



CXO FOCUS

# RESILIENCE STRENGTHENS CULTURE AND THE ABILITY **TO CHANGE**

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On any given day, global headlines remind CXOs just how important resilience is to their business. But as the headlines show, resilience and threat come in many, many forms. From a new respiratory virus epidemic to a trade war to nationalist politics to natural disasters, there is no shortage of physical— or technological—dangers.





A resilient business, therefore, is one that can face and adapt to each and every challenge that comes along. For technology CXOs, this means developing a technical landscape that underpins and creates a culture of resilience, enabling an organization to change, be resilient, stay secure, and continue respecting customer privacy.

In the face of bad news, the most important element an organization has in remaining resilient is its culture, and CXOs can help build and sustain that culture.

“For me, it’s about staying the course and having a strategy that you follow and keep in focus as you approach the end goal,” says Albert Hitchcock, Chief Operating Officer (COO) and Chief Technology Officer (CTO) of Pearson, the world’s largest educational services and publishing company.

“You must also keep the board on your side and make sure when the dark days happen, you hold hands and have a clear mandate and most importantly, don’t doubt. There are days when the sky falls in because none of these projects are perfect,” he says. Hitchcock is a veteran of major business change programs, having led modernization projects at global mobile phone provider Vodafone as well as Nortel Networks.

COO Hitchcock says it is vital to keep the board informed of how change is truly taking place. Analyst house Gartner agrees with Hitchcock and says CXOs seeking to create a resilient organisation need to create a culture where responsibility is shared.

“With any outage comes the blame game, which is counterproductive and doesn’t solve the underlying problem. While

humans are usually the first ones blamed for system outages, failure is often due to systemic conditions, reaching across a combination of processes, infrastructure, and human factors,” Gartner wrote in a research note.

Not only is blame counterproductive, it stops organizations from learning, and a lesson learnt is a step towards resilience. “Set your organization up to learn more about what went wrong in the past and what to change so it doesn’t happen again. Additionally, carrying out a specific post-incident review, or blameless postmortem, can enable you to understand the many contributing factors to the incident.”

Removing blame from an organization not only makes it more resilient, it also enables the organization to be more innovative.

“Boots is a massive governance-led organization,” says Richard Corbridge, innovation leader for major pharmaceutical retailer Boots. “It is in the Boots DNA to do no harm, so that ‘try and fail’ mentality of innovation is hard to achieve,” the .NEXT keynote speaker says. As retail undergoes unprecedented levels of change from new digital behaviors, retailers in the sector must innovate in order to become resilient.

Corbridge’s fellow .NEXT keynote speaker, Sarah Moorhead, a digital change leader in the public sector, says communication is vital to a culture that promotes resilience. “If you have a workforce that has bought into what you are trying to do, it really helps spread the message that we are listening to them. We take our staff out four times a year and talk about what we are doing in terms of healthcare and making the lives of patients better,” she says.



## Resilient infrastructure

For a culture of resilience to thrive, the core of the business has to work. If applications are slow to load, if networks are unreliable, or if regional units cannot access data and tools, then the culture weakens. As a result, CXOs are responsible for delivering an infrastructure that builds a resilient business.

“We are typical of the NHS. Too many patients, not enough money, and with infrastructure issues. As a leader, it is something we have struggled with,” says healthcare digital leader Sarah Moorhead.

“We are not worried about the infrastructure now, and we have shored-up the operating procedures for just such an issue,” says ambulance service CIO Ross Fullerton of how strong technology and culture are entwined. “We have also had some changes in the team to cement operational resilience.”

Mark Jagers, Senior Director Analyst at Gartner, adds: “Leaders planning and delivering resilient digital infrastructure must realize that people are just as important as infrastructure and processes.”



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## Continuous improvement

The term continuous improvement is closely associated with the development of software, but the thinking behind continuous improvement is equally applicable to ensure an organization becomes resilient.

“Reporting, order to cash, tax, treasury, royalties—every area of our business has been through a process consolidation. With the decommissioning of thousands of applications and standardized models, the cost reduction program contributed £230 M,” Hitchcock of Pearson says of how standardizing and improving business processes has enabled Pearson to become resilient and become a digital business. Corbridge at retailer Boots agrees and is on a similar journey, describing the improvement journey as: “the move from shopkeeper to customer keeper—and it will come through in how we can help people.”

Hitchcock says simplification has been key to the continuous improvement at Pearson: “We have been dramatically simplifying the business to bring it together with new ways of working, a new target operating model (TOM), and ensuring the technology underpins these.

“This reduced our technical debt, removing 3,000 applications, 63 different ERP platforms, 40 versions of Salesforce, and 93 datacenters,” the COO and CTO says.

Analyst house Gartner agrees with the experiences of the CXOs and in a research note adds: “Create a culture that prioritizes resilience over remediation by emphasizing continuous process improvement to maximize continuity of delivery and minimize downtime.”

A move to continuous improvement will, in turn, change the culture of an organization and make it more resilient. Gartner finds that too many organizations have teams that act like firefighters who fix problems and become the hero of the day. The analyst house says this prevents organizations from improving their operations and becoming resilient as it no longer faces outages.

“The real heroes are the ones who prevent a crisis from happening in the first place,” Gartner says.

## Secure and resilient

2020 began with the news that global foreign exchange business Travelex had been hit by a major ransomware attack. The attack, which took place on New Year's Day 2020, reduced Travelex to using pen and paper, probably the least resilient actions that can happen to an organization.

With cyber insurance premiums predicted to grow to \$20 billion by 2025, it is clear that one of the main challenges preventing organizations from being resilient is their ability to secure themselves. In today's networked society, the damage happens not only to the technical infrastructure, but also to the place the organization has in society. In 2019, the Baltimore City government was unable to serve its citizens for two weeks as it suffered a ransomware attack that cost \$100,000. As a result, the local authority lowered the resilience of the citizens and businesses based in its community.

Making an organization resilient is clearly a task for all members of the CXO leadership team and requires a strong focus on people, processes, and technology.





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