



MEASURING OPERATIONAL RESILIENCE



50,000
CERTIFICATES
GLOBALLY 

 100%
TRANSPARENT
— FEES —

1000+ 
EMPLOYEES
WORLDWIDE

AVERAGE
CUSTOMER
PARTNERSHIP 

 OVER 90 OPERATING
COUNTRIES



INTRODUCTION

Any threat to operational resilience is also a risk to business viability and continuity. The role in which governance and managerial entities play in controlling operational risk is directly linked to financial performance and reduction of losses through ensuring continuity of business services.

Operational resilience is the ability to alter operations in the face of changing business conditions. It is the ability to quickly ramp up or slow down with quick and local process modification.

An operationally resilient organisation is operating within the Plan Do Check Act cycle. It is continuously:

- Finding and assessing its vulnerabilities and its supply chain vulnerabilities
- Reducing the likelihood of disruption with planning, controls, flexibility and redundancies
- Detecting disruption in itself and supply chains
- Measuring its operational resilience



METHOD

There are various methods for measuring operational resilience, some of which are complex, protracted and involve various disciplines. Yet often the best way is the simplest way. This method is one of those, and the only requirement is that you know what you know and what you don't know about your organisation.

The method is explained using an example which is entirely customizable – you can change all the weighting values, scores, numbers and structures of the objectives and tasks. The important thing to note is that whatever you do, make sure it's repeatable so you can carry out before and after measurements as part of your internal governance processes.

It is often best achieved by a group of people from within the organisation.

BENEFITS

- Demonstrates continuous improvement towards objectives, and can help drive internal audit planning
- Quick and requires no expertise, just knowledge of the performance of your organisation and key suppliers
- A powerful presentational tool for top management
- Customizable
- Used to measure other business functions or capabilities, such as security or procurement

STEP BY STEP

STEP 1

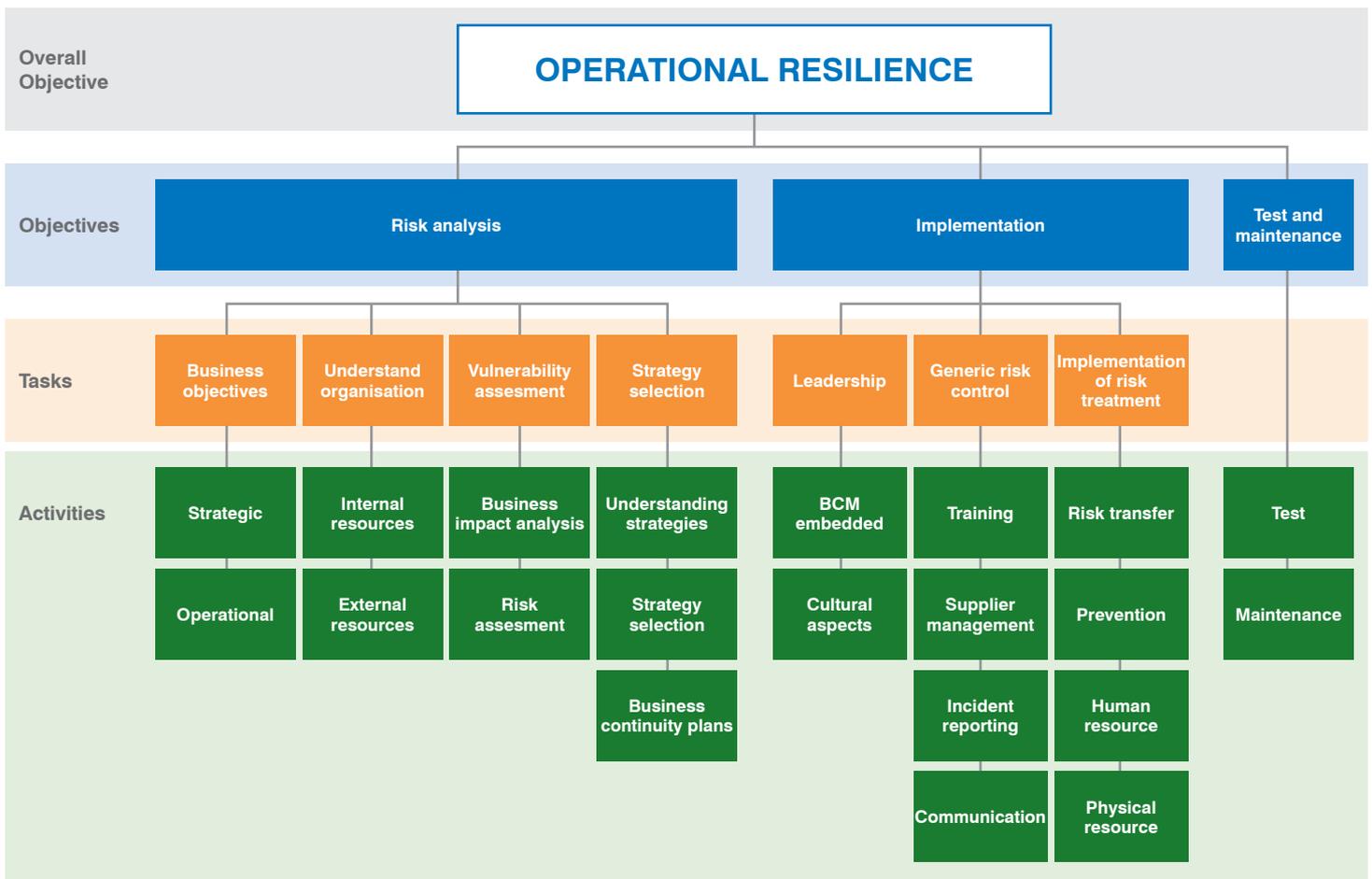
Measuring your organisation's operational resilience is the overall objective. This comprises 3 main objectives (or whatever you choose):

- Perform a risk analysis of the organisation
- Implement controls
- Test and maintain the controls



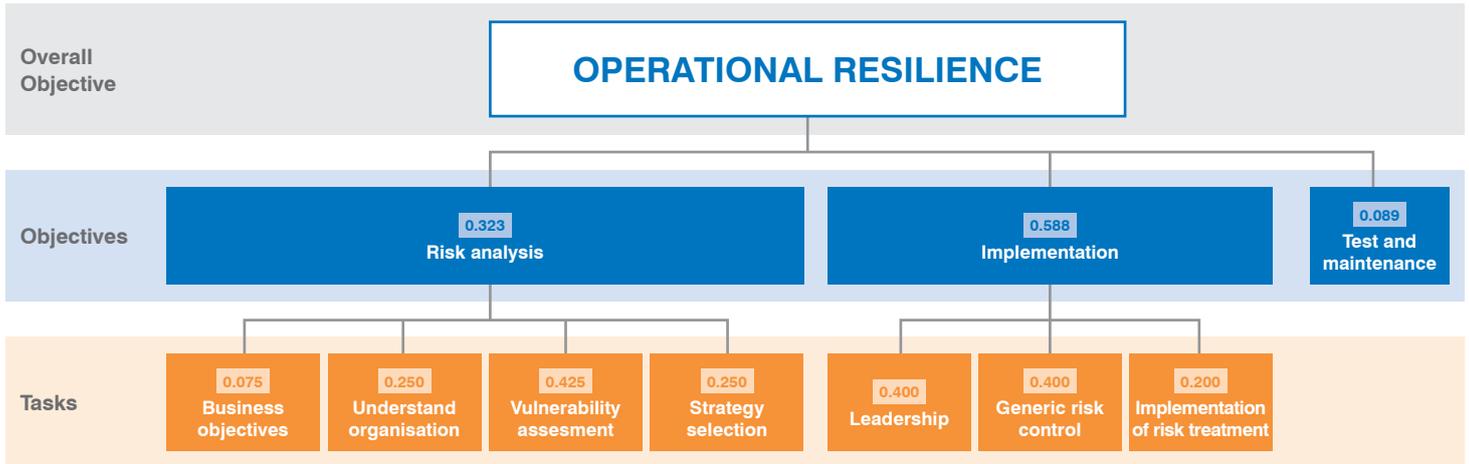
STEP 2

1. Functionally decompose the objectives into tasks
2. Functionally decompose the tasks into activities



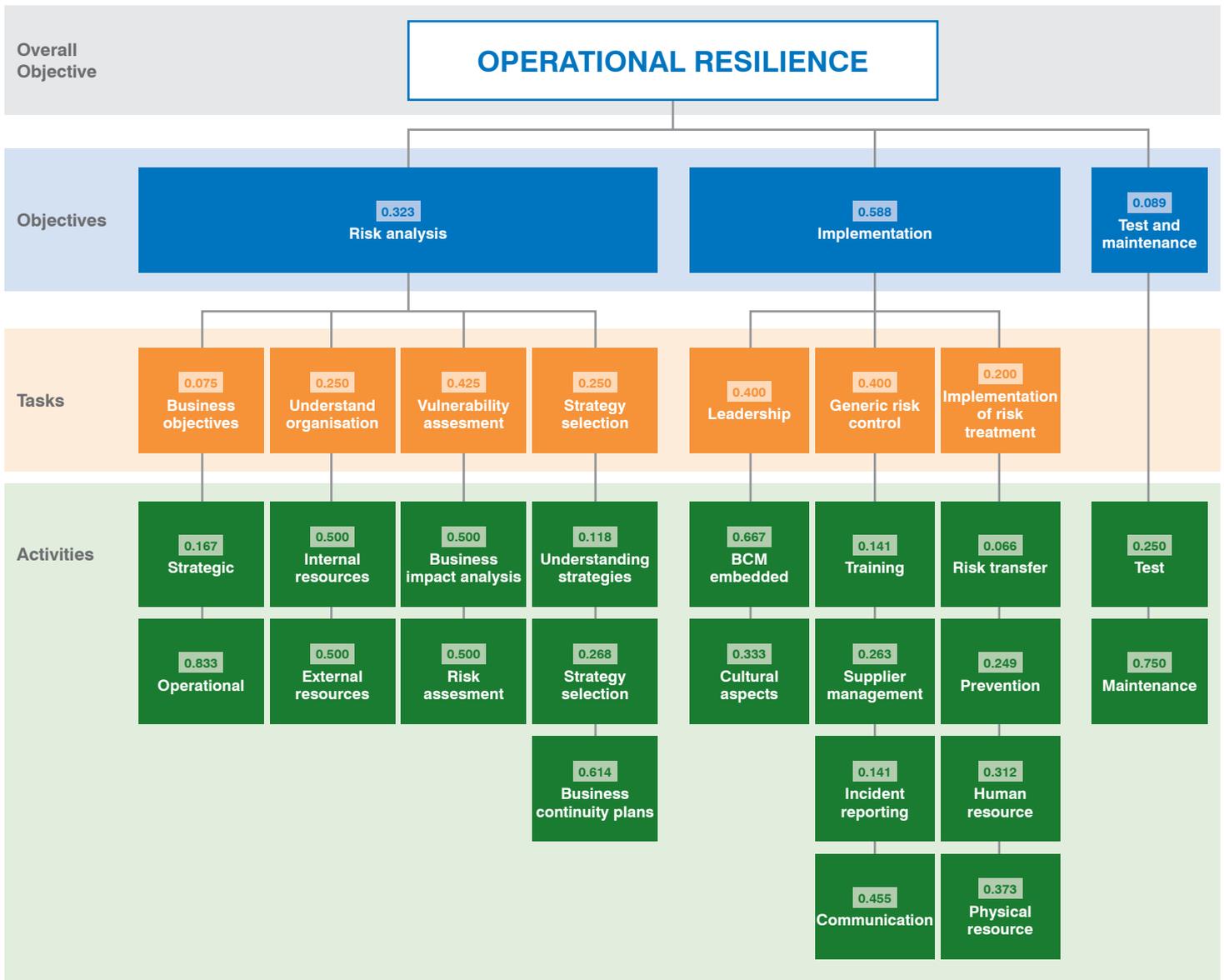
STEP 3

1. Assign a weighting to each objective. The sum of the weightings must be 1.
2. Assign a weighting to each task. The sum of each objective group of tasks must be 1.



STEP 4

1. Assign a weighting to each activity, so that for each parent task, they add up to 1.



STEP 5

Assign a score from between 0 and 1 to each activity (shown in **brown**).

This is a subjective assessment of how optimal the task is, although if you have data to support your assessment then all the better. The score reflects your confidence in the task, and if you don't know then give it a low score.

This is deliberately subjective; it should be a quick debate.

Some organisations define criteria for scoring e.g. what good and bad is.

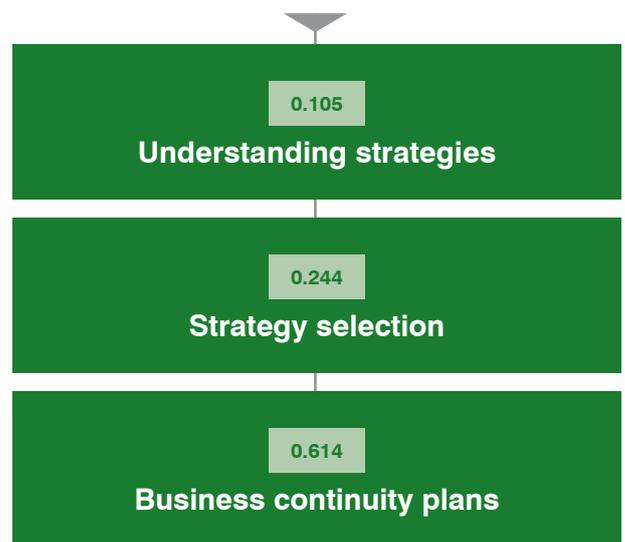


*as taken from above

STEP 6

Multiply the score by the weighting.

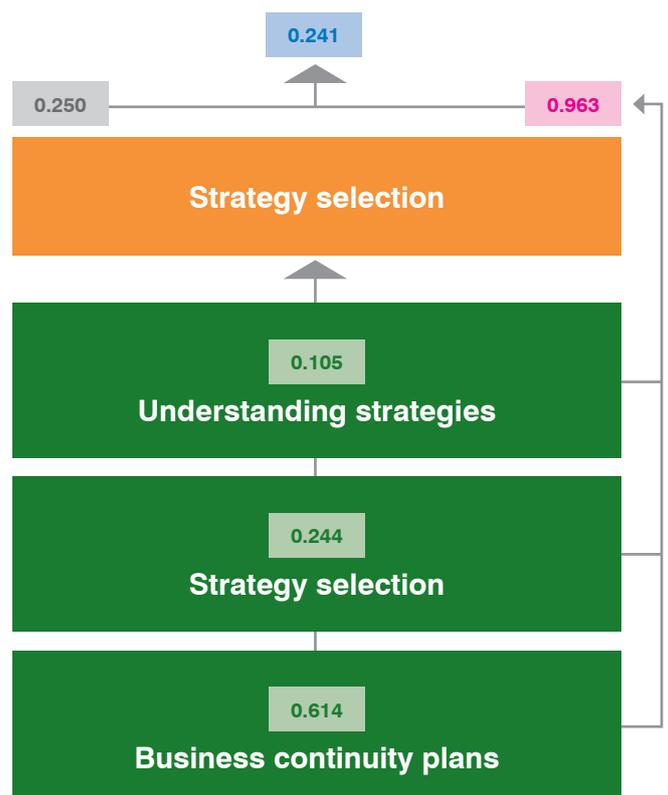
The product is shown in **green**.



STEP 7

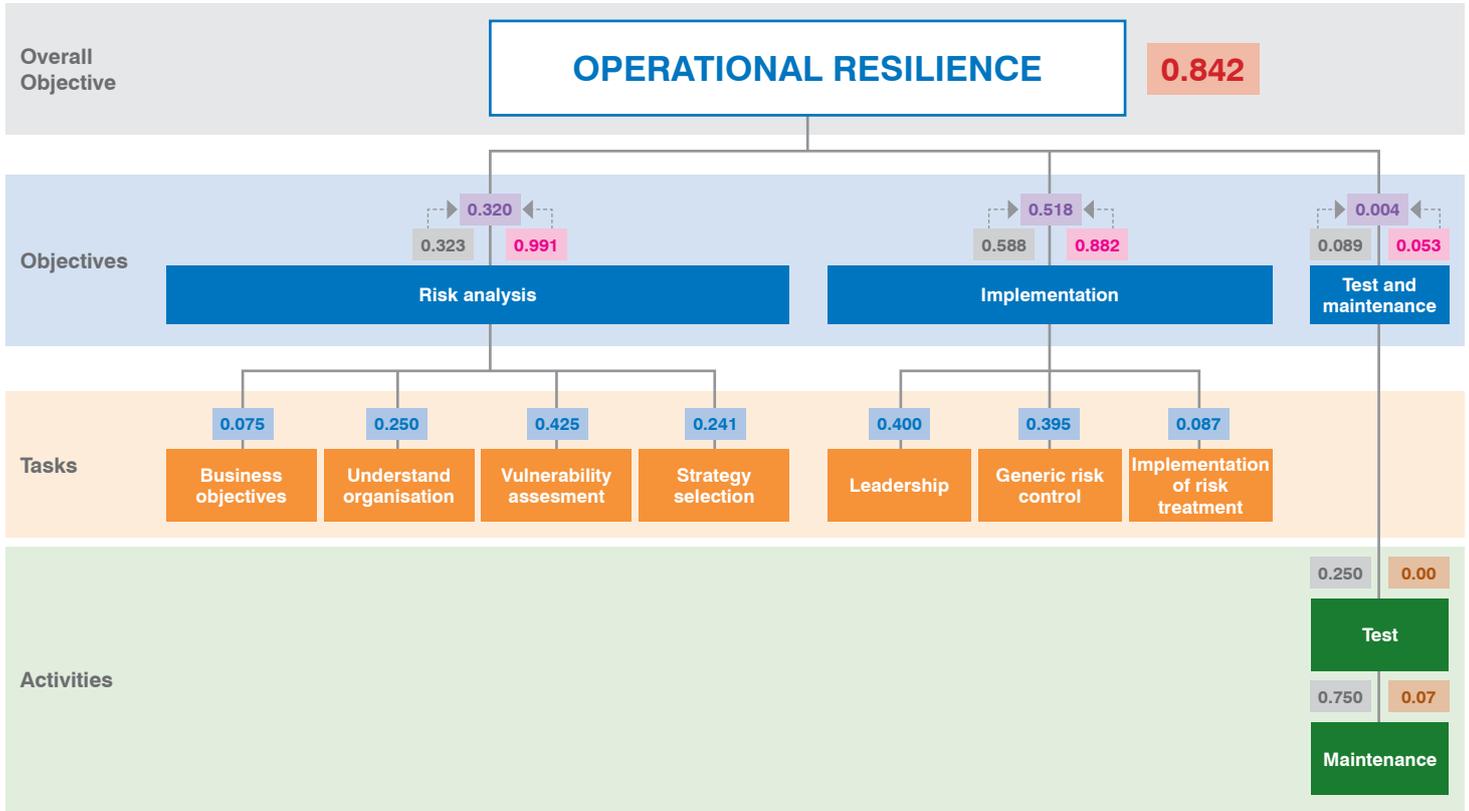
1. The sum of the products is the score for the parent task (shown in **pink**).

2. Multiply the sum by the weighting to give the weighted score (shown in **blue**).



STEP 8

1. For each objective group of tasks, add up the task's weighted scores (sum shown in pink).
2. Multiply the sum by the objective's weighting (product shown in purple).
3. Add up the products to give the overall operational resilience assessment score (shown in red).



ASSESSMENT SCORE

The example assessment score doesn't say the organisation is 86% operationally resilient. It is measure by which a higher score is almost certainly better than a lower score. But more importantly, it quickly identifies strengths, weaknesses or a lack of knowledge in certain areas.

By applying criteria to the assessment it can be represented as a heat map for presentation purposes.

Objectives	Risk Analysis				Implementation			Test and Maintenance	
Tasks	Risk Analysis	Understand Organisation	Vulnerability Assesment	Strategy selection	Leadership	Generic risk control	Implementation of risk treatment		
Activities	Strategic	Internal	BIA	Understand	BCM Embedded	Training	Transfer	Test	Maintenance
	Operational	External	Risk	Select	BCM Culture	Suppliers	Prevent		
				BCP		Incidents	Human resources		
					Comms	Physical resources			

