



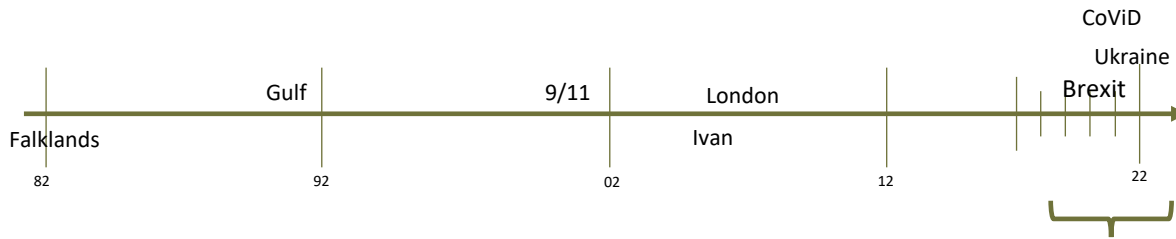
Sustainable Resilience

Institute of Directors - June 16th 2023

Why A Pace of Change ?

Resilience & Contingency Perspectives

Traditional fields of contingency, recovery and crisis management which existed pre-COVID, attempted to cover everything but there was a need to focus, shift and simplifying practices, mature risk management and deliver assurance.



History

A growing series of recent events and publicised public high profile failures prior to and during this dynamic period became the grounds for an incubation in both change and the approach to existing business practices, it highlighted the need for a fresh look at refocus.



IO A response to the Change

Best Practice & Current Legislative Developments.

In response to this growing need to change the industry got together as a leadership body with both government, legislative, regulator and the public sector to review and transform their approach to the global quickening, and a series of recent events and publicised public failures.

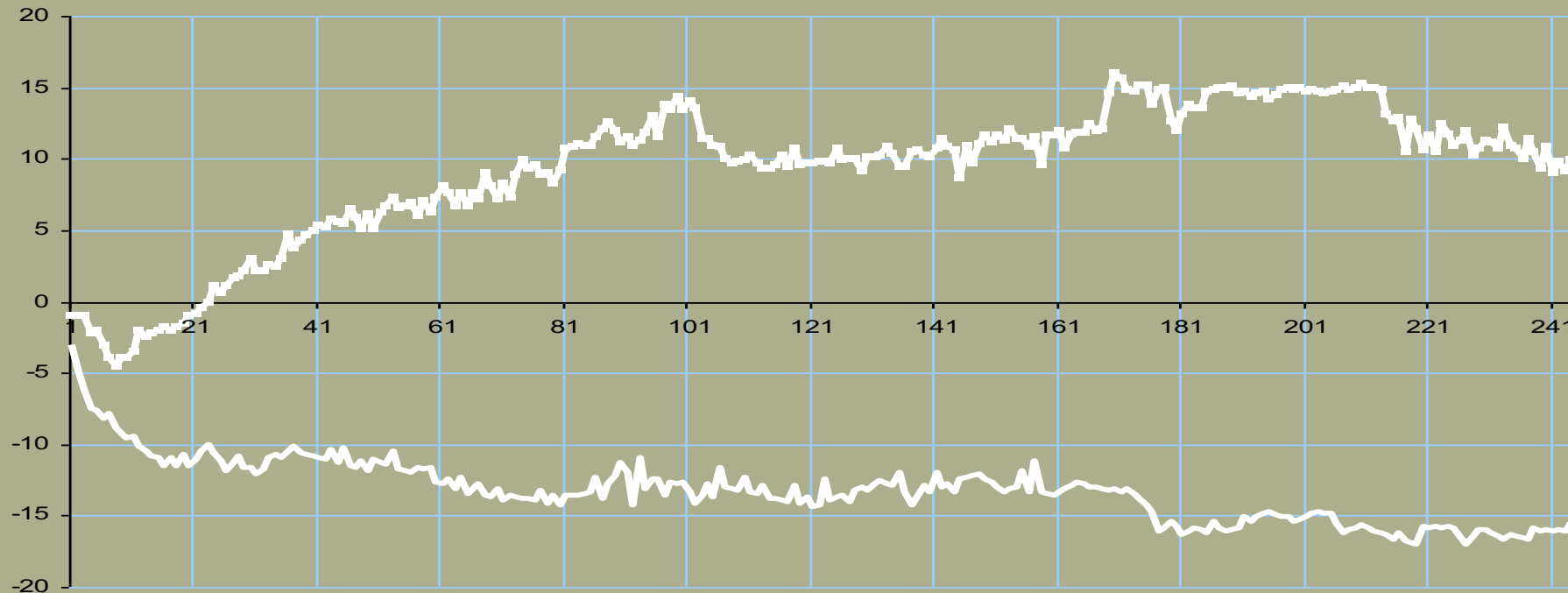
Poorly managed reputation crises destroyed over \$2 trillion in shareholder value



n = 270

*1980 – 2020 period of data analysis





Key Trends Measurement

- Management preparation, response, skills and ability
- Financial recovery, market agility
- Resilience in untransformed (existing / legacy) business
- Resilience in transformation and new business development
- Longevity of serious effect
- Market positioning / cumulative values

Results Groupings

It became obvious very quickly that the three different levels which already existed in an empowered Board were key to positioning both the analysis findings and the direction that would be required:

Organisation (Direct Control)

Maturity under the direct governance & control of the board. Specifically in areas of:

Product & Service Commercial Risk
Transformation & Development
Existing & Legacy Operations
Brand, Reputation & Communication

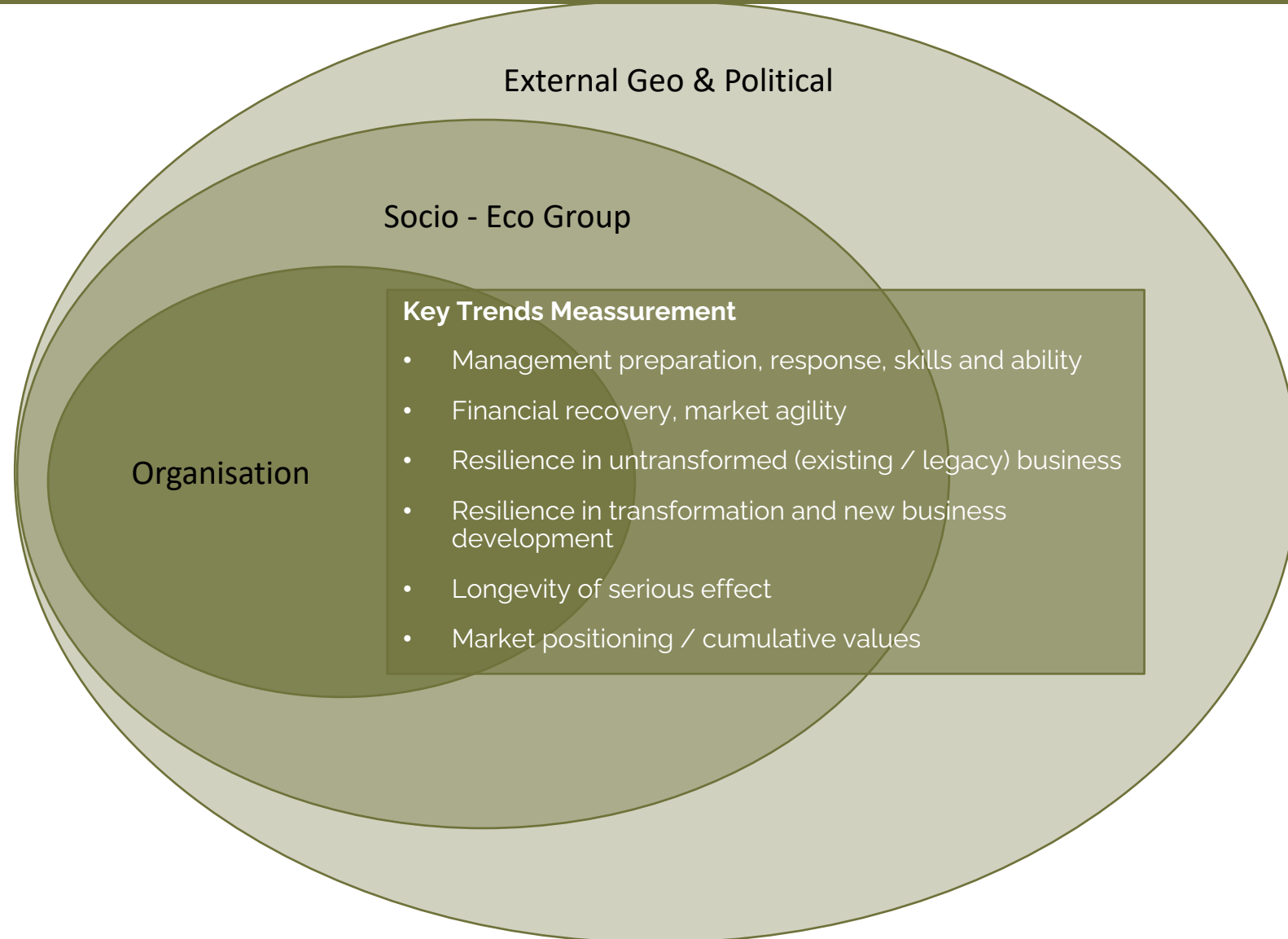
Socio-Eco Grouping (Influence)

Items over which the Board has some limited control:

Management of Key Supplier Risk
Alternative operating methods
Material Service Providers
External Technology

External Geo & Political (Observe & React)

Items over which the Board has little or no influence and requires strategic inclusion.



All our 'flurishers' had seven similar key traits

1. Strong governance & board control of 'overboard' management
2. Targeted risk identification & reduction across the organisation
3. Consumer focused activities & tollerances
4. Remediation & change activities over time
5. Performance improvement (legacy & transformation)
6. Aligned and reduced crisis to incident, with more structured control
7. Reduction in management resourced time and incident time / cost

Organisation (Direct Control)

The growth of the *Important Business Service*
Defined as small in number, core consumer facing activities

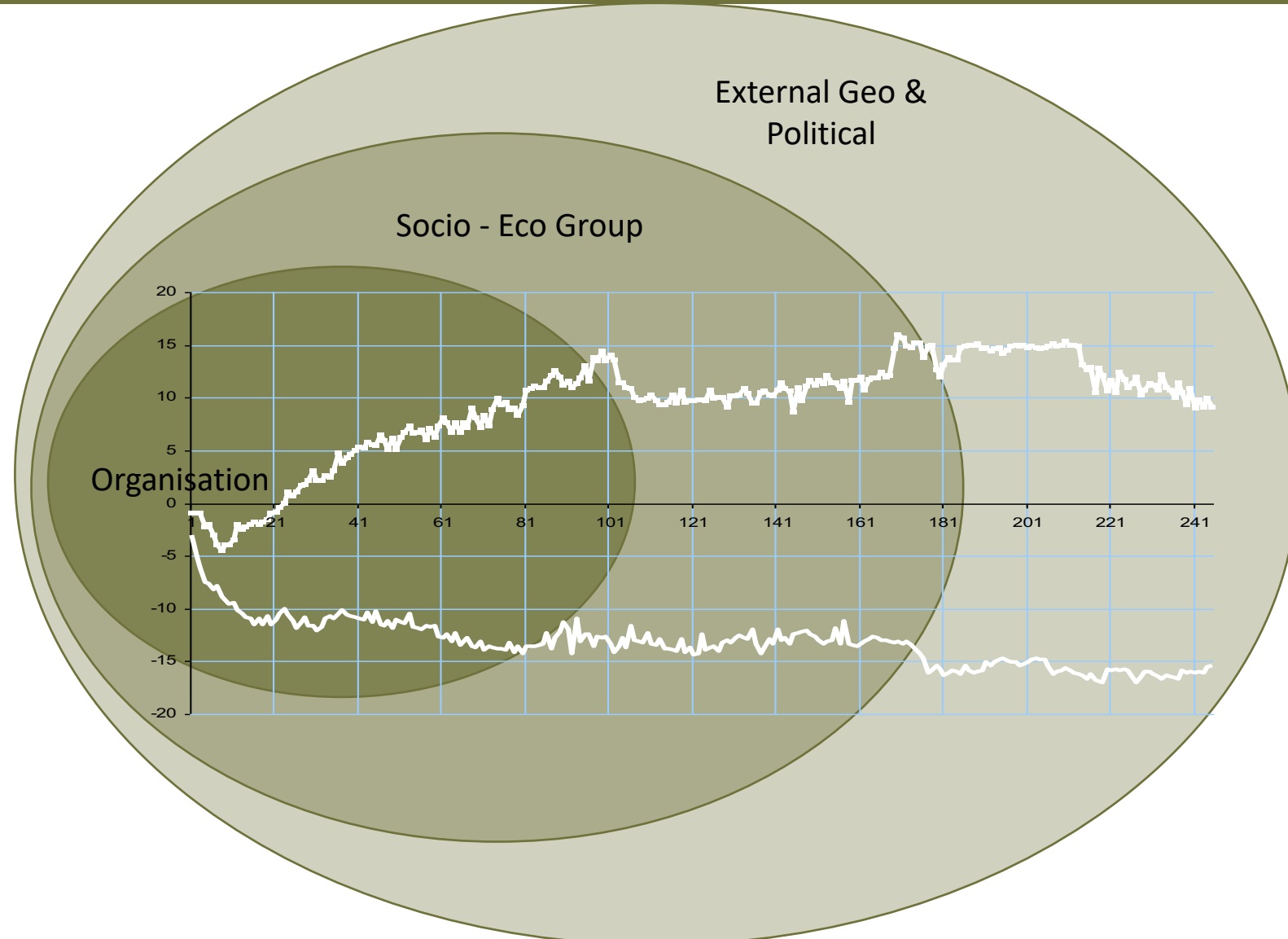
The dependancies of resources: people, facilities, technology, suppliers
Crisis & incident management
Governance, ownership and active management

Socio-Eco Grouping (Influence)

Good management of third party outsourcing
Supply chain, material service providers, external technology
Operating environment

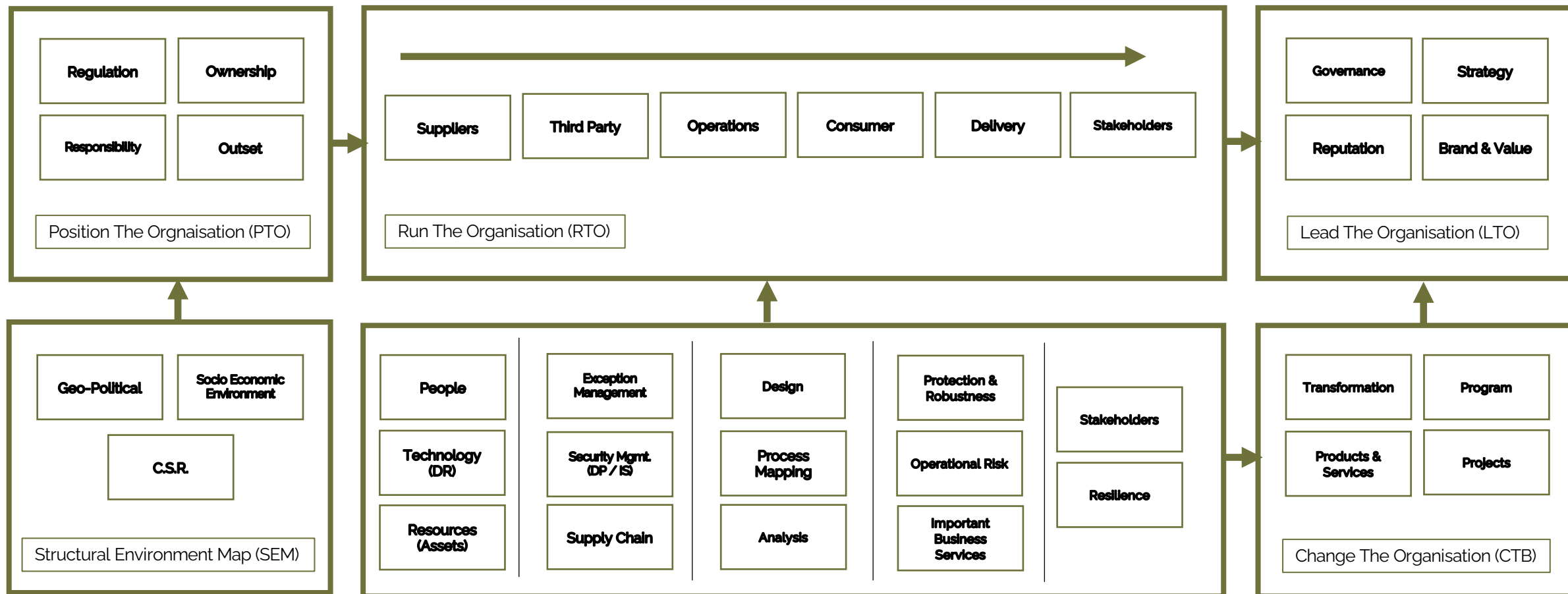
External Geo & Political (Observe & React)

Little or no influence



Assurance, Prevention & Compliance

Industry Standard, Good Practice, Regulator & Audit Compliant, Customer Recognised

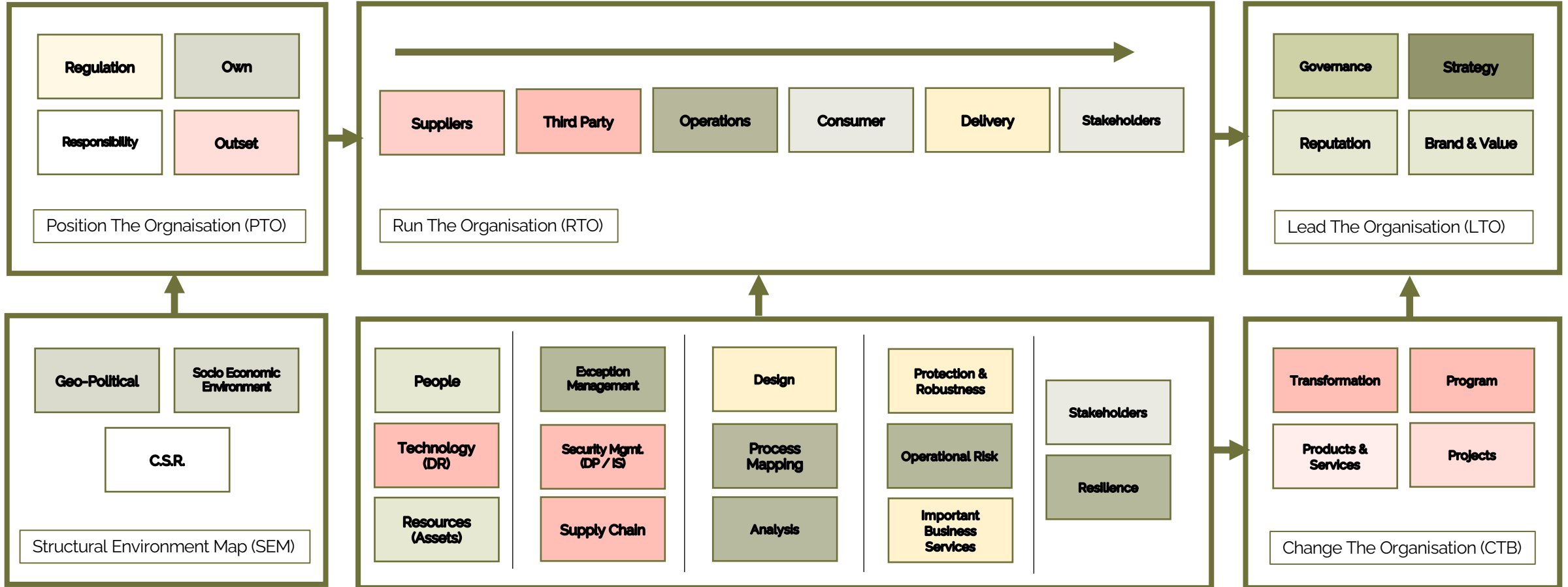


Resilience Key Maturity Findings

Assurance, Prevention & Compliance

Industry Standard, Good Practice, Regulator & Audit Compliant, Customer Recognised

- Significant Work
- Work Required
- Improvements Req
- Work Outstanding
- Satisfactory
- Some Adjustments



Best Practice & Current Legislative Developments.

Legislative, regulator and public sector bodies began to align their approach to resilience, to concentrate on a core of Important Business Services (IBS) and their dependancies which impact consumers.

Implementing Sustainable Resilience Change

Most participating organisations grasped and embedded the culture of making simplified changes - intensifying assurance, reducing overall workloads. This has concentrated on IBS and their main dependancies (people, facilities, technology, supply chain). These new statutes have lead to a developing number of case examples, defining the industry standards, good practices and guidelines

Embedding Resilience

Many organisations have begun to make these key changes and validate consumer focused resilience. Reguated organisations are more advanced, as we would expect. During 2022 a core concentration evolved focused on the four remaining fields where most regular crtical impacts occur or are influenced:

- Technology (Resilience in Transformation & Remediation – ITDR)
- Supply Chain (Outsourcing Thrid Party Risk Manganement)
- Cyber (Security of Data & Systems)
- Crisis & Incidnet Management (Structured & simpified response aligned to consumers)



1. Departments

- Swift exercising: Use business impact analysis (BIA) and plans (BCP) to outline limited core Important Business Services (IBS) noting key dependancies in people, facilities, technology and suppliers (e.g. social security)
- SME Incident Management (Consumer Impact Team) with control and active management

2. Technology (Resilience in technology & IT DR)

- Applications and services delivering Important Business Services resilience in DR and associated delivery services internally
- Dependancies aligned with applications and services
People, Facilities, Services
- SME Incident Management
Control and active technical management, part of CM

2. Supply Chain (Outsourcing Third Party Risk Management)

- Outsourced Third Party Risk Management
Supply Chain, Material Service Providers, Technology (DD & Stressed Exit Planning)
- Industry Environment

2. Cyber (Security, Data & Systems)

- Robust industry detection and defensive strategy, including isolation

2. Crisis & Incident Mangement (structured & simplified response aligned to consumers)

- Board, SMF, CIT and Incident Team SME aligned best practice structure
- Action orientated roles and responsibilities, triage and direction
- Clear roles for Boards (advisory), SMF (Control & management), CIT & IMTs (SME activities)



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