AGILE OPERATIONAL RESILIENCY
Enhancing organizational continuity amidst shifting business topology

McIndoe Risk Advisory Report | By Nada Marjanovich, Partner

AGILE OPERATIONAL RESILIENCY (AOR) is a business's ability to adapt during times of stress, disruption and uncertainty. AOR is a wholistic strategy that protects assets, objectives and reputations by empowering multi-disciplinary stakeholders to develop a 360-degree view of risk.

As a sustainable solution, AOR enables organizations to maintain productivity and grow through the most difficult challenges. It readies enterprises to capture cost savings, realize competitive advantages and protect reputational capital despite volatility in the threat landscape. It also promotes the real-time situational awareness necessary to lean forward into threats with a more proactive posture.

This ongoing approach is **agile**. Teams continuously learn as they regularly exercise through use cases and become more intuitive at applying best practices when vulnerabilities occur. Because the focus is **operational,** it is designed to be incorporated into existing activities as well as evolve with methodologies as they mature to meet future objectives. Teams exercising and learning together results in collective intelligence that garners the **resiliency** to withstand cascading threats because layers of perceptivity are developed throughout the organization, each with the muscle memory to respond.

Developing the framework to produce this cultural competency is an investment of time but not necessarily significant budget. Agile Operational Resiliency is achieved when the key performers within an organization do what they do best, but do so with a strategic culture of collaboration that posits a scheduled cadence of communication and the tools to advance efficiently. When sustained, AOR enables executive leaders and board members to make decisions efficiently because complete, relevant information has reached them, along with the context to understand the impacts of their decisions and how to best communicate both internally and externally.
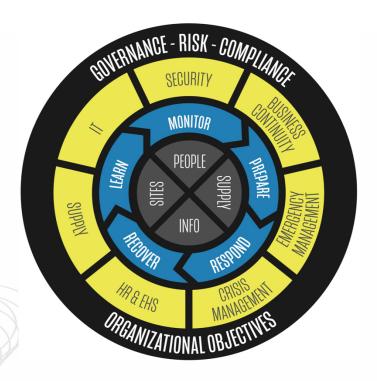
A SYSTEM OF SYSTEMS

The concept of operational resiliency is not new. Consulting giants, SaaS and tech companies were supporting clients in this area years before COVID-19 broke 2020. But their approaches usually developed as an extension of traditional business continuity activities or played catch-up to crisis and incident management learnings. While the outcomes may have been positive, the tactics excluded vital tributary teams from functional groups that could provide a robust data perspective. That missed collaboration additionally fans internal tensions and erodes organizational cultures when resources feel undervalued or functional groups view priorities as competing.

Unlike a "set and forget it" enterprise risk management model, Agile Operational Resiliency is a nimble approach to delivering on business objectives and enhancing governance through a system of systems. AOR harvests both latent and active resources, tools and information to improve operational efficiencies and risk management activities at the functional level. As layers of teams actively share information and exercise for impacts of events rather than the causes, their findings feed up to the enterprise level. Because AOR teams are composed by integrating diverse professionals dedicated to security, risk,

business continuity, emergency management, crisis management, HR&EHS, supply and IT, decision-making at critical levels benefits from a 360-degree perspective.

Once the organization defines its objectives for the near and long term, teams vital to achieving those goals should be identified. Delegates empowered to actuate decisions and direct resources for those teams should be unified in a task force, along with potential advisors who may have access to information yet to make it upstream. These advisors may be chosen based on competence rather than status, such as a customer experience manager who can speak to the realities of ongoing complaints rather than the higher level sales director whose knowledge base is relational.

Material weaknesses, gaps in asset protection, potential risks, tolerance for those risks, desired recovery times and other factors that could diminish success should be identified. The task force should then document a charter for navigating the obstacles, criticality of achieving the objectives and best practices for meeting them. Ideally, an outside steward will coach the team on developing the cultural competencies and motivations for continuity. The steward would also facilitate regular exercising through use cases and other table-top workshops to ensure sustainability of the task force and its related initiatives.

AOR is a concentric system of systems that protects the key assets of people, sites, supply and information while meeting governance, risk, compliance and organizational objectives.

At the same time, members of the task force continue to support their functional teams in applying AOR tactics of exercising, data collection and knowledge sharing to achieve the priorities that serve their discreet objectives. This can be considered the inner layer of the system. As the inner layer cultivates new information and ways of doing things, its representatives to the task force share the outputs at the

task force layer to align activities and communications with other groups and sensitize each other to developing risks. The task force effectively becomes a bridge between the functional groups and the more senior levels of management. As needed, such as to mitigate an evolving risk or achieve a business objective, the task force may create a "scrum team" of key inter-disciplinary participants to develop findings that filter back to the task force who then shares the vitals down to their functional teams and/or up to the senior levels as appropriate.

Regardless of how many layers of teams and scrum teams, or the number of objectives each is exercising for, the goal is consistent at all levels: to protect the organization's key assets of people, sites, supply and information while meeting governance, risk, compliance and organizational objectives. As the concentric layers of teams employ AOR tactics, the enterprise strengthens. Information flows omni-directionally to reach the outer layer of those charged with overseeing governance, risk and compliance. This layer, generally composed of executive leadership and board of directors, can now make decisions more quickly because relevant information from each functional discipline has been corroborated and the totality of vital information from all layers is at hand. The findings of this outer layer result in realistically actionable strategies that are cohesive as they permeate back through the layers to the center, communications are synchronized and employees remain engaged, motivated and committed to face challenges because they are prepared for the actions required.

BECOMING AN A-TEAM

Applied agility is credited to the tech sector where software developers prioritized speed, autonomy and collaboration. It was a guiding principle for how they worked, how they wanted their products to work and how they imagined users working with their products.

The concept populated through professional realities to disrupt company hierarchies and radicalize structures. As a result, previously top down, management-centric machines composed of distinct disciplines that maintained individual siloes have been evolving. They now strive to be organizations that balance being stable and dynamic simultaneously. So too must the policies and playbooks that govern them.

Consulting firm McKinsey defines an agile organization as "a network of teams within a people-centered culture that operates in rapid learning and fast decision cycles enabled by technology and guided by a common purpose to co-create value for all stakeholders…to quickly and efficiently reconfigure strategy, structure, processes, people and technology toward value-creating and value-protecting opportunities. An agile organization thus adds velocity and adaptability to stability, creating a critical source of competitive advantage in volatile, uncertain, complex and ambiguous (VUCA) conditions."[i]

This was put to task in 2020 when a global pandemic, widespread business failures, political and social conflicts, natural disasters, reputational vandalism, collapsing supply chains and other significant disruptions occurred simultaneously. Many businesses quickly created task forces, whether specific to COVID or with a more general mission, in order to navigate the cascading events. These teams were composed of professionals whose expertise included security, risk, business continuity, emergency management, crisis management, HR&EHS, supply, IT and others. Their charter was to meet regularly, usually daily or weekly, to share information and synchronize efforts and communications. By flattening

the organization in this way, decision-making was sped up to ease urgently needed action-taking and became the modus operandi for addressing other challenges.

One example is a multi-national company whose primary market offering became embroiled in social fragmentation and political acrimony. The pre-existing COVID task force was tapped to influence the response and preserve brand capital. It worked well enough through the disruption and other events that they became the think-tank for approaching Return-to-Work policies in late 2021 and certain employee experience initiatives. Conversely, during the Black Lives Matter protests, brands that did not capitalize on input from interdisciplinary groups of stakeholders failed to respond publicly with messaging that was consistent with their customers' expectations. Not only did they suffer losses in sales and reputation, but their retail locations were also among the sites targeted by vandals and they lost significant buy-in from employees, particularly when issuing Return-to-Work policies.

Companies that became more inherently agile in recent years did so by leveraging the task force approach to develop a network of teams that worked similarly to the "system of systems" described above. And many corporate leaders are embracing their persistence into the future. The wisdom lies in taking advantage of opportunities that derive from shared insights in order to synchronize the activities that lead to the most comprehensive threat mitigation and to capture cost savings, seize competitive advantages, effectively govern and protect the core assets of people, sites, supply and information.

The framework for these teams is enhanced when an appointed steward outside the organization mentors, monitors and measures the task force's efficacy. It's more than the mysticism of measuring something that didn't happen. It's about quantifying success of business objectives relative to down-time during previous events. Another method for gauging the task force's output is reconciling their benchmarking against the employee experience, confidence and operational knowledge. Such factors are particularly useful to mitigate realities such as the Great Resignation and growing instances of workplace violence.

DATA REPUBLIC

The intellectual acuity that drives Agile Operational Resiliency derives from continuous engagement of stakeholders sharing information, corroborating on solutions and synchronizing communications. The broader and more integrated this network of stakeholders, the more robust, complete and far-reaching their impact can be.

Technology is an important factor. It was at the heart of companies that were able to respond to the immediate changes in workflow forced upon them by the COVID-19 global pandemic and that forward-leaning posture led to seizing other opportunities and competitive advantages. This required some investment of time and capital, but those expenses were limited compared to successfully accomplishing a paradigm shift that recouped hard and soft tangibles relatively instantly. As Sunil Potti, vice president and general manager for Google Cloud, told Deloitte, "Whether they were launching digital transformations, new workforce-access models, or updated customer interaction technologies, many proactive companies used the crisis to make things better—to get to a 'safer and better normal.'"[ii]

Traditionally, the key pillars of governance, risk and compliance did not interact within an integrated, strategic framework. There is also no codified approach to how enterprises organize the hierarchy of

their corporate functions. This lack of universal corporate taxonomy is not necessarily a hindrance. It only means that achieving Agile Operation Resiliency varies slightly from company to company. In fact, the key principle of AOR being anchored in flexibility is the constant that eases friction points when a diverse population with varied perspectives, objectives and locations works towards a common goal.

This is especially true where technology is concerned. Historically, functional departments within a company used tools and information platforms that were specific to their professional domains. This often creates duplication of efforts while weighing down the process for mining information and creating meaningful reporting. Data collection is often inconsistent across platforms and decision-makers are contemplating divergent, incomplete or inaccurate information. Having a centralized platform with tentacles into a wide range of thematic areas enables real-time federation of data to create instant reporting that is consistent and easily customizable to the recipient and reason for the report.

Maturing AOR relies on a regularly scheduled cadence of learning lessons that result in output that is realistic in use and practical to employ when the next event occurs. The right technology ensures the appropriate information gets to the right people at the right time to make decisions, communicate and meet governance, risk and compliance initiatives as well as minimize potential negative impacts to business objectives. This organic ebb and flow are an earmark of Agile Operational Resilience.

SEIZE THE MOMENT

The world is getting smaller, both in the digital sense and in real life. Global interconnectedness through sourcing, economics, environmental, social and political factors means that events in a discreet location can now have an effect on business operations in an unrelated part of the world. Often, organizations are forced to respond to multiple events simultaneously. In order to govern efficiently, corporate boards of directors and executive leadership teams need information that draws from a robust field of sources federated in real time.

Leadership that has embraced cultures in which individuals are motivated to knowledge share, pool resources, efficiently mobilize activities and synchronize communications have reported that they received better information, heightened dedication and greater support because employees at all levels not only felt empowered to act, they were aligned with the mission and knew what action to take. Organizations considered to have either advanced or mature agility also dispatched regular, written or live-stream communications from their CEOs and other executive leadership. This marked a significant moment in the C-suite coming down from the ivory tower and it resonated with those who traditionally wouldn't have first-hand access to strategic or operational information. It is also the embodiment of a culture in which information flows freely as it penetrates varying levels.

McIndoe Risk Advisory has worked with a wide-range of Global 2000 clients on navigating increasing uncertainty. Our approach to applying Agile Operational Resiliency meets an organization's current challenges while developing sustainable methodologies to ensure long-term viability. Our findings are based on successful execution of AOR programs and input from external sources. To find out how your business can enhance its operational posture to face risk proactively, seize opportunities and protect people, sites, supply and information, email info@mcindoeriskadvisory.com today.

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[i] The Five Traditional Trademarks of Agile Organizations, McKinsey, January 22, 2018

[ii]Maximizing the impact of technology investments in the new normal

Works Consulted

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