

Enterprise Resilience

A business imperative for an era of change

A London First/PwC research report on organisational resilience, as BS 65000 reaches its first anniversary.



London First and PwC asked leaders in industry about their views on organisational resilience and, specifically, the resilience of their own organisation. In this report, we discuss the concept of organisational resilience and share the findings from our research.

Why business leaders should be interested in resilience

It is becoming harder to sustain business success for the long term. Between 1999 and 2015 more than half the companies in the FTSE 100 were replaced by new entrants.¹ Significantly by 1958 the average S&P 500 listed company stayed in that index for about 61 years but by 1980 the average tenure was 25 years – today, it stands at about 18 years.²

Business longevity is not just a matter of being able to survive the latest disruption. It is about evolving in the face of change in a dynamic and complex world. That adaptation – even transformation – requires a strategic vision of change management that rises above the short-term shocks and stresses and delivers long-term competitive advantage. Perhaps, this is why industry leaders and regulators are increasingly talking about their organisation's resilience.

In 2015 Forbes asked 500 CEOs³ for their greatest business challenges; in the same year PwC's 18th annual survey⁴ polled 1,300 company leaders with some similar questions. In the results, business leaders cited some of their key concerns as the rapid pace of technological change, the threats and opportunities relating to the cyber landscape, increased regulation, and access to the skills needed to deliver against their goals.

At the heart of the findings was one common theme – change. In order to grow, CEOs were not expecting to stand still but instead were preparing to serve new markets, to compete differently, and to collaborate more extensively to gain access to emerging technology and innovative ideas. The underlying message was that organisations that embrace change are likely to be much more successful in the long term when compared with those businesses that stick to traditional plans. Past performance in this case is definitely no guarantee of future success.

1 <http://www.theguardian.com/business/2015/feb/25/ftse-100-companies-1999-2015>

2 <http://www.innosight.com/innovation-resources/strategy-innovation/upload/Creative-Destruction-Exec-Briefing-0212.pdf>

3 <http://fortune.com/2015/06/04/fortune-500-ceo-survey/>

4 <http://www.pwc.com/gx/en/ceo-survey/2015/assets/pwc-18th-annual-global-ceo-survey-jan-2015.pdf>



“If you’re on the Board you’re always worrying about whether you’re observing change and whether it will affect you. It is a sort of permanent state of mind; the need to be resilient.”

Non-Executive Director

More resilient organisations are better able to anticipate and exploit change, as well as adapt to it. Anticipating, responding and recovering from disruptive events will always be a feature of our business landscape, but resilience is much more than this. It is also about making sure organisations can prosper over longer timeframes by evolving to remain relevant and viable – and competitive. In other words, resilience is also about responding positively to change.

There is a growing consensus among business leaders and academia as to what makes organisations more resilient and in 2014 the British Standards Institution issued BS 65000, Guidance for Organisational Resilience⁵. Importantly, BS 65000 acknowledges that every organisation is different and provides guidance rather than instructions, which can be tailored rather than providing a ‘checkbox’ approach to what is a complex concept. This reflects the reality that resilience is not a process that starts at A and finishes at B – and that every organisation’s requirement for resilience, and what contributes to their resilience, will be different.

“Questions of resilience should be considered as part of the strategic planning processes and business planning processes... you get to the topics that you have to think about: the ones that could take you down or could close your market.”

Non-Executive Director

Implicit within BS 65000 is that organisational resilience has both ‘conscious’ and ‘unconscious’ aspects. Chair of the ISO working group responsible for continuity and resilience standards, and PwC leader, James Crask, explains: *“The conscious aspects tend to include the structured functions and activities an organisation undertakes to enhance resilience – activities like risk management, business continuity, crisis management and IT resilience. The unconscious aspects of resilience include how an organisation’s strategy, leadership and culture contribute towards an organisation’s future survival and success. These are present but are not usually explicitly linked to resilience.”*

As one contributor to our research remarked: *“I often hear heads of business continuity or risk talking about their function as being the ‘resilience area’. But true resilience is provided by a far broader range of contributors – including leadership and culture and how we think about risk.”*

The research

The aim of our research was to poll views on enterprise resilience from individuals tasked with delivering it.

An online survey was complemented by interviews with non-executive directors. We posed 20 questions about perceptions of resilience, which were intended to provide insight into a number of areas, including any differences between operational and strategic views and approaches. We also spoke with non-executive directors from a range of backgrounds, and listened to their thoughts, concerns and priorities around the resilience of the organisations for which they are responsible.

Four Key Findings

1. **Senior leaders take a strategic approach to resilience but the management information they receive tends to be operationally focussed.** When we asked respondents to talk about their own definitions of resilience, those in more operational roles focussed on the ability to deal with shocks and unforeseen events referencing activities such as business continuity, incident management and security as key enablers of resilience. However, more senior leaders take a wider view, more aligned with the British Standard.
2. **More resilient organisations evolve to remain relevant and viable.** Only a quarter of respondents believed that organisations will always deliver the same core services. The majority recognised the need to adapt and change to survive and thrive over longer timescales. Remaining relevant to those we serve and understanding how technological advances change the dynamics of our environments are key. As one General Manager told us, *“Nothing is forever”* and a leader from a defence company: *“To survive, the organisation may have to change by entering lesser known markets.”*
3. **The culture of an organisation is critical to resilience.** While respondents agree that Risk Management, Business Continuity Management (BCM), IT Disaster Recovery and security are major contributors to resilience, they also believe that reputation and culture play a vital role. In short, everyone knows that managing risk, continuity and technology well makes our businesses more resilient, but so does having the right values and culture.
4. **Joined up thinking and actions will deliver resilience.** More than 90% believed that resilience is greater when functions such as risk management, business continuity, IT and security are joined up. However, just 37% felt these functions are appropriately joined up in their own organisations, and more than two thirds felt decision making was not always informed and joined-up across their company.

Organisational resilience is:
“the capacity to anticipate and react to change, not only to survive, but also to evolve”.

BS 65000, Guidance for Organisational Resilience

I consider resilience to be:
“The ability of our organisation to continue to fulfil its core purpose and to be flexible in meeting that purpose as our operating environment changes.”

Manager, Public Service

“The ability to anticipate and respond to change.”

Director, Manufacturing

Who took part in the survey?

Business leaders
and managers



Non executive
directors



Representatives of
60 companies



The participants include a broad cross-section of UK organisations

100
Employees



10,000
Employees



77%
Private-sector
businesses

20%
Public service
bodies

3%
Charities



15%
are headquartered
overseas

48%
headquartered
in London

37%
elsewhere in UK



construction
and property



education



financial
services



manufacturing



oil and
energy



defence



media



retail



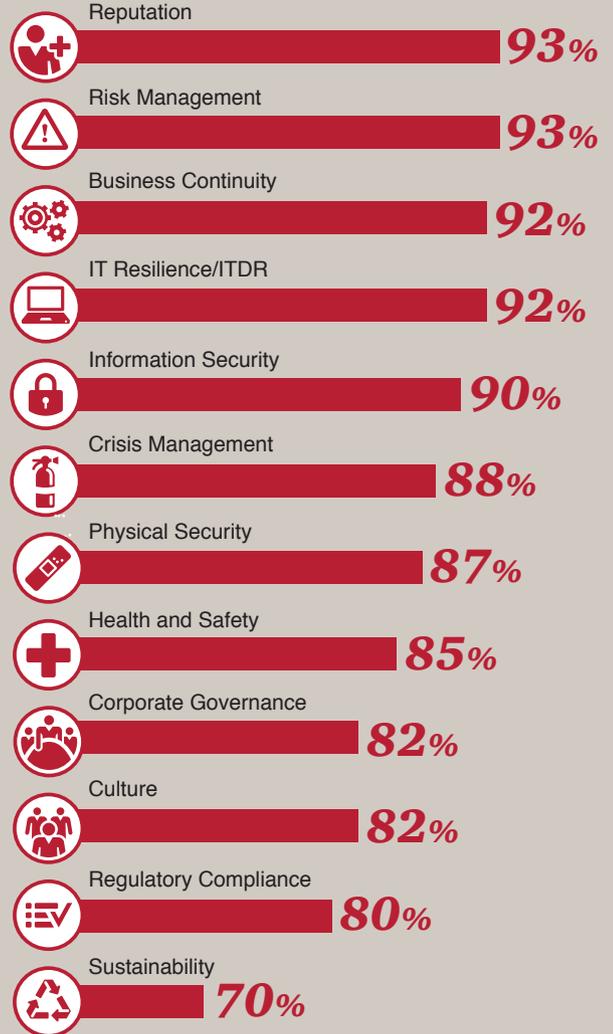
professional
services



telecoms and
transport

Thinking operationally

When we asked about resilience in an operational context, they told us that the following contribute most



When we asked without an operational bias, 92% believe that organisational culture is a key contributor to resilience

What else did they tell us
contributes to the resilience
of their organisations?

"Leadership, culture, trust,
values and change
awareness."

"Good products and a good
understanding of our markets –
It has always been that in business."

"An open culture and a
willingness to analyse
information are important."

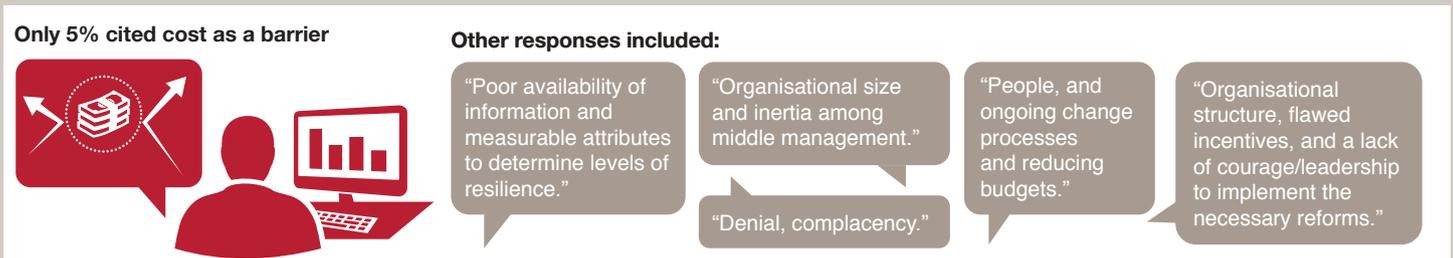
Joining up the operational resilience dots



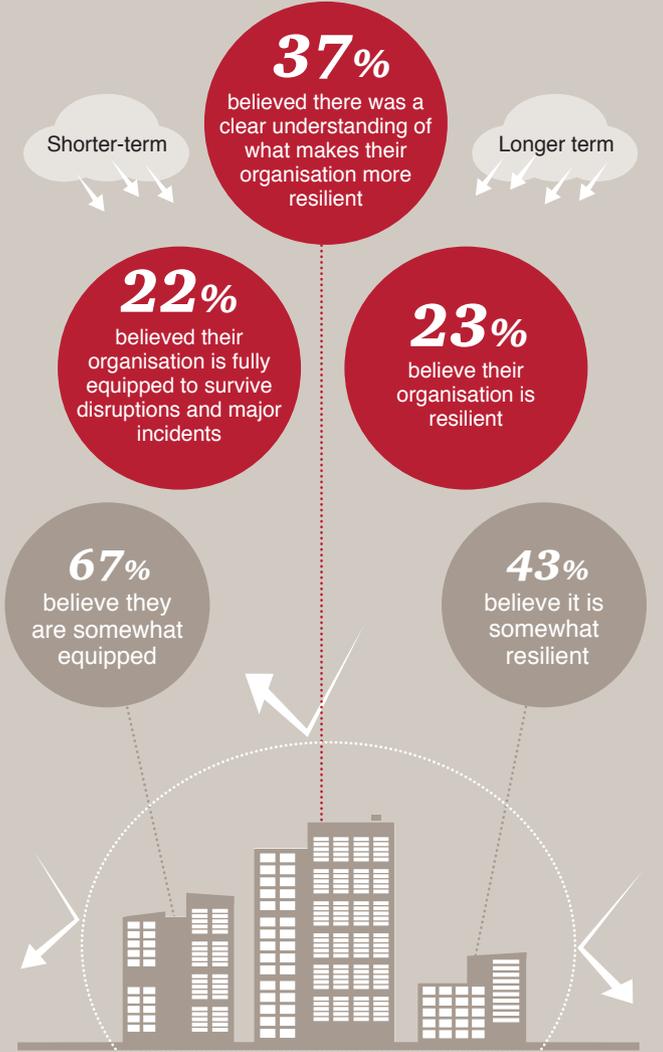
What about the future?



Barriers to resilience?



Are our organisations resilient enough?



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