

A man in a dark green shirt is working on network cables in a server room. He is holding a bundle of cables and looking intently at them. The room is dimly lit with green and blue lights from the server racks. A yellow trapezoidal shape is overlaid on the left side of the image, containing the title text.

# Resilience, risk and reward: what businesses think

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# Introduction

The past few years have seen rapid political, regulatory and technological changes in business environments, and the rate of change is accelerating. To avoid bouncing back to the status quo, businesses increasingly need to have the right leadership and behaviours to adapt to these changes.

Resilience First and EY conducted a study of over 50 UK resilience and security professionals across all industry sectors from both organisations' member networks.

The aim was to start the conversation with businesses of all sizes to understand their resilience challenges and to develop solutions when managing uncertainty.

The study looked at business sentiments on the challenges faced over the next two years across seven categories: People, Supply Chain, Finance, Technology, Regulation, Physical Environment and Community.

Uncertainty was understandably a common theme. Yet, it was reassuring to note that the majority of businesses that we spoke to, felt that they were moving in the right direction.

The findings show that UK businesses are striving for continuous improvement and enhancing their approaches to increase their preparedness for change.



**Robert Hall**

Executive Director,  
Resilience First

*Robert Hall.*



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*Paul Roberts*

# Executive summary

Our findings show that whilst uncertainty is proving to be a business disruptor, many businesses have taken the steps to understand better their operations, such as their supply chain, through impact and due-diligence assessments.

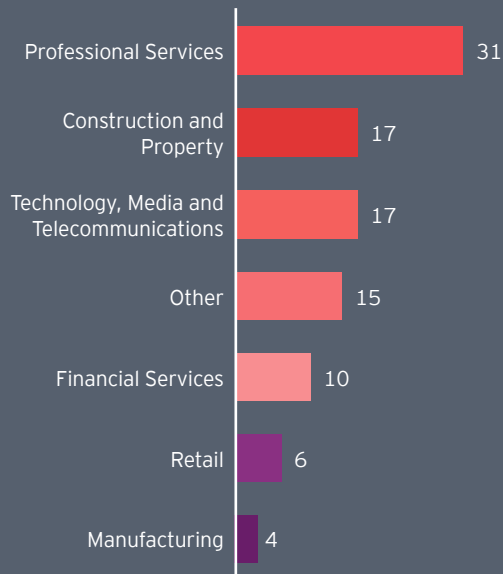
From a technology perspective, the move to cloud is a popular activity. However, in order to implement appropriate controls to enable the right blend of flexibility and security, this should be a direction of travel rather than a strategy with businesses needing to understand exactly what they want to achieve.

As businesses look towards their people as a core aspect of resilience, we are seeing that culture can be improved by keeping staff up to date on the strategy and vision of the organisation, whilst providing training and maintaining board-level discussions around their ongoing business risk management.

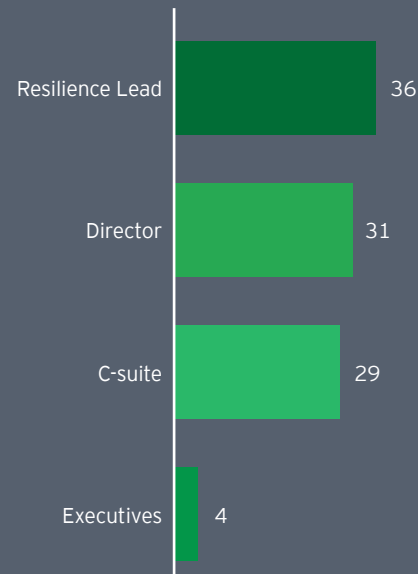
Finally, community links and networks are playing an increasingly important part with 82% of businesses having expressed a desire to enhance their resilience through industry collaboration.

## Overview of respondents

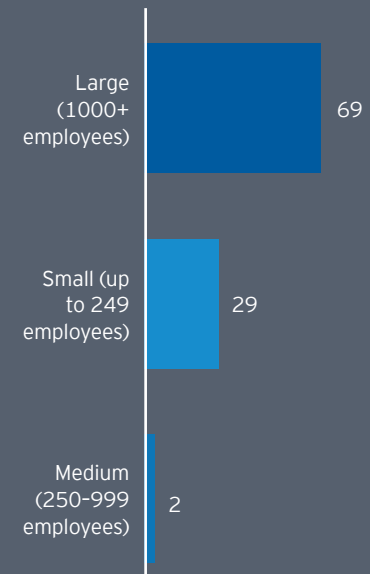
Respondents – Sector (%)



Respondents – Role (%)



Respondents – Organisation size (%)



# People

**People are the bedrock of resilience. Without the right staff, culture, training and leadership, it is almost impossible to create a resilient organisation.**

Our study showed that businesses are placing importance on people to strengthen and make their businesses more resilient.

The use of regular staff feedback, training and key performance indicators were the most common ways that businesses looked to enhance and improve their organisational culture and behaviours. This enables staff to buy into and drive your business agenda.

Almost three-quarters of businesses were confident they could recruit and retain the right people. However, only 39% found it easy to achieve the right balance of staff to meet their future needs.

This suggests that the challenge is in horizon-scanning and developing plans to manage uncertainty. Smaller businesses, however, felt less able to compete with larger businesses in the talent race.

The 'hot skills' that businesses of all sizes most struggled to recruit and retain were around cloud, operational technology, use of internet of things and penetration testing.

Meanwhile, the more traditional skills that businesses struggled to fill were around construction, quantity surveying and civil engineering.

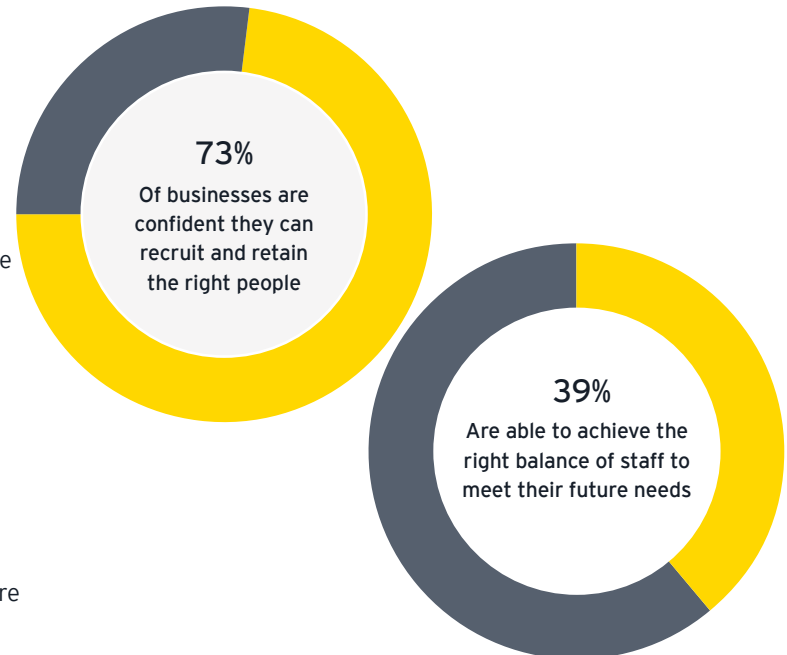
Overall, businesses recognised that leadership and training were key driving forces to be more resilient to change.

As UK businesses prepare themselves for further disruption, having wider discussions at board level and training at ground level will help optimise their people capability and allow for a more resilient culture.

“

There is a need for leadership to see cybersecurity and organisational resilience as part of their wider business risk management discussions at board level. This will enable businesses to have stronger inherent resilience to mitigate disruption caused by change in order to thrive.

Caroline Artis, Partner, London Market Segment Leader, EY





# Supply chain

**Business success relies on the robustness of supply chains. These are often made up of interconnected and complex systems and networks. If suppliers fall short or are disrupted, operational capability and recovery cannot be assured.**

Supply chain risks and management elicited interesting responses.

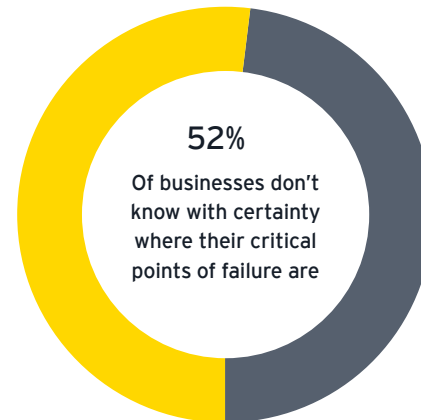
Businesses generally reported having mature shock and stress impact assessment processes and were implementing mitigation strategies.

However, 52% did not know with certainty where their critical points of potential failure were. This highlights the complexity of business supply chains and the potential customer and revenue losses that could be incurred by being unable to identify sources of failure in time.

In terms of planning for change, many felt that their customer base was likely to stay the same, placing little additional strain on their networks. Yet, pressures were likely to come from businesses putting their supply chain under greater scrutiny.

Around two thirds of businesses said they had not developed a mature understanding of their supply chain, with 70% expecting to increase their due-diligence assessment of third parties.

This, businesses felt, could reduce suppliers' confidence and productivity levels, and be an added pressure placed on their supply chain.





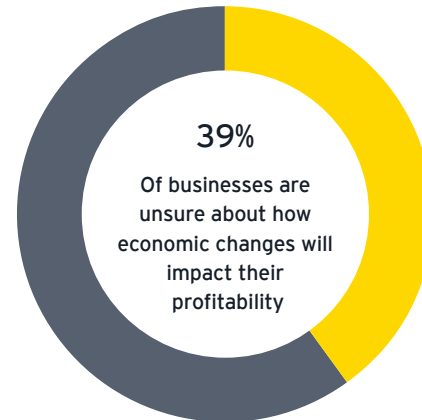
# Finance

## Resilience depends on having a healthy bottom line in the face of economic changes and challenges.

Around two-fifths of businesses were generally unsure about how economic changes, such as variations to business rates or taxation requirements, would affect their profitability and only 61% knew where they were likely to focus their future investments.

To mitigate costs within their control, such as procurement and labour management, businesses were developing preparedness plans to manage proactively any financial impact.

The main mitigation strategies focused on by businesses were around conducting risk assessments prior to financing projects and diversifying potential acquisitions.





# Technology

**Technology can be a double-edged sword for businesses, helping them to become more resilient in some areas whilst increasing their vulnerability in others.**

Businesses are striving to make the best use of technology, with many looking to cloud-based infrastructure to transition away from legacy systems.

For some, the move to cloud was expressed with positive sentiments about increasing efficiencies to make their business more dynamic and secure. Whilst recognising this as a positive activity, some respondents also acknowledged the potential for increased cybersecurity vulnerabilities.

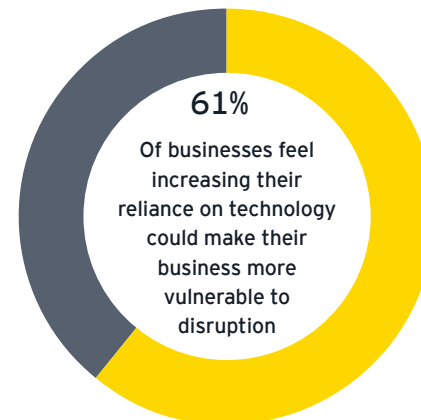
To combat such fears, businesses should have a fully developed plan for 'moving to the cloud'. With the right strategy and controls in place, they can ensure their platforms are fit for purpose and secured appropriately.

An often overlooked but instrumental component of a successful technology transition is agreeing as a business exactly what you aim to achieve by moving to the cloud and providing a clear strategy, plan and end goal. This would enable businesses to establish the environment that meets their needs and best enhances their operations.

“

Technology is fast paced and ever changing. The need for data grows each day and the introduction of 5G technology will see a greater need for device connectivity to enable data creation, collection and processing. To meet these new demands, new ventures, business and supply chain models will also need to be created to match.

Programme Manager, Technology Business





# Regulation

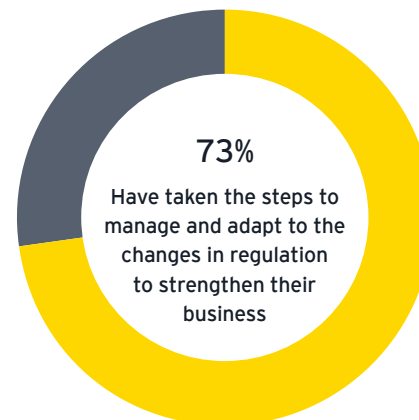
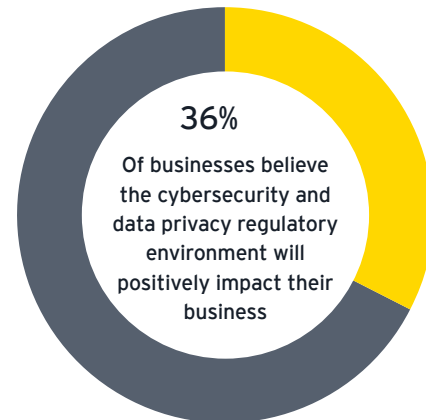
**Regulation can both impede and assist businesses in being resilient. However, it is an important underlying factor that we cannot do without.**

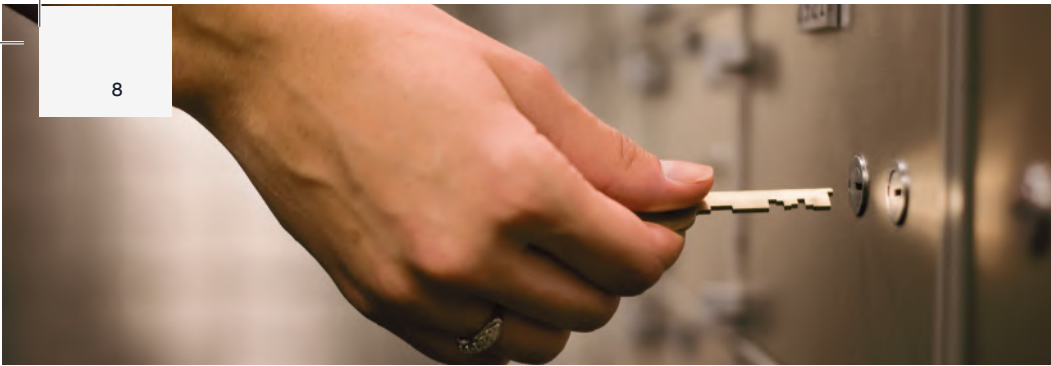
The message from UK businesses was that the regulatory environment was still unclear but they were taking action to mitigate the impact of change, or minimise penalties, around current data privacy and cybersecurity regulations.

Businesses responded to the EU General Data Protection Regulation (GDPR) by reviewing their privacy arrangements, data handling and contracts to ensure compliance.

Around the Networks and Information Systems (NIS) Directive, businesses were aligning to the set guidelines for combatting security threats and were also referring to and implementing schemes such as Cyber Essentials Plus and International Standards including ISO27001, ISO 65000 and ISO2000 to show compliance.

However, to stay ahead of regulatory changes in their sector, businesses will need a more proactive view not just to achieve compliance but also to demonstrate the value of good cybersecurity and data controls.





# Physical environment

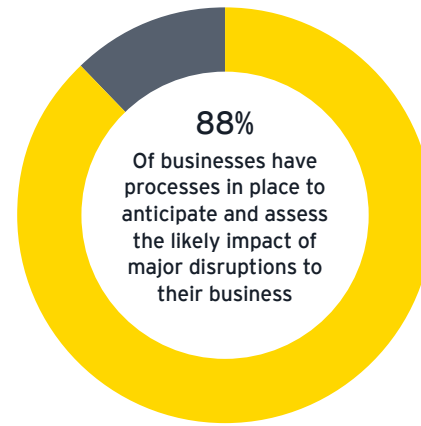
**Damage to property and the impact on health and safety are the obvious effects of most physical shocks and stresses. Preparation and mitigation are critical resilient responses for the protection of business assets.**

Over four-fifths of businesses reported that they have processes in place to mitigate physical disruptions, which showed that they had learnt from experiences over the last two years.

Concerns identified included terrorism, pandemics, flooding and power failures.

Mitigation measures around these include reviewing crisis management plans, based on latest intelligence from sources such as the Cross-Sector Safety and Security Communication (CSSC) initiative, community resilience registers (available from your local council) and business advice from your power provider. Furthermore, it is important to test your resilience capability to validate that it is fit for purpose. Businesses can refer to resilience member networks for guidance and tools.

To continue enhancing their mitigation strategies, businesses should also look at incidents across their sector and learn further by sharing with other businesses around them to improve the way they operate and minimise their risk impacts.





# Community

**The community with which a business interacts, whether that be in a commercial or residential environment or online across its various stakeholder groups can have a fundamental impact on its resilience and how it operates.**

Businesses expressed having strong community links in place and highlighted the importance of collaborating with specific networks around physical and online security, data privacy and resilience.

Around half experienced commercial success as a result of being inextricably linked to their local community. By supporting each other and all being prepared to play their part as neighbours, colleagues or peers, these businesses were able to minimise disruption and business losses.

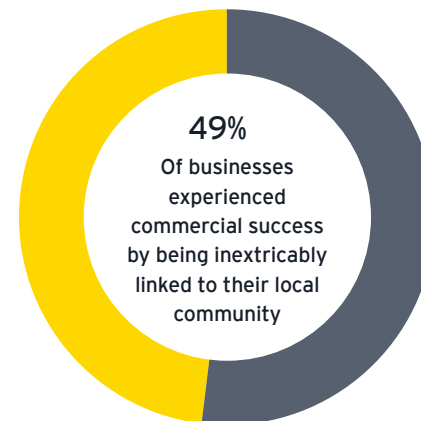
Increasingly, successful business community resilience relies on a careful integration of two components. One is the 'hard' material of plans, protocols and procedures. The other 'soft' component is the cultural and human traits of leadership, networking, communication and collaboration.

By balancing both components, and perhaps more importantly learning the value of social capital and shared responsibility, businesses are able to adapt and become more resilient as a collective network.

“

Community resilience develops increased awareness, enhanced security and competitive advantage, while reducing stress. Businesses should look to their neighbours to foster a collective spirit to manage uncertainty.

Simon Collins, Chair, Resilience First





# Closing comments

Ultimately, the businesses surveyed have demonstrated that they will not be driven by uncertainty.

They are determined to manage the factors within their control and actively identify opportunities to implement positive change.

Furthermore, combining positive aspirations with shared experiences and resources can optimise an organisation's resilience, enabling it to be better prepared for uncertainty.

The key actions and takeaways for businesses should be around:

- ▶ Understanding your core business and the external links and resources that you can rely upon: what is it you do that enables you to survive and thrive?
- ▶ Ensuring compliance with the latest regulations, both to reduce the likelihood of incurring any financial penalty and to enhance resilience: channelling compliance into better performance.
- ▶ Collaborating and partnering with like-minded businesses to share risk and to mutually benefit: from risk to reward.



# Contacts

To discuss any of the findings from this study or for further information around developing your resilience solutions, please get in touch with our team.



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