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WHITEPAPER

Resiliency Requires Measurement

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18 GLOBAL MARKETS

The Resilient Market Classification Schema™ consisting of 18 global industries and public sectors designed to support resilience from a global to local perspective and is ideal for benchmarking and peer comparison.

1. Agriculture & Food
2. Banking & Finance
3. Basic Materials
4. Commercial
5. Communications
6. Conglomerates
7. Consumer
8. Energy
9. Government
10. Healthcare
11. Insurance
12. Manufacturing & Equipment
13. Media & Entertainment
14. National Security
15. Real Estate
16. Technology
17. Transportation
18. Utilities

Introduction

Growing global threats, cyber-attacks and thefts, natural disasters, severe economic fiscal crises, and efforts by governments to tighten laws and regulations governing the spectrum of business operations and national life to safeguard their economies against such disruptions, have changed the way businesses, executives, investors, politicians and regulators evaluate the performance and preparedness of companies, local and national institutions, and, at the macro level, countries and alliances. Today ensuring companies, countries and their foundational and enabling critical infrastructures are operationally resilient across the spectrum of their operations and under all conditions is vital to ensuring companies' financial growth and profitability, and, moreover, the safety, security, quality of life and future of a nation.

Growing Global Mandate

Organizational and operational resiliency is a dynamic, proactive and rapidly advancing, globally applicable critical infrastructure, business, community, and national operating condition and preparedness standard. Resilience provides comprehensive, objectively measurable metrics, methodologies and technologies to ensure understanding and the continuous improvement in risk management, security, preparedness, and survivability in all conditions from normal to the aftermath of severe disruptions regardless of their cause. Resiliency is operationally defined as an organization's capacity to maintain its functions and structure in the face of severe internal or external threat or catastrophe, and predictably recover from such disruptions.

Resiliency is an empowering paradigm to both operationally and strategically manage any entity's global interdependencies to achieve competitive advantage and sustainability in an environment that combines constantly transforming threats,

regulatory impositions, and fierce competition. A resilient organization's capacity to preempt crises, absorb their effects, maintain its continuity of operations proactively also allows such entities to maximize their resilience by identifying and pursuing opportunities provided by the.

Business Need for Resiliency

There are moves afoot to create governmental or regulatory mandates for resiliency. These moves create a compelling motivation for infrastructure providers, industry and government leaders to address it. Resiliency and its achievement and sustainment make good business sense. An enterprise's resiliency also has relevance to both insurance and financial investment considerations, and provides an economic incentive. Resiliency levels, whether high or low, will be relevant to determining the health and viability of a publicly traded company and likely become a reportable criteria and condition to regulatory bodies. For critical infrastructure owners and operators, the imperative to assure their company's resiliency at all times and levels is a fundamental responsibility and one that is of vital interest to community, business and government leaders, and for that matter, anyone reliant on their products and services.

In today's increasingly turbulent, globally interconnected and interdependent world, disruptive events that impact an organization's operations are asymmetrical, constantly transforming and instantaneously impacted by reliance on exploitable technologies, such as the Internet. A crisis in one infrastructure sector might affect other sectors as well. Thus, critical infrastructure resilience becomes a foundational preparedness imperative within and throughout any business operation. With corporations and government agencies increasingly being held accountable by stakeholders and regulators for their management of risk and its impact on the organization, resilience has become an indispensable operating condition and preparedness standard. It is not only responsibility and good business sense that drives resilience, but compliance with laws and regulations that govern the activities of large publicly traded, and

high-consequence producing companies. For example, timely and accurate reporting under the Sarbanes-Oxley Act requires disclosure of significant business risks and vulnerabilities to investors. Compliance with such acts presents a significant challenge and a real risk to corporations and potentially severe consequences for compliance failures by corporate executives. The compliance requirements are part of the landscape that must be continuously addressed on many fronts. These include privacy, security, corporate governance, environmental, labor, trade and financial reporting. Continuous awareness and understanding of events impacting these issues is crucial. Companies must, therefore, implement the appropriate measures to become operationally resilient in order to preempt and limit the initial and cascading consequences of potential disruptions to fulfill the spectrum of their responsibilities to their company, its customers and stakeholders.

Demonstrating and sustaining a high degree of resilience, therefore, substantially reduces an enterprise's risk exposure and increases its reputational and shareholder value. For companies, being resilient also becomes a competitive differentiator – as the more resilient a company is, the more reliable a business partner it becomes – resulting in a higher level of stakeholder and shareholder value in its market segment.

Resiliency Can Be Quantified

With the increased focus and investment on resilience at both the corporate, community and government levels, what is still necessary is the establishment of a system and standards to measure resiliency, thus enabling these entities to track and manage the success of their resilience programs. This measurement needs to be comprehensive and compatible with one's organizational performance measurement standards, and with the capability to assess resilience levels along multiple dimensions of private sector and government operations against potentially disruptive threats. Much like a credit rating firm that examines an individual's or business entity's "credit worthiness," it is possible to measure a company's, community's or a government's "resilience worthiness." To accomplish this mission, several methodologies can be employed, including big data analytics, to turn such data into actionable resilience-related intelligence and informed decision support. The resulting resiliency score represents an organizational performance and preparedness metric depicting an entity's management of its capacity to anticipate disruptions, predictably adapt to catastrophic events, create lasting value, and continuously improve its safety, security and quality of life. A high resilience score translates into a higher organizational readiness to preemptively anticipate natural and man-made disasters, as well as the ability to proactively recover when compared to entities with lower scores.

Specifically, such a resiliency measurement would be based on macro-level dimensions of resilience that collectively provide a holistic understanding of an organization's overall levels of risk against its operational demands. Such macro-level dimensions would include an organization's capability to anticipate and predictably manage major disruptions to any component of its operations – factors such as (although not limited to) operational risk, disaster mitigation, continuity of operations, information security, supply chain & procurement, crisis communications, and human capital, as illustrated by the following diagram.

In such a way, rather than having to rely on forecasting the likely occurrence of potential disruptions to an organization, or be thrust into a "sudden crisis" mode when they occur unexpectedly, resilient organizations would be

10 DIMENSIONS OF RESILIENCE

Resilient Corporation has identified ten macro-level dimensions of resilience that collectively provide a holistic understanding of organizational risk





inherently prepared to deal with such events in a proactively and seamless manner, thereby avoiding downsides to their organizational viability.

New Trends in Resilience Management

With resilience programs and practices now taking center stage in the fields of risk and crisis management and business and government continuity of operations, several new trends are emerging. One particularly noteworthy trend is the creation of a **Chief Resilience Officer (CRO)** designation at various government agencies, corporations, and cities. With the practice of resilience increasingly becoming recognized as multi-faceted, encompassing a myriad of factors that enable government agencies, corporations and municipalities to withstand acute crises and disruptions while maintaining continuity of their essential functions, these organizations are increasingly establishing the formal position of Chief Resilience Officer (CRO) to manage their resilience-related programs and activities. One of the first to implement this concept was the government of the United Kingdom, which in 2004 established the cabinet position of Head of the Resilience Direct Team.

Conclusion

While many organizations around the world, both corporate and governmental alike, are recognizing the need to establish resilience at all levels of their operations, the business maxim “you can’t manage what you can’t measure” still holds true. Only once measures of effectiveness are clearly defined and metrics are established to quantify progress in attaining “resilience worthiness,” will enterprises be able to quantify their level of operational resilience and implement the required steps to achieve, sustain it.

About Us

Resilient Corporation offers the premier data solution enabling responsible and forward thinking corporate and government leaders to anticipate, understand and manage disruptions, and, especially, seamlessly recover from their impacts. Such a resilience capability will enable them to identify new opportunities for efficiencies and growth and ensure the safety, security, quality of life and future of their organizations and stakeholders. Launched in 2006, Resilient Corporation broadened the application of resilience to incorporate “the capacity of best in class organizations to anticipate disruptions, adapt to events and create lasting value.” The company maintains the world’s largest repository of resilience data across 10 operational dimensions, and has commercialized a proprietary analytical platform to generate timely, accurate and actionable Resilient Scores™ for corporations, communities and government agencies. Using state-of-the-art “big data” systems and open source intelligence, the Resilient Index™ provides highly regarded insight and research on 18 global industry sectors. This of detail and scope of actionable intelligence is producing much needed advancement and transformation in organizational preparedness and performance criteria, thereby driving significant improvement in shareholder and stakeholder value and the safety, security, quality of life and future of those entities that attain high levels of resilience.

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