

# Operational resilience

## Going beyond Business Continuity Management

**In a world defined by constant change and unpredictability, the shift from traditional Business Continuity Management (BCM) to Operational Resilience (OR) becomes vital for an organization's success.**

The ascent from traditional BCM to OR in businesses has taken off. To many, these two terms may mean the same, even weigh the same in respect of priority as they are used synonymously. Apropos to a survey done on business continuity and resilience practitioners as per the business continuity institute (BCI) Continuity and Resilience Report 2023, 50% of respondents say there is no difference between business continuity and resilience and 39% say there is in fact a difference. With the introduction of other terms – organizational resilience, business resilience, etc. – there appears to be even greater confusion. However, with the aforementioned report noting an increased momentum of 40% organisation's surveyed (ranging from banking and finance, retail, insurance to healthcare, aviation, not for profit etc.)

The Basel Committee defines **Operational Resilience** as the ability of an organization to deliver critical operations through disruption. This ability enables an organization to identify and protect itself from threats and potential failures, respond and adapt to, as well as recover and learn from disruptive events in order to minimize their impact on the delivery of critical operations through disruption. "OR" develops the **preventative/ proactive** ability of an organization to be flexible during events which can present risk. Here, certain activities are conducted to prevent operational failures on a day-to-day basis. It focuses on people,

processes, systems, infrastructure, sites, information, and third-party relations.

**Business Continuity Management** is the capability of the organization to plan for and respond to incidents & business disruptions to continue business operations at an acceptable predefined level. This is a concept that trains the **reactive** ability of an organization to respond to serious sudden events.

Essentially, OR and BCM are closely related concepts that focus on ensuring an organization's ability to withstand and recover from disruptions. While they share similarities and often work in tandem, there are key differences between the two:



OR encompasses a wide range of activities, including risk assessments, incident management, crisis planning and testing, and ongoing monitoring and improvement of critical processes and systems. It also emphasizes the need for collaboration and coordination across different functions and business units to ensure a holistic approach to managing risks.

In contrast, BCM typically focuses on developing and implementing plans and procedures for responding to specific types of disruptions, such as natural disasters or cyber-attacks. While BCM is an important component of OR, it is just one piece of the puzzle. To truly build a resilient organization, it is important to take a broader and more integrated approach that encompasses all aspects of the business.

Business impact analysis and vulnerability assessments to identify potential threats that can cause operational downtime or impact and development of business continuity plans are key for OR. Factors to be considered in setting impact tolerances being:

- Period of time following an incident within which an activity must be resumed, or resources must be recovered.
- Point to which information used by an activity must be restored to enable resumption of activity.

## Seven principles of Operational Resilience

The BASEL Committee/ Sarbanes Oxley Principles of OR (2021), as the current OR Standard denotes the following 7 principles as being key to organizations who aim to be operationally resilient:

**Governance** - accountability for the outcomes of the resilience programme should lie with the C-suite, as per good practice.

**Operational Risk management**

**Business Continuity Plans (BCP) & testing**

**Mapping interdependencies and interconnections**

**Third Party dependency management**

**Incident management**

**Information and Communication Technologies (ICT), including cyber security**

## How Operational Resilience can benefit businesses



**Risk Reduction and Mitigation:** By identifying and assessing potential risks, organizations can proactively implement risk mitigation strategies, reducing the likelihood and impact of operational failures. Referring to the African Federation of Institute of Internal auditors 2024 risk focus report, the top 3 risks anticipated in the next 3 years include Cybersecurity, Digital disruption and Business Continuity. These are risk areas which will certainly test your organisation's resilience.



**Improved Regulatory Compliance:** Many industries have specific regulations and standards related to OR. Implementing robust resilience measures ensures compliance with these requirements, avoiding potential penalties and reputational damage.



**Cost Savings:** By identifying and mitigating risks, organizations can avoid costly disruptions and related recovery expenses. This results in long-term cost savings and improved financial performance.



**Protection of Reputation and Brand Image:** A well-managed OR program safeguards an organization's reputation and brand image, as it demonstrates a commitment to delivering quality services, even during challenging circumstances.



**Employee Engagement and Retention:** Employees are more likely to feel secure and committed to an organization that prioritizes their well-being and job stability through OR efforts.



**Future-proofing the Business:** Anticipating and preparing for future risks and uncertainties can help an organization stay ahead of potential threats and challenges, ensuring its long-term sustainability.



**Competitive Advantage:** OR can become a competitive differentiator for organizations. Clients and partners are more likely to choose businesses that can assure continuity and reliability in their operations.



**Enhanced Supply Chain Resilience:** OR extends beyond a single organization. When companies build resilience into their supply chains, they can better respond to disruptions, ensuring a stable flow of goods and services.

With the return of war to Europe, as seen in the conflict in Ukraine, and the polarizing positions of geopolitical and economic powers pose significant risks to global stability. Organizations operating directly or indirectly with these countries or those in the affected region may face disruptions to supply chains, trade restrictions, and increased political uncertainties that demand OR planning and risk mitigation measures.

## How we can help

**Operational Resilience Testing/Assurance:** This is dependent on the existence of an OR framework. We review and gauge “compliance” of an entity against the 7 principles.

**Operational Resilience Consulting:** We come in to provide expert guidance and advice on developing and implementing OR strategies tailored to the specific needs and risks of the client’s business.

**Operational Resilience Activities:** Document development (Policy/Framework/Plans), Staff training and workshops.

## Key contacts



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