Organizational Resilience in the Boardroom

Strategieën voor succes

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06 - 11 - 24

1 Introductie

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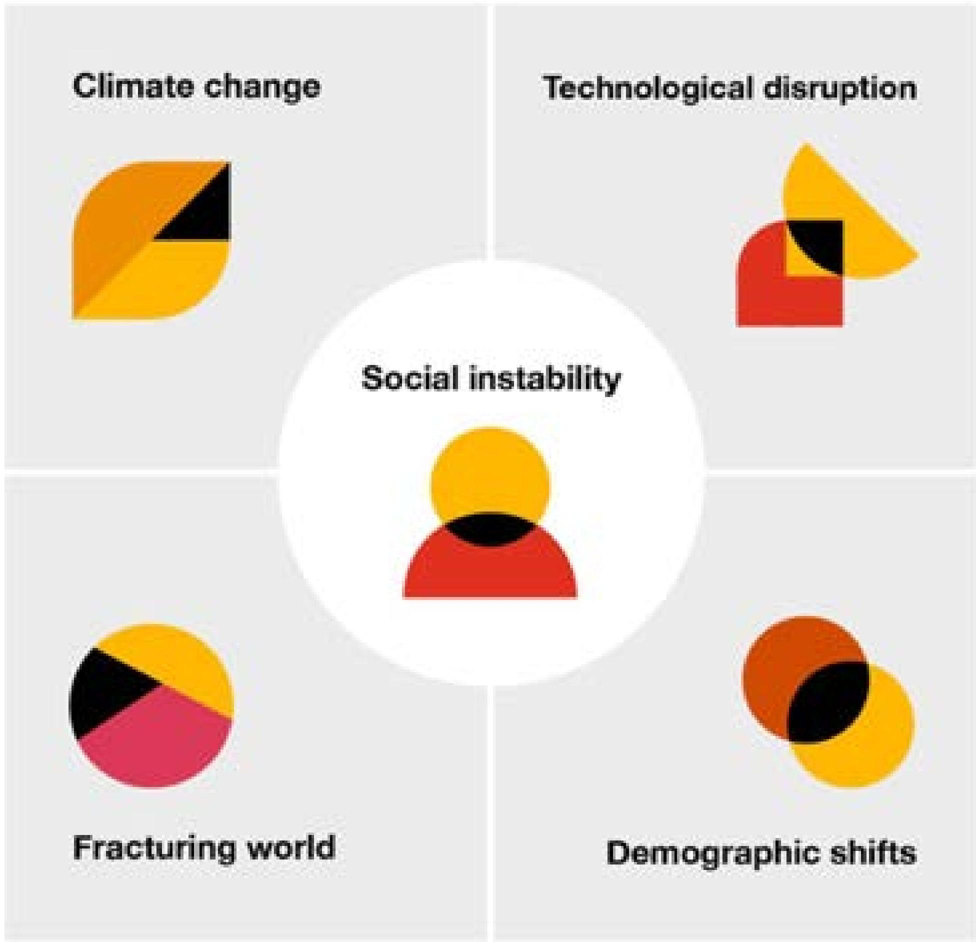
2 Five key trends

The five mega trends



Why is it so difficult?

Companies often take an inward-looking siloed approach to managing risks – leaving out the customers experience

Financial resilience often gets prioritized over operational resilience

Digitalization can make how services are delivers less tolerant of disruption

"Leaders need to zero in on the risks that might plausibly disrupt the most important aspects of the operations, the ones that are most crucial to customers—and thus, the company."

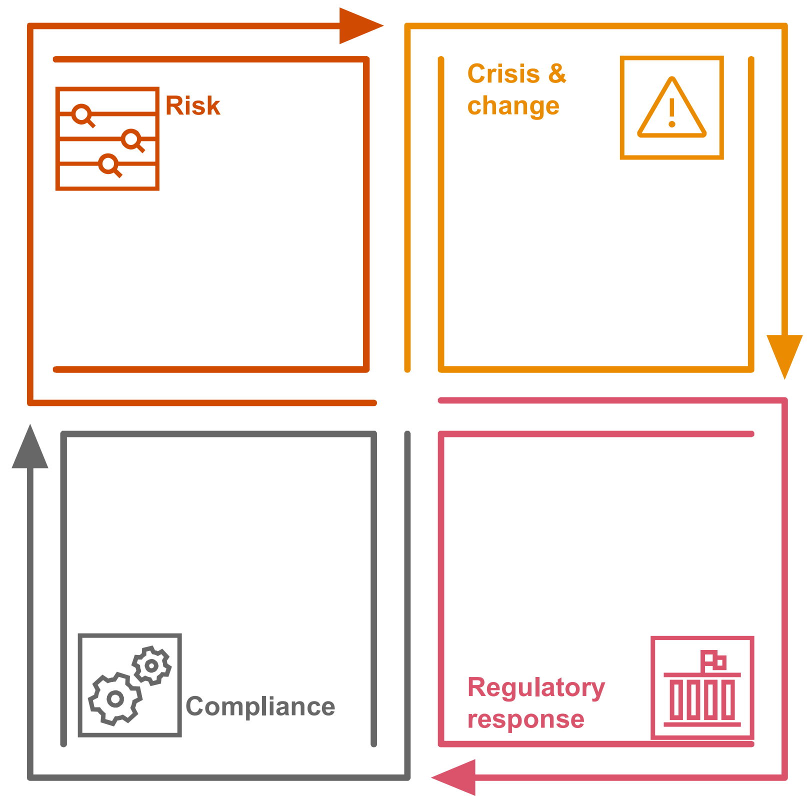
Next to all that, a highly regulated cyber world

Regulatory frameworks are asking companies to swiftly comply with a growing array of requirements. A surge of new regulations — DORA, Cyber Resilience Act, AI Act, CIRCIA, Singapore Cybersecurity Act, etc. —

Confidence gap: CISOs feel less certain than CEOs about cyber compliance

Despite the belief that cyber regulations are helping the organisation, there's a significant difference between CEO and CISO/CSO confidence in their ability to comply with these regulations.

The biggest gaps involve compliance with AI, resilience and critical infrastructure requirements. CISOs, who are on the front lines of cybersecurity, are less optimistic than CEOs about their organisation's ability to meet these regulatory requirements.



3 Ways to change the game

How do we start?

Start with what matters most

Seeing and responding to risk differently first requires leaders to clearly pinpoint where plausible risks could materialize and do the most damage to key operations and services

Collaborate to eliminate blind sports

Determining which operations and other areas of the business are the most vital—and most vital to customers—requires considerable focus and commitment.

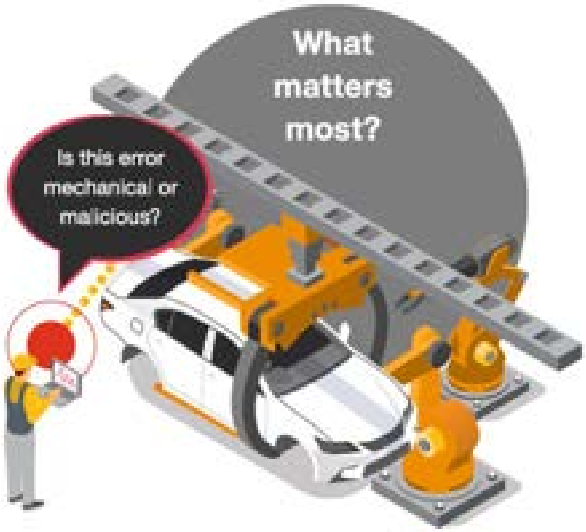
Turbocharge with tech

The best resilience strategies will be underpinned by technology that helps anticipate, simulate, respond to—and learn from—the web of risks and disruptions companies now face.

Making the best of a bad day*

Imagine a hypothetical EV company. The automaker's executive team has identified the most plausible (and potentially damaging) risks. One biggie involves the customer relationship: failing to deliver cars to buyers on time.

Mapping the dependencies involved—people, parts, IT, logistics, and production capacity—on a digital dashboard, the leaders are betting the company will be resilient should the worst happen. And it does: a glitch arises with the robot arm on a US assembly line.



Best practice: The production engineer alerts operations and IT, and then shuts down the line. IT alerts the CISO in case this is more than a mechanical problem.

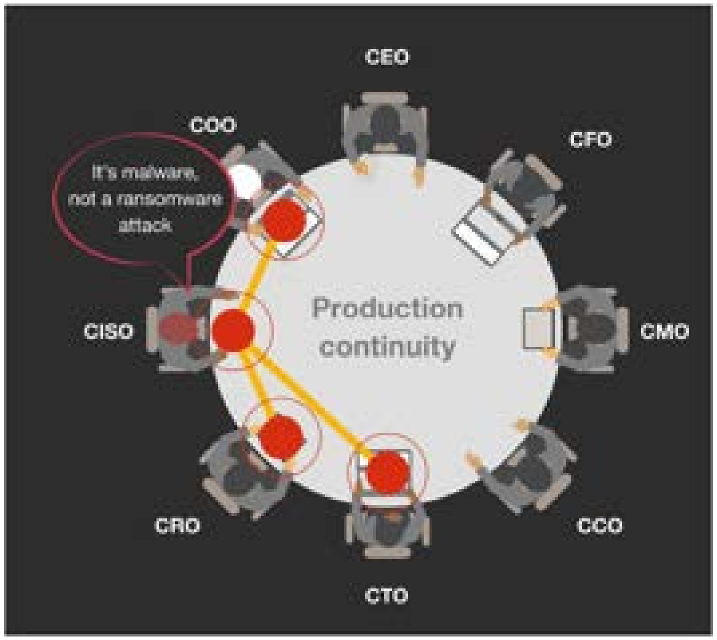
Bad practice: To avoid incurring additional costs, the engineer quietly tries to figure out a solution without escalating the issue.

Source: PwC analysis

*Link to full article on poly crisis and this business case

Making the best of a bad day

While IT looks into the problem, the CISO alerts the CRO (chief risk officer), COO (chief operating officer), and CTO (chief technology officer). The company's risk dashboard shows the effect on delivery of having one production line down: the situation is still within tolerances. Within hours, the stoppage is traced to malware.

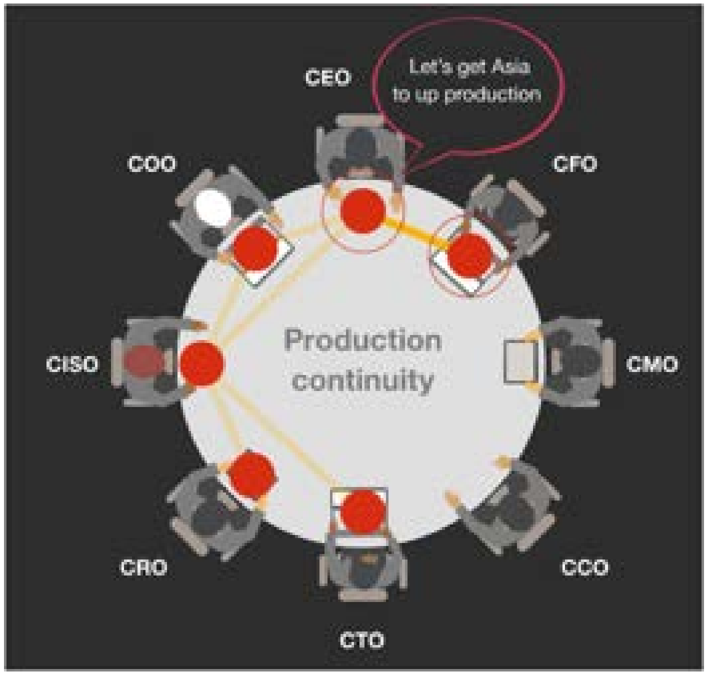


Best practice: The CEO is informed, and the whole C-suite is in the loop. The CTO shuts down all US production to limit the spread of the virus.

Bad practice: Because time is money, the COO keeps the line running while leadership determines options.

Making the best of a bad day

The leaders track the stoppage's implications—longer delivery times, added costs to activate spare capacity, and a hit to revenues—in real time.



Best practice: The CEO and CFO meet virtually for an update. The CFO estimates the cost of shifting production to Asia.

The COO reports that delivery schedules now exceed predetermined risk tolerance

The CEO makes the call: shift production

Bad practice: Cost avoidance delays decision-making, which allows malware and its damage to spread.

Making the best of a bad day

Proactively alerting the public and investors limits reputational impact. The tech dashboard allows the team quick access to the necessary data.

Swift communications, based on real-time data, with customers and markets go smoothly. There's no hit to the share price. And customers will get their products on time, which is what matters most.

Best practice: The CMO (chief marketing officer) and CCO (chief communications cfficer) activate communications plans.

The CMO contacts customers with updated delivery dates, which are now back within tolerances thanks to the Asia plant.

Bad practice: Leaders are reluctant to go public until the crisis is addressed; the lack of transparency will later erode trust.

4 Way forward

Promote a strong risk culture

Manage up and down and side to side	Boards need to understand why the C-suite has changed the way it views existential risk and buy into the new approach, as it will affect investment decisions and even the compensation of the leadership team
Focus on empowerment	When employees have power and choice, they are happier, better at their jobs, more innovative, and more likely to go the extra mile
Avoid the blame game	By embracing transparency and staying blame-free, companies are more likely to spot the weakness before it's too late.
Bring all the right people together	For risk to be looked at through a cross-functional lens, key people across the different disciplines—from IT and operations to HR and communications—need to become part of the conversation.
Set resilience KPIs	Being able to absorb shocks depends as much on rapid and decisive response capability as it does on pre-shock risk mitigation and preparation
Invest in preparing people	Leaders need to develop the relevant skills, mindsets, and behaviors to respond in times of crisis or disruption..

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