



Model for Organisational Resilience

October 2024



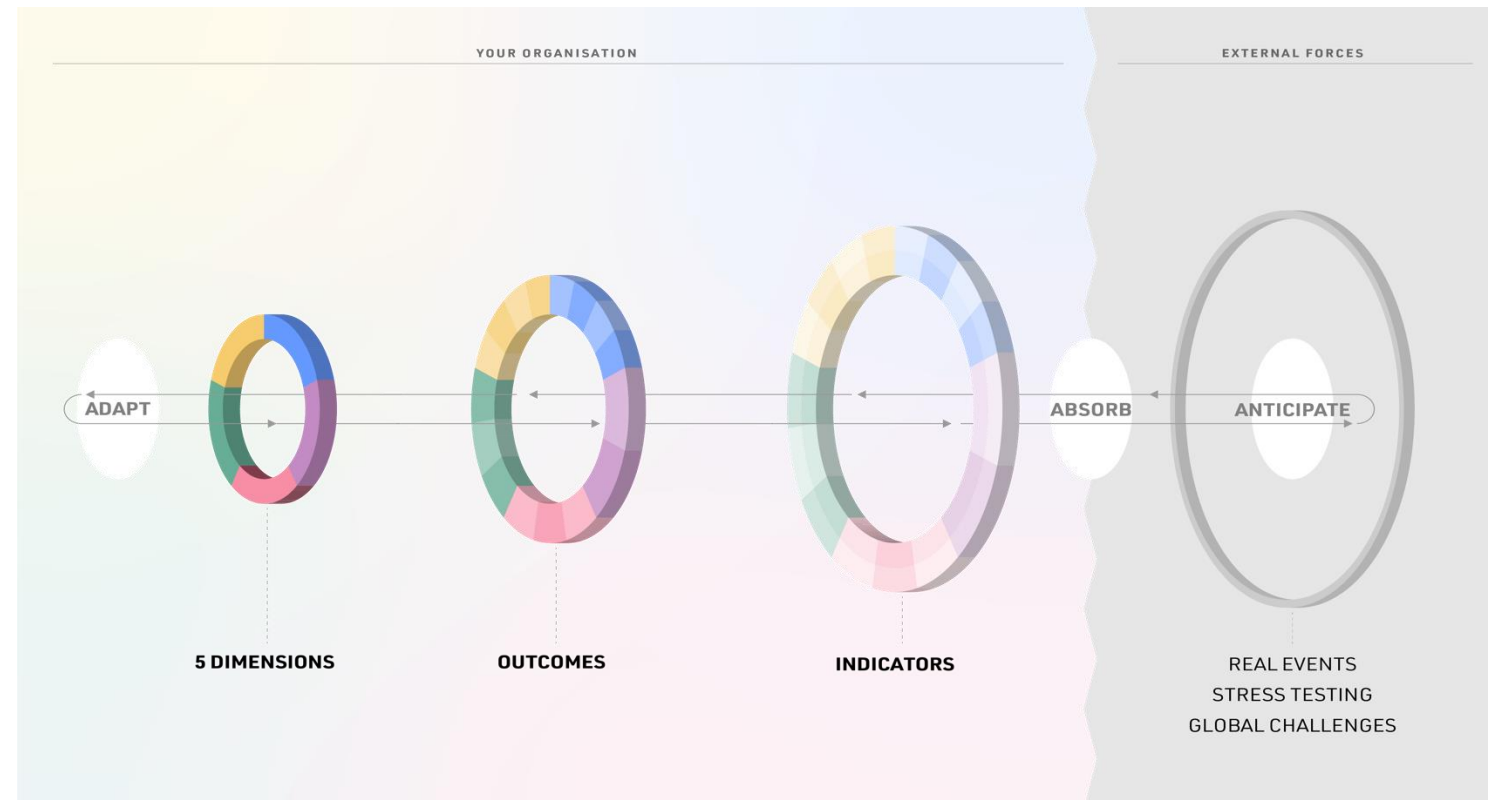
RESILIENCE FIRST



Introduction to the Model for Organisational Resilience¹

Organisational resilience is the ability of an organisation to absorb and adapt in a changing environment². This model, developed in partnership with Cranfield University School of Management, expands on this definition and introduces a measurement framework based around five key dimensions: social, financial, workforce, infrastructure and environment. Together, they form the core of a strategic business approach and support resilience by ensuring organisations can:

- **Anticipate change** and address vulnerabilities proactively
- **Absorb impacts** of change or disruption effectively
- **Adapt strategy** and business model to a changed or changing context.



¹ Denyer, D., Cudworth, R., Sutliff, M., and Steinmann, F. (2024). Measuring and Managing Organisational Resilience. Cranfield University and Resilience First.

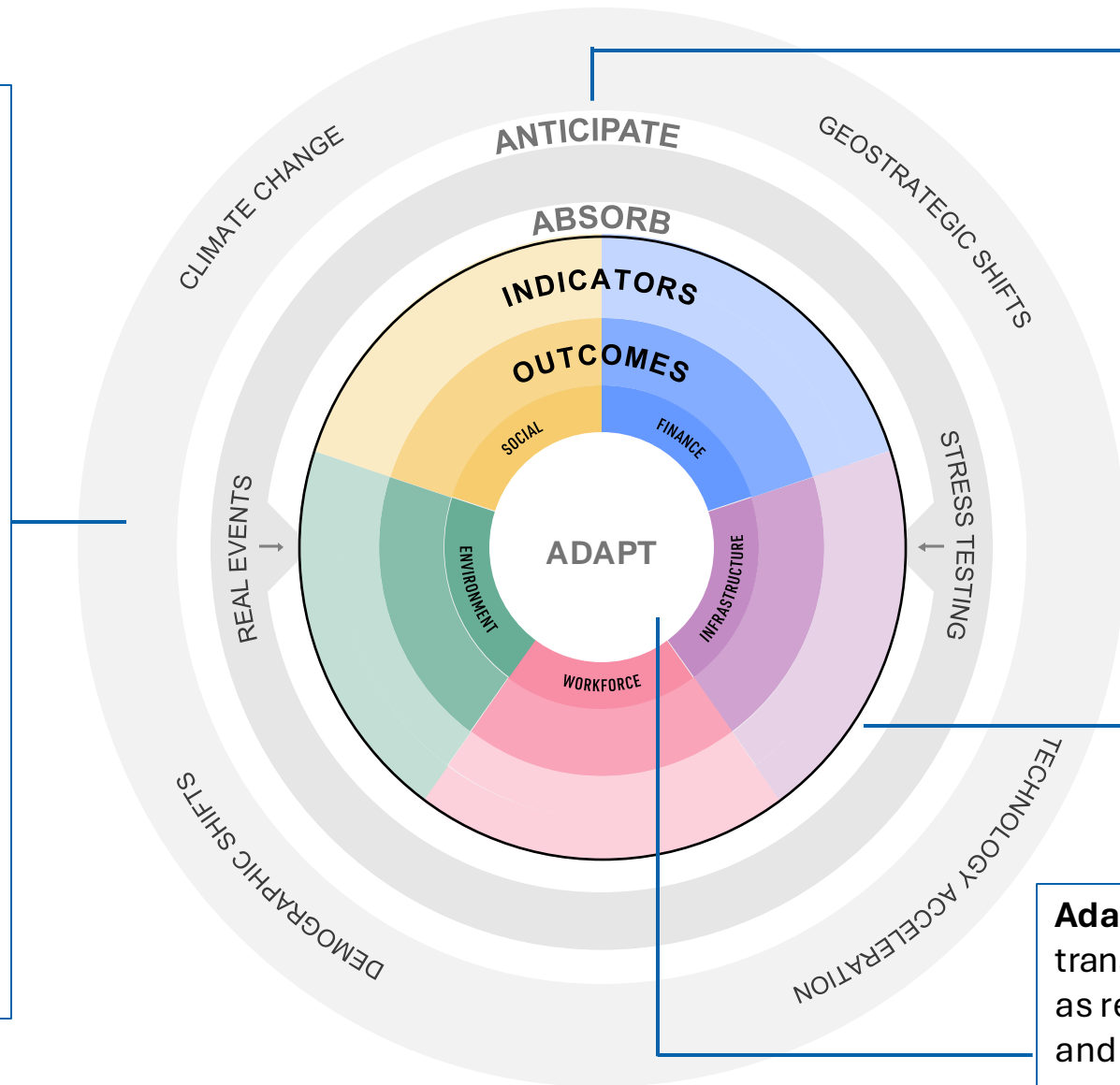
² International Organization for Standardization [ISO] 22316

Model for Organisational Resilience

External forces (e.g., climate change, geostrategic shifts, demographic shifts, technological acceleration).

An understanding of potential changes to the context of an organisation is essential to the development of organisational resilience.

These can also be used for stress testing purposes to determine whether the organisation has sufficient resilience.



Anticipate: the capability to identify and assess internal and external changes to the organisation's context, as well as to learn from previous events including events impacting other organisations. This ensures the application of the model is dynamic and addresses the ever-changing conditions in which an organisation operates within.

Absorb: the capability to absorb change or disruption in normal operating conditions, and through severe adverse events including proactive and reactive capabilities.

Adapt: the capability to adjust or transform strategy and business model, as represented by the five dimensions, and to create new opportunities or adjust organisational resilience indicators.

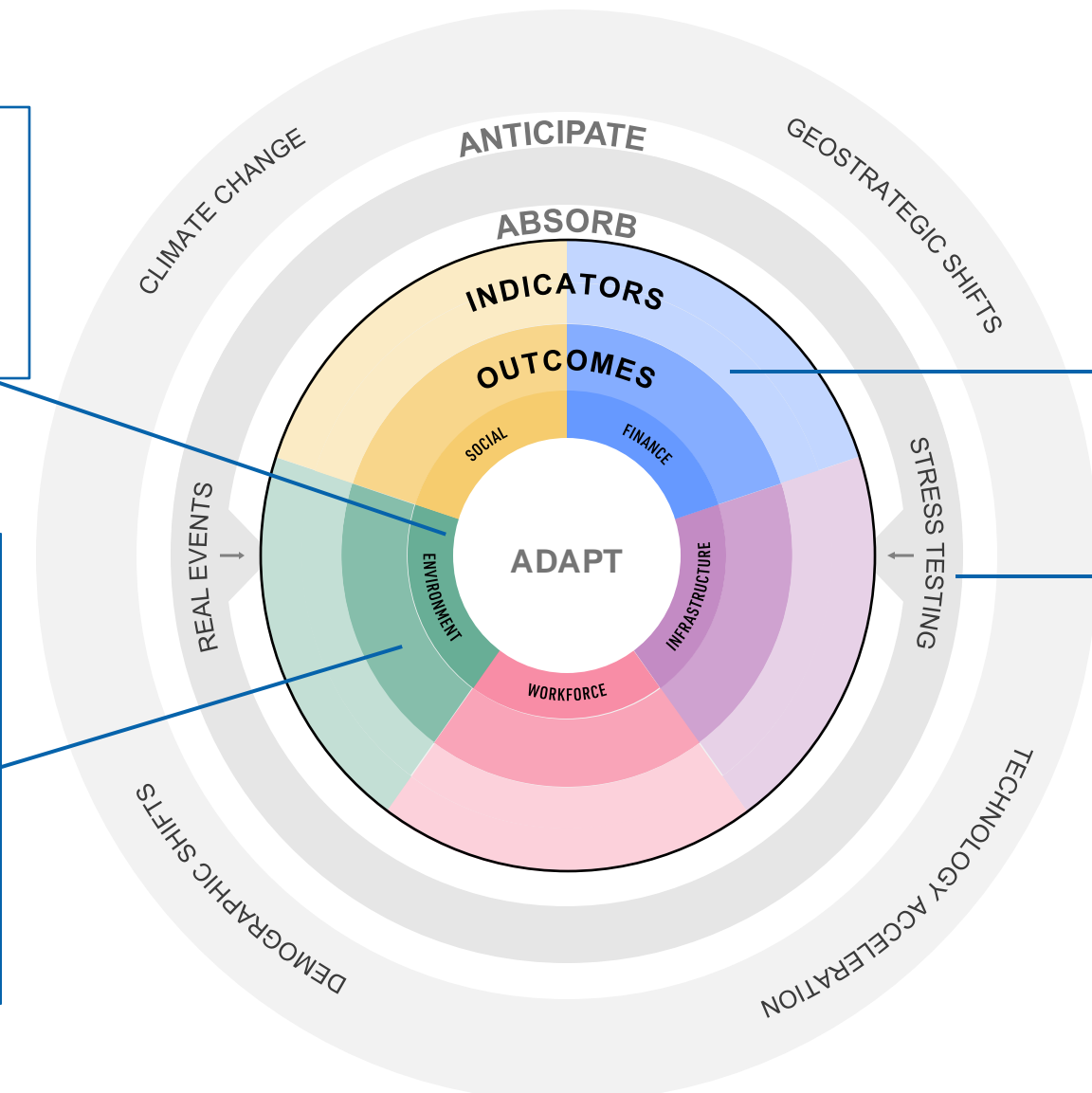
Model for Organisational Resilience

The **Five Dimensions**³ (finance, infrastructure, workforce, environment, social) represent the '5 Capitals' of an organisation, around which resilience should be considered.

Essential Outcomes which identify what matters most from an organisational resilience perspective. They describe what we need to have or to do to be resilient, and the objectives to be achieved. This enables effort and investment in resilience to be appropriately and efficiently focused

Resilience Indicators are specific targets to be achieved or operated within for each essential outcome. These indicators are set for two conditions: normal operating conditions; and severe adverse conditions.

Stress Testing and Real Events enables organisations to continuously measure the effectiveness of their resilience under various conditions and determine whether their resilience is sufficient. This also allows new or persistent vulnerabilities to be identified, so they can be eliminated, reduced or otherwise mitigated.



³Adapted from Forum for the Future in Partnership with Keele University (2020) The Five Capitals - a Framework for Sustainability. Keele University. Available at: <https://www.forumforthefuture.org/the-five-capitals>. Adopted by Denyer, D. and Sutliff, M. (2021). Resilience reimaged: a practical guide for organisations. National Preparedness Commission, Cranfield University and Deloitte. Denyer, D., Cudworth, R., Sutliff, M., and Steinmann, F. (2024). Measuring and Managing Organisational Resilience. Cranfield University and Resilience First.

Model for Organisational Resilience

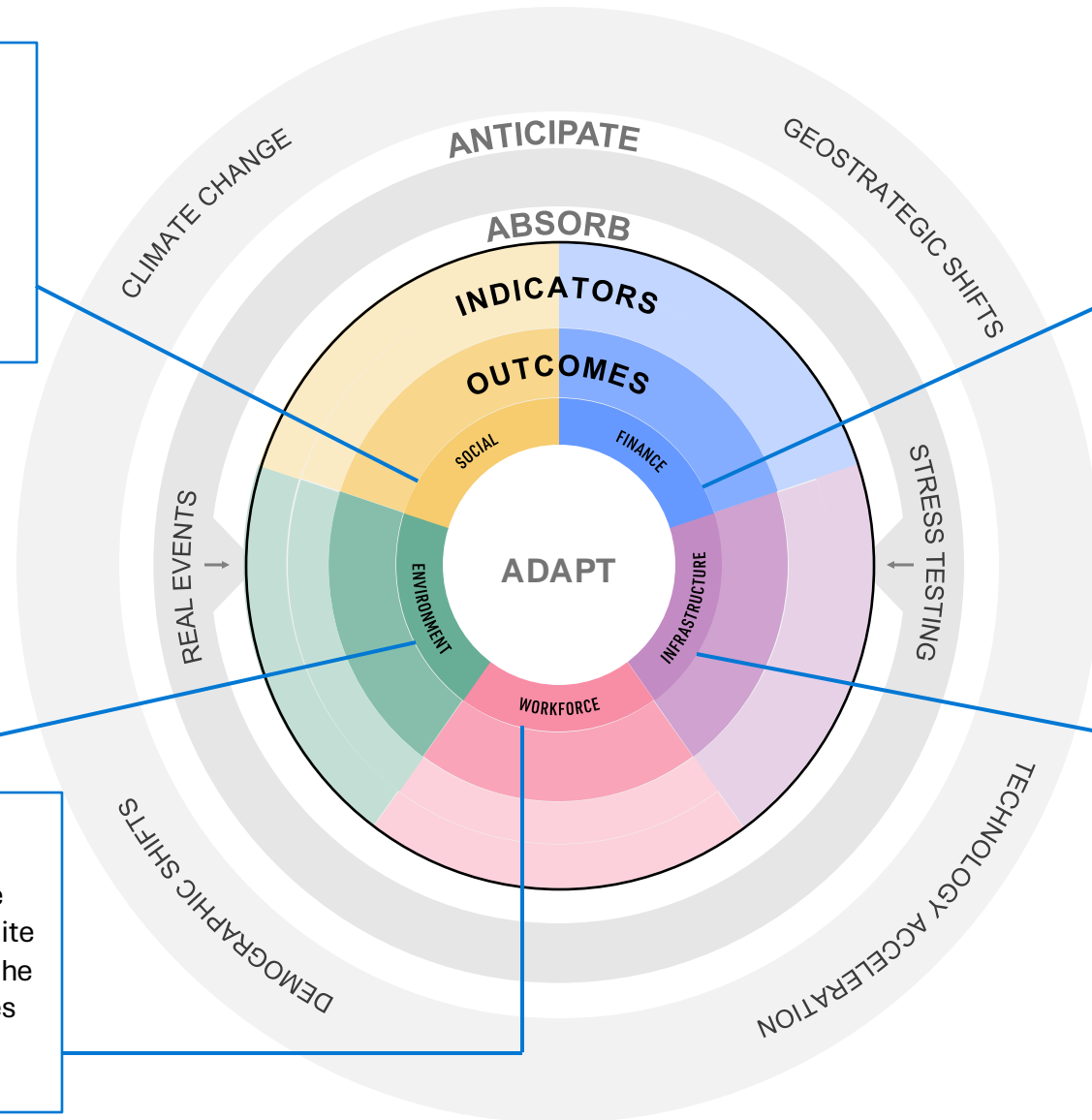
Social: addresses the level of trust and confidence that an interested party, including investors, lenders, employees, customers, suppliers, communities and wider society have in an organization and its ability to build and sustain such relationships, partnerships, cooperation, trust and confidence.

Environment: addresses an organizations ability to adapt its business model, as well as its essential outcomes and critical assets, resources and supplies to the consequence of changing climatic or other environmental conditions, and to mitigate its own impact on the environment.

Workforce: addresses the ability of the workforce to adapt to significant change and respond to adverse conditions, including the development and maintenance of the requisite knowledge, skills, behaviours and values in the face of external pressures, and encompasses health, engagement, motivation, and overall well-being.

Finance: addresses the ability of an organization to absorb financial losses, access liquidity and maintain capital in stressed conditions.

Infrastructure: addresses the ability of an organization to adapt its essential functions and processes, including supply chain, vital assets and infrastructure (including information and digital infrastructure) to changes in the organization's context, and to absorb operational impacts during adverse events. This involves ensuring that essential functions and processes, including supply chain, vital assets and infrastructure (including information and digital infrastructure) continue to operate, while mitigating the impact of the disruption on interested parties.



Example Illustrative Indicators



DIMENSION



ESSENTIAL OUTCOMES

Short-form



RESILIENCE INDICATOR

Normal operating conditions



RESILIENCE INDICATOR

Severe adverse conditions

FINANCIAL	Liquidity ratio / Quick ratio	<i>Ratio range</i>	<i>Not less than x</i>
	Cash reserves	<i>Value range</i>	<i>Not less than y</i>
	Business disruption insurance	<i>Value</i>	<i>Value</i>
	Credit rating (S&P)	<i>Rating range</i>	<i>N/A</i>
INFRASTRUCTURE	Essential product/ service A	<i>99.9% availability/ reliability Recovery time < 4 hrs Supply chain diversity/ modularity/ redundancy score</i>	<i>Recovery within 3 days + Alternative means of provision within 24 hours at 60% capacity for at least 5 days</i>
	Essential product/ service B	<i>99.5% reliability Recovery time < 2 days Supply chain diversity/ modularity/ redundancy score</i>	<i>60% of volume for > 1 month</i>
WORKFORCE	Turnover / absenteeism rate	<i>Range e.g. 10-20%</i>	<i>Rate e.g. <25%</i>
	Employee well-being index	<i>Score range</i>	<i>Not less than x</i>
	Employee engagement/ satisfaction	<i>Score range</i>	<i>Not less than y</i>

Example Illustrative Indicators



DIMENSION



ESSENTIAL OUTCOMES
Short-form



RESILIENCE INDICATOR
Normal operating conditions

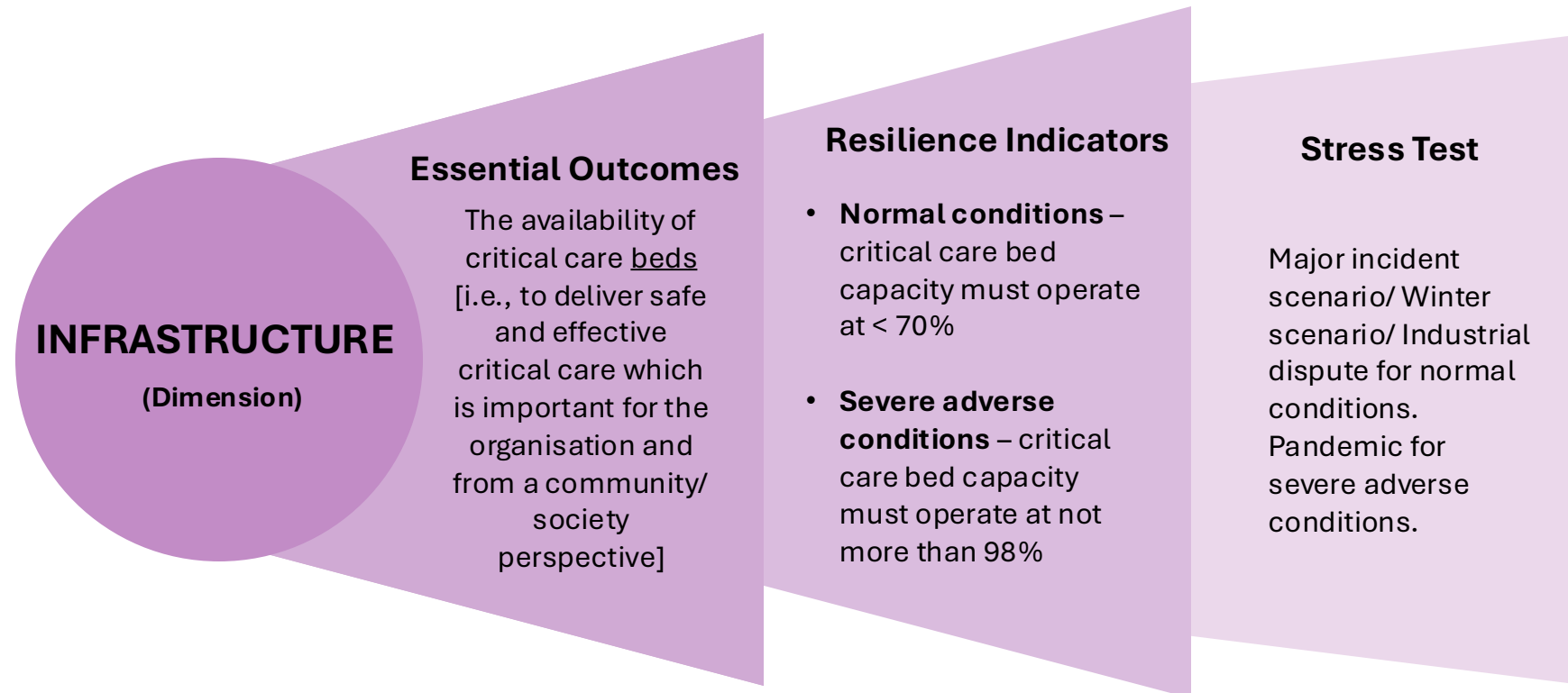


RESILIENCE INDICATOR
Severe adverse conditions

ENVIRONMENTAL	Net-zero	Date	Not later than Date
	Critical asset/ resource/ supply climate resilience	Score	N/A
SOCIAL	Investor	<i>AGM motions (number range) Investor challenger questions (number range)</i>	<i>Not more than Not more than</i>
	Public image / brand loyalty	<i>Net Promoter Score (NPS) range Media (positive / adverse) range</i>	<i>NPS not less than x Media not less than</i>
	Market share stability	<i>Range</i>	<i>Not less than</i>
	Customer satisfaction / retention	<i>Range</i>	<i>Not less than</i>

Example 1

Organisation: Hospital | Dimension: Infrastructure



Example 2

Organisation: Hospital | Dimension: Workforce

