 1 as follows:

- Risk Management - Identification and management of resilience risks, including acceptance of the risks, risk mitigation and business impacts should a risk occur and become an issue.
- Business Sustainability Management - Identification and management of gaps in business sustainability based on the resilience risks identified. For core business operations and a given loss of a system (process, function or entity), how long can business be sustained for, at acceptable levels, using an alternative solution compared with the time to recover the system (process, function or entity).
- Business Management in a crisis – Addresses the considerations, strategies and priorities for managing the business through a crisis (business and/or enterprise level). Used to set priorities and resource allocation both in a crisis and in preparing for a crisis.



- Crisis Management – The strategies, plans, frameworks and policies and procedures for managing a crisis.
- Capability Management – Covers the testing, training and skilling of staff so that they are capable of managing and responding to a crisis. The capability management can include the reporting and monitoring of the resilience capability or these can be addressed separately.

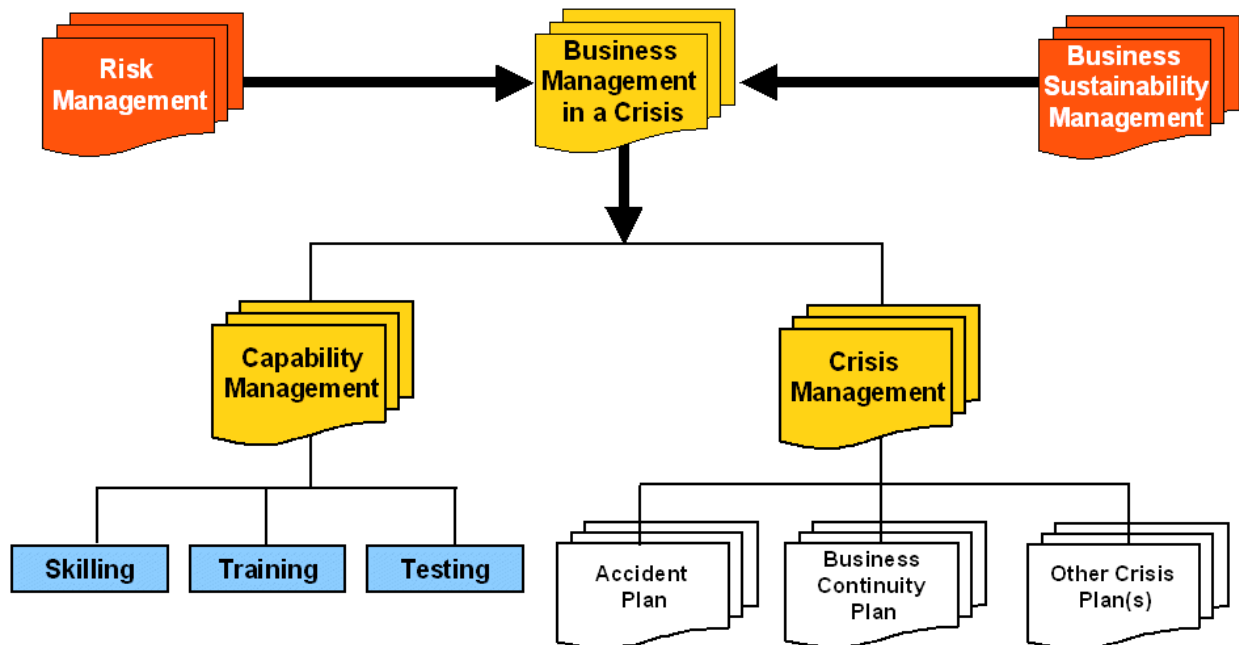


Figure 1. Elements for development and management of resilience capability.

## 4 Drivers for a Resilience Capability

Whilst business resilience can be seen as extension of the existing disciplines of risk management, crisis management, disaster recovery management and business continuity management, a better focus is to see resilience as about maintaining business operations through a crisis, i.e. resilience is a core business function. Resilience is a capability that should exist across the business, driven by the business for the business.

To develop a resilience capability the following need to exist:

- Board – Expect a resilience capability to exist, review the capability on a regular basis and action accordingly.
- Executive Leadership – Ability to maintain business operations through a crisis is part of their performance criteria.
- Management – The development and maintenance of a resilience capability is an expected outcome of business operations for Senior and Mid-level Management accordingly.
- Vision – A clear vision of what is required needs to exist and to be agreed upon. This vision needs to be clearly, consistently and persistently communicated to all stakeholders.
- Business Driver – One or more specific business driver should exist to provide the impetus and momentum for the develop and support of a resilience capability, e.g. the need to meet regulatory need or extended adverse publicity has required the capability to be developed.



- **Funding** – The development of a resilience capability requires one-off funding but ongoing funding at a lower level is required for support and maintenance.
- **Focus** – A focus needs to exist with a priority on the critical, must have, business functions necessary for business to sustain itself. The rest can be addressed in due course. The focus also contains the scope of work, delivering a minimum to a uniform standard that can be built upon subsequently.
- **Leverage Capability** – The ability to leverage existing capabilities as much as possible and to prevent duplication of effort should be realised.
- **Implementation Team** – A small team that works across the enterprise is tasked with the implementation and ongoing management of resilience. The role of this team is to facilitate, advise and assure outcomes. It is the responsibility of the individual areas of business to provide the required resources to do the work, because this is how you get the buy in (a centralised team doing the work for the business seldom achieves the cultural change required).
- **Selling Capability** – Resilience is effectively an insurance policy for the business and at the best of times, insurance is considered a grudge purchase. A capability to effectively sell resilience into the business needs to exist.
- **Resilience Champions** – Allocation of highly business focused staff, across the enterprise, in positions of influence to be champions of resilience.
- **Governance Structures** – The required governance structures that are responsible for the governance and management of the resilience capability.

Whilst compliance, audit and regulatory needs are often the trigger, it is the unexpected outcomes from the exercise, e.g. identifying cost savings, that see the business champion the cause.

Effective and efficient resilience capabilities are established and maintained when:

- Resilience is seen of being of benefit to the business.
- It can be easily accommodated within routine business operations.
- The business is prepared to comply on a voluntary basis.
- Intangible and/or unexpected outcomes are realised that advantage the business.

## 5 Implementing Resilience Capability

The implementation of an enterprise wide resilience capability is a process of evolution. It starts with an implementation of the key elements to a basic but uniform level across the enterprise for the core business areas. As priorities dictate, the other areas can be addressed accordingly. After implementation and establishment of the ongoing reporting and monitoring framework, there is an ongoing maturity of the resilience capability as the enterprise becomes more confident and capable. The resilience capability evolves to meet the changing business environment.

### 5.1 Establishment

There is an initial period of planning and document preparation necessary in which the frameworks, strategies, guidelines and other supporting documentation for resilience are established. The focus is on:

- **Scope** – Define a short sharp piece of work, of limited scope, with clearly defined outcomes that is of benefit to the business. Implement the structures to deliver this and to achieve the required business engagement and support.



- Framework – Development of the frameworks and structures for the operation of resilience within the business and at the enterprise level. This is the task of the Implementation Team in consultation with key stakeholders from the business.
- Documentation – Creation of the documentation required for both the implementation and business as usual. This includes guidelines, templates and the requisite policies and procedures.
- Accountability – Resolution and adoption of the required infrastructure, governance and solutions to ensure accountability for both the business and the resilience capability.

## 5.2 Implementation

In addition to the standard program management, project management and change management requirements associated with any implementation, the following steps are identified for developing a resilience capability:

- Resilience Risks - Identify resilience risks and business acceptance of the risks (see Resilience Capability – Risk Management).
- Business Sustainability - Identify the critical dependencies (systems, processes, functions or entities) for core business functions and the gaps in business operation should a loss occur (see Resilience Capability – Risk Management).
- Business Management in a Crisis – Develop a simple document presenting the framework, strategies and priorities for managing the business through a crisis (see Resilience Capability – Crisis Management Structures).
- Crisis Management– Development of the necessary plans, policies and procedures, check lists and frameworks for managing a crisis. Focus on the generic that is common to any crisis and compliment this with the scenario and role specific. Documentation should be developed to a minimum enterprise standard (see Resilience Capability – Crisis Management Structures).
- Capability Management – Development of the necessary skilling, training and testing programs for core staff, at both the business area level as well as the enterprise level. (see Resilience Capability – Capability Management).
- Monitoring and Reporting – Establishment of a framework and governance structure for the reporting on resilience capability, issues and the ongoing management to assure the level of performance across the enterprise to an agreed minimum standard (see Resilience Capability – Monitoring and Reporting).

**N.B.** Further details around each of these respective activities are included in the named specific documentation.

### 5.2.1 Resilience Risks

Using workshops and/or one-to-one meetings, identify resilience risks and facilitate business acceptance and sign-off of the risks and/or mitigation of the risks.

Where possible, resilience risks should become part of existing risk management and reporting processes.

A minimum of an annual review and/or a major change in business conditions for reviewing of resilience risks should exist. It is best if the information is obtained on a minimal intervening basis and the approach of providing the business with a “target to shoot at” is often the quickest and most productive way to get the resilience risks accepted by the business. Documentation should be developed to a minimum enterprise standard.



## 5.2.2 Business Sustainability

Using the risk based approach for core business areas only, identify the critical dependencies (systems, processes, functions or entities) and how long business can be sustained using an alternative solution (where one exists) and the time to recover.

The information is often best obtained by one-to-one meetings with key stakeholders and then subjecting the results to a formal review and sign-off process. A minimum of an annual review and/or a major change in business conditions for reviewing of business sustainability should exist. It is best if the information is obtained on a minimal intervening basis and the approach of providing the business with a “target to shoot at” is often the quickest and most productive. Documentation should be developed to a minimum enterprise standard.

## 5.2.3 Business Management in a Crisis

Whilst a crisis is significant to the business, either in a given area or across the enterprise, a given crisis is fairly self contained and can be readily managed with the right infrastructure in place. Of more consequence to the business, and something that is often missing from crisis planning, is a framework (a set of strategies and priorities) for managing the business through a crisis. At a high level only, this framework would cover:

- Customers - Who are the priority customers and what will be done to protect them, i.e. which customers can be sacrificed.
- Buildings – What buildings need to be maintained to support the core customers and what can be sacrificed to sustain operations and preserve cash-flow.
- Suppliers and Third Parties – Dependencies upon suppliers and third parties (including regulators) and how operations are to be sustained.
- Communication – Who is responsible for what communication and to whom.
- People – How staff are to be allocated to manage the business and the crisis.
- Cash-Flow (Profit and Loss) – Addressing the major areas of expenditure in a business and how costs are to be quickly lowered and cash-flow preserved<sup>1</sup>.

This information is often best obtained by one-to-one meetings with key stakeholders and then subjecting the results to a formal review and sign-off process. A minimum of an annual review and/or a major change in business conditions for reviewing of managing the business in a crisis should exist. It is best if the information is obtained on a minimal intervening basis and the approach of providing the business with a “target to shoot at” is often the quickest and most productive. Documentation should be developed to a minimum enterprise standard.

## 5.2.4 Crisis Management

According to specific business needs as well as a whole of enterprise approach, the required strategies, plans, check lists and policies and procedures for managing a crisis should be developed. The documentation should be developed by the respective areas of business according to their needs within an overall framework. The focus is on what is common to every crisis, complimented by the task specific, role specific and scenario specific.

Documentation should be developed to a minimum enterprise standard, including formal review and sign-off. A minimum of an annual review and/or a major change in business conditions for reviewing of crisis management plans and related documents should exist.

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<sup>1</sup> In a crisis, the actual profit and loss may be less important, it is often about how costs can be quickly cut to preserve cash-flow whilst issues are addressed.



### 5.2.5 Capability Management

Capability Management is about having the key staff skilled and trained to manage both the crisis and the business through a crisis.

- **Skilling** – Giving key staff the required skills for crisis management. This may range from courses on how to make decisions under pressure to effective communication under duress.
- **Training** – Includes the general and specific training of staff and key staff for respective roles.
- **Testing** – This is the testing of key staff through exercises, desktop scenarios, drills and other methods. Testing is about measurement to outcomes

The lessons learned need to be integrated back into the capability management process. A minimum of an annual review and/or a major change in business conditions for reviewing of the capability management should exist. Both the documentation and the respective regimes should be developed to a minimum enterprise standard.

Remember, any activity is only as good as the people that do it and skilled and trained staff that know what to do deliver better results for less cost.

### 5.2.6 Monitoring and Reporting

To assure the ongoing operation of the resilience capability and the ability of the business to deliver the required outcomes both ongoing and in a crisis, an authoritative framework for reporting and monitoring needs to be created, implemented and adopted by the business. The frameworks needs to:

- **Assure Outcomes** – Resilience is a means to an end and is not an end in its own right. Any framework is about assuring outcomes and performance is measured against the outcomes achieved. The essence is “can we effectively and efficiently manage the business through a crisis as well as the crisis?”. Anything that is not contributing to this outcome is of questionable merit.
- **Business Focused** – Resilience needs to be business focused and deliver benefits to the business in and of its own right, i.e. the resilience overall as well as each of the components delivers benefits for the business.
- **Simple** – Things that are simple, easily understood, require minimal administration and maintenance and that can be readily adopted to realise results are the most effective.
- **Inform** – Provide the right people with the right information for effective decision making.

## 5.3 Business as Usual

Business as usual is about the ongoing operation and management of resilience so that the organisation is ready and able to respond to the demands made of it in a crisis. Operating at both the individual business level as well as enterprise wide, business as usual typically consists of:

- **Resilience Risk Review** – An annual review (or when major changes in the business environment occur) of resilience risks and the acceptance or mitigation of the risks.
- **Business Sustainability Review** - An annual review (or when major changes in the business environment occur) of business sustainability.
- **Business Management in a Crisis Review** – An annual review (or when major changes in the business environment occur) of the strategies, priorities and framework for managing a business in a crisis.
- **Crisis Management Review** – An annual review (or when major changes in the business environment occur) and exercising of crisis management plans and policies and procedures.



- **Capability Management Review and Regime Implementation** – An annual review (or when major changes in the business environment occur) of the capability management and assuring the implementation of and outcomes from the regime implemented. This includes any new activities implemented to mature the resilience capability.
- **Monitoring and Reporting** – Ongoing reporting of resilience capability and actioning by the appropriate parties as required. This is at both the business level and enterprise wide.

