Operational Resilience

Today, operational resilience has much more focus, which can only be a good thing. However, it's debatable whether or not companies actually do 'operational' or 'resilience'. Many focus their efforts on technology and recovery, which is beneficial. But this is just 25% of the issue.

What are companies doing to prevent service outages through improving resilience itself? Shouldn't the focus be as much about people (and corresponding processes), as well as technology?

How do you measure the level of resilience in your business services?

For many companies the only means of knowing how resilient they are is through looking at the frequency and impact of previous service outages. Although this does give a view, relying on these lagging measures can prove misleading. There are several reasons why this may be flawed:

Firstly, the likelihood that your business services themselves remain static is incredibly rare. Change is inevitable, whether it is

- Changes the firm has made to the product, proposition, process, systems, or
- Changes in capacities (e.g. customer growth, transactions, employee attrition…), or
- Changes in personnel, or
- External changes (e.g. cyber threats, social/political unrest, weather/climate, …..)

It is unlikely that you can rely on evidence of previous failures to accurately determine future ones.

- Secondly, services can fail for numerous reasons. Just because you now understand the dynamics of one particular root cause of failure you've experienced, this doesn't equip you with any insight into how other failure modes may occur or impact your customers tomorrow.
- Thirdly, looking at previous outages does not give you a view of how resilient you are organisationally. Some people step-up in a moment of crisis, whereas others may understandably start to faulter under the stress. The level of energy and resilience in your people/teams will vary depending on the time of day, the day of week, the day of month, let alone be dependent on who is on shift at that particular moment.

To truly understand their degree of resilience, firms would benefit from having a much greater understanding of their operational risks, and of their people's tolerance in crisis situations.

The good news is that there are ways to do this, albeit needing time and effort to create and maintain risk assessments and organisational profiles. Firms will need to follow through on management/mitigating actions to ensure the level of resilience is constantly optimised.

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For example, businesses can perform a failure-mode-effects-analysis on each of their business services, encompassing all elements (people, process and systems) associated with the service. Firms can also use people profiling techniques on current and future members of their teams to assess individual and organisational response to crisis situations.

Some would state that they look at their operational risks, at least annually, underpinned by their risk policies and, often, regulation. However, although this might give an overall sense of risk at a business level, it rarely goes into the detail required to mitigate the potential failures of specific business services.

Why do firms not have a detailed understanding of resilience?

In some instances, it is likely that this level of risk assessment is not undertaken due to a lack of know-how. Educating firms in these disciplines will undoubtedly lead to both awareness and action.

In many organisations though, it is possibly a different leadership view on organisational priorities. Instinctively leaders may choose to invest in broadening their portfolio of products and services to their customers, to improve short term profitability, over investing in mechanisms that improve the reliability of their products and services, protecting the risks to reputation and profits of tomorrow.

Leaders are not careless but the fact that this prioritisation decision is instinctive is problematic. Without doing a detailed risk assessment, firms simply do not know the level of exposure and therefore are unable to make a data-driven commercial decision.

For example, it might be easy to count the increase in sales revenues from launching a new product. Without assessment it is less easy to quantify the likelihood and impact (cost, reputation, loss of revenues), say of the latest cyber threat.

Conclusion

Just because a firm has an understanding of past operational failures does not give a true reflection of what may happen in the future.

There are mechanisms to assess operational resilience. These enable businesses to make informed choices over investment decisions to optimise both short and long term profitability.

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