

The Fragility of Resilience



52% of Fortune 500 companies from 2000 are now extinct

AEI.org

52%

Introduction

Resilience has risen rapidly to become an incredibly popular idea and target for organizations around the world. As a concept, resilience appears to be quite **resilient**: spreading relentlessly and provoking endless theories, frameworks and guides.

Yet at the same time, the concept of resilience is arguably quite fragile. While most could give a broad definition of business resilience, there is no agreed upon definition for the various different departments and functions that might need to be resilient. You'll be able to find dozens of different standards and articles that attempt to pin down these core ideas.

What can be done in this situation? Stakeholders will continue to demand resiliency, even as it can mean different things to different people. In this paper, Orbus Software will look at some of the different meanings and guidelines for resilience, attempting to synergize them all into a meaningful framework.

Even more important than defining resilience is understanding why organizations need it, and how to develop it. For Orbus Software, resilience needs to be an orchestrated exercise that is enterprise wide and is underpinned by technology. Aligning IT assets with the needs of resilience provides the competitive advantage necessary to not just survive but thrive.

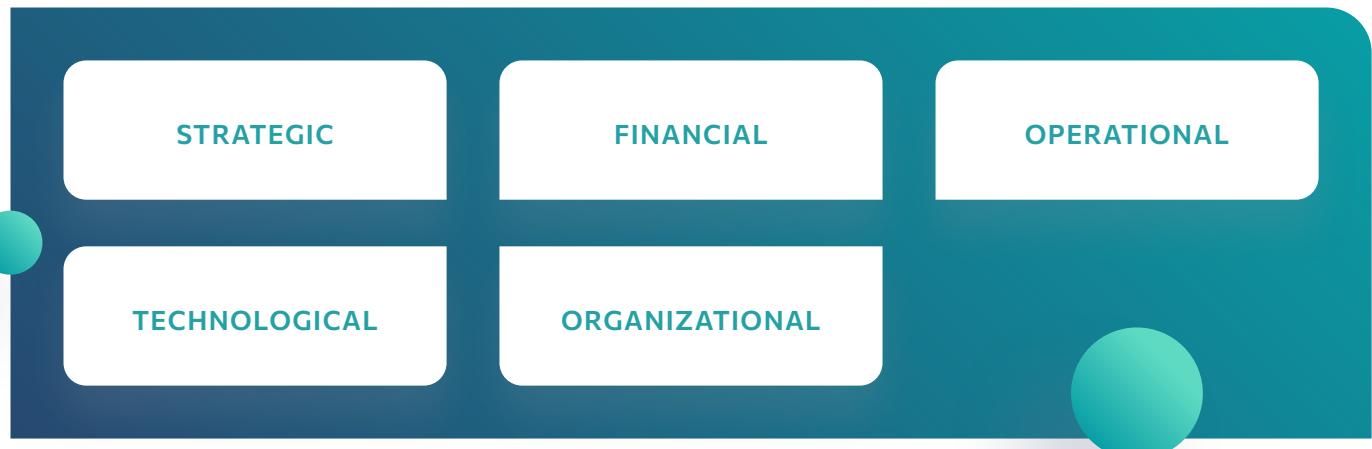
Resilience According to X

Before we start, there are some areas we won't look at. One is the handful of legal requirements for "resilience" as in the case of UK banks who need to comply with "operational resilience" requirements.

Dictionary definitions are also not entirely relevant. Resilience is typically defined as a trait that enables quick adaptation to change, or the ability to bounce back from problems. A positive trait to have for a business, to be sure, but also so vague as to be worthless. We want to discuss business resilience, the ability to adapt to, and survive change in, the business environment, but we need to have a clear idea of what differentiates business resilience from dictionary resilience, and then to understand the different factors that make up business resilience.

There is a wide variety of different breakdowns of business resilience, provided by the big 3 consultants, the big 4 accountants, academia and others. Who should you trust? Which is the view which most aligns with your needs? We'll start by looking at these different ideas of business resilience and trying to break them down, identifying commonalities and key differences. We'll start with **Bain**.

Bain

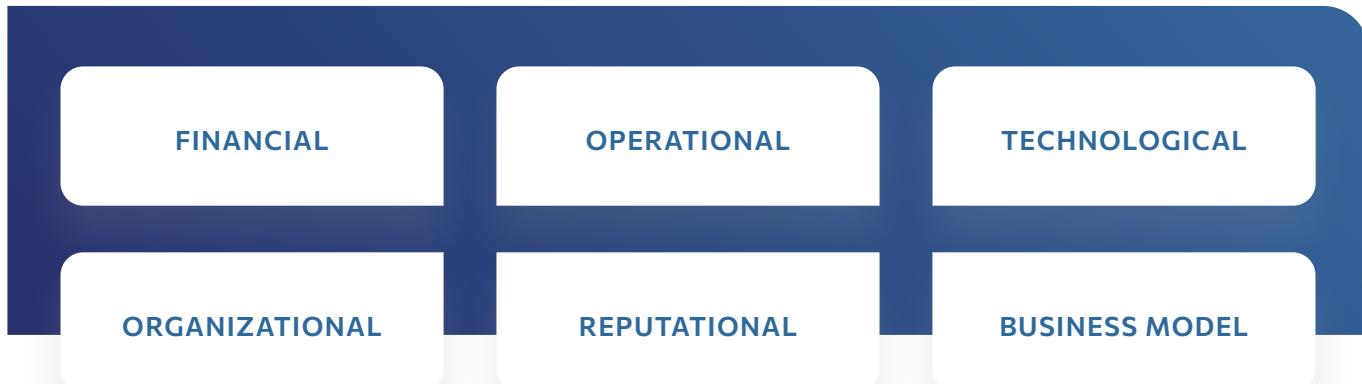


The company contrasts this with a more traditional "balance-sheet" view of resilience, though none of the other discussions of resilience appear to adhere to this view. The first four of Bain's dimensions seem sensible. Strategic resilience refers to approaches like demand elasticity or revenue and profit diversification. Financial resilience covers leverage, liquidity and insurance. Operational is supplier concentration and redundancy. And technological resilience includes availability and cybersecurity.

Organizational resilience makes less sense. An aspect like "crisis preparedness" or "organizational agility" is surely dependent on the other 4 dimensions. They also include personal resilience – is that for all staff? For key staff? How do Bain propose businesses develop the personal resilience of employees? Upskilling is difficult enough without having to work on personality traits.

McKinsey

McKinsey, like Bain, have a multi-dimensional framework for resilience, but they opt for 6 dimensions. Somewhat confusingly, McKinsey refer to the overall concept as both business resilience and institutional resilience. The 6 dimensions are as follows:



There are 4 commonalities with Bain, and the definitions McKinsey provide for financial, operational and technological resilience largely match. However, McKinsey's definition of organizational resilience is more sensible, referring to a robust culture and a workforce that is diverse and capable. Business model resilience appears to match up with Bain's strategy resilience, referring to the ability to adjust to changes in consumer demand or the competitive landscape.

Reputational resilience is fairly straightforward and speaks to an organization that has good relationships and trust with stakeholders, whether in brand, communication or ESG factors.

PWC

PWC approach the concept in a similar manner to Bain and McKinsey, but opt for only 4 dimensions, or 4 pillars:

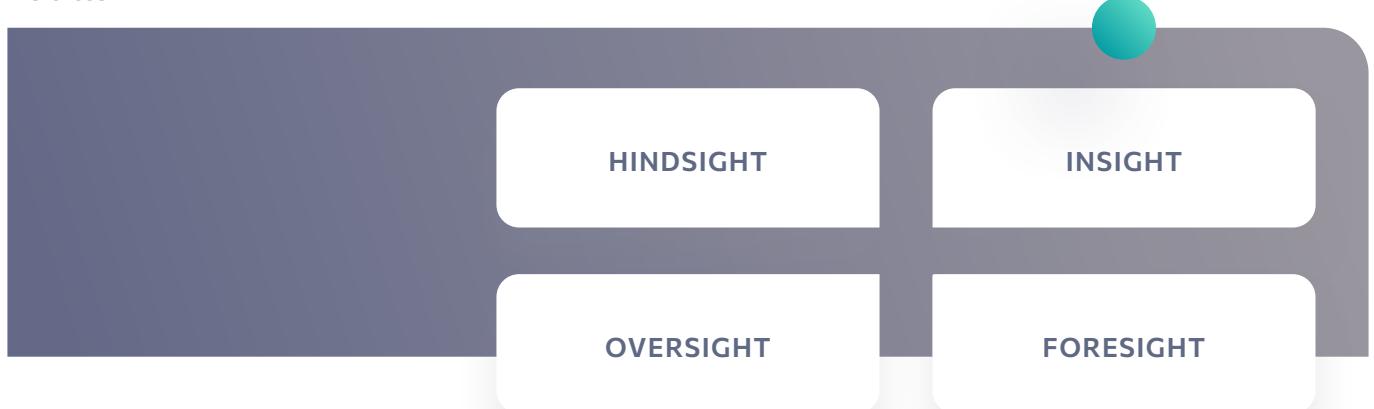


Of course, we might accuse PWC of cheating here, as technology and operational resilience just appears to squeeze two dimensions into one. However, the definitions provided appear to match up with a broader approach to resilience, less closely defined than the others we have looked at.

The most interesting pillar of PWC's is data resilience, which has no equivalent in any other framework. Data resilience covers the integrity and confidentiality of an enterprise's data. In part, this form of resilience will cover legal issues as mentioned at the start of this section (GDPR, for example), but even without that we can still see why having strong data integrity would be important. Data is the lifeblood of many modern firms, without which they could grind to a halt. You could argue that "technology resilience" already implies data resilience, but having a separate concept for data could prove inspired.

Deloitte

Next, we'll examine **Deloitte**. Deloitte has published a number of articles on resilience but without any guiding frameworks like the others. However, one article in particular might prove useful. The Big 4 firm discusses the importance of "Controls resilience" which relies on 4 sights:



Hindsight enables a business to look back on an incident to help learn lessons for the present. Insight is the ability to look deeply into events to gain understanding. Oversight is the supervision of past and present, monitoring results and thus providing evidence for hindsight or insight. And foresight is prediction, knowing something will happen ahead of time so that management can take action.

Developing these four sights (though Deloitte caution against too much hindsight) leads to controls resilience. Controls resilience is simply a very specific kind of resilience related to effective internal controls, but the 4 sights concept is an interesting approach that could easily have relevance elsewhere.

INSEAD

Finally, we'll depart from the big three and the big four to look at a more academic approach. INSEAD's article on resilience ties the concept closely to agility. They argue that resilience is downstream of agility; once you are agile, resilience will naturally follow. In fact, INSEAD go even further, suggesting that agile firms could potentially become antifragile: the concept, popularized by Nassim Taleb, of things which become stronger from adversity.

INSEAD's approach is interesting, offering a less prescriptive path for those seeking resilience and the possibility of greater reward. At the same time, it is somewhat redundant – every company would like to be able to react rapidly to external events and emerge stronger due to their actions. Moving towards this will require a high level of maturity and capability when it comes to resilience. We emphasized in the introduction that Orbus Software do align with INSEAD – the aim is to both survive and thrive, but we see agility and resilience as steps towards an even longer term goal: sustainability. Successful businesses need to be able to handle crises and chart a new course forward, becoming stronger in the process – and this cannot be a one off. A sustainable firm, sustainable both internally and externally, will be agile and resilient throughout both activity and time.

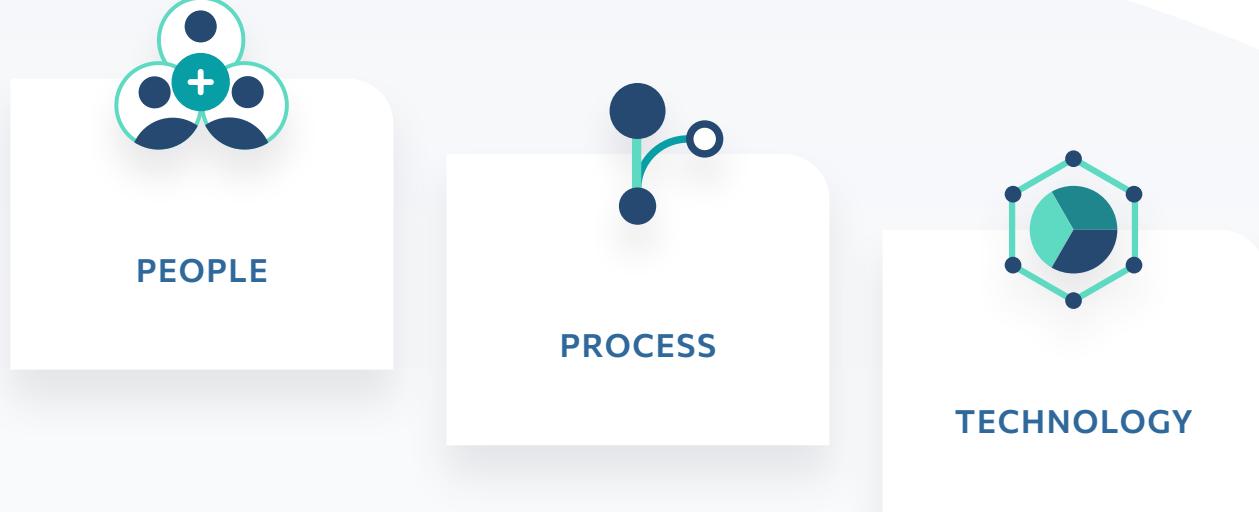
Bringing Business Resilience Together as a Concept

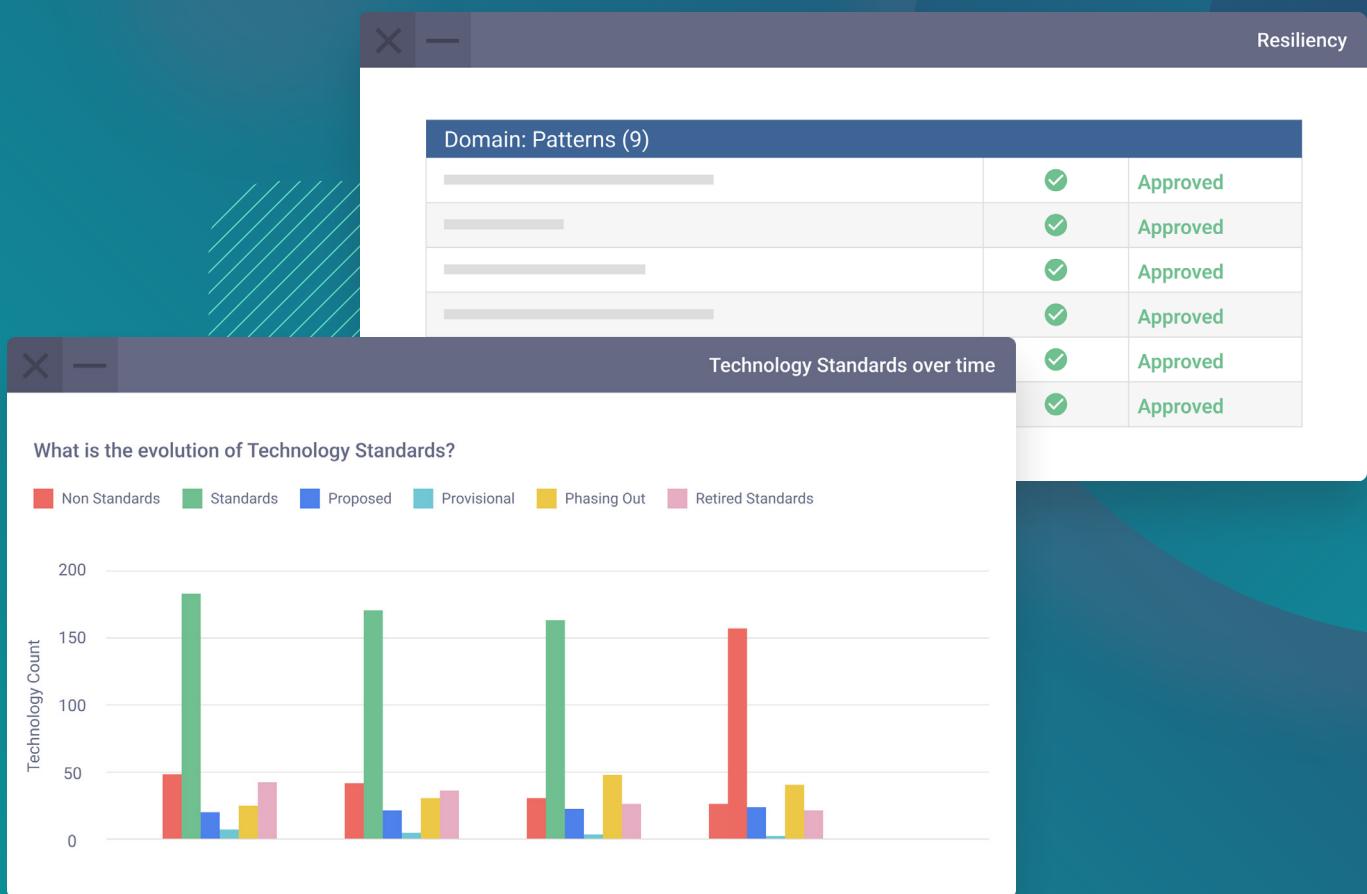
We've got a variety of understandings now, but how can we synergize these? One option is simply to look for commonalities. Everyone appears to agree that financial, technological and operational resilience are important.

This shouldn't be too surprising; long before anyone ever used resilience in a business context, organizations understood the need to have a financial buffer and avoid being overleveraged. Business continuity has always been relevant to IT. And operational resilience was arguably kickstarted as far back as the 80s, as Japanese manufacturers exported Lean production and 'Keiretsu' supply chains around the world.

The more unique concepts we have seen thus far are the ideas of strategy or business model resilience, workforce resilience, reputational resilience and data resilience. You could put together a definition of resilience that expanded to 7 dimensions to encompass all the different ideas put forward.

At the same time, there is value in simplifying things. The different models of the big consultancy and accounting firms can arguably be broken down into 3 factors, instead of 7:





People need to be resilient. By people, we don't just mean employees, but external stakeholders in your supply chain and management themselves. This covers workforce resilience, business model resilience and operational resilience.

Processes need to be resilient. Your business operations and supply chain processes need to be able to survive shocks. Your business model needs to be adaptable and not vulnerable to global pandemics or competition.

And technology needs to be resilient. Hardware, software and data need to be able to continue working regardless of breakdowns, bugs, maintenance, cyberattacks, regulations or anything else.

Nonetheless, the question remains as to why we have to create yet another new framework for resilience. As [this webcomic ably illustrates](#), having a "complete" framework for resilience doesn't mean that everyone will switch to that, it means that there is yet another competing idea in the marketplace.

Why Resilience?

If you are working to improve “resilience”, why is it effective? How does it help a business? The basic idea of resilience is that you become protected against change, internal or external, and able to respond quickly to setbacks and continue to function effectively.

Thus, whether you are facing a global pandemic, a new technology, or simply a new competitor, your business will be able to survive the hits.

You can break this down easily for some of the different categories above. Technology resilience is important for companies because technology is both vital to modern business functions, and somewhat unreliable. Hardware breaks down over time, while software will have bugs. Human error and cyberattackers can cause technology to stop working. And once your technology is unavailable, your business can literally stop functioning.

We can also return to the INSEAD suggestion that resilience is inherently related to agility. Many threats to businesses come with opportunities as well. Having resilience can allow organizations to move quickly and take advantage. For example, during the coronavirus pandemic many businesses were forced to close retail operations and send employees home. Those that had resilient technology infrastructures were able to survive the transition to remote work, and quickly deployed new e-commerce solutions. Nike were able to increase overall sales by 9% and digital sales by 84% in 2020 due to their actions in the midst of lockdowns, quickly shifting from wholesale distribution towards direct to consumer. Such a large change in operations would have demanded resilient supply chains and a resilient e-commerce platform.



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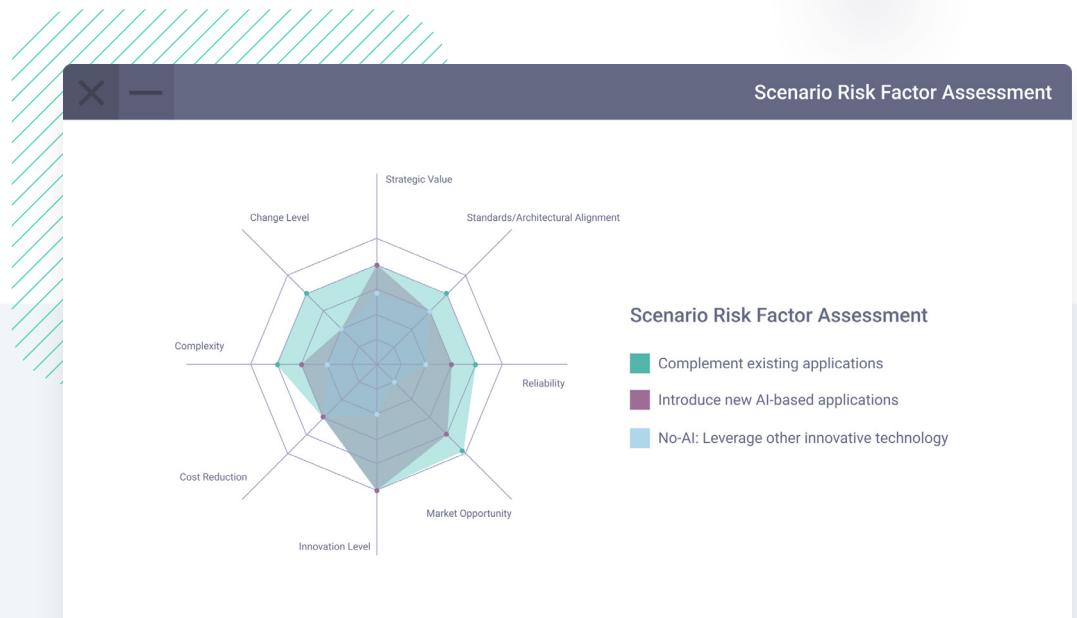
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When doing anything as an organization, the most important question is not “What are you doing?” or “How are you doing it?”, but “Why?”. Why pursue resilience, or embrace agile, or seek synergies, or practice Kanban or do any other popular idea? The answer to this is always the same: to be better. To improve profits or be more efficient. To illustrate, Miyamoto Musashi, the Japanese samurai, once said the following:

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The primary thing when you take a sword in your hands is your intention to cut the enemy, whatever the means. Whenever you parry, hit, spring, strike or touch the enemy's cutting sword, you must cut the enemy in the same movement. It is essential to attain this. If you think only of hitting, springing, striking or touching the enemy, you will not be able actually to cut him.

Whether you wield a sword or you wield a resilience development plan, the lesson is the same. It does not matter whether you talk of operational resilience or financial resilience; or which resilience framework you follow; or if you use entirely different terms. What matters is that you are making your organization better. You can take all of the descriptions above, discard them and still be successful as long as you are taking effective actions to improve resiliency.



How Orbus Software Enhance Resilience?

Orbus Software's iServer365 tool offers a single source of truth for enterprise data, enabling enterprise architecture to be developed and maintained. Enterprise Architecture, at its heart, is all about aligning IT with the needs of business strategy – in other words, it is a great tool to enhance your technological resilience.



But that doesn't mean that iServer365 is only useful for technology or data. The most important lesson to learn from everything we have covered so far is that there isn't a path to resilience that only involves one part of your business. Without Technological resilience, a company cannot have People or Process resilience, they are inherently interconnected.

When Nike transformed their business following the start of the pandemic, their resilient e-commerce platform was vital. But they could not have utilized this platform if they didn't have the supply chain processes to allow them to start to reach millions of customers, or the marketing processes that would bring people to their platform instead of to retailers.

And through it all, Nike's people were there. There had to be people to develop and run their technology, and people to handle their processes and make decisions. If Nike's people were not resilient, if they couldn't transition to remote work and make difficult decisions, they would not have succeeded. And if people didn't have the right technology tools or the right process analysis, they would not have been able to enact change.

All the frameworks we have looked at and proposed have broken down resilience into smaller categories, but organizations must always remember that resilience cannot be developed in isolation. Everything in an organization is connected to everything else and resilience is no different.

There are also opportunities for Governance, Risk and Compliance (GRC) activities. GRC and resilience are close but not identical activities in business, with many organizations handling resilience as a separate discipline. But there are clearly areas which cross over and will touch both areas. GDPR, for example, is regulation which will mostly fall on compliance executives to enact, but it is fundamentally a technological implementation. Maintaining data privacy and responding to potential GDPR breaches will require resilience. Collaboration between IT, GRC and Resilience will be increasingly important in the future, which is why iServer365 provides support for all three disciplines and has been built from the ground up for collaboration.

From a practical perspective, businesses which deploy iServer365 to aid resilience can realize the following benefits:

1. Faster Time to Value



You cannot develop resilience on a 5-year plan. You have to be ready for shocks to occur right now, which means any projects to aid resilience will need to deliver sooner rather than later. iServer365 drastically shortens time to value thanks to its familiar Microsoft tooling, out of the box analysis features and wide range of integrations.

2. Smarter, Faster Decision Making



A mature enterprise architecture is a powerful tool for enhancing decision making, ensuring that data-driven decisions are robust and reliable. Even the most resilient firms must in part depend on the ability to move quickly, which iServer365 can provide. Visualizations, dashboards and other analytical tools can be shared effortlessly among decision makers to empower ideation and generate impact analyses in the short term.

3. Long-Term Strategic Alignment



IT has become one of the most important parts of any business, yet it can end up disconnected from a firm's overall direction. It's all very well having technological resilience, but you won't be able to develop people or process resilience if your IT capabilities aren't aligned with your needs. iServer365 provides clarity over the IT landscape, de-risking cloud migrations and ensuring that IT strategy aligns with business strategy.

The capabilities of iServer365 match up quite well with Deloitte's 4 sights framework. The iServer365 platform provides oversight of all enterprise data and processes. This enables hindsight and insight, particularly thanks to the built-in analytical tools of the platform. Deployed in the right way, users can develop foresight and act ahead of time, becoming genuinely agile. As we articulated above, resilience should be seen as another step towards the ultimate goal for organizations – to be sustainable over the long term.

Above all, the future of resiliency that Orbus can enable is one that is proactive, instead of reactive. Rather than talking about minimizing damage or preventing loss, what we see as the right discussions are: "How can we be better prepared?" and "How can we turn risk into a strategic advantage?".

Summary

Resilience, as a concept, has become very popular very quickly. Naturally, this rapid spread has meant there is some confusion over what resilience should mean and how organizations should approach it.



We have looked at some of the competing definitions from consultancies and other major players, attempting to provide a unified concept. In the end, we described a 3 pronged approach that drew everything into People, Process and Technology resilience.

We then demonstrated how Orbus Software are positioned to develop your technological resilience using our iServer365 enterprise transformation platform. But processes are not ignored either, with the platform supporting a range of GRC and business process analysis features that can synergize with the enterprise architecture function to deliver value.

This means that iServer365 is essential to overall resilience, as there is an inherent connection between every aspect of resilience – technology underpins processes and supports people. Technology and Processes cannot operate without people. And processes ensure that technology is used in the right way by the right people.

People are still difficult. We don't promise to remove the human element from resiliency. Instead, Orbus Software are all about enhancing capability. That's what the best tools have always done, enable people to reach their potential and deliver results that they can't reach alone.

However, we also cautioned that focusing too much on the meaning of resilience and trying to satisfy every different concept will not help you achieve your goals: resilience is effective when it helps your business survive and become stronger, and since resilience spans the whole organization then everything can have an impact, as long as it is not overly focused. In addition, it is not necessary that resilience is the end goal for organizations. In the long term, resilience can be a stepping stone to a truly sustainable organization.

Take the First Step

Business Resilience needs a holistic approach that can only be delivered by the best tools. iServer365 is already delivering results for enterprises, book a demo to see how it can help

[Book a Demo](#)

About Orbus Software

Orbus Software is a global software vendor and a recognized leading provider of cloud solutions for digital transformation. Its products drive alignment between strategy and execution by leveraging familiar Microsoft tools to ensure rapid adoption and best-in-breed functionality. Orbus Software's market leading iServer Suite provides customers with a strategic decision-making platform addressing key digital transformation disciplines, including Enterprise Architecture (EA), Strategic Portfolio Management (SPM), Business Process Analysis (BPA) and Governance, Risk and Compliance (GRC).



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