

# Paving the Bumpy Road Ahead

## How to Define Business Resilience in 2021

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As the pandemic shapes up to dominate another year, how companies and governments prepare for and navigate the increasing complexity of a post-pandemic world will define 2021 and beyond. Adding to that challenge, the heightened risk of domestic extremism and unrest during the post-inauguration period demands short-term contingency planning. Such a range of trials already confronting businesses this year foregrounds the need for more all-encompassing business continuity planning and strategy development. Below, we provide the definitions and factors that form a framework to further operationalize business resilience. Over the coming months, we will delve deeper into each of these issues, providing the foundation for more holistic risk management and recovery.

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When evaluating the effectiveness of a business continuity program (BCP), organizations must consider how quickly and effectively a BCP enables them to respond, maintain critical operations and recover from both “**acute shocks**” and “**chronic stressors**”. Acute shocks refer to the

severe impacts on an enterprises' core facilities and infrastructure, personnel or technology systems, while chronic stresses test the enterprise differently, building over time, often outside the organization's physical boundaries. These more prolonged strains ultimately create long-term challenges for the company's operations and organizational culture.

In today's world, acute shocks, which are typically unanticipated or unpredictable, take the form of natural disasters, major health pandemics, terror or cyber-attacks. Chronic stressors include prolonged economic downturns, extended levels of high unemployment, sustained high crime rates, or insufficient mobility and transportation systems that remain unchecked. As we are currently witnessing, chronic stresses are often borne of large-scale acute shocks and tax an enterprise and its workforce slowly. In turn, these chronic stressors create vulnerabilities, which, when exacerbated by additional acute shocks, have the potential to paralyze the organization. Left unresolved, these shocks ultimately inhibit the organization's ability to recover without a significant investment of time, resources and both financial and human capital. In some cases, recovery is unachievable.

The compounding and evolving nature of acute shocks and chronic stresses further highlights the risk in attempting to plan for an exhaustive range of specific, discreet and known threats. After all, few could have predicted that the U.S. would confront an insurrectionist assault weeks before a presidential inauguration, amidst a global pandemic. Rather, business continuity planning that enables an organization to manage through new, unforeseen and increasingly complex stressors requires a holistic view of risk, derived from a company's operational profile and resulting vulnerabilities.

While the specific tenets of resiliency may change over time depending on the organization and risk landscape, identifying

acute shocks and chronic stressors—as well as the factors that determine how quickly and effectively businesses respond to and recover from these events—will inform any business continuity plan.

In developing responses to acute shocks and chronic stressors, Teneo Risk recommends that organizations contemplate four factors that determine the success of response and recovery. These include operational redundancy, diversity and modularity, as well as organizational cohesion:

- An organization can create **redundancy** by having different elements that may be re-deployed to serve the functions of processes or operations impacted by a shock or stressor.
- An organization can create **diversity** by ensuring multiple voices representing different functions within the organization are a part of incident response and planning. For instance, a centralized, core group of senior leaders from functional areas across the organization collectively provides a holistic view of the enterprise and necessary provisions.
- An organization can ensure **modularity** by identifying sub-functions or sub-groups that can continue to operate while other parts of the organization assess the impact of a shock or crisis. Smaller, independent interfaces or groups are easier to separate and/or reconfigure. For instance, crisis management and response teams can address immediate issues at hand, while other teams carry out critical operations.
- An organization can create the above operational pathways to meet the challenges posed by shocks and stressors by cultivating **cohesion** among its people. Any efforts at meeting and recovering from a challenge depend foremost on the

resolve and willingness of an organization's people to come together and rebuild, despite an oftentimes painful recovery period. Today's truly resilient organizations possess a strong culture, mission and set of shared ideals that mobilize and unify a diverse workforce and other stakeholders.

In upcoming pieces, we will discuss how to create redundancy, diversity, modularity and cohesion while formalizing them in your business continuity plans, procedures, organizational culture and identity.



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