

MARSH RISK CONSULTING



ORGANISATIONAL RESILIENCE CONSULTING

RISK. DISPUTES. STRATEGY.

 MARSH

CASE STUDIES

CASE STUDY 1

A distributor of building materials in the construction sector requested Marsh's support in order to determine its level of organisational resilience.

The approach comprised a current state assessment, analysing documentation and interviewing senior management from each business unit to determine their current processes for risk management. The discussions addressed the systems in place to anticipate risks and monitor threats, alongside the response arrangements in place to help manage a disruptive incident.

The second stage of the project involved a series of strategic resilience workshops with senior managers using an illustrative value chain to identify the mission critical activities and the tolerance to interruption in terms of finance, reputation, and operations. A brief scenario exercise was used to draw out current capacity to manage an event that has the potential to impact a business critical activity.

The outcome of the study was a detailed report highlighting good practice and areas to prioritise in order to increase resilience.

A subsequent phase of work developed comprehensive business continuity management (BCM) arrangements at one of the group's operating companies; this is to be rolled out throughout the group.

CASE STUDY 2

Marsh was commissioned to support a leading fastening products manufacturer to develop its level of organisational resilience.

The study was conducted over three phases, the first being a review of the current level of resilience. By conducting interviews with key stakeholders throughout the business, Marsh was able to determine how risks are managed, how prepared the business is to respond to incidents, the business culture, and alignment across the different business units.

The second phase included analysis of the dependencies and risks the organisation faces against its critical activities. Risk-related scenarios were considered to test the impact on the organisation and a quantification exercise was carried out to highlight the financial impact on the business. During the final stage of the project Marsh designed and implemented mitigation measures to help build resilience.

The study was beneficial to the client as it identified the importance of having visibility of supply chains, the critical dependencies, and understanding the need to work in collaboration with the different business areas to have a coordinated approach.

“The Marsh team has supported us from the very beginning where we had virtually nothing in place with regards to organisational resilience. They guided us in the right direction knowing our particular situation and operational requirements”.

Global manufacturer

INTRODUCTION

“The global nature and interconnectivity of commerce and risk, combined with the speed at which the risk occurs, necessitate highly effective proactive and reactive management solutions to help sustain the achievement of long-term business value”.

In an environment where risks are becoming increasingly connected and complex, organisations must seek assurance beyond traditional risk management and business continuity practices and towards organisation-wide resilience.

In Marsh's experience, resilience is about the ability of an organisation to adapt, in an ever-evolving world of risk, to ensure continued success and growth in market share. By simply responding to a disruption effectively, a business may consider its level of resilience to be adequate; however, in many cases, foresight is limited. By anticipating and adapting to events, organisations are able to ensure any potential issues are identified and managed so their impact can be reduced, resulting in a more mature level of resilience across the organisation.

The British Standard for Organisational Resilience BS65000 defines resilience as the:

“Ability of an organization to anticipate, prepare for, and respond and adapt to incremental change and sudden disruptions in order to survive and prosper”.

Marsh has developed an integrated view of resilience that focuses on understanding the key risks to value creation, before testing and refining the ability of existing management and financial strategies to maintain resilience.

RESILIENCE DRIVERS

Being resilient is a desired state for many businesses for a number of reasons:

- Anticipate potential problems and major events which could threaten the survival of the organisation.
- Enhance awareness of potential risks involving third parties.
- Align existing risk management work, including crisis management and business continuity.
- Compliance with the new resilience standard – BS 65000.
- Expectations from stakeholders and customers.
- Competitive advantage in the marketplace.
- Protect shareholder value as share price may be affected if an organisation is not seen capable of withstanding a disruption.
- Improve business efficiency and make departments more aligned with each other and the overall business strategy.
- Reduce risks across the organisation.

HOW MARSH CAN ASSIST YOU

Marsh has worked with many organisations to help build resilience over recent years and can assist in a number of ways:

- Assess an organisation's level of resilience against Marsh's knowledge and industry best practice.
- Develop action plans to address gaps in the current approach to improving resilience.
- Ensure third parties are considered and their strengths and weaknesses understood and accounted for in resilience planning.
- Ensure preparedness and response capabilities are robust and aligned to the risk management processes.
- Ensure all risk management processes are formalised and embedded within the organisation.
- Ensure scenario analysis is carried out to stress test the current framework.
- Assess the level of strategic resilience using value chain criteria.
- Assess the financial and reputational impact of disruption to the business to ensure effective prioritisation of actions.
- Advise on controls to reduce exposure, including insurance and other financial solutions.

ORGANISATIONAL RESILIENCE JOURNEY

ISSUE

IMPACT

UNDERSTAND CAUSES AND IMPACTS

ANALYSE GAPS AND PRIORITISE ACTIVITIES

EXECUTE, MEASURE, AND MONITOR

Not having full visibility of third party relationships and vulnerabilities.	Inability to monitor threats from third parties potentially impacting critical activities.
Disconnected management of resilience functions.	Failure to collaborate to ensure strategic and operational objectives are met. Unable to mobilise a coordinated response.
Lack of coordinated response procedures.	Actual or perceived poor management and control of an incident.
Lack of preparedness for unexpected events.	Unexpected implications to the business, for example, reputation or financial.
Failure to recognise critical activities across the business.	Unable to prioritise and ensure value chains are optimised.
Lessons learned not applied.	Reputational damage due to multiple incidents of a similar nature either internally or within the same industry.

KEY ACTIVITIES

- Review current arrangements for the management of resilience against Marsh knowledge and industry best practice.
- Determine responsibilities and ownership structure for resilience activities and all interdependencies.
- Consider desired future resilience state of the organisation.
- Identify the approach taken to managing components of resilience, for example, business continuity, supply chain, crisis and enterprise risk management. Determine the strengths and weaknesses.
- Determine the extent to which management considers third party operations in resilience management.

MARSH EXPERTISE

- Determine the extent to which the organisation can anticipate and monitor, prepare and align, respond and adapt, and evaluate and review.

KEY ACTIVITIES

- Determine the current culture of the organisation and key suppliers.
- Benchmark findings against good practice.
- Identify the current level of maturity in relation to resilience, for example, maturity assessment.
- Strategic analysis of value chains to help prioritise critical activities and dependencies.
- Consider headline risks and how resilience arrangements relate to risk tolerance and appetite.
- Conduct scenario/stress testing and quantitative modelling to assess the current resilience framework and the financial implications of events (including cash flow implications).
- Determine insurance response and highlight gaps which could result in financial exposure.
- Design a bespoke, manageable, organisational resilience strategy that is owned by all key stakeholders.

MARSH EXPERTISE

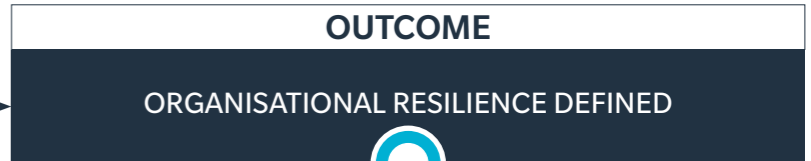
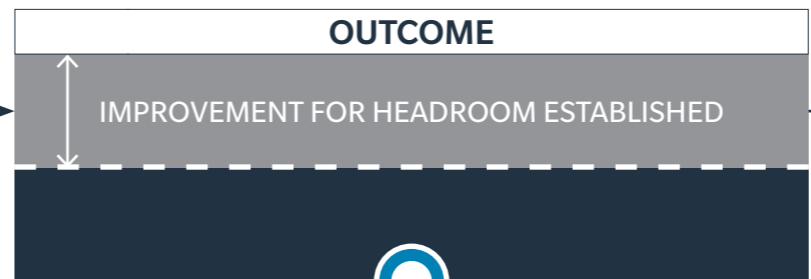
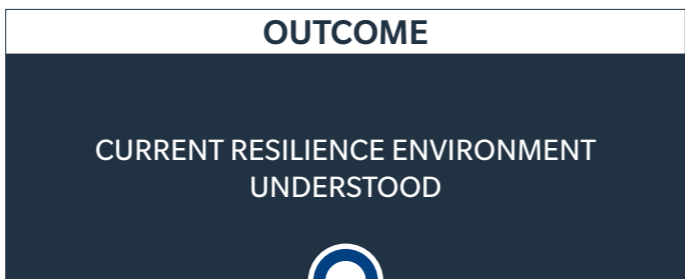
- Detailed industry knowledge.
- In-depth experience of organisational resilience and practical applications to improve assurance.
- Knowledge of industry standards.

KEY ACTIVITIES

- Implement and embed resilience measures across the organisation through clear and concise communication from senior leaders.
- Ensure staff understanding and capability of resilience responsibilities through regular communication and information sharing.
- Conduct scenario-based training with key personnel and suppliers.
- Develop plans to support organisational resilience change projects.
- Develop insurance and financial solutions to close the gap between appetite and exposure.
- Conduct self assessment and external benchmarking.
- Seek assurance that the organisation is able to withstand a significant event with the potential to disrupt the strategic direction of the business through monitoring and reporting of key performance indicators.
- Undertake stakeholder engagement to provide confidence and seek endorsement.

MARSH EXPERTISE

- Experience in developing and implementing collaborative strategies to enhance resilience.
 - Crisis management.
 - Business continuity management.
- Helping clients continuously improve their risk environment.
 - Supply chain analysis.
 - Risk management.
- Multi-disciplinary and specialised consultants working seamlessly across the following areas:
 - Financial advisory services.



TEAM CONTACT DETAILS

Enterprise Risk and Resilience (ERR) is a specialised team within Marsh Risk Consulting (MRC), focusing on two platforms: risk reduction and resilience.

For more information about organisational resilience and other solutions from our Enterprise Risk and Resilience team, please contact any of the following:

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“Throughout the project MRC were pragmatic, responsive, and highly committed. Importantly, they took on board and addressed management concerns and reservations regarding the project and outputs. The quality of advice and insight was very high and the project has left us with a comprehensive but flexible framework and road map for further roll out”.

Building materials company



The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

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