Discussion Guide
The Agile and Resilient Enterprise
February 27, 2007

There is little disagreement that we are living in turbulent times, times of constant change and unpredictability. This is not only a broad environmental phenomenon, but also a business phenomenon. Corporations face faster business cycles, dependence on far-flung infrastructure of all types (including information infrastructure), more rapid product obsolescence, more demanding customers, increased financial market volatility and amplified public/market scrutiny and exposure coupled with less tolerance. In addition, a needed focus on efficiency and "lean" operations perhaps leaves companies short of the resources and redundancies they may once have had to fall back on. And this on top of the increased vulnerabilities to supply chains, people, factories and other assets brought on by terrorism, natural disasters and pandemics.

Momentum in the current marketplace, a reputation for trustworthiness, and ever increasing efficiency are not enough in today's environment. Today's enterprise must be flexible, adaptable and resilient at both an operational and strategic level. In this roundtable we will discuss best practices in vulnerability and risk assessment, assessment response and innovative preparation, and disaster management and recovery. We will also try to gain insight into how to build resilience into the core of an enterprise, readying it to deal with the "unanticipatable," and focusing on innovative means of enabling this. We have divided the day into four sessions, and provided some questions below to consider for each one,

Session 1: *Vulnerability and Risk Assessment (please come prepared to share a disaster story from your company and how it changed your company's approach to vulnerability/risk assessment)* This session will be about understanding how different companies view vulnerability and risk assessment based on their industry/experience and sharing lessons and best/worst practices.

- How does your company approach vulnerability and risk assessment/analysis? Who has responsibility for this? Do you have a well defined process? If so, what is it?
- What areas are of most concern to your corporation? Why? What are the different categories of potential incidents or vulnerabilities you consider? Do you proactively include strategic market changes in your analysis of areas of vulnerability? Do you categorize by the sources or by the resulting consequences? How do you define and prioritize threats?
- How do you anticipate the "unanticipatable"?
- Do you benchmark vulnerability and risk assessment/analysis? If so, where do you look for benchmarks – in your industry or very broadly? What are your best practices around vulnerability analysis?
- Vulnerability can be defined as "the likelihood of an incident" x "the severity of the consequences." Presumably concern is greatest for the "hi, hi" quadrant, and lowest for "lo, lo". Key may be how companies approach the "lo-likelihood, hi-consequences" and "hi-likelihood, lo-consequences" areas? Are both equally worthy of strategic attention?
- Is it likely that there are potential efficiencies to be gained for "regular operations" from the analysis done on vulnerabilities? Any examples?

Session 2: *Assessment Response and Preparation Planning (please come prepared to share both your company's approach to prioritizing and addressing identified vulnerabilities and a specific story of an innovative approach to addressing a particular vulnerability or set of vulnerabilities).*
This session will be about actions taken as a result of a vulnerability/risk assessment – innovatively addressing the identified vulnerabilities, choosing which/how to address/mitigate and which not, and making resource allocation decisions.

- Is it more important to take actions to mitigate specific potential disruptions or more important to focus attention on general redundancy and flexibility measures?

- How do you make resource allocation decisions ($s, people, etc.) against different threats? What companies are really investing in this? How?

- What processes do you have in place to collect information on warning signs of a strategic market shift or smaller incidents potentially preceding a bigger disaster? Can they allow you to make course corrections or take preventive action?

- If so, what active collection and analysis do you do on a potential confluence of elements, on "near-misses" and on other "triggers" for various potential disruptions or crises?

- Does an emphasis on increased flexibility and adaptability mean a need for more or less planning? A plan would seem to be the opposite of flexibility, but arguably proper contingency planning enables a more informed and flexible response.

- Redundancy is a strategy to enable resilience, but where is it important to have and where not? How do you strike a compromise between efficiency and redundancy in an environment where the capital markets want you to ring out every dollar of cost while you manage growth? How do you justify the cost? In IT? Elsewhere too?

- Flexibility is another strategy, perhaps less costly than redundancy but likely harder to attain. In what situations is opting for flexibility best?

- It has been argued that an important ingredient of resilience is variety—it is how life on earth has survived over millennia. How does one accomplish this in the face of an apparent need for a certain conformance and standardization in a corporation today?

- Using a matrix with "lo/hi likelihood" on one axis and "lo/hi impact" on the other, are there certain responses (redundancy, flexibility, contingency planning, crisis management) that work better for addressing different quadrants? How so and why?

- What coordination do you do with other organizations? Partners? Vendors? Emergency relief organizations?

Breakouts:
Disruption Scenarios

Thought Leadership Roundtable on Digital Strategies

Session 3: *Disruption/Crisis Management and Recovery (please come prepared to share how you recovered from the disaster story you shared at the beginning of the day and what overall learnings your company has made about disaster management and recovery)*
This session will focus on what it takes to manage and recover from a disruption or crisis when one strikes, and how to emerge stronger for having been through it.

- What antennae do you have out to detect disruptions? When detected, do you have established mechanisms for internalizing and responding?
- How do you communicate information and make decisions as to how to respond? What are the critical paths of communications? Who gets involved (and who doesn't)?
- How do you keep a disruption in one area from:
  - Rippling over into others given today's interdependencies?
  - Becoming an overall (internal or external/market) crisis of confidence?
- What effect would the internet going down have on your ability to manage through a crisis?
- How does one anticipate government, other institution or partner over/under-reaction, or a reaction that is not in your best interests?
- The leadership qualities required in a crisis may not be the same management qualities needed to excel in normal operations. How do you ensure your organization can succeed in both cases?
- Is such a crisis an opportunity to learn a lot about a business, what really matters, what not, and adjust? Can an organization emerge stronger? If so, what is key to that?

Session 4: *Building Resilience into the Enterprise's DNA (please come prepared to discuss at least one successful practice of embedding resilience into the corporation)*
This session will focus on what it takes to embed resilience and flexibility into the corporation, not only for disaster prevention/response, but also to detect and react to strategic market shifts, and improve ongoing operations.

- What is your corporate "mental model" for dealing with this whole subject?
- How does one build an environment where flexibility, adaptability and resilience are part of the DNA of an enterprise? What does it take to make the required flexibility and resilience part of the corporate culture?
- What are the key elements for making resilience a competitive advantage? Is there a real advantage to this? Is it externally recognized and valued? Do you want it to be?
- What is the enabling role of information technology in all this?
- Yossi Sheffi from MIT posits that the four main cultural traits of a flexible and resilient organization are "continuous communications among informed employees, distributed power, passion for work, and conditioning for disruption." Would you agree with this assessment?
- If conditioning matters, is "war-gaming" or "scenario-playing" important for potential higher-impact disruptions?
- What is your key take-away, the one thing that you are going to think about differently when you leave here?