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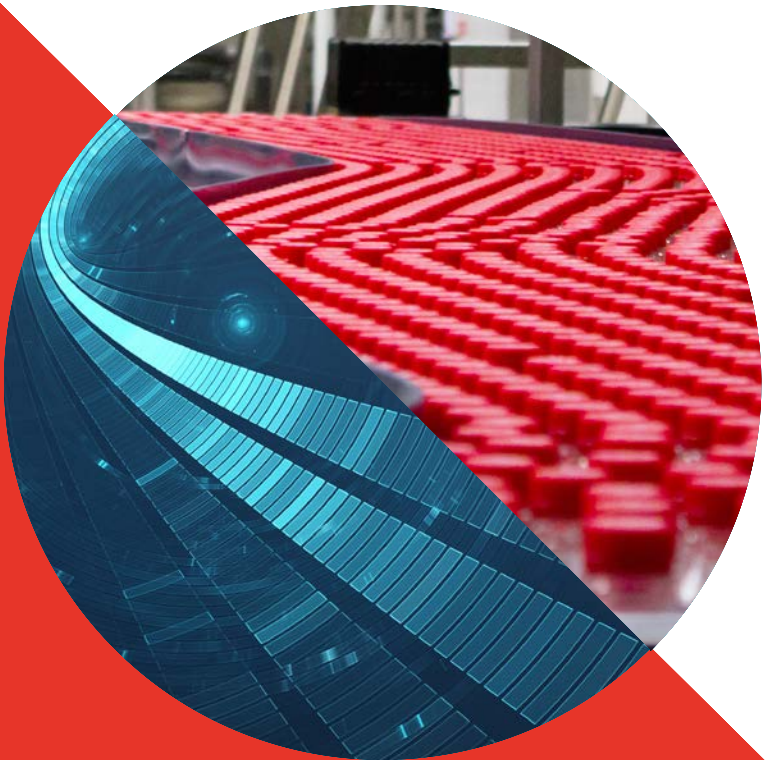
Organizational Resilience:

Harnessing experience, embracing opportunity

Whitepaper



Howard Kerr, Chief Executive, discusses the principle of Organizational Resilience and how it can strengthen companies in today's increasingly complex and ever-changing business world.

Snapshot

- Organizational Resilience is the ability of an organization to prosper year on year in a dynamic, interconnected world

- A resilient organization is adaptive, agile, robust and competitive – harnessing experience and embracing opportunity to pass the test of time

- Organizational Resilience involves the adoption of best practice to deliver continual business improvement, embedding competence and capability across all aspects of an organization

- Organizational Resilience is intrinsic to an organization's ethos and provides a common platform and shared understanding for adapting to a dynamic business environment; allowing leaders to take measured risks with confidence, responding quickly and appropriately to both opportunity and threat

- BSI distils the requirements for Organizational Resilience into three essential elements: product excellence, process reliability and people behaviour

- These three elements combine to provide the customer with the best possible overall experience, building trust and long-term relationships with its stakeholders – and an excellent reputation

- BSI identifies three functional domains where achieving organizational resilience is critical to organizations both large and small: operational resilience , supply chain resilience and information resilience

- Three key benefits from the successful achievement of Organizational Resilience are: strategic adaptability, agile leadership and robust governance

- To stand out and win, every organization, regardless of its size, sector or location, must develop a resilient approach that is right for it – underpinned by its values and defining its brand

- BSI's model for Organizational Resilience is built upon a century of experience and tens of thousands of client interactions from around the world

Introduction

”A resilient organization is one that not merely survives over the long term, but flourishes – passing the test of time”

Resilience is a familiar subject to the business world. Indeed, there is a wealth of academic research and numerous management papers on harnessing resilience in the face of growing business threats. However, ‘Organizational Resilience’ is a relatively new term to indicate a much broader principle of resilience as a value driver for an organization. Much less has been written about this.

Organizational Resilience involves more than simply the ability to survive, vital though this is. It enables businesses to harness experience and embrace opportunity in order to prosper in today’s dynamic, interconnected world. As a result, BSI views Organizational Resilience as a strategic imperative for any business.

Ultimately, Organizational Resilience is the manifestation of ‘making excellence a habit’. A business leader’s professional obligation must be to ensure that their organization performs consistently well and to leave it in robust shape for the future. To achieve that, they must ensure their organization, as well as the business, is resilient.

This whitepaper defines Organizational Resilience and explores key issues surrounding it, including why it is essential to business success, its key components and characteristics, and how a business can achieve it.

Here at BSI we have prospered since 1901, when we wrote the first standard relating to steel sections for tramways. Since then we’ve been helping organizations embed habits of excellence by defining what ‘good’ looks like and developing best practice solutions that improve their performance, manage their risks and help them grow sustainably.

Howard Kerr
Chief Executive, BSI

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Part 1: Organizational Resilience in context

Beyond risk management

Every leadership team will agree that Organizational Resilience is essential to business survival. To date, however, this has mainly been in the context of risk prevention and recovery. Cranfield School of Management's 2014 paper, *Roads to Resilience*,[1] for example, is among many that focus primarily on the protection of resources and assets in the face of external threats.

Organizational 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."[2] The words "organization" and "prosper" really matter. Organizational Resilience reaches beyond risk management towards a more holistic view of business health and success. A resilient organization is Darwinian, in the sense that it adapts to a changing environment in order to remain fit for purpose over the long term. It is also one that learns from its own and others' experiences in order to pass the test of time.

While there is certainly always an important element of risk prevention and mitigation in Organizational Resilience, it is equally focused on business improvement. It is not a defensive strategy. It is a positive, forward-looking 'strategic enabler', because robust, resilient organizations are flexible and proactive; seeing, anticipating, creating and taking advantage of new opportunities.

Kay and Goldspink take this concept further in their 2012 paper for the Australian Government, based on interviews with more than 50 CEOs.[3] They identify three distinct levels of maturity for Organizational Resilience: an effective short-term 'business as usual' capability; the medium-term ability to change and adapt; and the long-term ability to actively shape the environment of the organization.

Arguably, there is also a fourth level, which is the ability to shape the environment positively outside one's own organization. Occasionally, it could be through the creation of a product or service that is so compelling in the value it creates that old ways are widely discarded, such as the adoption of mobile phones, digital music or ride-sharing services. More often, it could simply be the ability to collaborate with one's supplier to improve how they manage their business, so that the benefits are reaped both individually within the business and collectively across the value chain. In the case of improved social and environmental practices, the benefits even extend to the communities in which the organizations operate.

[1] Roads to Resilience – Building dynamic approaches to risk to achieve future success, Cranfield School of Management and Airmic, 2014

[2] As defined by the British Standard for Organizational Resilience, BS 65000

[3] CEO Perspectives on Organisational Resilience, Kay R & Goldspink C, Commonwealth Attorney-General's Department, Canberra, 2012

Mastering change

Mastering Organizational Resilience requires the adoption of excellent habits and best practice to deliver business improvement by embedding competence and capability throughout the business and down the supply chain: from products and services to people and processes; and from vision and values to culture and behaviours.

Organizational Resilience is continually achieved over time through a number of elements, including ongoing relationships and interactions with all stakeholders. It is not a one off exercise.

Achieving the goal of Organizational Resilience requires commitment from the whole company. It builds upon the characteristics that make up the values and behaviours of an organization by transforming how an organization thinks, how it should be run, how it will be perceived, what the experience of working with it will be and where its future lies.

The deployment of Organizational Resilience requires both top-down direction and bottom-up engagement, through clear communication and a willing embrace from employees. This also extends to how an organization engages its supply chain, as the benefits of environmental improvements or systems to uphold human rights in the workplace may be less tangible or immediate to a supplier focused on near-term cost and time pressures.

Recent research[4] among business executives by the Economist Intelligence Unit (EIU) and BSI suggests that good people and great service are key to achieving Organizational Resilience – today and in the future. Understanding customer needs, having well-trained staff, and having a dynamic leadership team are seen as the top three factors for ensuring resilience now and in the future. So, Organizational Resilience is as much a soft art as a hard science. The principle encompasses the values, behaviours, culture and ethos of an organization.

It is leaders who drive these factors. Organizational Resilience allows leaders to take measured risks with confidence, making the most of new opportunities. By making sure their organization is resilient – and by being able to demonstrate it – leaders also ensure that it is reliable and trustworthy, a company that others want to do business with and to partner with.

[4]Organisational Resilience: Building an enduring enterprise, Economist Intelligence Unit and BSI, 2015

Thinking long term

One only has to consider the many major companies that have met their demise over the years to see that long-term prosperity in business is rare and decreasing. In the US, for example, research[5] has shown that companies currently remain in the S&P 500 index for an average of just 18 years, down from 61 years in 1958. At the current churn rate, 75 per cent of the S&P 500 today will have been replaced by 2027, partly because a number of 'younger' organizations have grown very rapidly and partly as some more established organizations have diminished. It's a similar story elsewhere in today's dynamic, interconnected world.

In ensuring the longer-term survival of a company, the real test of success is not short-term results, but the ability to deliver good results consistently over an extended period. Conversely, thinking only about the long term could cause short-term disruption. Organizations must balance their short-term goals with longer-term thinking.

Beyond financial performance, companies are held accountable through public scrutiny. Increasingly, society, media, consumers, business partners, supply chain members and shareholders expect corporate responsibility as well as profitability. In this digital age, business is more visible, transparent and accountable than ever before. Stakeholders are much better informed and have much higher expectations of an organization than merely "what can you do for me today?" They expect to be engaged in a dialogue rather than spoken to and are significantly more empowered to broadcast their own views to a global audience via social media.

In certain industries, a longer-term view is more prevalent – with greater emphasis on resilience. This is particularly true of higher-risk sectors, such as pharmaceuticals and aerospace. Here, governments tend to impose regulation, rather than rely on organizations to invest in business improvement. Such businesses work within more closely defined parameters, but they still operate in highly competitive markets and must strive to get the balance right between short-term performance and investment with longer-term horizons.

In certain parts of the world, long-term thinking is more common. Some Japanese companies, for example, create 100-year plans, and while few businesses have the resources to take such a far-sighted view, there is a case for resisting the short-term approach so often associated with the Western business world.

[5]Creative Destruction Whips Through Corporate America, Foster R, Innosight, 2012

Learning from experience

Long-term planning is typical of the resilient mindset ingrained in Japanese culture. Witness how Japan coped socially, logistically and economically when struck by the Tōhoku Earthquake and resulting tsunami in 2011 – there was no rioting or looting and the economy did not collapse. The Japanese people have long adjusted to their unpredictable high-risk environment; living in an earthquake zone, they have designed and built the necessary infrastructure to minimize the long-term effect of natural disaster risks and have learnt from experience how to become resilient.

Other countries may not worry about earthquakes or tsunamis, but the modern world presents a host of threats – from disease and terrorism to civil unrest and cyber attack – that must constantly be countered.

The writer and philosopher Aldous Huxley observed that, "Experience is not what happens to a man; it is what a man does with what happens to him." In a similar vein, resilience is not what happens to an organization; it is what the organization does with what happens to it.

> "Resilience is not what happens to an organization; it's what the organization does with what happens to it"

The most resilient organizations are eager to learn from their own and others' experiences to mitigate risk. Learning from collective experience through peer-to-peer networking and knowledge sharing is vital, not least when businesses seek to penetrate new and unfamiliar markets.

But organizations can be surprisingly 'adolescent', often ignoring information, advice and best practice because they don't relate to it. In many cases, it is only after they've experienced a setback themselves that they alter their behaviour.

It is easy to forget that many seemingly invincible companies have learned tough lessons from past experiences. Even Apple, now the world's most profitable company, struggled in the 1990s before dramatically reshaping the mobile technology market.

It is also possible to go from strength to strength, learning to adapt and respond to market shifts or unforeseen opportunities in order to prosper and therefore defy corporate mortality.

Part 2: Building a resilient organization

Organizational Resilience in practice

BSI's model for Organizational Resilience is built upon a century of experience and tens of thousands of client interactions around the world. It distils the requirements for Organizational Resilience into three essential elements: product excellence, process reliability and people behaviour.

These three elements combine to provide the customer with the best possible overall experience. A business that achieves this consistently over time will not only build customer loyalty, but also trust and long-term relationships with all its stakeholders.

Product excellence

"Truly resilient businesses innovate, creating new products and markets, always staying one step ahead of competitors"

In this context 'product' refers to whatever product, service or solution an organization brings to market to generate revenue. The starting point is to ask which markets an organization serves. Do its capabilities and products match the market requirements – and comply with regulatory requirements – and if not, how does it adapt to them?

Horizon scanning – the systematic examination of information to identify potential threats, risks, emerging issues and opportunities – must play a key role.

Truly resilient businesses innovate, not merely jumping on someone else's bandwagon, but creating new products and markets, always staying one step ahead of competitors. They are well equipped to differentiate their offering, taking a lead while others follow.

Today's customers and other company stakeholders simply won't accept a sub-standard product or service. They will quite rightly complain and do so more visibly than ever before on social media, with all the dangerous reputational implications that this carries. This represents a risk to be recognized and managed. Conversely, customers can be much more powerful advocates than any advertising or marketing will ever be – and here lies opportunity.

Process reliability

> “Reliable processes, delivered consistently over time, are fundamental to achieving and maintaining high customer satisfaction”

Embedding habits of excellence into the development of products and services and bringing them to market is a key component of success. Organizations need a systematic approach to quality in the broadest sense of the word. They must ensure they ‘do the basics right’ consistently through the strength and reliability of their processes, while still leaving scope for innovation and creativity.

Business-critical processes in areas such as quality, environmental management, health and safety, responsible sourcing, information security and business continuity must be robust and compliant. And not only within an organization itself, but also throughout its supply chain, where the burden on organizations arising from globalization of the supply chain and their use of third-party suppliers, opens the door to corruption and compliance challenges.

Reliable processes bring benefits internally, such as improved efficiency and lower costs, and externally, such as reduced environmental impact to increased competitive edge. Sound processes, from complaint-handling to clear billing, delivered consistently over time are fundamental to achieving and maintaining high customer satisfaction. This, in turn, builds the trust of customers and stakeholders in a company, allowing it to be relevant and remain so, fostering long-term prosperity.

People behaviour

> “Organizations that have passed the test of time have achieved alignment between customer expectations and employee belief”

An organization’s people, culture and values determine business success.

‘People do business with people’ may be a cliché, but it remains true that we often judge an organization by the personal experience we have with it. This includes how its employees serve us, and how we observe the company interacting with the environment, civil society and its supply chain partners on ethical and social responsibility issues. If our experience is positive we, and many others like us, will cumulatively reinforce the brand’s reputation.

Organizations that pass the test of time achieve alignment between customer expectations and employee belief by having a strong sense of identity. Many companies have moved away from directive, hierarchical management. Instead, modern leaders achieve engagement by being more inclusive and value the contributions from their staff.

Shared ownership can create a sense of common purpose, supporting organizational resilience through workers' added motivation – contributing to high quality customer experience, based on dealing with helpful, knowledgeable staff who care. In shared-ownership organizations, employee behaviour is not simply dictated by a set of rules to be followed, but is an integral part of their job and part of their organizational ethos. It can apply across industries and business functions, encompassing attitudes to quality management, health and safety, the environment, innovation, collaborative working, anti-bribery policy and many other areas of business.

Staff are at the frontline of the business and know what is going on, so can provide unique insight. Organizations that engage and encourage their staff to address issues, provide solutions and give constructive feedback, retain talent and achieve sustained success.

The challenge facing leaders is to understand an organization's values, articulate them and demonstrate them, so that everyone lives those values – not because they've been told to, but because 'it's the way we do things around here'.

Values and culture in action

The London Olympic and Paralympic Games in 2012, for example, were the most sustainable ever. Another measure of success was that the whole project was completed, from bid to final decommissioning, without any fatalities – because of a health and safety philosophy and culture. In the case of the Games, resilience did not reside in their longevity, as the events were always going to be short-lived, but in their legacy. They showed the people culture and values that can be achieved, providing a model for Rio in 2016, just as London had learned lessons from preceding Games, notably those held in Sydney in 2000.

Organizational Resilience: three key domains

Prospering year on year in a dynamic, interconnected world depends on a number of functional behaviours within an organization that allow it to deliver effectively on its core business. While there are many business functions that will benefit from a focus on resilience, there are three domains that BSI's wide experience with clients has identified as critically important in achieving Organizational Resilience in companies large and small. They are: operational resilience, supply chain resilience, and information resilience.

1. Operational resilience

Definition: A resilient organization has a full understanding of how it is run and the environment in which it operates. This includes identifying operational improvements across its products/services and processes in order to meet the needs of its customers over time, through to how an organization values its people and governs itself. It requires demonstrable evidence that the organization is not complacent and is always challenging itself to improve performance and grow sustainably.

To achieve operational resilience depends upon clear intelligence and analysis of the outputs and inputs of products, processes and people. This requires gathering insight and taking informed, tactical and strategic decisions in a timely manner. Ultimately it is about having a clear vision, and working towards it.

Sticking to and achieving that vision involves all aspects of operational good practice, starting with good governance at board level and then focusing on areas such as the management of quality, environmental issues and occupational health and safety.

A resilient organization is self-aware. It has a true understanding of the situation and health of the business – the risks, vulnerabilities, strengths and current capabilities of the organization, as well as the marketplace and external environment it operates within.

Self-awareness first requires the ability to observe real-time activity across an organization and value chain, which requires the right tools, mindset and practice. It requires organizational honesty to accept information that people may not want to hear – bad news can be the catalyst for improvement. This demands an investment in people and culture. And self-awareness can only add value if the lessons learned lead to actions that are measured and fed back into the system – all of which requires the right tools, people and processes.

Effective understanding of operational practice allows organizations to prosper through improved efficiency and better, more timely decision-making, and underpins resilience at times of emergency.

2. Supply chain resilience

Definition: 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. Organizations need to identify the critical risks to minimize disruption and help protect global operational, financial and reputational exposures.

Firms attempting to maintain their competitive edge and margin levels have been forced to move some or all of their manufacturing operations to countries that offer more affordable labour costs. Modern manufacturing relies on global supply chains for raw materials and increasingly for finished components for assembly, branding and marketing. Similarly, business and professional services companies often depend upon consultancy and support services from around the world.

However, reliance on extended supply chains, contract manufacturers and globalization of operations can cause negative impacts, including business interruption, tarnished reputation and damaged brand value. Large organizations can be complex and unable to access or react to the right information across multiple functions; and many lack a low-cost, unobtrusive way to measure impact.

Supply chain risk is largely predictable and through proper modeling can be identified and mitigated in advance of an adverse event. For example, in 2011, many automotive manufacturers' assembly operations were disrupted because of a fire at a single supplier's factory in Germany.

The auto-manufacturers had failed to identify the supplier as the sole source of a resin that coats brake linings. As a result, this single event halted production for several of them, an outcome that was completely preventable.

By building resilience and mapping out enterprise supply chain risks, organizations limit downside risks and capitalize on opportunities. Such resilience requires sophisticated risk-based modelling, supply chain interdependency mapping, business continuity planning, and thorough due diligence on suppliers.

Embedding intelligence in the supply chain framework helps identify those critical suppliers that pose the greatest risk so that organizations can, in a targeted and effective way, address myriad of compliance areas. Injecting this intelligence to ensure a third-party supplier can meet regulatory, responsible sourcing, business continuity and security requirements – all while fulfilling an organization's supplier code of conduct requirements – is what differentiates a supplier as an asset rather than a liability.

In a nutshell, resilient organizations have very good supply chain traceability and are in a strong position to tell their supply chain story. They can explain:

- What the issues are, and where
- Improvement made or plans to be made
- How their supply chain aligns with their corporate values.

Environmental health and safety within the supply chain

Many supply chain environmental health and safety (EHS) deficiencies and risks result from third party contract manufacturers lacking sufficient knowledge to meet the regulatory standards and international best practices expected of them. Companies with highly complex, global contract manufacturing supply chains face extraordinary EHS, business continuity, social and reputational risks which require them to move beyond basic industry EHS compliance to assure the operational integrity of their key contract manufacturers.

Identifying supply chain EHS risks and developing effective mitigation strategies requires expert global regulatory knowledge, highly competent and proven local expertise, a deep understanding of the contract manufacturing business culture, as well as extensive risk assessment and risk management experience.

For a US-based, top tier consumer technology leader, supplier assessments utilizing a cost effective and well-established prioritization of issues (POI) methodology provided the foundation for developing an industry-leading EHS supplier requirements strategy. Utilizing a risk ranking process, on-site EHS assessments were performed at priority supplier locations throughout the Asia Pacific region to identify the most important EHS improvements common to their supply chain.

While gap analysis and corrective action reporting produced during the assessment phase gave the company visibility into the EHS impacts of its supply chain, internal EHS capacity building drove more sustainable performance and the creation of a safety and health culture. To address this, customized, bi-lingual, EHS knowledge transfer workshops for hundreds of supplier staff in Eastern and Southern China were developed and delivered to educate third-party contract manufacturer's EHS, facility and engineering staff on the high-priority EHS areas to support the suppliers' abilities to meet the company's EHS requirements.

The company is now confidently and proactively managing environmental, social and reputational risk in its supply chain, can report transparently to its stakeholders, and is defining the 'high bar' standard for the industry.

3. Information resilience

Definition: In today's world, organizations must be trusted to safeguard sensitive information. A resilient organization must manage its information – physical, digital and intellectual property – throughout its lifecycle, from source to destruction. This requires the adoption of information security-minded practices that allow stakeholders to gather, store, access and use information securely and effectively.

Information is key in maintaining trust and transparency across a supply chain and it is an essential element within an organization in managing performance, ensuring due process and protecting the quality of the end product.

Digitalization has greatly boosted business productivity, but has left organizations vulnerable to security threats such as computer-assisted fraud, espionage, sabotage and 'cyber vandalism'. Most threats are not external, but stem from poor practice internally. The rapid expansion of cloud computing and the outsourcing of personal and business data has only exacerbated the problem.

Organizations must gather, use and store information appropriately and protect its integrity with robust information security management systems. In today's digital world individual and business customers must be able to trust companies to be run securely and to have adequate protocols in place to protect their sensitive data.

Best practice organizations ensure information security is embedded into their organizational behaviour – supporting rapid and effective decision-making in a safe environment.

Standard practice

Capgemini, a global leader in consulting, technology, outsourcing and local professional services, uses ISO 27001 to increase its resilience, reassure clients and gain a competitive edge.

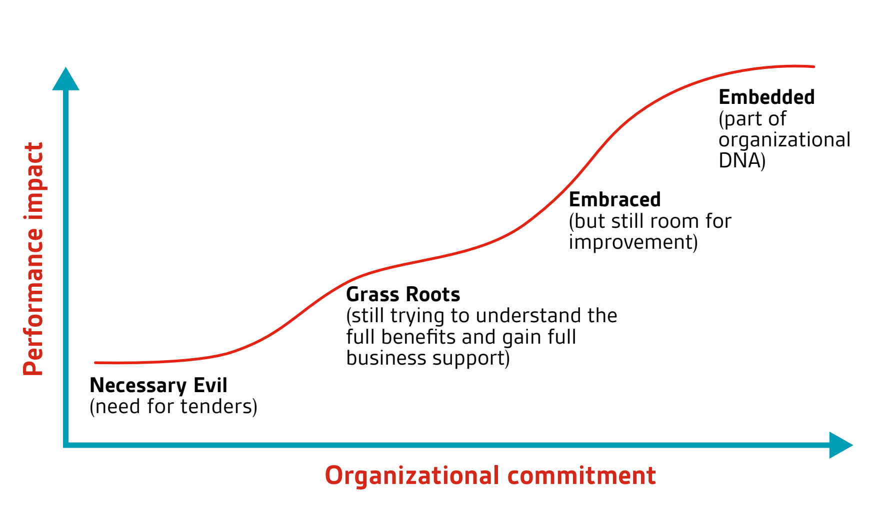
The group has adopted a comprehensive approach to information security, introducing a range of measures to address the confidentiality, integrity and availability of information it holds. Key security drivers include potential attacks by computer system hackers, but also new 'threats' such as increased government regulation and tougher requirements from the PIN card industry.

"If we fail to comply we risk heavy fines and severe damage to our reputation. Security has also become a major concern for clients. Without robust systems in place, we could lose business," says the Global Chief Information Security Officer within the firm's UK Infrastructure Services division. "That's why we went down the standards route. We wanted to prove best practice to ourselves, but we also wanted to demonstrate it to both commercial and government clients who are insisting on it.

"It's not just about looking after data; it's about looking after people and physical security too – it's not just for techies."

The Organizational Resilience Improvement Continuum

Different organizations will be at various stages of the Organizational Resilience journey. As the graphic suggests, some will regard Organizational Resilience measures as a 'necessary evil', perhaps adopting them reluctantly in response to regulatory obligations or supply chain tender requirements. Such weak commitment is likely to reap correspondingly disappointing rewards in terms of improved performance.



At the opposite end of the Improvement Continuum are those companies that are wholly committed to Organizational Resilience, experiencing cultural change, continual performance improvement and sustainable growth. Key to success is top-down drive from the most business leaders within the organization, 'it's the way we run our business'. KPIs are also highly likely to keep the business improvement metrics front of mind, typically with defined action plans.

The 'Grass Roots' stage is more of a 'bottom up' approach where staff have identified benefits to the business in terms of efficiency gains, process improvements or employee engagement, but business leaders are not necessarily aligned, partly due to ignorance, partly due to being too busy. 'Embraced' is a step further, where some but not all leaders recognize the benefits and start to align resources and focus to take advantage of the benefits.

Most importantly, organizations need to be striving for best practice, which involves a combination of senior leadership and employee engagement to reap maximum rewards.

Resilience benefits

We have seen that resilient organizations are founded upon three essential elements, and achieve best practice in three key functional domains. There are also three clear resilience benefits: strategic adaptability, agile leadership and robust governance.

Strategic adaptability – is the ability to handle changing circumstance in a dynamic, interconnected world while staying true to a common purpose. Changing market conditions have seen many companies move away from their original core business, but only some have done so successfully while others have foundered.

GEC-Marconi, for example, at its height a great British success story in telecoms, sold its interest in that business, only to bankrupt itself in another. In contrast, US multinational 3M, founded in 1902 as the Minnesota Mining and Manufacturing Company, has evolved so successfully that today it produces Post It notes – as well as 55,000 other products. Similarly, Sweden's Volvo has diversified to become a global manufacturer of products that no longer include the cars that made it famous. Again, success here is boosted by the critical components of Organizational Resilience. Effective, trusted intelligence has provided these companies with the foresight to see when change is required, and the strategic adaptability to time major moves into or out of key markets.

Agile leadership – means taking measured risks with confidence and responding quickly and appropriately to both opportunity and threat.

Leaders must have the courage to make tough strategic decisions, often because things aren't going well and sometimes even when they are. Agile leaders recognize that at some point their organization may falter, for example, by being overtaken by fundamental shifts in their markets, which may occur gradually at first, but ultimately prove fatal. Witness the worldwide demise of high street record and video rental chains in the face of all-conquering online-only competitors.

Successful leaders realize when things are going well and that the good times never last forever. Many are not afraid to make changes at the top of the cycle. They insist upon a constant process of renewal through 'creative destruction' – often jettisoning things that are working in the short term in order to innovate and improve for the long term. If the team or business' performance falters, it doesn't necessarily mean the organization is not resilient.

Agile leadership is simple to spot, but harder to achieve. There is no 'one size fits all' recipe: some organizations continue to operate effectively on a highly centralized, hierarchical model, while others reject traditional command and control methods on the grounds that they rarely win 'hearts and minds'. They are opting instead for flatter matrix management and employee collaboration, believing that devolved decision-making, based on trusted operational intelligence, is more likely to prove successful. Arguably, there is no perfect structure at any point in time; simply structures that work and those that don't. Structures must evolve and adapt to suit the current culture and environment. Identifying problems and quick adaptation are key.

Robust governance – can be defined as accountability across organizational structures and hierarchies, based upon a culture of trust, transparency and innovation. Put simply, it is the system by which companies are directed and controlled to stay true to their vision and values.

Governance requires rigorous supervision of the management of a company, ensuring that business is done competently, with integrity and with due regard for the interests of all stakeholders. Good governance is, therefore, a mixture of regulation, structure, best practice and board competency. As with the other two benefits of Organizational Resilience, that depends upon effective awareness of operational practice, trust in the data and confidence in the end product.

Debate in the wake of the global financial crisis has focused on achieving sound governance through rules, codes of practice or regulation. It is a mistake, though, to think that they are all that is needed – just as having rules for driving does not make people good drivers. The issue is much more one of raising the levels of board capability, spreading best practice, building a culture of continual improvement and then checking that it is implemented correctly.

In the same way as a driving test reinforces standards on the roads, management system standards in diverse fields, including risk management, anti-bribery, business continuity management, supply chain ethics and information security management, help businesses of all sizes to achieve and maintain best practice, encouraging customers to do business with them, people to work for them, investors to back them and society to value them.

Good governance applies to the entire value chain, which increases the complexity and scope of the task. Multinationals with complex supply chains have purposely chosen to assume less control over elements of the production of their products and services in an attempt to reduce costs or to focus on core competencies – and yet they are expected to maintain a sufficient level of oversight and are the de facto owners of the reputation of that entire value chain. Acknowledging and understanding this contradiction lies at the heart of supply chain management.

Continual improvement

Organizational Resilience is multi-faceted. You can invest time, energy and money into one aspect of your business that will give you a boost for a period of time – investing in your people, for example. But long-term resilience requires looking at your organizational capabilities holistically, enabling you to hold on to new ground and to strive for continual improvement

BSI's Organizational Resilience model is deliberately drawn as a positive feedback loop, with process excellence driving up product quality, indivisibly linked to the people culture of an organization. This process of continual improvement is at the heart of long-admired management doctrines such as Kaizen or Six Sigma, as well as being embedded in BSI's own practice of making excellence a habit. Habitual excellence is at the heart of resilience, but this heart needs to power muscular business characteristics.

> "Habitual excellence is at the heart of resilience, but this heart needs to power muscular business characteristics"

Stand out and win

To stand out and win, every organization, regardless of its size, sector or location, must develop an approach to resilience that is right for it – underpinned by its culture and defining its brand.

BSI's model for Organizational Resilience is built upon over a century of our own history and tens of thousands of client interactions annually around the world. We have learnt Organizational Resilience from our own experience – and from that of others. Now we can share that insight through our own Organizational Resilience model, through the British Standard for Organizational Resilience BS 65000, and through our broad range of other relevant standards and business services. At BSI, we are wholly focused on 'making excellence a habit' – and we stand ready to help your organization do so too.

Our recent research with EIU shows that executives believe Organizational Resilience is vital to their long-term growth and financial performance. Four out of five respondents agree that resilience is required for long-term growth, and more than half see a very strong link between investment in resilience and long-term financial performance.

But two-thirds have not yet achieved it. Lack of knowledge and skills related to ensuring resilience, insufficient leadership commitment, and the need to focus on more immediate financial issues are cited as the biggest obstacles to achieving Organizational Resilience.

Whatever the future holds for your company, BSI's approach to Organizational Resilience will help you overcome these obstacles, harness your experience, embrace your opportunities – and pass the test of time.

The legacy of a true leader will be determined not so much by what is achieved today as by what the organization achieves in the future.

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